

Corporate Social Responsibility (CSR) Materiality matrix methodology

In order to evaluate the consistency of Alstom's CSR policy with both the Group's vision and stakeholders' expectations, for the first time in 2013 the CSR department conducted a materiality check, with four distinct phases.

1. Determination of the main CSR challenges for Alstom with a 3-5 year horizon (see definitions in appendix).

Out of a large number of sustainable development challenges, partly based on the ISO 26000 standard, a total of 13 most relevant to Alstom's business were selected. This selection takes into account the Group's and Sectors' strategies as well as Group risk mapping:

- rail transport competitiveness,
- emerging markets' access to affordable solutions,
- electricity trilemma,
- sustainable supply chain,
- anticipating customers' future needs,
- reduction of GHG emissions from products & solutions,
- ethics,
- safety and well-being,
- interaction with local communities,
- knowledge transfer,
- equal opportunity,
- environmental footprint of sites,
- access to innovative eco-designed products.

2. Assessment of the importance of each challenge for the Group

The assessment is performed using four criteria in line with the Group's strategy (impact on growth, technology, operational excellence) and its reputation – with a rating for each criterion: 0 = not relevant, 1 = important, 3 = very important, 9 = essential.

3. Determination of the main stakeholders for these CSR challenges

The significance of each stakeholder is evaluated and weighted by a multiplier: 3 for customers, employees and shareholders; 2 for suppliers, authorities and investors/analysts; and 1 for NGOs/media, local communities and industry associations.

4. Assessment of the importance of each challenge for the stakeholders

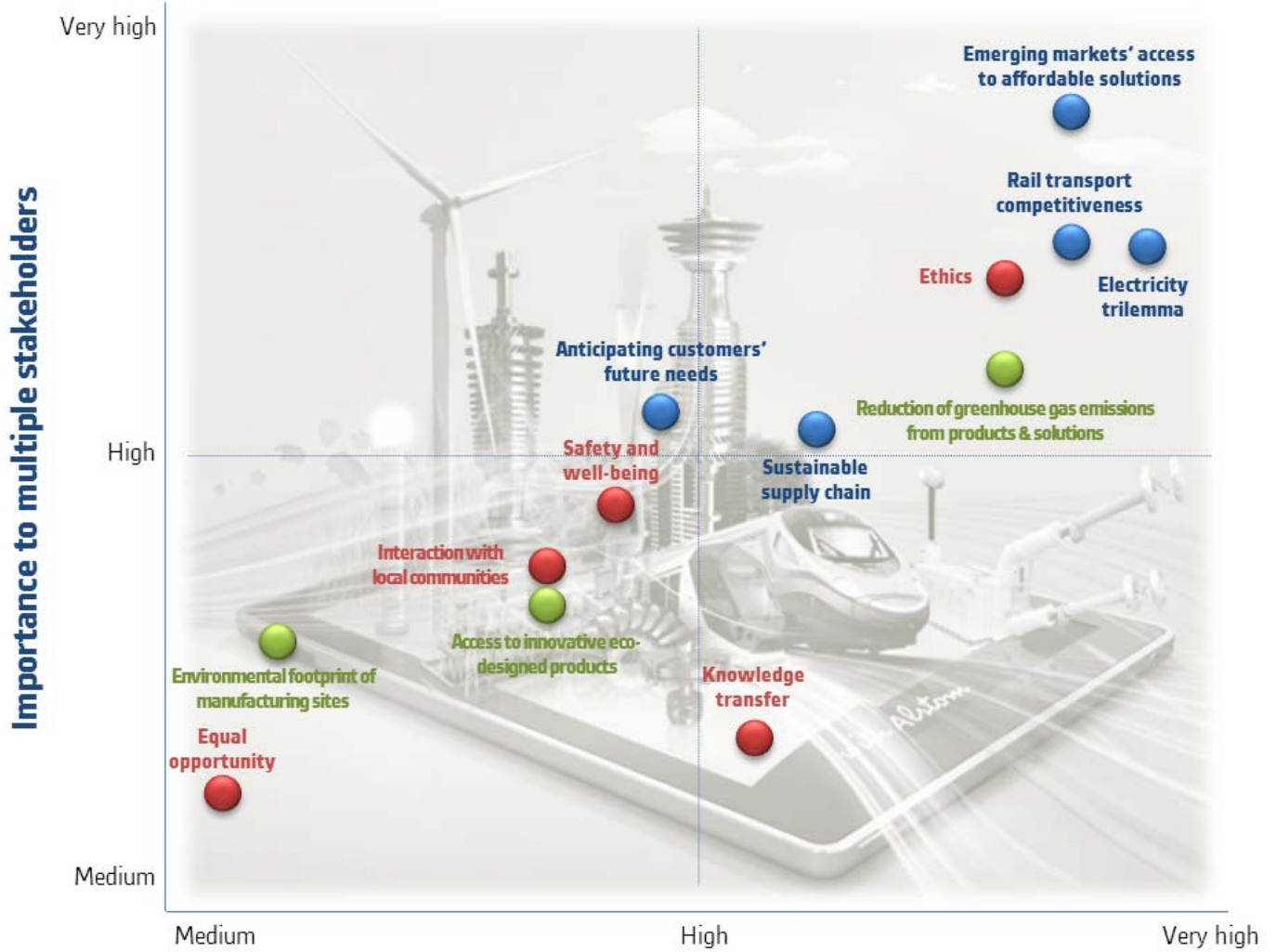
The assessment is weighted according to the following ranking: 0 = not relevant, 1 = important, 3 = very important, 9 = essential. The assessment was conducted based on information gathered from different sources: customer surveys, customer interviews, interviews of experts, CSR working groups, rating agencies, top management and local management interviews, employee surveys, media analysis, etc.

