

Levallois, January 19th 2010

Statement of Continued Support

Alstom delivers products and services that shape the future infrastructure markets in its core activities, power generation and rail infrastructure. They directly impact the living and working conditions of people across the globe. Alstom is often associated by our clients and other market participants with setting the benchmark for innovative and environmentally friendly technologies. We are also well-known for our broad product range and our commitment to meeting the growing needs of our clients for clean and efficient power and transport technologies.

But in today's world this is not enough and Alstom wants to more proactively address economical, environmental and social problems in the public arena. It is the reason why Alstom supports strongly the United Nations Global Compact and the ten principles in business activities and gets involved in the Global Compact network.



Patrick Kron

Reduction of the Carbon Footprint of operations

December 2009

ALSTOM

Project Background

Project Drivers for Alstom

We are committed to deliver the most energy-efficient products and low-emission technologies to our customers

We are equally committed to apply clean processes and technologies in the management of our own operations

This approach is :

- **Embedded in our Corporate Responsibility policy and,**
- **A good driver to optimize operational costs in the context of rising energy prices (Energy bill : 120 M€/year)**

Technologies

Power Production & CO2 capture, Sustainable mobility (energy recovery, safety, noise reduction...)

Operations

Clean processes and operational technologies, managing emissions, encouraging changes in individual behaviours and innovation



In May 08 Alstom published a mid-term objective

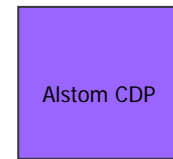
Reduce Energy and Greenhouse Gases (GHG) intensities of Alstom operations by 20% by 2015

Alstom overall Energy Intensity : Energy consumption (MWh) / Revenues (M€)

Alstom overall GHG Intensity : GHG emitted (tons CO₂ eq.) / Revenues (M€)

Baseline : FY 2006/07 data where available FY 2007/08 elsewhere

ALSTOM publishes its answer to the Carbon Disclosure Project Questionnaire since 2008

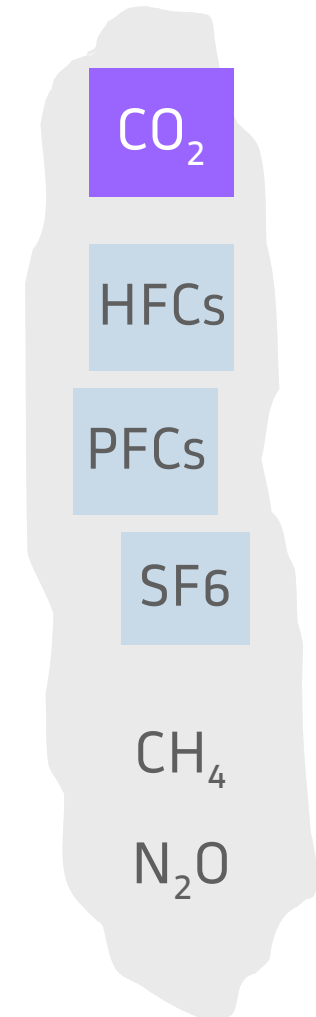


Project Scope

A step by step approach

- **A primary focus on direct and indirect emissions from energy consumption in our permanent sites**
 - Focusing on all manufacturing sites, labs, offices of permanent Alstom activities
=> project and customer sites not integrated yet
- **HFCs, PFCs SF6 estimated for the first time last year**
- **Company cars to be collected this year**
- **Indirect emissions such as professional travelling, logistics, products use to be considered later on**

Demonstrate reduction before initiatives to offset



Reducing Alstom Carbon footprint – Project milestones

FY 2007/08

Apr08

FY 2008/09

Apr09

FY 2009/10

Apr10 +++

Building the baseline

- Energy & GHG surveys covering 10 % energy ✓
- ALSTOM GHG protocol ✓
- Energy and GHG related intensities baseline ✓
- Public reduction targets ✓

Deploying energy surveys

- Energy & GHG surveys covering 50 % energy ✓
- Actions to reduce energy and GHG related intensities (Step I) ✓
- Actual GHG intensity tracked versus targeted reduction ✓
- Data collection for Kyoto gases other than CO2 ✓
- Reviewed group/sector/business targets (result and leading indicators) →

