UNIVERSAL REGISTRATION DOCUMENT 2019/20

including the annual financial report

ALSTOM
• mobility by nature •

CONTENTS

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

ALSTOM
• mobility by nature •

UNIVERSAL REGISTRATION DOCUMENT 2019/20 including the annual financial report

Société anonyme with share capital €1,587,852,560
48, rue Albert Dhalenne – 93400 Saint-Ouen-sur-Seine (France) – RCS: 389 058 447 Bobigny

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French language version of this Universal Registration Document was filed on June 2nd, 2020 with the French financial markets authority (Autorité des marchés financiers – AMF) in its capacity as competent authority within the meaning of EU Regulation 2017/1129, without prior approval, in accordance with Article 9 of said regulation. The Universal Registration Document may also be used for the offer to the public or the admission to trading of securities on a regulated market, provided it is accompanied by a securities note and, if applicable, a summary of all amendments applied to the Universal Registration Document. All of these items are approved by the AMF in accordance with the abovementioned regulation. The English language version of this report is a free translation of the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation. A table of reconciliation is provided on pages 302 to 304. This Universal Registration Document is available on our website: **www.alstom.com**.

1 DESCRIPTION OF GROUP ACTIVITIES

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

Alstom, leading the way to greener and smarter mobility, worldwide

At Alstom, we partner with our stakeholders to optimise transport networks by understanding what moves people, listening to their needs and aspirations. We strive to lead the way to smarter and more sustainable mobility, tech-driven innovation is in our DNA. We stay true to our core values as an agile, inclusive, and responsible company. We are proud to work together to reinvent mobility and make transport easier and more intuitive.

Alstom offers a complete range of equipment and services, from high-speed trains, metros, trams and e-buses to integrated systems, customised services, infrastructure, signalling and digital mobility solutions.

Our Alstom in Motion strategy, unveiled in June 2019, is based on the following pillars: growth by offering greater value to our customers; innovation in smarter and greener mobility solutions; Efficiency, powered by digital; One Alstom Team: an agile, inclusive and responsible culture.

INDUSTRY CHARACTERISTICS

MARKET DRIVERS

The rail transportation market is supported by solid long-term drivers. Soaring urbanisation, economic growth and public & private investment in infrastructure create a growing demand for transport notably in emerging countries. Mature markets, on the other hand, are mainly supported by projects aiming at updating and modernising existing infrastructure and rolling stock enhanced by growing environmental concerns.

Urbanisation

The combination of both economic and demographic growth entices a growing number of people to live in cities. By 2050, world population should exceed 9.7 billion inhabitants [(1)] of which nearly 70% will reside in urban areas [(2)]. This trend towards urbanisation is particularly strong in China, India and in many countries of Africa and Latin America.

This development triggers the growing saturation of airports, roads and existing railways and the need for new infrastructure. In this situation, railways typically offer a mass transit solution, safe, reliable and clean.

Additionally, in many cities, the population is encouraged to leave behind individual methods of transportation and favour collective transportation to limit traffic congestion. This change is usually supported by the active promotion of public transportation.

People responsible for urban planning and development are looking for efficient, green, inclusive and intermodal urban transportation systems [(3)].

In this context also, rail transportation offers ideal mobility solutions in term of capacity, punctuality, security, and reduction of noise, pollution and energy consumption.

Sustainable development

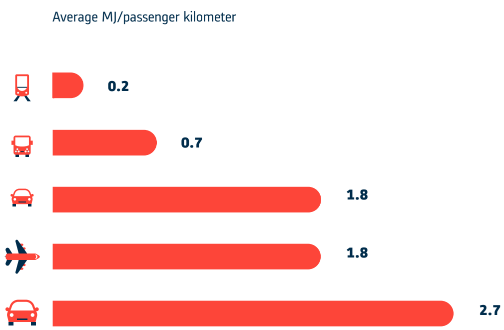
Today more than 90% of the world population lives in areas where air pollution exceeds the threshold recommended by the World Health Organisation [(4)] while CO_2 emissions from transport continue to grow. From an international standpoint, transport is now clearly recognised overall as a sector which contributes significantly to worldwide emissions whilst offering a great potential to curb them. The increased visibility of climate change consequences and the threat that air pollution poses on public health drives the actions of governments and regulation bodies to limit the magnitude of impacts by reducing greenhouse gas and airborne emissions. For instance:

- The European Green Deal, unveiled in December 2019, requires action by all sectors of our economy to reach climate neutrality in 2050. Transportation, which represents approximately 25% of greenhouse gas emissions from energy combustion, is expected to decrease by 90% its emissions by 2050 to reach this target.
- Lead pioneer countries and cities announced or strongly consider future bans on cars running on combustion engines (Norway, France, United Kingdom, Netherlands, India…).

Rail transportation offers higher performance levels than other transportation modes, which should have a positive impact on the evolution of the rail transportation market. Indeed, rail represents 8% of worldwide motorised transports but only 2% of the energy consumption and 4% of CO_2 emissions (source: The UIC-IEA, Railway Handbook 2017 Energy consumption and CO_2 emissions). Concerning passenger transport, the main focus of Alstom products, the CO_2 emissions is much lower than other modes as shown by the graph thereafter.

(1) UN World population prospects – 2019.
(2) UN World urbanization prospects – the 2018 revision.
(3) Intermodal transportation corresponds to the use of several methods of transportation over the course of a single trip.
(4) World Health Organisation, Ambient Air Pollution: A Global Assessment of Exposure and Burden of Disease, September 2016.

COMPARISON OF AVERAGE ENERGY INTENSITY (MJ) PER PASSENGER KILOMETER BETWEEN MODES OF TRANSPORT



Source: IEA, Energy intensity of passenger transport modes, 2018, IEA, Paris https://www.iea.org/data-and-statistics/charts/energy-intensity-of-passenger-transport-modes-2018

Rail is clearly positioned today among motorised transport emitting the lowest carbon emissions by transported passenger. More generally electrical and shared mobility solutions have the highest potential to decarbonize mobility. The environmental efficiency of rail has been recognized by multiple government recent schemes favoring the modal shift to rail (cf. Governmental funding paragraph). This efficiency is also recognized by some environmentally conscious travellers which are unease about flying ("flygskam") and who are choosing rail instead.

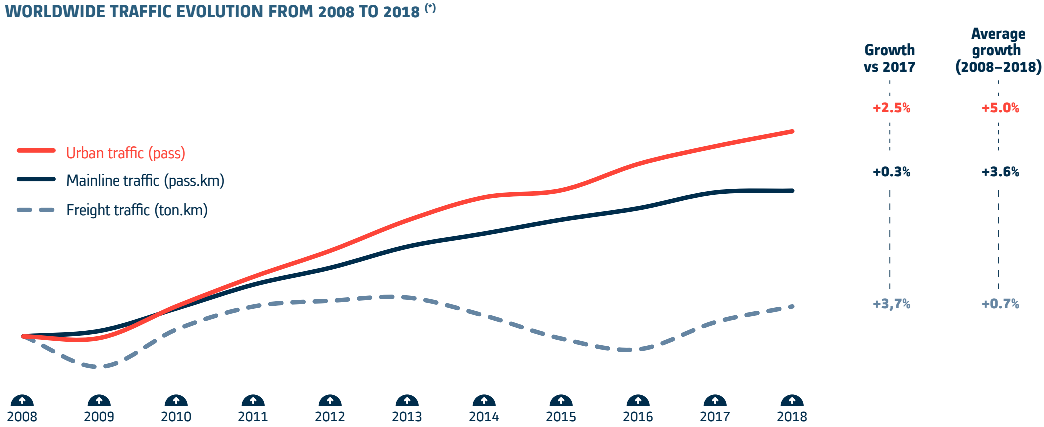
Economic growth

Economic growth is a driver of Alstom's business as the volume of passenger and good transportation, the purchasing power of passengers, and governmental funding for rail are in some measure linked to Gross Domestic Product (GDP) expansion. On the years following 2008, the global economy has experienced turbulence that has slowed down growth and increased public deficits.

However, the passenger rail transport industry has not significantly been affected by the latest economic downturn. Over past years, both urban and mainline worldwide passenger traffic have grown steadily at respectively 5% and 3.6% average growth between 2008 and 2018.

Freight traffic is more volatile and impacted by economic environment. It decreased by 2.6% in 2016 notably, followed by an increase by 6.9% in 2017 and 3.7% in 2018.

WORLDWIDE TRAFFIC EVOLUTION FROM 2008 TO 2018 (*)



Source: Eurostat, governmental statistics websites, annual reports from major operators.
(*) Urban traffic figures are for Top 30 cities worldwide; mainline and freight traffic figures are for all major national operators worldwide.

The worldwide real Gross Domestic Product (GDP) grew at an estimated 3.6% in 2018 and 2.9% in 2019 according to International Monetary Fund [(1)] (IMF). Due to Covid-19 pandemic, outlook is uncertain in 2020: IMF forecast [(1)] a worldwide recession of -3% followed by a recovery at +5.8% GDP expansion in 2021. Though, on May 2020, uncertainties about recession in-depth and pace of recovery prevailed.

Governmental funding

Until beginning of 2020, governments in mature and emerging countries aim to develop the economy of their country through investment in infrastructure and efficient, sustainable transport solution. In that regards, the railway industry remains strategic, with major investment plans throughout the world both in mainline and urban segments:

- In the United-Kingdom, Network Rail has announced that up to £3.6 billion will be invested in railway signalling over the next five years to improve the reliability of systems on Britain's railways, potentially enabling more trains to run. The British Government confirmed on 11 February 2020 that High speed two project will go ahead. The city centres of London, Birmingham, Manchester, and Leeds will be connected by 345 miles of new high-speed railway track.
- In Germany, an €86 billion investment plan has been announced and is meant for infrastructure and trackside equipment upgrade and replacement.
- In Italy, Ferrovie dello Stato Italiane announced a €11.5 billion plan to upgrade to ERTMS all the Italian network within 2035. On the top of that they will spend €2.2 billion to acquire 239 trains between 2019 and 2023.
- In France, the *Loi d'orientation des mobilités* is planning to invest around €10 billion in railway infrastructure by 2022. Besides, 200 km of new metro lines and 68 metro stations will be opened by 2030 for a global investment of €35 billion for Grand Paris.

(1) IMF – Worldwide economic outlook, April 2020.

- In India, on the top of 13 cities which already have a metro system, over 20 additional cities have plans under various stages of implementation for a metro or light rail system - notably Pune, Kanpur, Agra, Indore, Bhopal. It would more than double the urban transportation network over the next decade.
- In the Republic of Côte d'Ivoire, the route of the future Line 1 of the Abidjan metro network has been confirmed on December 2019. It is 37 kilometres long and the cost of construction work for the metro is €1.36 billion. Finalization of the project financing from the French Development Agency and the French Treasury is on-going.
- In the United States, some states have been passing local sales tax measures to fund transit. For example, Los Angeles County, CA, voted in 2016 to use $120 billion from sales tax over 40 years to fund major transit projects before the Summer Olympic Games in 2028.

From beginning of 2020 onward, two events are creating uncertainties and might affect government funding. First, oil prices, which were already down by half on May since the beginning of 2020 and is expected to create turmoil for oil-exporting countries. This could affect countries revenue in the Africa/Middle East/Central Asia (AMECA) zone.

