



Information regarding compensation components of the Executive Corporate Officer of ALSTOM

At its meeting **held on 10 May 2022**, Alstom Board of Directors acknowledged the recommendations of the Nominations and Remuneration Committee and set the following elements related to the compensation of Mr. Henri Poupart-Lafarge, Chairman and Chief Executive Officer of Alstom.

**Annual variable compensation of Mr. Henri Poupart-Lafarge for the 2021/22 fiscal year**

At its meeting held on 10 May 2022 and on the proposal of the Nominations and Remuneration Committee, the Board of Directors found that:

- With respect **to objectives tied to the Company's overall performance**, all of which are quantifiable and based on **six performance criteria** measured over a full year:
  - Free cash flow,
  - Adjusted EBIT,
  - Gross margin on orders received,
  - Total Recordable Injury Rate,
  - Attendance rate of management in Ethics and Compliance training,
  - Performance in the Dow Jones Sustainability Index,

it was appropriate to evaluate the achievement level **at 78.5%** (the target was 60% and the cap was 120%) as reflected in the table below:

	<b>Target</b>	<b>Cap</b>	<b>Performance level for the fiscal year</b>	<b>Achievement rate for the fiscal year</b>	<b>Amount corresponding to the achievement level (in euros)</b>
<b>OVERALL OBJECTIVES</b>	<b>60%</b>	<b>120%</b>			
Free-Cash Flow	20%	40%	€- 992 million	20.3%	193,040
Adjusted EBIT	15%	30%	€767 million	13.2%	125,032
Gross margin on orders received	10%	20%	Confidential <sup>(1)</sup>	20%	190,000
Total Recordable Injury Rate (TRIR)	5%	10%	2.3 injuries per million hours worked	5% <sup>(2)</sup>	47,500
Attendance rate of management in Ethics and Compliance training	5%	10%	96.2% of eligible managers attended training in respect of the new Code of Ethics <sup>(3)</sup>	10%	95,000
Performance in the Dow Jones Sustainability Index	5%	10%	95 <sup>th</sup> percentile <sup>(4)</sup>	10%	95,000
<b>2021/22 OVERALL ANNUAL PERFORMANCE</b>				<b>78.48%</b>	<b>€745,572</b>

(1) The Board of Directors considers that margin on orders received is an extremely relevant indicator of the conduct of business by the Company's managers because it reflects the strategic determination to focus activities on projects with the best prospects of being profitable. However, as this indicator is highly sensitive from a competition point of view, the Board considered that it would be against the Company's interests to publicly state the Company's objectives and performance with respect to margin on orders received so as to not give competitors strategic information.

(2) Due to the occurrence of a death in the fiscal year 2021/22, the achievement rate for this performance criterion has been capped at 100% by the Board of Directors.

(3) The Company's target was that at least 85% of managers eligible for an annual bonus (more than 10,000 people) attend the training. The maximum level is considered to have been met when 90% of the eligible population has been trained.

(4) The Company's target is to remain in the DJSI index, i.e., to be one of the 10% of the companies in the comparable group to achieve the best performance. The maximum performance level is reached if the Company reaches or exceeds the 95th percentile of the companies making up the index, which was the case for the fifth consecutive year in 2021.

- With respect to **objectives tied to specific action plans** based on **four performance criteria** (measurable whenever possible), it was appropriate to assess the achievement level at **41.4%**. The target was 40% and the cap was 50%.