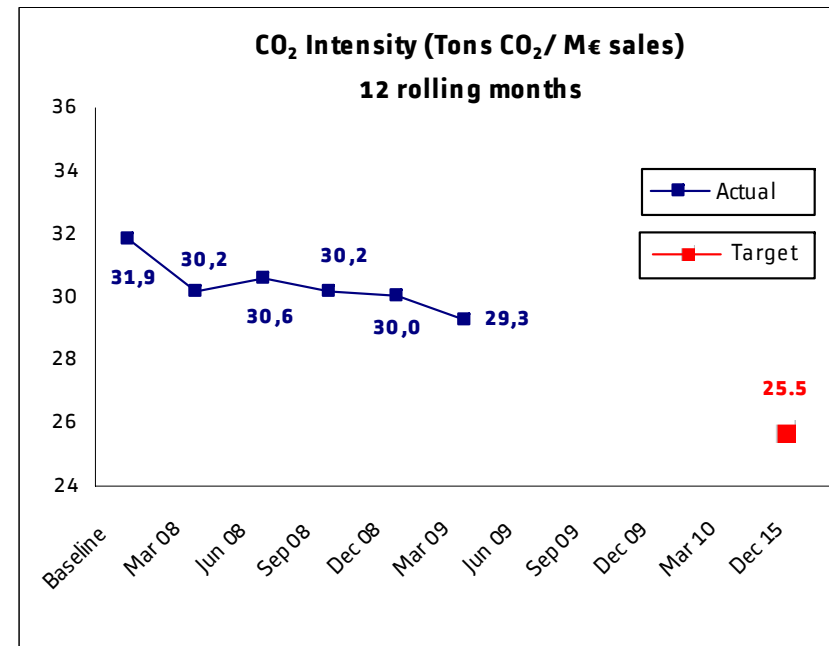
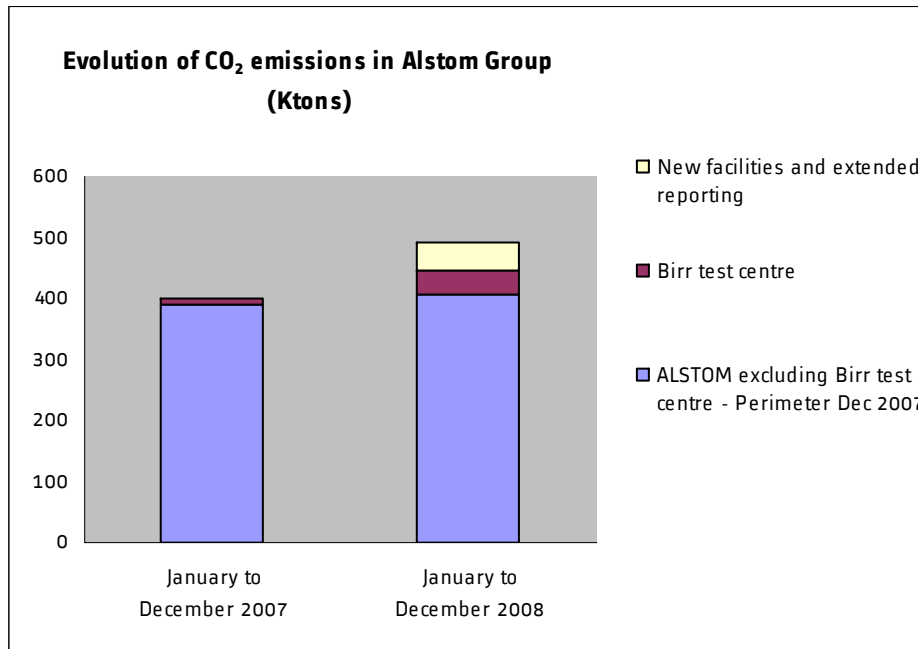
Extending scope of project