For other geographies, if we cannot exclude postponement of government programs in order to prioritize the response to the Covid-19 crisis, there are signs that investments in railway infrastructure will be at least maintained, if not expanded, as a way to back the economy and support transition towards sustainable transport systems amidst growing environmental concern. For instance, the British Government confirmed on April 2020 that the construction of phase one of £107 billion High Speed 2 rail link can begin despite Covid-19 lockdown. Additionally, some governments brought strong support during the pandemic to private operators which faced strong financial impact. For instance:

- British government suspended all franchises payment from private operators for 6 months;
- Amtrak received $1 billion in federal relief funds to stay afloat amid the crisis. The Cares Act, which President Trump signed into law on 27 March, also provides $25 billion for public transit.

Digital Transformation

Due to the wide usage of smartphones and to the digital transformation of the society, passengers are more and more connected. Communicating has never been so obvious and easy. New needs are expressed: connectivity, well-being, real-time information, door-to-door solutions, individual mobility optimisation, punctuality, comfort and on the top safety and security reassurance. People wish to use their travel time to play, buy, network and work in a way to ease their day-to-day life.

The digital transformation causes significant changes in the transportation landscape, not only for passengers, but also for operators. New technologies will lead to shifting operators' needs and to the implementation of new business models and new way of workings. Two examples: real-time data collection and transmission can be used on trains condition as a lever to improve fleet and infrastructure maintenance services through smart sensors, connected trains and the deployment of the internet of things. Beyond contactless payment thanks to smartphones, seamless intermodality keeps on growing in importance. Offerings of Mobility as a Service (MaaS) are developing using rail as backbone of multimodal routes for fast, punctual and energy-efficient journeys. This momentum will sustainably impact the rail industry and public transport, as a pillar of Smart Cities development, for which multimodality management is a cornerstone.

MARKET PERSPECTIVE

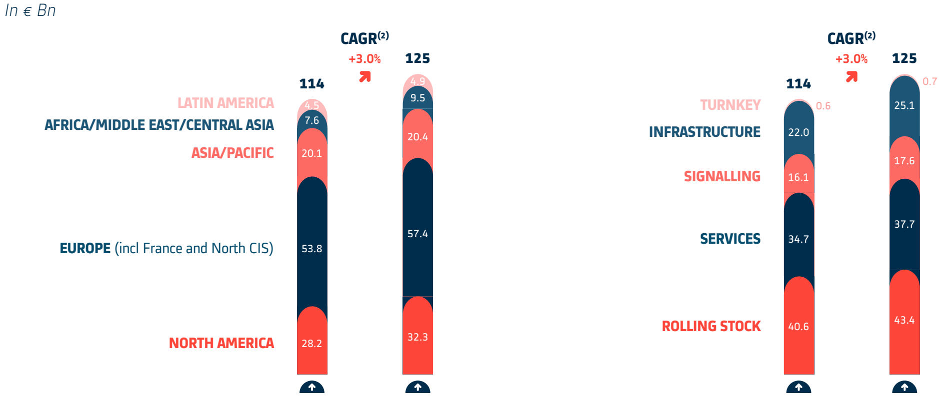
Market evolution

According to UNIFE, the annual accessible worldwide market for the 2018-2020 period is estimated at €114 billion. This market should grow to reach an annual average of €125 billion over the 2021-2023 period, which corresponds to compound annual growth rate of +3% since 2018-2020 (source: UNIFE Market Study 2018).

This study which was released in 2018 does not take into account the recent announced investments in rail linked to environmental concerns nor the effects of Covid-19 pandemic (see thereafter).

MARKET PER REGION AND PRODUCT (1) (2)

In € Bn



(1) Annual average – Accessible market.
(2) CAGR: Compound Annual Growth Rate. Source: UNIFE Market Study 2018.

Impact of Covid-19 on forecasted market expansion

Early 2020, the Covid-19 pandemic caused passenger ridership to decrease sharply worldwide and led most operators to adjust consequently their operations. It is also expected to trigger a significant economic fallout, reflecting shocks to supply and demand different from past crises. On May 2020, the magnitude of this economic downturn was still difficult to assess since the confinement was still ongoing in some parts of the world and uncertainties prevailed with regards to the duration of sanitary measures and the effective impact on the different sectors of activity. According to the most recent economic forecasts at the time of publication of this document, Europe and the United States GDP were expected to decrease by respectively -7.5% and -5.9% (source: International Monetary Fund, April 2020). Our customers drop in revenue in 2020 and economic crisis could impact the previous UNIFE study disclosed above.

On the other hand, plans to support operators have already been announced. Additionally, to date, investments into railway are needed to expand network capacity and fight against congestion in crowded city. Before Covid-19 pandemic expansion, passenger ridership was steadily growing both in Urban and Mainline. Polish state-run railway network manager announced that railway investments is to continue despite Covid-19 pandemic. On April 2020, the British Government confirmed on its side that the construction of phase one of High Speed 2 rail link can begin. Last, Covid-19 could be a long-term catalyst for environmental concern. Due to the economic crisis, public investments will also be needed to stimulate economy: in such a context, rail could be seen as an attractive environmental and economic stimuli play.

INFORMATION ON TRENDS

In 2019/20, Alstom has fully deployed its Alstom in Motion (AiM) strategic plan in order to progressively deliver revenues and margin growth in line with the objectives set in the context of AiM for 2022/23.

However, the Covid-19 crisis is likely to affect negatively the financial performance of the fiscal year 2020/21, including net income, Free Cash Flow and sales, though it is not possible today to assess precisely its impact.

While a partial restart of production is on-going as of May 12, the Group cannot predict the shape and timing of a recovery during 2020/21 as it depends on the further development of the Covid-19 crisis, the duration of containment measures and the intensity of the economic downturn and market response. After the current crisis, the Group expects a fast recovery of the rail market, sustained by strong fundamentals and the increasing demand for sustainable mobility.

In this context, the objective of a 5% average annual growth rate over the period 2019/20-2022/23 should be slightly impacted by the temporary slowdown of tender activity, yet the 2022/23 objectives of 9% aEBIT margin and of a conversion from net income to Free Cash Flow above 80% are confirmed.

With a strong liquidity position, a demonstrated ability to deliver execution and profitability and the rapid launch of a cost and cash mitigation plan, the Group is confident in its capacity to weather the crisis as well as to capture opportunities in a resilient rail market and contribute to the transition towards sustainable transport systems.

COMPETITIVE POSITION

Alstom offers a wide range of railway products, services and solutions that are produced and sold worldwide leveraging the Company's extensive experience and its global commercial and industrial geographic market coverage. Alstom is among the leaders in all the major segments of the railway industry: urban and mainline transportation, signalling, services and integrated solutions.

Alstom has various competitors in the railway industry acting globally or locally and covering part of, or the entire portfolio. Among which Bombardier Transportation offers range of products and services comparable to Alstom and is also present on an international scale. Alstom announced on 17 February 2020 that it has signed a Memorandum of Understanding in view of the acquisition of Bombardier Transportation.

Siemens is another competitor in the rail transportation market, focusing its expansion on automation and signalling. Furthermore, Hitachi affirms itself as a global actor following the acquisition of Ansaldo Breda in 2015 and completion of acquisition of Ansaldo STS at the beginning of 2019.

The Chinese train manufacturer CRRC benefits from the development of its domestic market. The company has also expressed important international ambitions. In 2019, CRRC signed an agreement to acquire Vossloh Locomotives.

Some manufacturers with a less diversified portfolio of products and industrial sites that are more geographically concentrated (CAF, Pesa, Rotem, Skoda, Stadler, Talgo, Thales, etc.) compete with Alstom in specific market segments, such as trains or signalling. Stadler issued an Initial Public Offering in 2019.

Alstom considers to be ranked first in the accessible market of passenger rail industry in Americas and in Europe and among the top three in Asia-Pacific and Middle-East-Africa (based on orders intake during the last three years and UNIFE, accessible market).

OUR VALUE CREATION MODEL

OUR RESOURCES

FINANCIAL CAPITAL
- **€40.9bn** order backlog
- Equity of **€3.3bn**
- **Baa2** rating

INDUSTRIAL CAPITAL
- **105** sites in 60 countries
- Industrial CAPEX: **€195m**

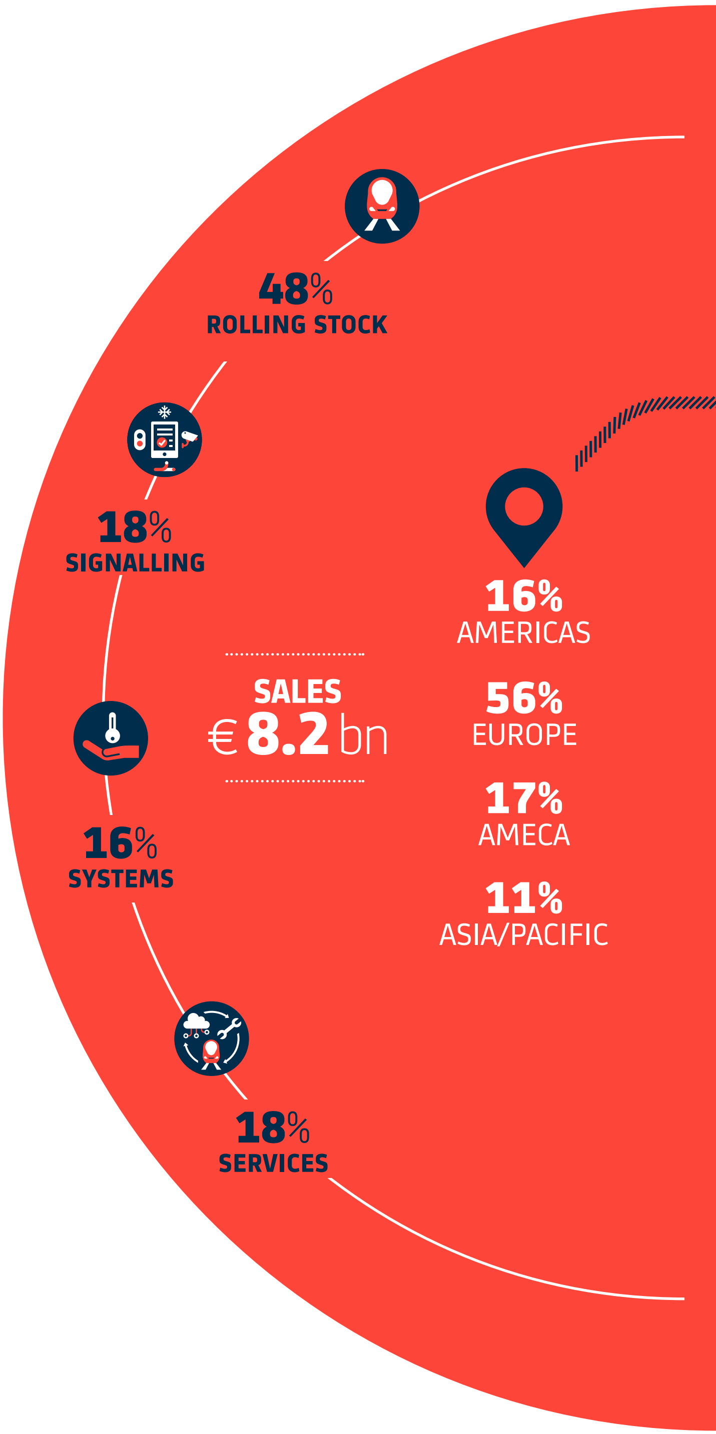
INTELLECTUAL CAPITAL
- **7,300** patents
- More than **8,000** engineers
- **90.2%** of trained employees