Integration of Bombardier Transport	<p>The objective set by the Board of Directors was that the Group's post-acquisition processes be stabilised, that a roadmap for transformation and development be defined and that the whole be effectively accepted by the financial markets.</p> <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> <li>All major operational processes were redefined and deployed within the new Group.</li> <li>The AIM 2025 strategic plan has been established and the resulting objectives have been shared.</li> <li>The rationale for the acquisition of Bombardier Transport was not reconsidered by the financial markets.</li> </ul> <p>the Board of Directors considered that this objective had been reached at <b>90%</b>.</p>	8%	7.2%	68,400
ONE Alstom	<p>The objective set by the Board of Directors was to define and stabilise Alstom's organisation following the acquisition, to define the succession plan for the new management team, to expand the Group's talents pool (with a particular focus on diversity and inclusion issues) and to strengthen actions and programmes related to sustainable development issues.</p> <p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> <li>The vision, missions and organisation of the new Group have been clearly defined and are understood by the employees.</li> <li>The management team has been stabilised, with successful integration of new entrants. Succession plans are in place.</li> <li>The Alstom Group is recognised and listed among the leading companies on sustainable development issues, through multiple indices (DJSI, MSCI, ESG CAC 40) and has policies and actions related to these issues. The environmental objectives were achieved in the past year.</li> </ul> <p>the Board of Directors considered that this objective had been reached at <b>100%</b>.</p>	12%	12%	114,400
Customer Relations	<p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> <li>Commercial actions were successful, generating more than 19 billion euros in new orders, with a continued positive momentum.</li> <li>Most of the targeted trade negotiations were finalised within the allocated budget.</li> </ul> <p>the Board of Directors considered that this objective had been reached at <b>125%</b>.</p>	12%	15%	142,500
Operating and financial performance	<p>Having considered the following factors in particular:</p> <ul style="list-style-type: none"> <li>The Group achieved a turnover in line with its budget (with a growth of 11%) despite unfavourable circumstances (health crisis, shortage of components).</li> <li>Indicators relating to the quality of operations have improved significantly.</li> <li>The project portfolio has been stabilised and the level of customer satisfaction has increased.</li> <li>The engineering development of new projects is in line with expectations.</li> <li>A significant reduction in the risk exposure of the Signalling business portfolio was achieved.</li> <li>The gross margin was adjusted positively, and overhead costs were kept under control.</li> <li>Free cash flow generation is in line with targets and inventory levels have evolved in line with sales growth.</li> </ul> <p>the Board of Directors considered that this objective had been reached at <b>90%</b>.</p>	8%	7.2%	68,400

Therefore, at its meeting held on 10 May 2022, the Board decided that Mr. Henri Poupart-Lafarge's **variable compensation for fiscal year 2021/22 would amount to €1,138,872 corresponding to an objective achievement level of 119.9%. The payment of this variable compensation is subject to the positive vote of the shareholders at the 12 July 2022 AGM.**

## **Compensation policy of Mr. Henri Poupart-Lafarge for fiscal year 2022/23**

At its meeting held on 10 May 2022, Alstom Board of Directors acknowledged the recommendations of the Nominations and Remuneration Committee and decided **to submit the following changes to the vote of the 12 July 2022 AGM:**

- Introduction of a "clawback" clause applicable to the short-term variable compensation (Refundable Compensation) of the Chairman and Chief Executive Officer. This mechanism may be implemented by the Board of Directors on the proposal of the Nominations and Remuneration Committee in the event that all or part of the Refundable Compensation has been received as a result of proven fraud or embezzlement affecting the accounts used for its calculation or its calculation itself, of which the person concerned was the perpetrator or accomplice. The same applies in the event of a significant manifest error in the calculation of the Refundable Compensation or in the event of gross misconduct of the person concerned. This mechanism can only be implemented in one of the two fiscal years following the one in which this compensation was paid. The refund is made up to the amount of the Refundable Compensation net of social security charges for the fiscal year concerned that the executive director concerned would not have received in the absence of a manifest and significant error. In other cases, the refund may relate to the entire Refundable Compensation net of social security charges for the fiscal year concerned.
- In the same spirit, introduction, in future long-term compensation plans (including the performance share plan granted by the Board of Directors on 10 May 2022), of the possibility for the Board of Directors to make the definitive grant of a portion of the performance shares not yet definitively acquired by the Chairman and Chief Executive Officer conditional on the absence of implementation of the above-mentioned "clawback" clause during the vesting period of the said performance shares.
- Strengthening of the retention obligations for performance shares definitively acquired by the Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer will now be required to hold in registered form 100% (compared to 50% previously) of the performance shares definitively acquired by plan throughout his term of office. This obligation will cease when he has reached a target holding of registered shares representing three years of his last annual fixed compensation.