Appendix

Definition of challenges

Dimension	Challenge	Definition
ECONOMIC	Rail transport competitiveness	Competitiveness of rail transport versus other modes of transport, a driver for modal shift.
	Emerging markets' access to affordable solutions	Possibility for emerging markets to access electricity and transport at a reasonable price, taking into account local standards of living.
	Electricity trilemma	Reconciling the three challenges of affordable electricity, flexibility and reliability, and environmental protection.
	Sustainable supply chain	Supply chain: all suppliers and contractors. Sustainable: respectful of international social and human rights conventions; environmentally friendly and ethical in both processes and products/services.
	Anticipating customers' future needs	Understanding customers' needs and requirements and being in a position to answer them in the most appropriate manner, e.g.: <ul style="list-style-type: none"> - understanding their expectations and getting feedback through regular surveys and related improvement action plans; - building stronger intimacy with them through regular events, technical meetings with groups of customers, "customer clubs" focusing on a product, etc.
SOCIAL	Ethics	Ethical behaviour in business, mainly as regards corruption, bribery and conflicts of interest, but also respect for international conventions, etc.
	Safety and well-being	Health and occupational safety of employees (including contractors). Attractive working conditions.
	Interaction with local communities	Companies' participation in community life in the countries where they operate.
	Knowledge transfer	Knowledge transfer: between generations, between company locations; but also through joint ventures, from suppliers to leading companies and vice-versa. Excludes technology transfer.
	Equal opportunity	Equal opportunity for people inside the company. Diverse topics including gender, disability, nationality, age, educational and social background.
ENVIRONMENTAL	Reduction of greenhouse gas (GHG) emissions from products & solutions	Reduce customer GHG emissions thanks to the products and solutions installed such as renewable energies, carbon capture and storage (CCS) and improving existing solutions.
	Environmental footprint of manufacturing sites	Environmental footprint of companies' sites.
	Access to innovative eco-designed products	Provide the market with innovative solutions developed using the principles of eco-design.

Alstom's CSR materiality matrix



Impact on Alstom's business performance (3-5 years)

- Social dimension
- Environmental dimension
- Economic dimension