NATURAL CAPITAL
- **36%** of electricity of renewable origin
- **88%** waste recovery
- **28%** recycled material in metro

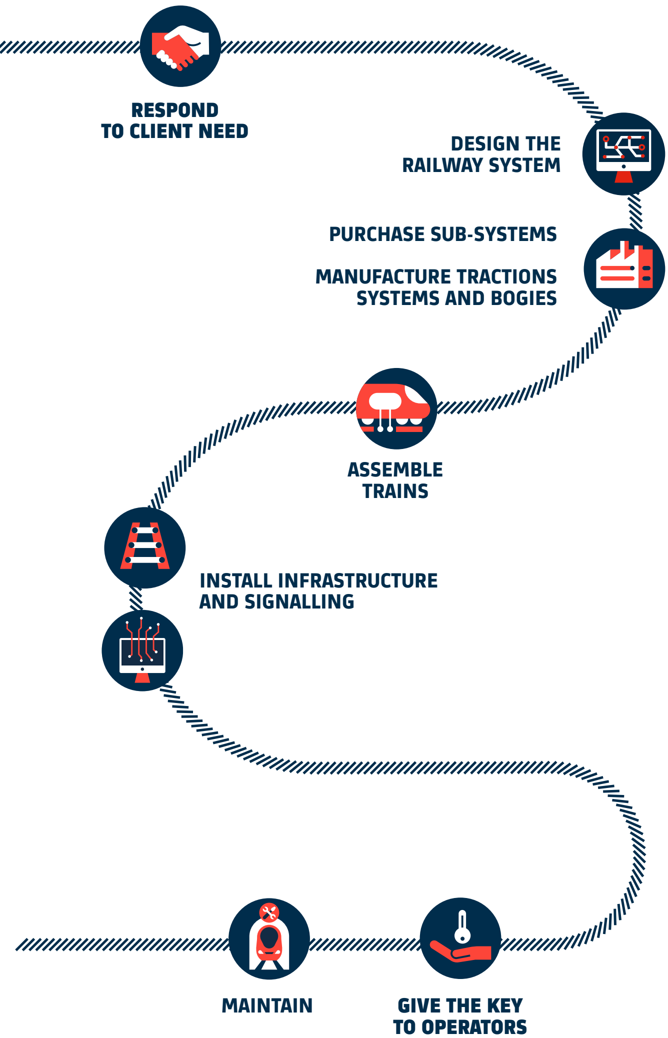
HUMAN CAPITAL
- **38,900** employees from 137 nationalities
- Top employer Europe 2020

BRAND CAPITAL
- **> 280** cities, operators and authorities of transport clients
- New brand identity "**mobility by nature**"

SOCIETAL CAPITAL
- **ISO37001** antibribery certification
- **85%** of spent with high-risk suppliers assessed according to CSR and E&C standards
- **€1.5m** foundation budget



aEBIT
7.7 %



VALUE CREATED FOR STAKEHOLDERS

EMPLOYEES

- Injury Frequency Rate at **1**
- **€2.7bn** employee benefit expense
- **8,051** employees subscribed to WE SHARE ALSTOM

CUSTOMERS

- Customer satisfaction at **8.2**
- Energy consumption of operations reduced by **20% vs 2014**

PASSENGERS

- **+40** million people daily transported by Alstom trains

ENVIRONMENT

- **5.5g CO_2** / pass.km
- **25%** eco-designed solution
- Energy consumption of operations reduced by **16% vs 2014**

SUPPLIERS

- **60%** of Alstom products costs purchased
- Founding member of "Railsponsible"

SOCIETY

- Tax rate: **25%** net income
- **129,000** beneficiaries of community initiatives

SHAREHOLDERS

- Net income (group share): **€467m**

STRATEGY

Alstom in Motion (AiM) strategic plan has been unveiled in June 2019 and set a clear ambition: be the leading global innovative player for a sustainable and smart mobility.

The Alstom in Motion strategy is based on four pillars.

GROWTH BY OFFERING GREATER VALUE TO OUR CUSTOMERS

Alstom has strong market shares in all of its activities and geographies. The Group ambitions to consolidate its positioning in each:

- by becoming the undisputed leader in services, leveraging its installed base and worldwide presence, and by relying on its technical expertise and innovative solutions;
- in Signalling, by gaining market and product leadership thanks to the digitalisation of its solution and by being a key player in the development of international standards;
- by expanding its leadership in Rolling Stock and Systems thanks to the geographical expansion of our new product platforms and by enhancing their competitiveness.

Alstom aims at becoming number one or two in each its markets: geographies and activities. Services and Signalling should represent 40% of 2022/23 sales compared to 35% in 2018/19.

INNOVATION IN SMARTER AND GREENER MOBILITY SOLUTIONS

Green and smart mobility, encouraged by customers' and passengers' expectations, is leading to a transformation of the market. Already recognized as an industrial reference in this domain, with for example the first hydrogen train and products like Hesop which recovers the energy generated by trains in braking mode, Alstom has set six priority areas to confirm its leadership. Alstom will rely on sustained R&D investments. Innovation is also at the heart of Alstom's entrepreneurial culture with for example already more than 7,300 patents issued and multiple key partnerships.

Alstom's ambition is to lead in green and smart solutions.

EFFICIENCY, POWERED BY DIGITAL

The Group will capitalize on its worldwide presence and its industrial and engineering capacities in emerging markets, as well as on the gain in competitiveness of its new generation of products and services.

The Group will also implement additional levers, in particular the digital transformation of all its value chain, optimising sites and projects.

ONE ALSTOM TEAM: AN AGILE, INCLUSIVE AND RESPONSIBLE CULTURE

In order to support the railway sector transformation, Alstom will pursue its environmental and social responsibility commitments at a mid-term horizon. Among the objectives targeted for 2025, energy consumption of solutions offered to its clients should be reduced by 25% compared to 2014. 100% of the group electricity supply should come from renewables. 100% of its suppliers should be monitored or assessed on CSR and E&C standards. Alstom employees share together the same culture, with strong local actions and ethical commitment. Following a consultation of all its employees, Alstom will change its brand signature, to become " mobility by nature " in order to reaffirm its leadership in mobility.

ACQUISITION OF BOMBARDIER TRANSPORTATION

Alstom announced on 17 February 2020 that it has signed a Memorandum of Understanding with Bombardier Inc. and Caisse de dépôt et placement du Québec ("CDPQ") in view of the acquisition of Bombardier Transportation.

A UNIQUE OPPORTUNITY TO ACCELERATE ALSTOM'S STRATEGIC ROADMAP, ALSTOM IN MOTION

The acquisition of Bombardier Transportation is a one-time opportunity coming at the right moment for Alstom, having significantly strengthened its operational and financial profile over the past four years to accelerate its strategic roadmap, and adding to Alstom complementary commercial and industrial platforms. Bombardier Transportation will notably bring to Alstom:

- complementary geographical presence in key growing markets leveraging on Bombardier's successful historical track record in Germany, United-Kingdom, North America and its unique presence in China;
- attractive rolling stock additions to Alstom's portfolio notably with selective niches such as Monorail, People Mover and bringing strong expertise recognition through the development of local specific solutions to blue-chip clients;
- significant assets for Alstom services business with access to the largest installed train fleet worldwide and a wide maintenance facilities network;
- complementary and strategic new geographies in signaling;
- complete innovation portfolio and significant engineering and R&D resources to lead smart and green mobility innovations;
- best cost industrial footprint including in Eastern Europe, Mexico and China and complementary footprint in mature markets *e.g.* Germany & the United-Kingdom.

PRICE STRUCTURE AND FINANCING

The price for the acquisition of 100% of Bombardier Transportation shares will be €5.8 billion to €6.2 billion subject to Transportation's accounts and adjustment mechanisms at closing. In addition, Bombardier Transportation's net cash position at closing will be retained by Alstom and, should Bombardier Transportation have a negative net cash position as of 31 December 2020, the purchase price will be decreased on a Euro-per-Euro basis.

Alstom has in place a fully committed financing structured with the objective of maintaining Alstom's strong credit profile and commitment to its Baa2 rating. The consideration for the acquisition of 100% of the Bombardier Transportation shares will be a mix of cash and new Alstom shares. The total equity component of the financing will represent approximately €5 billion, of which €2 billion will be raised on the market.

- €2.6-2.8 billion equity to be provided by CDPQ through a reserved capital increase at closing, for a fixed subscription price of €44.45 per Alstom share. CDPQ is to reinvest 100% of the transaction proceeds (€1.93-2.08 billion[(1)]) in Alstom and add new money for €0.7 billion;
- €0.5 billion equity to be provided by Bombardier Inc. through a reserved capital increase at closing, for a fixed subscription price of €47.50 per Alstom share[(2)];
- €2.4 billion bridge facility, successfully syndicated and executed in April 2020, to be refinanced through:
  - an equity portion expected to represent up to €2 billion to be raised through a rights issue subject to market conditions,
  - new debt issuance of c.€0.4 billion;
- the balance to be paid with Alstom existing cash on the balance sheet including Bombardier Transportation net cash at closing.

Alstom will reinforce its liquidity profile through a new €1.5 billion Revolving Credit Facility replacing Alstom's and Bombardier Transportation's existing revolving credit facilities. The new facility will have a five-year tenor with two one-year extension options.

Pursuant to the terms of the acquisition, CDPQ (which currently owns 32.5% of the Bombardier Transportation shares), will become the largest shareholder of Alstom owning approximately 18% of its shares. Bouygues will remain a large shareholder of Alstom owning around 10% of its shares. Bouygues is fully supportive of the transaction and undertook to vote in favour of the transaction-related resolutions at the extraordinary general meeting (EGM).

(1) based on final transaction price to be determined at closing.
(2) resulting in a c.3% shareholding post equity raising, three months lock-up undertaking from closing.