- All priority 1 actions for sites surveyed before Jun 09 implemented
- All units with consumption > 10 GWh surveyed
- 60% units consumption > 5 GWh having energy action plan
- 10 good practices scorecard for deployment on all units
- Extended reporting to cover company vehicles
- Updated GHG protocol
- Updated EHS roadmap for design/renovation of sites
- *GHG emissions and reduction from products*

Consolidating project

- Options to propose alternatives for company cars
- Options to use alternative sources of energy
- Eliminate all SF6 usage
- Offset programs
- Potential impact of climate change on operations
- Full review of project and updated orientations

Results



- **Energy consumptions from Alstom permanent facilities**
- **Emissions from construction activities and supply-chain not included**
- **Significant part of consumption used for heating and lighting in the manufacturing units**
- **Emissions rather stable for significant increase in sales**

Further Developments & next steps

① Improved Energy management on permanent sites

- Track implementation of action plans for sites having done a survey
- Complete an energy survey for all sites which consume more than 10 GWh
- Develop a handbook of Good Practices for smaller units

② Collect and analyze information regarding our project sites

- On-going initiative with our Power Sector : methodology and tool developed

③ Quantify emissions reductions from our products

List of good practices for handbook

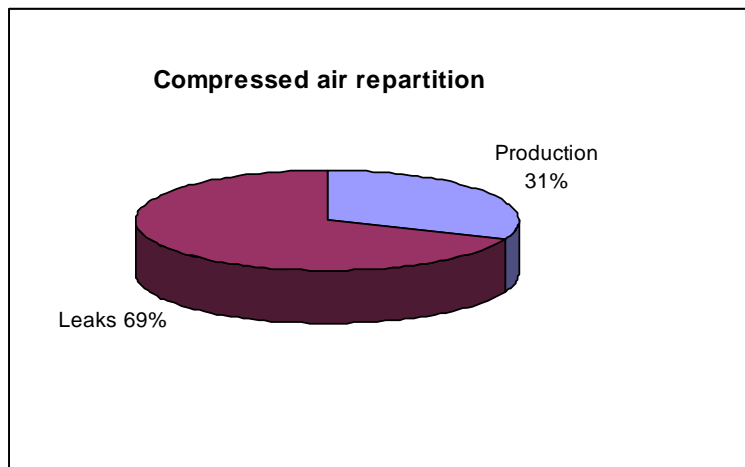
- GP1 : Installation of Energy Management System
- GP2 : Individual metering in all buildings
- GP3 : Compressors air-leakage management
- GP4 : Adjustment of Compressors capacity to needs
- GP5 : Optimizing usage of Compressed air
- GP6 : Energy-efficient lighting
- GP7 : Implementation of lighting Sensors or controls (presence/light-levels)
- GP8 : Switching-off equipments at night & week-ends : awareness & controls
- GP9 : Optimizing T° order for heating/air-conditioning
- GP10 : Adjusting heating to needs through work-shift planning
- GP11 : Integrating energy savings in management of changes

Appendix

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FINDINGS FROM ENERGY SURVEY

SITE 1 : reduction of air leakage



Issues identified

- Several audible leakages identified on site
- Network leakage rate determined with the study of the night running of the compressor
- The leakage airflow is 520 Nm³/h, which is tantamount to 69% of leakage!

