

2. Compensation policy for the 2021/22 fiscal year

For the 2021/22 fiscal year, members of the Board of Directors (other than the Chairman & Chief Executive Officer and the Censor) will receive:

- fixed annual compensation of €30,000;
- variable compensation of €4,000 per Board meeting the Board member attended;
- variable compensation of €3,500 per Committee meeting the Board member attended.

The fixed amounts are increased each year by €20,000 for the Chair of the Audit Committee and by €15,000 for each of the Chairs of any other Committee.

The Lead Independent Director receives fixed compensation of €30,000 per year.

In addition, Board members are reimbursed for the expenses incurred in connection with their appointment, notably travel and accommodation expenses.

In accordance with Article L. 22-10-8-II of the French Commercial Code, a resolution in respect of the compensation policy of the members of the Board of Directors will be submitted to the vote of 2021 Shareholders' Meeting, called to approve the 2020/21 financial statements.

Compensation policy applicable to the Chairman & Chief Executive Officer

1. General principles

Mr Henri Poupart-Lafarge has been the Alstom Group's Chairman & Chief Executive Officer since 1 February 2016. His current mandate was renewed for a four-year term by the General Meeting held on 10 July 2019. Since such General Meeting, Mr Henri Poupart-Lafarge is no longer bound to the Company or to any other Group company by an employment agreement.

The compensation policy applicable to the Chairman & Chief Executive Officer applies to the current Chairman & Chief Executive Officer, Mr Henri Poupart-Lafarge, and to any new executive corporate officer that may be appointed. Dictated by the guiding principles described above, this policy seeks to support the Company's strategy and to align the Chairman & Chief Executive Officer's interests with those of the shareholders and with stakeholders' expectations. In particular, the policy includes the following points, which were approved by the Board of Directors on the recommendation of the Nominations and Remuneration Committee:

- greater weight given to variable elements, in a "pay-for-performance" approach where performance criteria are strictly aligned with the Group's strategic priorities (including societal and environmental priorities);
- a significant portion of compensation is based on the long term (minimum period of three years);
- compensation for overperformance (which is capped, however);
- no exceptional compensation.

In order to set the Chairman & Chief Executive Officer's overall compensation and the level of its various components, the Nominations and Remuneration Committee issues recommendations that are supported by market studies from independent specialised firms (which enables a comparison with similar functions within, in particular, CAC 40 and SBF 120 companies to be made), but that also take care to maintain coherence with the internal practices applicable to Alstom's other senior executives and managers.

The various components of the Chairman & Chief Executive Officer's total compensation are as follows:

Fixed compensation

Fixed compensation is intended to recognise the significance and wide scope of the Chairman & Chief Executive Officer's responsibilities and his experience. This fixed compensation is set for a minimum period of two years, except in the case of a significant change in the scope of the Chairman & Chief Executive Officer's responsibilities or a substantial change in macro-economic conditions.

Short-term variable compensation

Short-term variable compensation is intended to motivate the Chairman & Chief Executive Officer to achieve annual performance objectives set for him by the Board of Directors, consistent with the Group's objectives.

This compensation is entirely tied to the achievement of performance criteria defined by the Board on the recommendation of the Nominations and Remuneration Committee. Whenever possible, the criteria achievement level is measured on the basis of performance indicators adopted more generally within the Company. This last point ensures that the nature of the selected criteria is relevant and aligned with the Company's strategy. At least one of these criteria takes social or environmental considerations into account.

Short-term variable compensation represents 100% of annual fixed gross compensation when the targets are strictly achieved and is capped, in the event of overperformance, at 170% of gross annual fixed compensation. No floor has been set.

The results achieved, the achievement level for each criterion and the amount of the short-term variable portion are determined by the Board no later than at the meeting during which the accounts for the fiscal year are approved. The Board of Directors benefits from a discretionary power when applying the compensation policy so as to ensure that the Chairman & Chief Executive Officer's actual annual variable compensation properly reflects the Group's performance. If the Board were to decide, on the Nominations and Remuneration Committee's proposal and in the context of exceptional circumstances, to use this discretionary power, it would continue to comply with the principles set out in the compensation policy and provide shareholders with a clear, specific and comprehensive explanation for its choice. This discretionary power would only apply to a limited portion of the annual variable compensation and could increase or decrease the amount of the bonus theoretically achieved – in accordance with the performance criteria – in respect of the fiscal year (*i.e.*, maximum magnitude of plus or minus 15%) and without ever exceeding the global cap provided for in the compensation policy. Thus, the Board of Directors could consider, on the recommendation of the Nominations and Remuneration Committee, that taking into consideration new circumstances appeared during the fiscal year -unpredictable at the time when the Board determined the compensation policy for the concerned exercise- and significantly impacting, upward or downward, the achievement level of the performance criteria attached to the annual variable compensation would comply with the compensation policy previously approved by shareholders. In such a case, the Board could decide, to a limited extent, to modify (in the framework described above) the amount of the annual variable compensation in order that it better reflect the actual performance of the Group.