INDICATIVE TIMETABLE AND NEXT STEPS

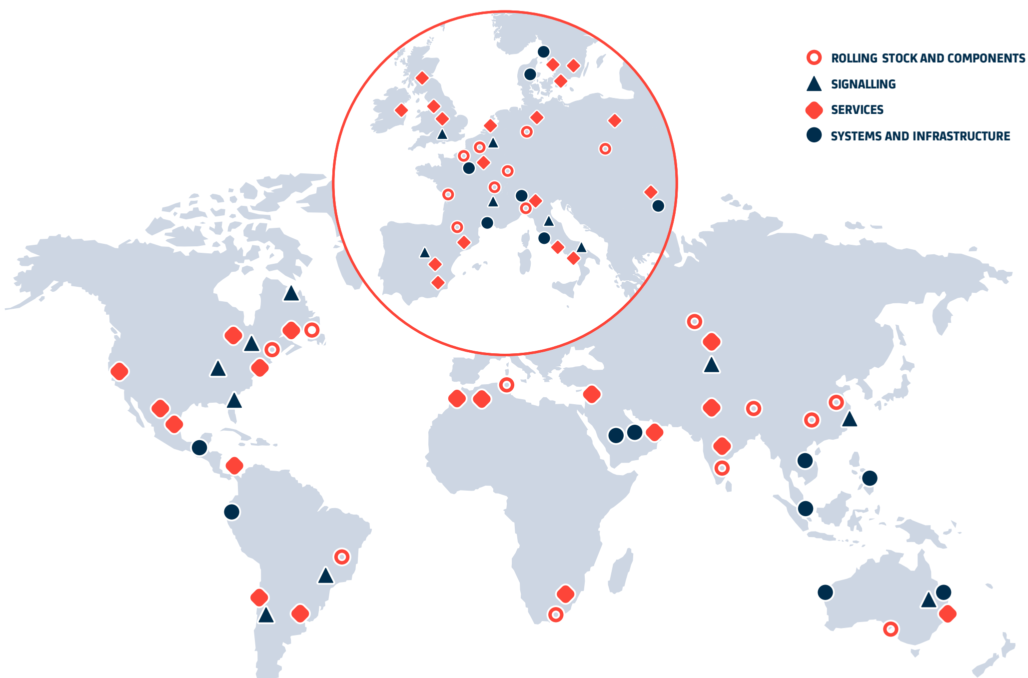
Alstom's unions indicated they will render their opinion around summer 2020 on the proposed takeover of Bombardier Transportation, according to the "method agreement" reached with management. An EGM vote on the reserved capital increases to CDPQ and Bombardier Inc. and the rights issue should take place no later than 31 October 2020. Subject to the EGM approval, rights issue will take place between the second semester 2020 and first semester 2021 and the reserved capital increases will take place at closing. The syndication of €2.4 billion Bridge Facilities and a new €1.5 billion Revolving Credit Facility related to the proposed acquisition of Bombardier was completed in April 2020 as planned. The transaction will also be subject to clearance from relevant regulatory authorities and anti-trust authorities. Closing is expected in the first half of 2021.

INDUSTRIAL FOOTPRINT

Alstom designs solutions that are very diverse and adapted to the cities, regions and countries they serve. Its organisational structure covers the entire world and relies on a network of offices, engineering centres and manufacturing sites, warehouses and maintenance centres, which guarantees the smooth and uninterrupted supply of these various solutions.

Thanks to its global network and its strong local presence worldwide, Alstom is able to competitively meet the demand of its customers throughout the world, while working in increasingly demanding local environments. Its commercial and industrial proximity allows for the precise monitoring of changes in customer needs and the ability to respond quickly.

MAIN WORLDWIDE LOCATIONS



During the fiscal year 2019/20, Alstom has been enlarging its regional footprint, for instance with the inauguration of its Alstom Ubunye factory in South Africa in October 2019. A significant investment has been made in upskilling employees and installing state-of-the-art equipment such as advanced robot technology. Through the modernisation of Alstom Ubunye, Alstom has established an African rail company with local partners, creating a stronger industrial and commercial base and preparing to serve the increasing demand for rail innovation in Africa.

The fiscal year 2019/20 shows also an acceleration of our activity in India with an increase of headcount in Engineering, Signalling and Rolling Stock activities in this country.

	At 31 March 2020				
	Africa/Middle East/ Central Asia	Asia/Pacific	Europe	Americas	Total
2019/20	4,600	6,800	22,500	5,000	38,900

This enlarging of footprint is reflected by the recruitment of 2,600 employees in the main geographies. We are now a 38,900 people company in over 105 sites and 60 countries (to be compared with 36,300 in fiscal year 2018/19). We have completed our implantation with main hubs in all regions. To better illustrate the vast footprint and countries diversity in the region, on 31 March, MEA region became AMECA: A for Africa, ME for Middle East, CA for Central Asia.

OFFERING

With respect to the transportation of passengers by rail throughout the world, Alstom's range of products covers all market segments, from bus to very high-speed trains and offers its customers tailor-made solutions, based on standardised platforms. Alstom portfolio includes rolling stock, signaling solutions, integrated systems (including infrastructure) and services.

ROLLING STOCK

Road

Aptis™ is the latest electric 12-meter long bus designed from scratch, to improve the limitations of standard buses concerning interior mobility, ease of boarding and accessibility, insertion in city centers and lifetime duration, thus setting a new standard in urban e-mobility.

Alstom received during 2019 firm orders for 85 Aptis™ ebuses from the cities of Paris, Strasbourg, Grenoble, Toulon and La Rochelle. In 2020, it has received its first order outside of France for the city of Aranjuez (Madrid, Spain).

Trams & Light Rail Vehicles

Alstom's Citadis™ range sets the standard in the market, with a 20-year track record and more than 2,300 vehicles in service in over 50 cities around the world.

Citadis X05™ is the latest evolution of the family. The modularity of the Citadis™ range allows Alstom to offer customers an array of different configurations. Four Citadis™ tram projects entered into revenue service in 2019, in Sydney, Australia, as well as in France (Nice L2, Caen & Avignon). Further Citadis™ tram contracts were signed this year in France.

Operating costs are low, reduced by 11% compared with previous versions thanks to improved energy efficiency and minimal maintenance requirements. Citadis X05™ also features a number of new on-board autonomy management solutions, such as Citadis™ Ecopack, as part of Alstom's catenary-free solutions.

Tramway & light rail development has also rekindled interest in tram-trains, an alternative method of transport. Once on the rail network, Citadis™ Dualis™ becomes a regional train, transporting passengers at speeds of up to 100 km/h.

Alstom also launched Citadis Spirit™ to meet demand for mobility and flexibility solutions in a number of fast-growing North American cities. Citadis Spirit™ that ensures real accessibility, with a convenient low floor along its entire length and is able to travel at speeds of up to 100 km/h. The first Citadis Spirit™ entered in service in 2019 in the city of Ottowa, Canada. In the meantime, Alstom has been awarded a firm order for the supply of 46 Citadis Spirit™ light rail vehicles for the Greater Toronto and Hamilton (GTHA) area by Metrolinx, an agency of the Government of Ontario.

Metros

Alstom has sold 6,000 Metropolis™ cars to over 25 cities around the world. The range now sets the standard in the market.

The Metropolis™ range was designed to achieve three goals: meet the needs of as many cities as possible; improve safety and passenger experience; and reduce operating costs. Metropolis™ can carry up to 70,000 passengers per hour and per direction.

The Metropolis™ range was designed with sustainable mobility in mind and incorporates state-of-the-art solutions such as weight reduction, new converter technologies and all-electric braking to improve energy efficiency and thus reduce running costs. It is also designed to keep maintenance costs to a minimum and anticipate servicing needs. On September 2018, Société du Grand Paris, in agreement with Île-de-France Mobilités, has selected Alstom to develop and supply the trains for metro lines 15, 16 and 17 of the Grand Paris Express.

To meet the individual needs and requirements of its customers, Alstom also develops tailor-made metro solutions such as the metro of Lyon (France). Latest generation rubber-tyred metro, the new trainsets will use the latest advances in technology to increase availability, accessibility and passenger information and to facilitate maintenance. Alstom has delivered customised metro solutions for a number of major networks in cities such as New York (United States) or London (United Kingdom).

Suburban and regional trains

Over the past 30 years, Alstom has developed experience in the market for regional and suburban trains, selling over 7,000 of these worldwide.

With X'Trapolis™, Alstom offers operators and passengers high-capacity, flexible solutions to transport users to and from suburban centres. X'Trapolis™ provides outstanding capacity of up to 100,000 passengers per hour per direction. X'Trapolis™ Mega, was designed specifically for the metric gauge market and high-density networks, and has been ordered by the Passenger Rail Agency of South Africa (PRASA). First deliveries started late 2015 in South Africa, as part of a total order for 600 trains. The latest addition to the range and already ordered by the STIF, X'Trapolis Cityduplex™ will guarantee the highest levels of availability, reliability and safety. Each train can transport up to 1,860 passengers in its 130-metre version. Numerous innovations will reduce energy consumption by 25% compared to previous generations of equipment.

With 30 years of experience and more than 3,000 regional trains sold around the world, Alstom has set the standard in the market with its Coradia™ range.

The range offers specific technical configuration adapted to the needs of each operator: Coradia™ Nordic is designed to run in wintry conditions and withstand extremely cold temperatures; Coradia™ Polyvalent/Coradia Liner™ is available in electric or dual mode (diesel and electric) and offers outstanding modularity. Coradia™ Lint™, powered by a diesel drive system, is in operation since many years in Europe and began running in March 2015 in Ottawa, Canada. New deliveries will be environmentally friendly with stage V gas emission standard diesel engines; Coradia™ Continental is a state-of-the-art modular electric multiple unit.

The new Coradia Stream™ is a success in particular with the supply of nearly 300 trains to Netherlands national railway operator (Intercity version) and to clients in Italy (Regional version). This range enlarges with high-capacity double-deck trains with a first order for 34 trains by the Luxemburg's national operator.

Alstom is now offering the full range of emission-free train solutions.

Alstom also launched in 2016 Coradia iLint™, an emission-free train for non-electrified lines, powered by hydrogen fuel cells. It can run at 140 km/h, with an autonomy up to 1,000 km/tankful, and accommodate up to 300 passengers. The first pre-serial trains entered in passenger service in Lower Saxony/Germany in September 2018. Alstom has signed two contracts to supply serial trains in Germany now. In 2021, 14 Coradia iLint™ will be delivered to LNVG and in 2022, 27 trains of the same type to RMV.

In 2020 the first contract for a BEMU (EMU plus traction battery for emission-free operation) was signed with VMS in Germany. The trains are based on service proven Coradia™ EMU train family.

High-speed and very high-speed trains

Alstom offers one of the widest ranges of high-speed trains in the market, from articulated and non-articulated trainsets to tilting technology, single or double-decker architectures, concentrated or distributed traction. Five current flagship products of the Avelia™ range – Avelia™ Pendolino™, Avelia™ Euroduplex™, Avelia™ AGV™, Avelia Liberty™ and Avelia Horizon™ – represent the culmination of 40 years of expertise and more than 1,100 trains in service around the world.

Avelia™ Pendolino™ high-speed trains ensure excellent flexibility and seamless cross-border service. With its Tiltronix™ anticipatory tilting technology, Avelia™ Pendolino™ can travel more rapidly through curves on conventional lines (up to 30% faster than a classic train), reaching speeds of 250 km/h on high-speed lines while guaranteeing an excellent level of passenger comfort inside the train. Avelia™ Pendolino™ is available with or without tilting technology. End 2015, Alstom and .italo the Italian private operator, signed a contract for the purchase of eight Avelia™ Pendolino™ trains along with 20 years of maintenance. Later between 2016 and 2018, .italo leveraged four options included in this contract for the purchase of a total of 26 Avelia™ Pendolino™ trains and related maintenance services for 30 years.

Avelia™ Euroduplex™ is the world's only double-deck very high-speed train able to travel at speeds of up to 320 km/h. With its articulated design and concentrated power system, Avelia™ Euroduplex™ ensures high capacity with reduced acquisition and operating costs. Operating on the French, German, Swiss, Spanish and Luxembourg rail networks, and in Morocco, Avelia™ Euroduplex™ trainsets, like all Avelia™ trains, feature signalling equipment compatible with each network and are fitted with traction systems adapted to the different voltages used in these countries. Avelia™ Euroduplex™ is being replaced by the new generation of double deck very high-speed trains, Avelia Horizon™.