Proposal of improvement

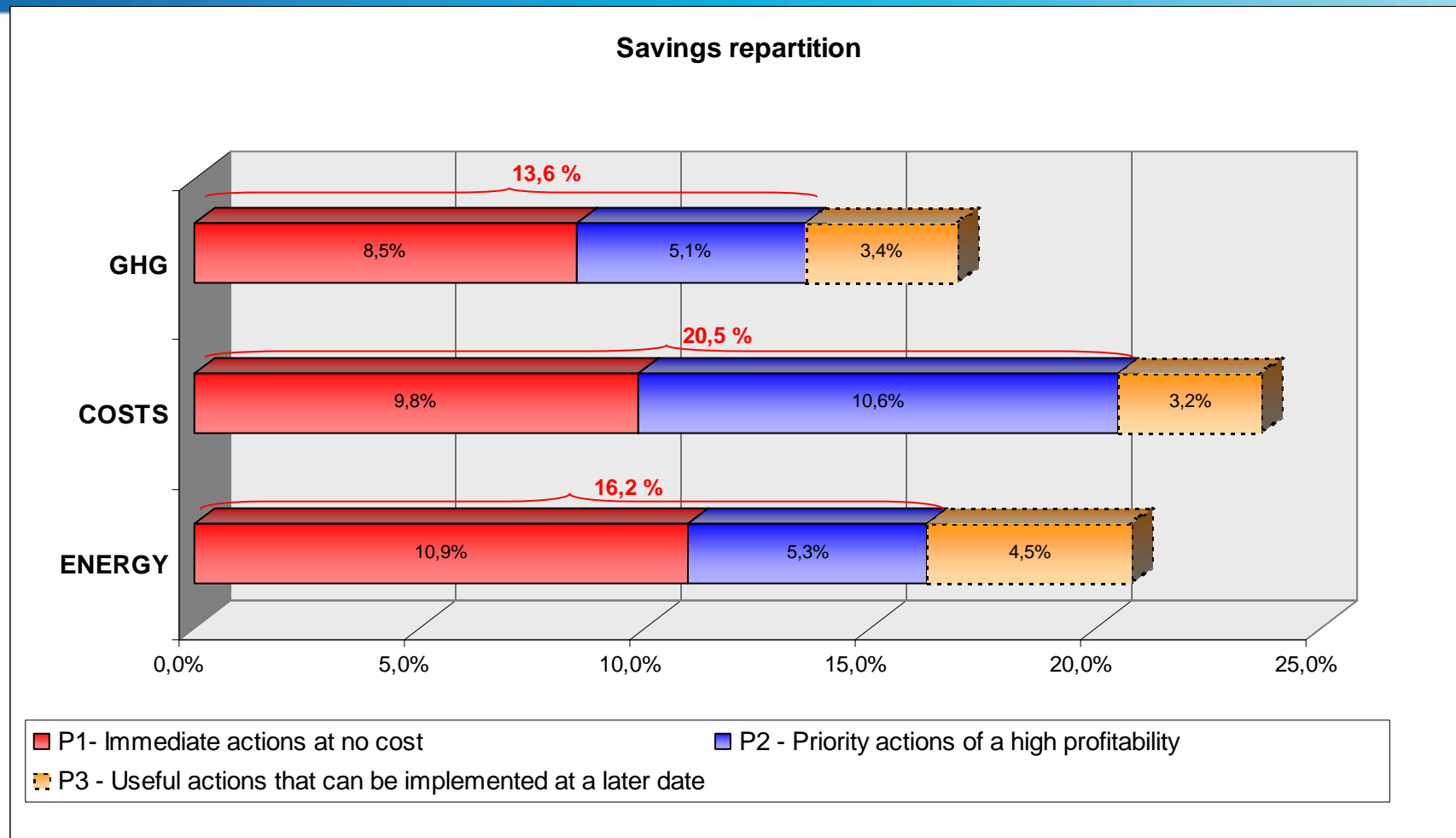
- Proceed to air leaks detection on site and eliminate the leaks: air leakage rate can be reduced to 10%.

Energy savings : 1200 MWh/year (96 k€)

Investment : None

Payback period: Immediate

Global potential of saving – 1st group of pilots



Remark: half of the sites which are considered for that analysis (5 out of 10) are located in France. The very low French emission factor for electricity (0,087 tCO₂/MWh) has an influence on the total for GHG savings.

Sustainable development in sourcing

December 2009

ALSTOM

What is sustainable sourcing for Alstom ?