Besides changes described above, the structure of the compensation policy applicable to the Chairman and Chief Executive Officer **remains identical to the policy approved by the shareholders by 91.48 % at the annual general shareholders' meeting held on 28 July 2021 (9<sup>th</sup> resolution).**

## **Long-term equity compensation**

The Board of Directors, acting in accordance with the authorisation granted by the Annual Shareholders Meeting held on 28 July 2021 (17<sup>st</sup> resolution) and upon recommendations of the Nominations and Remuneration Committee, decided to grant, on 10 May 2022, a long-term incentive plan ("PSP 2022") to the benefit of, notably, the Chairman and Chief Executive Officer of Alstom.

This plan is composed of performance shares for a total amount representing 0.66% of the share capital. The final acquisition of all shares is subject to the satisfaction of five performance conditions measured after a vesting period of three-years:

- Four internal conditions, measured in terms of the degree to which:
  - The **adjusted EBIT margin** target of the Alstom Group set by the Board of Directors and assessed at the outcome of the 2024/25 fiscal year. This indicator is weighted 25% of the total of the performance conditions.
  - The **Free Cash Flow** target set by the Board of Directors and assessed at the outcome of the 2024/25 fiscal year. This indicator is weighted 25% of the total of the performance conditions.
  - The **energy reduction in solutions offered to clients** target (with reduction defined as the average of the reduction percentages), set by the Board of Directors and assessed at the outcome of the 2024/25 fiscal year as compared to those offered before March 2014. This indicator is weighted 15% of the total of the performance conditions, and
  - The 2024 target for the **level of engagement of** Alstom employees, as measured through the annual internal engagement survey, set by the Board of Directors and assessed at its conclusion. This indicator is weighted 15% of the total performance conditions.
- One relative performance condition, based on the evolution of the performance of the Company's **share** vs the evolution of the performance of the STOXX® Euro Industrial Goods & Services index and assessed over a period of three-year ending at the end of the 2024/25 fiscal year. This indicator is weighted 20% of the total performance conditions.

The allocation received by the Chairman and Chief Executive Officer is made of 76,000 performance shares and represents 0.02% of the share capital. The characteristics of this plan, including those presented below, comply with the principles set by the Board of Directors in the executive corporate officer compensation policy:

- The IFRS 2 value of the grant to the beneficiary is lower than the value of the beneficiary's gross annual fixed compensation and on-target variable compensation (which is acquired in case of strict achievement of the objectives),
- The grant to the beneficiary represents (i) 3.1% of the total grant carried out under this plan (i.e. an individual annual grant below 10% of the total grant resulting from this plan) and (ii) 1.52% of the overall amount authorised by the Annual Shareholders Meeting held on 28 July 2021 with respect to grants of performance shares for free within the Alstom Group (i.e. an individual annual grant of less than the limit of 2.5% of the overall amount).

Subject to the approval of the 2022/23 compensation policy for the Chairman and Chief Executive Officer by the 2022 General Meeting called to approve the financial statements for the 2021/22 financial year, the Board of Directors may decide to cancel all or part of the performance shares not yet definitively acquired by the Chairman and Chief Executive Officer in case of implementation of the so-called "*clawback*" clause, during the vesting period of the said performance shares.

Finally, the Board of Directors confirmed its commitment that, in the event of a major change in the Group's strategy or structure, it will adapt these performance conditions to the new challenges highlighted for the coming years, both as regards the nature of the conditions and the results to be achieved, all while continuing to be highly demanding and transparent about those changes.

The Chairman and Chief Executive Officer formally undertakes not to use hedging instruments in respect of the performance shares granted by the Company during the entire duration of his term of office.

The details concerning the compensation of corporate officers will be included in the 2021/2022 Universal Registration Document.