Avelia Horizon™ brings its predecessor's benefits to a further level, offering 20% more capacity together with high comfort and minimising total cost of ownership, thanks to an optimised architecture based on compact power car and new articulated double deck coaches. Energy consumption and maintainance costs are reduced respectively by 20% and 30% compared to the previous generation. In July 2018, the Board of Directors of SNCF Mobilités has approved a firm order for 100 next generation Avelia Horizon™ very high speed trains.

Avelia™ AGV™ is the first high-speed train (360 km/h) to be developed for an international, cross-border market. It features articulated trainsets and distributed power. As a result, it offers lower operating costs in terms of energy and maintenance. Avelia™ AGV™ is available in different configurations of multiple units including two eleven-car and three seven-car trainsets. Operators can easily reconfigure interiors and seat pitches throughout the train's lifecycle. Avelia™ AGV™'s energy consumption is 20% lower than its competitors thanks to its lighter weight, reduced number of bogies, improved aerodynamic design and permanent magnet motors.

Combining proven technologies, Avelia Liberty™ offers flexibility and comfort with accessibility and reduced operating costs. Amtrak already ordered 28 new high-speed trains, which will run on the Northeast Corridor (NEC) between Boston and Washington D.C.

Locomotives

The manufacturing of locomotives for the purpose of passenger or freight transportation is at the heart of Alstom's historical business activities and expertise. With over 3,200 locomotives sold throughout the world, for more than 20 years, Prima™ has provided a response well adapted to operators' demands.

Fully compatible with the European Rail Traffic Management System (ERTMS) signalling systems, Prima™ locomotives can cross borders with ease and operate on every freight corridor in Europe, as well as being able to run on any of four main power supply voltages (25 kV, 15 kV, 3,000 V and 1,500 V). They are equipped with redundant systems that reduce the risk of downtime due to immobilisation.

Both alone and with its partners, Alstom develops two electric locomotives, Prima T6™ (CoCo type locomotive) and Prima T8™ (double BoBo type, up to 25 tons/axle), for heavy freight operations guaranteeing low maintenance costs and high operational performances in extreme conditions. Alternatively, the Prima M4™ multi-purpose electric locomotive offers flexible platform with modular architecture to meet each operator's needs: freight (maximum speed 140 km/h), passenger (maximum speed of 200 km/h) and mix operations.

Finally, Alstom has two types of environmental-friendly shunting locomotives in its portfolio. The Prima H3™ hybrid shunting locomotive (3-axle) combines the autonomy of diesel engine and the benefits of the battery, which allows to reduce fuel consumption by up to 50%. As of end 2019, 48 Prima H3™ hybrid locomotives have been ordered by German and Swiss companies and 32 have been put in commercial service, representing by far the largest fleet of hybrid shunting locomotives running in the world. The Prima H4™ is a BoBo type locomotive which can be used for shunting and track works services, and also for mainline freight services thanks to its high power range for a shunting locomotive. The Prima H4™ is available in three versions, namely bi-mode diesel (catenary power supply and diesel), bi-mode battery (catenary power supply and battery) and hybrid (diesel engine and battery). SBB Infrastructure, in Switzerland, is equipping its rail network with 47 Prima H4™ bi-mode diesel locomotives since 2019.

Components

Alstom designs, develops and manufactures internally bogies, motors, dampers, traction systems, auxiliary converters, switchgear and transformers. They are the result of several decades of experience acquired by Alstom's engineers. These components serve internal train solutions and are also sold directly to other train manufacturers.

It is one of the market segments that benefits from powerful innovations to best fit rolling stock needs, mainly related to weight & volume optimization, energy savings, passenger experience and Total Cost of Ownership (TCO). For instance, the use of permanent magnet motors, in most of its product range (LRV, Regional, VHS) and the use & ongoing development of Silicon Carbide technology (SiC) in its auxiliary & traction systems for urban applications, usually more compact and more efficient, allow optimized power density and significant energy savings. In order to improve accessibility, Alstom has developed a range of low and flat floor tram bogies, as well as a levelling system to adjust all types of trains to platform height. Alstom focuses its efforts also in improving comfort through its controlled dampers and in reducing equipment noise in all its products, and this is for example translated into the new elastic wheel fitted on the Ixege™ LRV bogies, improving the squealing noise performance by up to 90%. Regarding total cost of ownership aspects, Alstom has developed a wind speed naturally-cooled transformer significantly improving life cycle cost and maintenance activities. This is the case also for the last range of traction & auxiliary converters working with natural-cooling, or low track aggressiveness equipment, all contributing to operators' benefit.

Alstom expertise in passenger experience is unique: our internal dedicated team is able to understand users' needs, anticipate their future expectations, while translating requirements into realistic solutions for the benefits of the operators and their passengers.

- Doors opening/closing identification at a glance with a smart lighting system embedded on the Citadis X05™ Tram for T9 line.
- 20 m² full flat low floor, entirely accessible on Aptis™ e-bus, +20% glass surfaces with three large glazed double doors on either side.
- Flexible interior onboard Coradia™ trains, allowing workspaces, friendly corner for family and groups with sofa seat comfort.
- Noise and vibration kept to a minimum on Avelia Liberty™ thanks to its articulated architecture.
- Lounge car on Avelia Horizon™ revisiting the experience and smart lighting, extra-large windows, improved HVAC, latest on-board connectivity.

SYSTEMS

Infrastructure

Alongside its expertise in the execution of track, electrification and electromechanical equipment projects, Alstom develops innovative infrastructure solutions to achieve reduced costs, faster delivery or improved energy efficiency of urban transport projects. As track works play a significant role in the duration of a project, Alstom designed Appitrack™, an automated track-laying solution enabling to install urban tracks up to four times faster than with traditional methods. Alstom also co-developed HAS™, a metro track solution composed of concrete sleepers on resilient pads placed in a rigid boot, attenuating ground-borne noise and vibrations. HAS™ is under implementation on Crossrail project, United Kingdom, with more than 5,000 sleepers being installed in sensitive sections of the line.

To achieve significant energy efficiency for urban and suburban rail transport networks, Alstom has created Hesop™, a reversible substation for traction and recovery in one single converter. Hesop™ enables the reduction of heat dispersion and therefore the associated ventilation requirements in underground operations. To date 126 Hesop™ converters have been ordered for projects such as the Riyadh subway (Saudi Arabia), the Dubai subway (UAE), the Sydney tramway (Australia) as well as the Panama subway which are now in commercial service. In 2018, Hamburg metro signed a letter of intent to test Hesop™ substation on its network, the first unit of which was ordered and installed this year.

Alstom also pioneered in the field of catenary-free tramway solutions, with APS™, a technology powering trams at ground level *via* a segmented third rail. To complete its catenary-free solutions, Alstom launched SRS™, a new ground-based static charging system for trams and electric buses equipped with on-board energy storage. Ordered in November 2015 by the city of Nice in France for its tramway, SRS™ was installed on new Lines 2 and 3; in December 2019, Alstom commissioned, for the first time, its new-generation tram Citadis X05™, completed with its innovative SRS™ charging system.

Turnkey solutions

In addition, Alstom combines all the know-how accumulated by a multi-specialised train manufacturer in order to offer integrated systems able to manage every aspect of a railway system (trains, signalling, infrastructure and maintenance). Alstom offers these solutions both in the urban transportation market (tramway or metro) and in the mainline transportation market.

With more than 10 integrated systems projects underway around the world, Alstom continues to cement its position as a global leader in urban solutions. This is an area in which Alstom has an excellent track record. Such projects include the contracts signed in Montreal (Canada), Riyadh (Saudi Arabia) and Lusail (Qatar).

Alstom pursues its drive for innovation with Attractis™, a pre-engineered integrated tramway system solution for fast-growing cities. It includes the Citadis™ tram, road works, related infrastructure along with control systems and maintenance depots. It aims at reducing investment by up to 20% compared with conventional tramway systems offering the same capacity, ensuring optimal total cost of ownership and acquisition costs for operators and transport authorities.

Alstom provides the same global approach for metro systems like recently in Dubai (UAE). To meet the needs of cities experiencing rapid growth and high population density, Alstom has developed Axonis™, a light metro system that is easy to incorporate into the urban environment. Using non-proprietary standard infrastructure, Axonis™ is able to carry between 10,000 and 45,000 passengers per hour per direction, easy to insert into a city, quick to build and driverless. The use of industry-standard subsystems such as Metropolis™, Urbalis™, Hesop™ and Appitrack™, along with performance optimisation and pre-defined interfaces, reduces the acquisition cost and the total cost of ownership.

SERVICES

Whether they are public or private rail operators, fleet managers or maintenance specialists, Alstom is present to assist its customers for the entire lifecycle of their products by offering a range of customized services, be it for their trains, infrastructure or railway traffic control systems. The goal is to guarantee a complete, safe and optimal management of railway train – whether it was or not manufactured by Alstom – and equipment throughout their lifecycle, improving reliability, availability and performance without compromise, through advanced maintenance strategies combined with latest data analysis technologies.

The Services activity enables Alstom to further strengthen its relationship with its customers and to better evaluate their needs and expectations.

Maintenance

Alstom is responsible for the maintenance of almost 13,000 cars in approximately 139 sites and 40 countries. Maintenance contracts are in place for periods of 15 years in average. Alstom maintains non-Alstom trains on 20% of its projects.

Alstom offers tailor-made, scalable services from technical support with spares to fully outsourced maintenance. Alstom's expertise in supply chain and industrial organisation, backed by a strong system and maintenance engineering competency, guarantees outstanding rail system availability and reliability for all rail assets (rolling stock, signalling and/or infrastructure).

Efficient rolling stock maintenance is a key success factor to ensure performance, availability and reliability of service. Today digitalisation and the emergence of the Internet of Things (IoT) widens the range of possibilities to achieve a higher level of excellence in services and asset management. Alstom has created HealthHub™ – an innovative approach to condition-based and predictive maintenance for rolling stock, infrastructure and signalling. This integrated decision-support range of tools (sensors, cameras, lasers, dataloggers, etc.) continuously monitors the state of the assets to prevent failures, questioning the standard execution of maintenance activities.

To further build on the success of HealthHub™ and turn the collected data into action, Alstom has now launched Dynamic Maintenance Planning – a new solution that allows a more responsive, flexible and fluid execution of maintenance activities. Furthermore, it delivers value during the operation and at each step of the maintenance plan, building seamless interactions between operations and maintenance.

Latest references in maintenance cover systems in Dubai (UAE), Montreal (Canada) and Ryadh (Saudi Arabia), signaling for SNCB in Belgium, infrastructure for ADIF in Spain and locomotives in Kazakhastan and India.

Modernisation

Alstom provides a range of services that also includes modernization. It is key to extending the life of railway train (by up to 20 years) and systems. It also enables to improve performance, particularly regarding energy savings (up to 40% less), and also passenger environment. Depending on the industrial means of the customers, Alstom can perform the modernization studies and deliver the associated kits to the operators which want to complete their projects internally or lead the entire project up to the industrialization and necessary testing.