Alstom aims to have suppliers at least respectful with the international conventions and possibly good or best in in class in :

- Environment : get suppliers who prove they take care about environment through their products and process
- Social : get suppliers who care about social conventions, namely working conditions and human rights, or who are in advance on social conditions
- Ethics : get suppliers who respect fair business practises
- Find suppliers who hold their own suppliers to these same standards

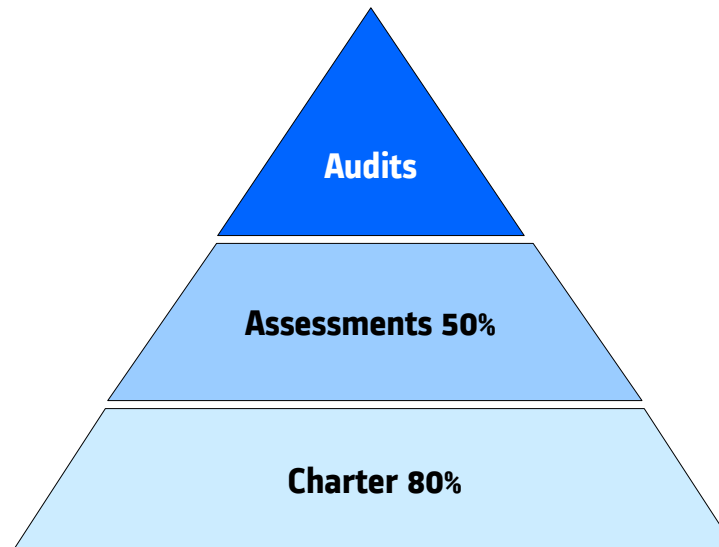


➔ Alstom aims at developing partnerships with suppliers capable to commit on these requirements and has set up objectives and measurement

Alstom sustainable development sourcing process



Objectives



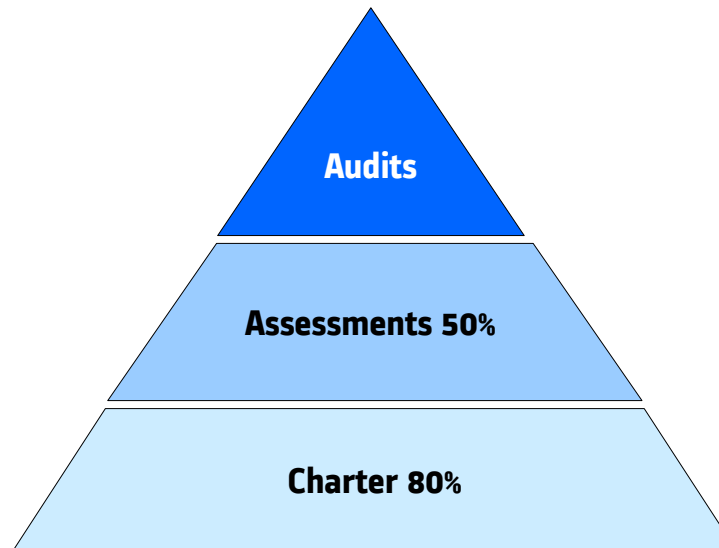
Charter for sustainable development

- Principle : compliance with ILO (International Labour Organisation) and other international conventions in particular with
 - Labour standards
 - Ethics
 - Environmental protection
 - Occupational health and safety
- ➔ The acceptance of the charter by the supplier is a pre-requisite to any order from Alstom
- ➔ The acceptance of the charter by the supplier is an Alstom's instruction

Alstom sustainable development sourcing process



Objectives



Sustainable development assessment : Who

- Objective :
 - Every strategic supplier
 - Main suppliers in the RFQ
 - Suppliers in risky countries or providing risky commodities
- ➔ Target : Suppliers representing 50% of Alstom's spend should be assessed (3 years target).
- ➔ Dec 2009 : 400 suppliers assessed representing 20% of our spend

Sustainable development assessment : constraints

Purchaser view

- No resources
- Lack of competencies
- High cost
- No reliable data
- Low rate of answer

Suppliers view

- Too many different questionnaires
- Questionnaires non adapted to the commodity
- Few feed-back from the assessments.
- No focus on improvement



Necessity
to industrialise our process and
**Decision for cross-sectors to out-
source all suppliers SD assessments
to ECOVADIS**

Sustainable development assessment requirement

23 indicators - 150 categories



Environment

Operations
 Energy Consumption
 Water
 Biodiversity
 Local Pollutions
 Materials, Chemicals & Waste
 Air Emissions
 Green House Gases (CO2)
 Product
 Use / End of Life
 Customer Health & Safety