Alstom offers a full range of obsolescence services, from monitoring systems issuing alerts to anticipate obsolescence up to full obsolescence management and treatment solutions to ensure that the expected lifecycle is achieved. It leverages for instance 3D printing used for rapid prototyping and obsolescence solutions.

Latest references in modernization and obsolescence services cover all types of fleets all over the world such as Mexico City MP68-MP73 metro (Mexico), Rocky Mountaineer regional trains (Canada) or S100 very high speed trains (Spain).

Parts, repairs and overhauls

Alstom offers a single entry point into a large suppliers panel, ensuring through the right part at the right time and capitalising on technical expertise as designer and manufacturer of rolling-stock, signalling & infrastructure. It offers anticipation for parts supply and technical support through Technical Support and Spares Supply Agreement (TSSSA) contracts or zero missing parts through Availability Service.

Alstom also proposes various commercial offerings from spot requests catalogue (1,000,000 train parts referenced) to Vendor Managed Inventory (VMI) allowing to reach enhanced fleet availability and shortest lead time thanks to forecasting, sourcing, purchasing and stocking solutions.

In addition, Alstom has developed dedicated Components Services Centers for key subsystems (bogies, brakes, traction, TCMS, etc.) to provide worldwide support to our customers for overhauls or specific repairs.

Latest references in parts and repairs cover all types of fleets all over the world such as Amtrak very high-speed trains (United-States), Nice light rail vehicles (France), PRASA suburban trains (South Africa) or Class 180 regional trains (United-Kingdom).

Digital services

Alstom offers customers an extensive set of digital resources to effectively look after their fleets:

- Fleet Support Centres, relying on HealthHub™ and using experience of several fleets, allow well-targeted maintenance actions. Trains' health indicators and proposed service orders are shared daily with regular analysis to improve fleet availability and reliability;
- our user-friendly online customer portal facilitates support to our clients (online technical support, obsolescence, safety alerts), communication with our network of technical experts and easy access to all digital services, including e-documentation and PartsFolio™, Alstom's online service for ordering parts;
- our Dynamic Maintenance Planning solution enables a more responsive, flexible and fluid maintenance execution.

We offer our customers a wide range of training solutions for their operations and maintenance staff aiming at optimising the use of equipment and systems throughout their lifecycle.

Using a wide range of educational methods (classroom sessions, e-learning, on-job coaching, augmented reality, driving simulators, etc.), trainees can acquire and perfect their knowledge in 50 different technical fields. We deploy our resources, with 100 expert training consultants, on customers' sites and across our network of Transport Knowledge Centers located in Europe, Asia and the Americas.

Latest references for HealthHub™ include Sydney Metro (Australia), .italo High Speed trains (Italy), Reims light rail vehicles (France); latest references for e-documentation include Avanti West Coast Pendolino™ (United-Kingdom), Montpellier Light Rail (France); latest references for e-training include JBV Main Line (Norway).

StationOne™

StationOne™ is the first specialized BtoB marketplace dedicated to the railway industry. It is the only digital solution for procurement across the railway ecosystem, offering parts and services for all type of train fleets, stations, infrastructure and systems.

StationOne™ is live and fully operational since March 2019 and available in several countries in Europe. It matches demand from local and national operators with supply of internationally renowned vendors.

SIGNALLING

Alstom provides operators and infrastructure managers the means to ensure the safe and smooth transportation of passengers or merchandise, thereby optimising the efficiency of urban or main line networks. It supplies railway operators and infrastructure managers with control and information systems as well as onboard and on-track equipment that guarantee the effectiveness and safety of the use of products, on the one hand, as well as ensure that passengers are informed and comfortable, on the other hand.

Alstom's offer is focused on two separate segments of the market: main line networks and urban networks – for which Alstom offers complete and integrated solutions, which are customisable, based on the needs of its customers. In addition, it also offers passenger security solutions, and control centres for network management.

The development of signalling activity enables Alstom to meet the growing demand for integration expressed by its customers. At the same time, it makes every effort to reduce costs associated with this business by relying increasingly on outsourcing its electronic systems production and by establishing engineering centres in new regions, such as in Bangalore, India. In order to optimise its development efforts, Alstom's signalling products and solutions rely on shared processes.

Mainline networks

Atlas™ solution

The new ETCS/ERTMS standard (European Train Control System/ European Rail Traffic Management System) for railway network interoperability is intended to impose a single signalling system shared by all the countries in the European Union. The ETCS/ERTMS standard has now been adopted by rail operators for different types of rail operations from suburban to very high-speed rail and by operators from many countries outside Europe. Having played a key role in defining these ETCS/ERTMS standards, Alstom's answer to these challenges can be found in its Atlas™ offering, which is a complete solution that integrates all of the network's data in order to automatically adapt the speed and distance between trains, including whenever the train crosses borders. Atlas™ enables onboard equipment to remain connected to the integrated control system, which is constantly liaising and exchanging information with the network's trackside equipment and interlocking systems. Alstom has enriched in consequence its Atlas™ solution with the Atlas™ 400 solution for low density lines and Atlas™ 500 solution for high density rail traffic.

Atlas™ solutions are now deployed on more than 10,000 vehicles of more than 200 different train types ordered, amongst which more than 4,000 trains in full commercial service.

Incremental Train Control System (ITCS) solution

ITCS is a GPS-based train control system well suited for long spread-out territory, remote section of tracks, low to medium frequency trains, challenging power and communication supplies, and simple interlocking needs. Acting in remote areas as vital virtual signalling system, ITCS wirelessly communicates train movement authority as though the territory were operating under centralised traffic control. This principle leads to the lowest possible trackside equipment for a signalling system allowing optimised lifecycle costs and higher availability. This solution is scalable and can be adapted without changing the infrastructure. Safety is ensured through full situational awareness and continuous speed enforcement in the cab and wireless control of all trains from central office. ITCS offers proven performance in daily revenue service since 2001 having been deployed on freight, mining and mixed traffic lines in USA, China, Australia and Colombia.

Urban networks

Network congestion, security, environmental pollution, and the lack of adequate mobility solutions are the main challenges that urban transportation must face. One of the keys to solving these issues is increasing urban transportation capacity by improving signalling systems. For over 70 years, Alstom has been addressing such urban challenges, which is why it constantly upgrades its CBTC signalling system (Communication-Based Train Control), its most proven signalling system to date.

As part of its range of products for urban networks, Alstom offers both onboard and on-track products (interlocking and trackside equipment) and solutions (automated control system, control centre).

Alstom equips a number of the world's major cities and its CBTC solutions represent approximately 25% of CBTC solutions deployed worldwide. In addition, it has also developed a significant presence in China, particularly *via* its CASCO joint venture with CRSC.

Urbalis™ solution

Alstom's Urbalis™ range of signalling solutions uses CBTC technology. Urbalis™ 400 accurately controls the movement of trains, allowing more of them to run on the line at higher frequencies and speeds in total safety – with or without drivers. Alstom has equipped more than 2,000 km of metro line.

To further improve urban transport capacity, Alstom developed Urbalis Fluence™, the first urban signalling solution with more on-board intelligence and direct train-to-train communication. The solution offers operators greater transport capacity, reducing headways to 60 seconds while ensuring the highest operational availability and improved total cost of ownership through a 20% reduction in the amount of equipment, energy savings of up to 30% and adds up to 30% in line capacity.

Pegasus™ 101 solution

Alstom recently expanded its range of signalling solutions for urban networks to include Pegasus™ 101. Pegasus™ 101 is an ATP system (Automatic Train Protection) for tramways that ensures the highest standards in network safety. Quick and easy to install on both new and existing systems, Pegasus™ 101 assists and controls the driver in some crucial tramway functions, such as speed control and calculation, emergency stop signals, vigilance system, etc.

Smartlock™ and Smartway™

Compatible with the main signalling standards in existence today, Smartlock™ and Smartway™ are considered high-quality solutions recognised for their versatility. At the global level, 25 countries are currently utilising the technologies developed by Alstom.

Based on the overall level of network traffic, Smartlock™ interlocking systems will allow – or not – a train to continue its journey when it crosses a given point machine by following a safe itinerary that avoids all risks of conflict with other trains' itineraries, whether on urban, freight, or main line networks. They are interfaced with onboard control systems and control centres. With over 1,500 installations, the safety and reliability of this new generation of Smartlock™ electronic interlocking systems can be viewed as being particularly proven.

Smartway™ is a range of standard track signalling equipment that includes track circuits (detection of trains per section of track, in order to ensure traffic safety) and switch position motor control (ability to lead trains toward any given track).

Smartway™ products are versatile, and can be installed on urban lines, freight lines, high-density main lines, and high-speed lines, as well as in stations, on less used tracks, level crossings, or evacuation zones. They are interfaced with onboard control systems and control centres.

Iconis™ Supervision

As the need for more efficient rail network operation increases as a result of an effort to optimise the use of assets, operators need a system that is able to provide a fully integrated monitoring and control system for all operational (train movement control, incident management, resource allocation) and functional (static in-station or onboard functions) elements of the network. This system must be easily customisable to rapidly take into account the operator's structure and operation procedures.

Alstom's solutions focus on passenger safety and the management of information intended for them. With over 100 control centres located throughout the world, Alstom is one of the few market players that benefits from a sufficient amount of credibility and experience to lead projects that involve the management of several lines, for Urban, Mainline and Freight.

Traffic Management

Iconis™ control centre oversees and monitors all aspects of the network.

The Iconis™ automated control system guarantees train adherence to schedules, the automatic optimisation of routes, and conflict-free resource utilisation. It provides network operators with a general view of the status of network traffic and enables them to interact directly with the system at that level. Iconis™ can take various forms: from a simple autonomous post for an independent station to several hundreds of interconnected servers and operator workstations, able to manage an entire network.

Security/Closed Circuit TeleVision (CCTV)

Protecting passengers and their belongings from any potential security threats is a central focus for Alstom. Relying on its technical know-how, which enables it to evaluate precisely the risks faced in all the segments of the rail industry, Alstom offers a state-of-the-art advanced security system that is modular, easy to integrate and operate around the clock, and that handles all functions intended to guarantee the safety and security of passengers.

Alstom's security systems can be integrated within larger systems: the system can be run by an integrated security centre, which is itself part of the overall structure of the information and rail communication system. It covers all rail environments: stations, tracks, tunnels, signalling equipment, trains, warehouses, and control centres.

The integration of all this information makes it possible to instantaneously connect the network's global surveillance (through a CCTV system, access control, intrusion detection, and smoke and fire detectors), *via* the Ethernet network, to the appropriate response (passenger information, public announcements, emergency calls, or interventions).

Alstom's range of products extends from simple stand-alone security components to full integration within a control centre with assisted incident management capabilities. It offers a customisable security system structure that can be tailored to any type of train, station, control centre, or warehouse (under construction or renovation).

Mastria™ multimodal control system

Mastria™, is designed to meet the current and future needs of "smart cities" and coordinate all types of public transport, from rail to road.

Mastria™ orchestrates all public transport modes from rail to road (metro, train, tramway, suburban, bus, taxi). This innovative solution enables coordination and collaboration between the different agents from each transport modes.

Mastria™ uses advanced data analytics and alogrithms to predict and anticipate impact on traffic in order to optimise trip plan.

Mastria™ manages incident over the whole public transport network (trip plan, capacity adjustment). The coordination of the stakeholders includes also fire stations, security, and maintenance through mobile devices.

Mastria™ generates high quality information accessible through open data platforms for on-demand services such as car-sharing, self-service bicycle, parking services. All the information is provided in real-time from all transport modes.

Nomad Digital™ (Intelligent Transport)

Rail operators have to satisfy ever-growing expectations from passengers wishing to utilize their travel time productively. Modern means of communication can contribute to meeting this need by making real-time information as well as on-board audio and video entertainment available.

Our cutting-edge, future-proofed technology offers a comprehensive portfolio of passenger and fleet connectivity solutions to the railway industry by improving connectivity for trains, metros, trams and buses on the move globally. Nomad Digital™'s solutions include passenger Wi-Fi, innovative Passenger Information Systems and on-board passenger portals, entertainment and media platforms.

In Septembre 2018, the consortium of Alstom and Nomad Digital™ have been awarded won a multi-million-pound contract by DSB in Denmark: it is a a 6-year agreement to design and deliver a complete on-board Passenger WiFi solution and provide maintenance and operation services to the system.

The rail transport sector needs to prepare for potential cybersecurity threats. Operators shall also respect various new regulations and standards.

Cybersecurity in Alstom is addressed as a core element in order to ensure the cyber-resilience of Alstom solutions. Cybersecurity functions and services are offered on solutions of Alstom's portfolio, on rolling stock, systems, services and signalling.

Our objective is to propose state of the art services and solutions covering risk analysis, security by design, vulnerability management, vulnerability scanning. To go further and faster, Alstom develops partnership with several stakeholders of the cybersecurity domain. The partnership with Airbus in the field of cybersecurity of transport systems is an example. Signed in April 2017, the partnership is a strategic cooperation agreement covering topics such as security governance, security processes, secure product design, maintenance of security. Alstom is also a key contributor to CENELEC workgroup defining the future European railway cybersecurity standard.

RESEARCH AND DEVELOPMENT

As a major actor of transport and mobility, Alstom invests continuously in research and development to increase the attractiveness and competitiveness of its offer for its customers and the passengers. Its R&D/sales ratio has been stable at ca. 3.5% over the last exercises. Alstom is recognised for the development of new-generation trains, components and cutting-edge signalling products and solutions, as well as for innovative services and systems activities. All the R&D efforts are focused to address the expectations of the customers and passengers as well as taking into account the environmental and sustainability impact of its offers. Alstom aims at proposing attractive solutions with high capacity and an optimised lifecycle cost to its customers. Alstom is also committed to contribute to the environmental performance of rail systems by reducing railway system energy consumption (motor efficiency, weight reduction, eco-driving…) and more generally the footprint of its solutions during the whole product lifecycle from manufacturing to the end of exploitation and recycling. The main R&D programmes of Alstom are presented hereafter.

DEVELOPMENT OF THE RANGE

Rolling stock

To address new markets and better fit with customer request on existing markets, most of the product lines of rolling stock have been improved during this year.

Citadis™

To increase the versatility of its tramways, Alstom is developing a new electrical traction and auxiliary converter solution that can be installed on Citadis™ range. While improving the availability and the competitiveness of the trains, the solution enables to fit more equipments on the roof to fulfill demanding customer requests.

Building on the momentum created by Coradia iLint™, a zero-emission train featuring hydrogen fuel cells and energy storage system with an autonomy range of more than 800km, Alstom extends its range of energy autonomous trains to battery powered trains (B-EMU). Alstom is the only manufacturer proposing a full range of products to fulfill the needs of zero-emission trains with the more adequate solution.

Development of the Avelia™ range

The development of Avelia™ range continues. The second Avelia Liberty™ train has been delivered and pursues tests prior to enter in revenue service. The first trainset of Avelia Horizon™ ordered by SNCF is under construction. The very high-speed train of the future will offer a capacity of up to 750 seats and its total cost of ownership will be optimised with a strong reduction in energy consumption as well as greatly reduced maintenance costs compared to current trains.

Systems

Infrastructure: extension of reversible sub-stations range Hesop™

Hesop™ reversible sub-stations enable energy supply optimisation of the railway system and energy consumption reduction. Beyond the existing product 750 V/2 MW already in service, the range has been extended to 1500 V; 4 MW and 60 Hz, to cover customer needs all over the world.

Autonomous Driving

Having done with RATP a first demonstration of autonomous driving of a tramway in a depot, Alstom is currently working on the industrialization of this solution.

Several projects of autonomous driving are ongoing In partnership with Easymile company. Alstom is also member of the consortium launched by SNCF aiming at the autonomous driving of a freight train.

Through these initiatives, Alstom is positionned as a leader of the autonomous driving market, beyond the current market of autonomous metros.

Services

HealthHub™

Launched some years ago *via* TrainTracer™, this R&D programme has evolved and currently integrates all the initiatives associated with the management of the train, infrastructure and signalling status, including forecast of the future state of a given component. TrainTracer™ remotely monitors the health status of a fleet and presents its key parameters *via* a simple web interface. The maintenance efficiency is improved by accelerating detection, diagnostics, and repairs, as well as by achieving a 30% reduction in the amount of time the train is not in use. The programme facilitates the implementation of predictive maintenance. Part of HealthHub™, TrainScanner™ is a unique four-in-one diagnosis portal providing information on the key systems of the train.

Signalling

Alstom Signalling continue to pursue its digitalization, cybersecurity and rationalization roadmap. The powerful Wayside Core Frameworks which have been deployed over the last years in our various solutions is being more robust by extensive cybersecurity features, through our flexible and structured architectures. For the Carborn Signaling solutions, our new On Board Vital and Cyber Platform is covering now Urban & Mainlines solutions. Alstom world class Core Frameworks are also supported by cutting edge multicore computing system technologies, through a virtualization approach, pushing Alstom digitalization at the next level.

Operational and maintenance services are also improved through a modular architecture addressing full data capture and diagnostic requirements, covering all subsystems and customer needs.

This roadmap is well served by an engineering organization capable to maximize our R&D investments and assets throughout Alstom European & Indian technological centers.

Data-driven rail mobility

Facing mobility evolutions, transport operators are more and more looking for digital solutions to improve their financial and operational performance. Aware of this trend, Alstom has enriched its portfolio with more advanced decision support solutions, based on data or video analytics, advanced signaling simulators and artificial intelligence.

Alstom has released the second version of the Mobility Data platform which has been awarded the I Nove You™ special prize. It provides new features for log analysis and troubleshooting and near real time data exchange, using Kubernetes container technology.

In compliance with the new Alstom In Motion plan, a new strategy and offering have been defined about data monetization in the field of mobility analytics for maintenance, operations, energy and city flow. These offering feeds already some tenders in AMECA and Europe regions.

INNOVATION

Alstom has put innovation at the heart of its Alstom in Motion strategy to reinforce the competitiveness and attractiveness of its portfolio of offerings and anticipate future market trends.

Innovation strategy

The second pillar of the Alstom in Motion strategy is "Innovation in smarter and greener mobility solutions". Green and smart mobility, encouraged by customers' and passengers' expectations, is leading to a transformation of the market. Already recognized as an industrial reference in this domain, with for example the first hydrogen train and products like Hesop™ which recovers the energy generated by trains in braking mode, Alstom has set six priority areas to confirm its leadership:

- Green traction and energy performance;
- Road electromobility;
- Eco-design and manufacturing;
- Autonomous train;
- Data driven rail mobility for more connected products and services;
- Multimodality and Flow management.

Alstom will rely on sustained R&D investments. Innovation is also at the heart of Alstom's entrepreneurial culture with for example already more than 7,300 patents issued and multiple key partnerships.

Alstom's ambition is to lead in green and smart solutions.

Innovation governance

The innovation governance is fully integrated within a wider process, starting from detection of market needs and innovation up to project delivery.

A worldwide network of innovation managers is in place on Alstom sites in order to deploy locally the innovation process and strategy and boost the idea creation, both internally and through external ecosystems.

Main initiatives

Innovation ecosystems

Innovation at Alstom is supported by a rich ecosystem of research centres, corporates and startups with which the Company collaborates on its main areas of interest. Here are a few examples:

- partnership with industrial companies: since 2017, Alstom has a strategic cooperation agreement with Airbus in the field of cybersecurity;
- partnership with startups: Alstom is a Limited Partner of a venture capital fund, Aster, which targets breakthrough innovations in the areas of connected mobility and smart industry. Aster is a valuable support for Alstom's strategy to detect early signals and collaborate with start-ups;
- partnerships with suppliers: Alstom has developed a strong experience on partnerships through partnership program "Alliance" based on a collaborative approach and mutual interest with our preferred suppliers and can extend this expertise towards other partners.

Alstom keeps on being involved in major European initiatives like Shift2Rail programme as on building strong links with local academics ecosystems around the Alstom main engineering centers around the world.

Our partnership approach produces a mutual benefit for all partners and deliver greater impact through the multiplier effect of combined resources to address the growing complexity of the value chain and the galaxy of stakeholders of different shape and size.

Innovation contest: "I Nove You™"

"I Nove You™" is a yearly company-wide programme designed to unleash the innovative power of all Alstom's people. The 12th has been a resounding success, and with over 2,000 participants, and a total of 620 projects submitted from 23 countries, Alstom teams achieved a new record.

Open to all employees across all business lines and sites, the competition rewards creativity in every shape and form, spanning products, systems, processes, sustainable development, and even open innovation.

For its 12th edition, this year's Alstom's Innovation Awards ceremony introduced a brand-new category called "Innovation to market". This is proof of Alstom's willingness to keep engaging more and more in innovation, through the exploration of all fields of creativity. The prize list is fully aligned with Alstom's strategy as it includes significant innovations for a smarter and more sustainable mobility.

Over the years, "I Nove You™" has given rise to the creation of several innovative solutions, enhancing Alstom expertise and customer service. This decade has seen the birth of innovations such as Coradia iLint, the world's first hydrogen train, StationOne, the online platform for spare parts, as well as HealthHub™, Alstom's digital maintenance suite, or Hesop™, a regenerative braking system that can reinject up to 99% of energy into the network.

2

MANAGEMENT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS, AS OF 31 MARCH 2020

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

MAIN EVENTS OF YEAR ENDED 31 MARCH 2020

THE ACQUISITION OF BOMBARDIER TRANSPORTATION

Alstom announced on 17 February 2020 the signature of a Memorandum of Understanding with Bombardier Inc. and the Caisse de dépôt et placement du Québec ("CDPQ") in view of the acquisition of Bombardier Transportation.

A unique opportunity to accelerate Alstom's strategic roadmap, Alstom in Motion

The acquisition of Bombardier Transportation is a one-time opportunity coming at the right moment for Alstom, which has significantly strengthened its operational and financial profile over the past four years, to accelerate its strategic roadmap, and is complementary to Alstom's commercial and industrial platforms.

Price structure and financing

The price for the acquisition of 100% of Bombardier Transportation shares will be €5.8 billion to €6.2 billion subject to Transportation's accounts and adjustment mechanisms at closing. In addition, Bombardier Transportation's net cash position at closing will be retained by Alstom and, should Bombardier Transportation have a negative net cash position as of 31 December 2020, the purchase price will be decreased on a Euro-per-Euro basis.