Social

Health & Safety
 Working Conditions

 Labor Relations
 Career Management

 Child & Forced Labor
 Freedom of association
 Non Discrimination
 Fundamental Human Rights



Ethics

Corruption & Bribery
 Anti-competitive practices
 Fair Marketing

Suppliers

Environment
 Labor Practices & Human Rights

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Evaluation questionnaire

Purchasing Category



Rolling Stock



Road Freight



Mechanical subcontracting



Casting of Metals

Size



Countries



The screenshot shows the user interface of the evaluation questionnaire. At the top, it says "supported by **ecovadis** SUSTAINABLE SUPPLY MANAGEMENT". Below this is a progress bar showing "4%" completion. There are links for "FAQ" and "Glossary". A message states: "If you are answering this questionnaire for the first time, please click the white > arrow. Otherwise, please select the section where you want to go directly." Below this is a list of sections: "General", "Environment", "Labor Practices & Human Rights", "Business Ethics", "Sustainable Procurement", and "End & Submit". At the bottom, there is a link: "Click here for survey Overview in printable PDF format" and a note: "You can print all your answers before submitting your questionnaire". The interface has a red header and footer with navigation arrows and a "Save and exit" button.

Levels of Data Control

REGULATIONS WATCH



RESPONSES TO ONLINE QUESTIONNAIRE



SUPPORTING DOCUMENTATION



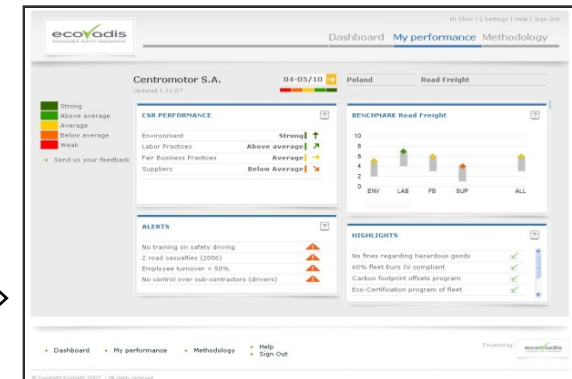
360° (PRESS, NGOs, TRADE UNIONS, ...)



ECOVADIS SOFTWARE
+
ANALYST TEAM



SUPPLIER SCORE CARD

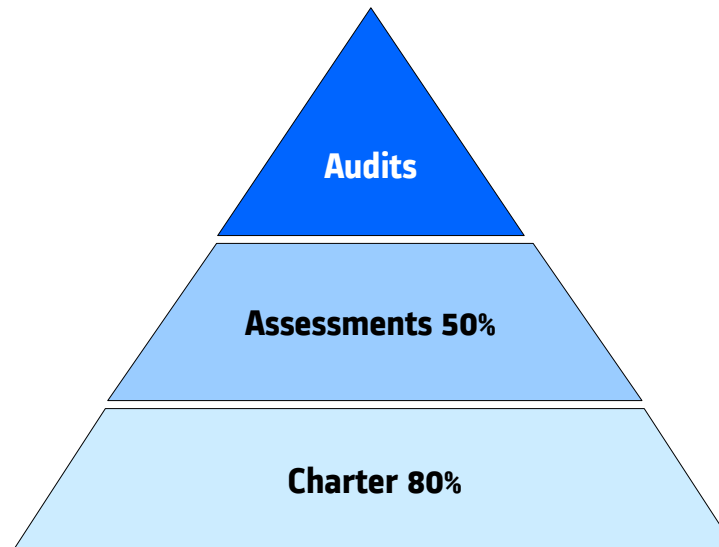


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Alstom sustainable development sourcing process



Objectives

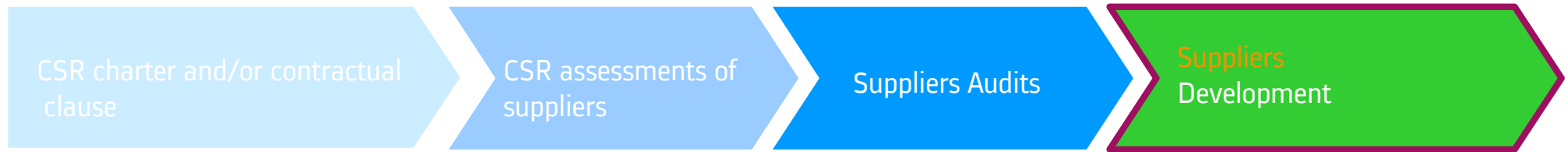


Audits

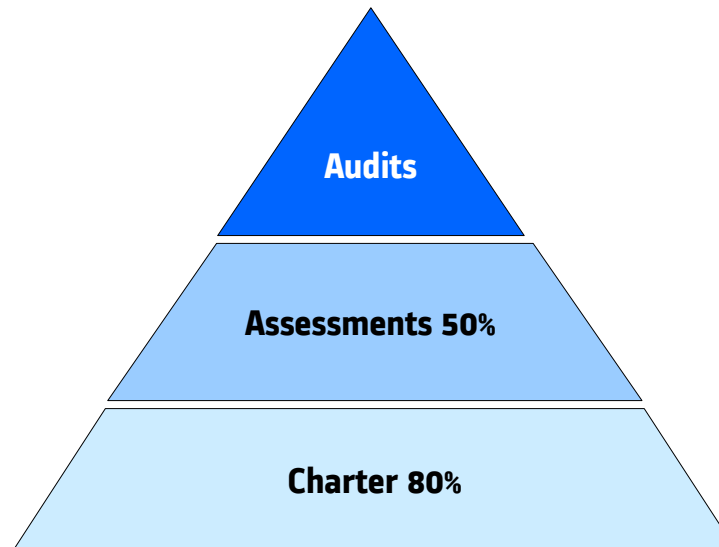
- Sustainable development audits could be done
 - As part of the qualification audits
 - In order to get into some topics of the assessment in depth
 - For our strategic suppliers

An Alstom standard which could be common to Power and Transport is under development

Alstom sustainable development sourcing process



Objectives



Recommendations for actions following assessment

	Assessment score (Ecovadis tool)	Potential risk according to Alstom guidelines (after audit)	Action	Reassessment
Immediate action	No answer		1 : Alert by KCM to the supplier 2 : In case no answer : termination of relationships OR supplier audit	
Immediate action	Global : 0 or 1 or 2	Level 1	Immediate action or audit (within 1 month) OR termination of relationships	Sourcing management decision
Immediate action	Global : 3 and/or one theme : 0 or 1 or 2	Level 2	Audit or immediate action on the theme(s) concerned	9 months
Monitoring	Global : 4	Level 3	Action plans or complementary information	12 months
No action required	Global : 5 or 6	Level 4		Same frequency than global supplier reassessment
Partnership	Global : 7 or 8 or 9 or 10	Level 5	Preference to be given to the supplier. Best practices, eco design, communication	

Internal training and Communication

Cultural and behaviour evolution

- Training
 - E-learning for general information 1500 people already trained, available on Altair
 - Training on EcoVadis and action plans, 3 hours learning through Webex : Started Sept 09. Already 60 persons trained
- Internal Communication
 - Altair : a dedicated portal on Altair
- External communication
 - Web site including part of our e-learning
 - Presentation during the suppliers days of Transport : 280 suppliers invited, representing 60% of Transport spend.

Summary of actions 2009

Charter	Mandatory . In the instructions. Check by internal control. In the terms and Conditions
Assessments	All main suppliers through EcoVadis. Dec 09 : 409 suppliers assessed representing 20% of our spend. Average score : 4,6
Audits	Developement of a standard audit common Power and Transport on-going
Products	"Green" paper and office suppliers for the 10 main countries (Europe and US)
Training and internal communication	E-learning on global information : 1500 trained. Specif training on Assessment and action plans through Webex : 60 people trained. Communication on Altair.
External communication	Annual report. Dedicated pages on Alstom.com including e-learning training . Suppliers days of Transport.

www.alstom.com

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