Alstom has in place a fully committed financing structured with the objective of maintaining Alstom's strong credit profile and commitment to its Baa2 rating. The consideration for the acquisition of 100% of the Bombardier Transportation shares will be a mix of cash and new Alstom shares. The total equity component of the financing will represent approximately €5 billion, of which €2 billion will be raised on the market.

Pursuant to the terms of the acquisition, CDPQ (which currently owns 32.5% of the Bombardier Transportation shares), will become the largest shareholder of Alstom owning approximately 18% of its shares. Bouygues will remain a large shareholder of Alstom owning around 10% of its shares. Bouygues is fully supportive of the transaction and undertook to vote in favour of the transaction-related resolutions at the Extraordinary General Meeting (EGM).

Indicative timetable and next steps

Alstom's unions indicated they will render their opinion around summer 2020 on the proposed takeover of Bombardier Transportation, according to the "method agreement" reached with management. An EGM vote on the reserved capital increases to CDPQ and Bombardier Inc. and the rights issue should take place no later than 31 October 2020. Subject to the EGM approval, rights issue will take place between the second semester 2020 and first semester 2021 and the reserved capital increases will take place at closing. The syndication of €2.4 billion of Bridge Facilities and a new €1.5 billion Revolving Credit Facility related to the proposed acquisition of Bombardier was completed in April 2020 as planned. The transaction will also be subject to clearance from relevant regulatory authorities and anti-trust authorities. Closing is expected in the first half of 2021.

KEY FIGURES FOR ALSTOM IN THE FISCAL YEAR 2019/20

The Group adopted IFRS 16 "Leases" on 1 April 2019, according to the simplified retrospective approach, without restatement of prior periods. On 1 April, the 2019 impact of IFRS 16 first-time application on lease obligations amounted to €388 million.

Group's key performance indicators for the fiscal year 2019/20:

			% Variation March 2020/March 2019	
(in € million)	Year ended 31 March 2020	Year ended 31 March 2019 (2)	Actual	Organic
Orders Received	9,900	12,107	-18%	-19%
Orders Backlog	40,903	40,481	1%	5%
Sales	8,201	8,072	2%	1%
aEBIT (1)	630	606	4%	
aEBIT %	*7.7%*	*7.5%*		
EBIT	545	408		
Net Profit – Group share	467	681		
Free Cash Flow	206	153		
Capital Employed	2,424	2,088		
Net Cash/(Debt)	1,178	2,325		
Equity	3,328	4,159		

(1) aEBIT adjusted for CASCO contribution in both periods: €38 million for March 2020 and €36 million for March 2019.
(2) Previous year figures have not been restated to reflect the application of IFRS 16.

COVID-19 CRISIS AND IMPACT ON PERFORMANCE

In the context of the worldwide outbreak of Covid-19 Alstom responded to the crisis by deploying dedicated health & safety protection measures for its employees, in compliance with local and international authorities' guidance. These actions resulted in a reduction of activities across most production and maintenance facilities. The impact of these actions on Alstom's sales this year is assessed to be around €100 million, mostly on rolling stock due to the slowdown of sales recognition during the lockdown period and to a lesser extent on services due to the train traffic reduction. Identified Covid-19 incremental and inefficiencies costs incurred during the fiscal year 2019/20, amounting to €24 million, are not included in the percentage of completion formula and do not generate revenue. They have been recognized in the primary statement of the income statement under the caption Cost of sales.

ORGANIC GROWTH

The above-mentioned figures are adjusted as follows for foreign exchange variation resulting from the translation of the original currency to Euro, as well as for change in scope.

The below table shows how the prior year actual figures are converted into a like-for-like set of numbers for comparison purposes:

	Year ended 31 March 2020	Year ended 31 March 2019			March 2020/March 2019	
(in € million)	Actual figures	Actual figures	Exchange rate	Comparable figures	% Variation Actual	% Variation Organic
Orders Backlog	40,903	40,481	(1,639)	38,842	1%	5%
Orders Received	9,900	12,107	77	12,184	-18%	-19%
Sales	8,201	8,072	55	8,127	2%	1%

The actual figures for the fiscal year 2018/19 (orders backlog, orders received and sales) are restated to reflect March 2020 exchange rates.

- Orders backlog was adversely impacted by the depreciation of the South African Rand (ZAR), the Indian Rupee (INR) and the Kazakhstani Tenge (KZT) against the Euro (EUR).
- Orders received during 2018/19 fiscal year were mainly impacted by the appreciation of the Canadian Dollar (CAD) and the Saudi Riyal (SAR) against the Euro (EUR).
- Sales recorded during 2018/19 fiscal year have been impacted by a favourable translation effect driven by the appreciation of the US Dollar (USD) and the UAE Dirham (AED) against the Euro (EUR).

PARTNERSHIPS

To develop the Avelia Horizon™ trains, the joint-venture SpeedInnov was created in 2015 by Alstom and the "Agence de la transition écologique" (ADEME). The partnership is designed to work on developing a new generation of very high-speed trainset and focuses on lowering train acquisition and operating costs while improving performance. In June 2019, Alstom increased its investment in capital in this joint venture by €36 million, increasing its stake from 65.1% to 71.0%, leaving the consolidation method of this entity unchanged.

COMMERCIAL PERFORMANCE

In the fiscal year 2019/20, Alstom's order intake stood at €9.9 billion, as compared to €12.1 billion for 2018/19. The Group benefited from a strong momentum in the rail market to secure major contracts across numerous geographies. In France, Alstom's strong presence was once again evidenced by the supply order for additional regional Coradia™ Polyvalent trains to SNCF. In Australia, the Group was chosen to supply suburban trains and associated 20-year maintenance for Perth's rail network. In the United Kingdom Alstom was awarded a contract to maintain and refurbish Pendolino™ trains for Avanti West Coast.

Last year's exceptional order intake performance was mainly fuelled by a jumbo contract to supply 100 Avelia Horizon™ trains, worth €2.8 billion, and the large Systems contract in Canada with Réseau Express Métropolitain (REM) in Montreal along with operation and maintenance services for 30 years, worth €1.5 billion.

Geographic breakdown					% Variation March 2020/March 2019	
Actual figures *(in € million)*	Year ended 31 March 2020	% of contrib.	Year ended 31 March 2019	% of contrib.	Actual	Organic
Europe	7,624	77%	7,337	60%	4%	4%
Americas	646	6%	2,155	18%	-70%	-70%
Asia/Pacific	1,569	16%	1,429	12%	10%	8%
Africa/Middle East/Central Asia	61	1%	1,186	10%	-95%	-95%
ORDERS BY DESTINATION	**9,900**	**100%**	**12,107**	**100%**	**-18%**	**-19%**

Product breakdown					% Variation March 2020/March 2019	
Actual figures *(in € million)*	Year ended 31 March 2020	% of contrib.	Year ended 31 March 2019	% of contrib.	Actual	Organic
Rolling stock	4,591	46%	6,078	50%	-24%	-25%
Services	3,315	34%	3,144	26%	5%	4%
Systems	265	3%	1,359	11%	-81%	-81%
Signalling	1,729	17%	1,526	13%	13%	14%
ORDERS BY DESTINATION	**9,900**	**100%**	**12,107**	**100%**	**-18%**	**-19%**

In **Europe,** the Group witnessed another year of numerous commercial successes with a solid order intake of €7.6 billion for the fiscal year 2019/20, as compared to €7.3 billion in the previous year.

In France, large orders included the additional Coradia™ Polyvalent regional trains to several French regions, 12 Avelia™ Euroduplex trains to SNCF Mobilité, 13 Coradia™ Polyvalent trains for the CDG Express project as well as the renewal and automation of the Marseille metro. Alstom also won a contract to supply 44 new generation metro trains from Île-de-France Mobilités and RATP, in consortium with Bombardier, as part of a 410-train frame contract.

In Italy, Alstom will supply 48 Coradia Stream™ regional trains to the Lombardy, Calabria and Piedmont regions. The Group also secured an additional order for the supply and maintenance of 4 additional Pendolino™ high-speed trains.

In Germany, the 27-train supply order for RMV (including a 25-year maintenance contract) came as a further confirmation of the attractiveness of Alstom's Coradia iLint™ hydrogen train. The Group also received orders for 30 Coradia™ Lint™ regional trains for the Hesse region on the Wetterau West-East subnetwork and 19 Coradia™ Continental electric regional trains for Baden-Württemberg.

In the United Kingdom, Alstom won a 7-year contract to refurbish and maintain 56 electric Pendolino™ trains for Avanti West Coast. The Britain's most iconic train fleet, which was built by Alstom, is to undergo a major overhaul, focusing on onboard facilities.

Further awards in Europe included the supply of 42 metros to Barcelona and an 8-year maintenance contract for very high-speed trains for Rielsfera in Spain, together with the supply of InterCity Next Generation (ICNG), 18 Coradia Stream™ trains in the Netherlands. Furthermore, Alstom, as consortium leader, was awarded a contract to provide digital train control, traffic management and electrification infrastructure as part of the rehabilitation and modernisation of a section of the European Rhine-Danube rail corridor in Romania.

In **Americas,** Alstom reported €0.7 billion of orders in 2019/20, notably with a 20-year maintenance contract for the Santiago metro in Chile. The Group recorded €2.2 billion of orders in the previous fiscal year, thanks to a large system contract in Canada with Réseau express métropolitain (REM) in Montreal, to deliver a complete light metro system, including operation and maintenance services for 30 years.

In **Asia/Pacific,** Alstom reported a strong order intake at €1.6 billion in 2019/20, as compared to €1.4 billion last year, confirming its presence further on the Australian market, by signing a contract with the Public Transport Authority of Western Australia (PTA) to manufacture and maintain the next generation of C-series trains for Perth's growing rail network, as well as a contract to supply driverless trains and digital signalling system for Sydney Metro extension to City and Southwest.

In **Africa/Middle East/Central Asia,** the order intake stood slightly below the €0.1 billion mark, as compared to €1.2 billion over the same period last year. Last fiscal year, the Group had secured a contract in Saudi Arabia for the full maintenance of the transit system, along with an order in Morocco for the supply of 30 electric locomotives.

Alstom received the following major orders during the fiscal year 2019/20:

Country	Product	Description
Australia	Rolling Stock/Services	Supply of 43 regional trains to Perth and associated maintenance for 20 years
Australia	Signalling	Supply of 23 driverless metro trains and digital signalling system for the city of Sydney
Chile	Services	Renewal of metro cars maintenance for 20 years in Santiago
France	Rolling stock	Supply of 13 Coradia™ Polyvalent trains to the CDG Express line
France	Rolling stock	Additional order of 12 Avelia™ Euroduplex trains for SNCF
France	Rolling stock	Additional order of 75 Coradia™ Polyvalent trains to the French regions
France	Rolling stock/Signalling	Supply of 38 new rubber-tyred metros, and automation of Marseille metro
France	Rolling stock	Supply of 44 metro trains for the city of Paris metro in a consortium with Bombardier
Germany	Rolling stock	Supply of 19 Coradia™ Continental regional trains to Baden-Württemberg region
Germany	Rolling stock	Supply of 30 Coradia™ Lint™ regional trains to the Hesse region
Germany	Rolling stock	Additional order to supply 32 metro trains to the city of Hamburg
Germany	Rolling stock/Services	Supply of 27 Coradia iLint™ hydrogen trains to Frankfurt metropolitan area along with associated maintenance for 25 years
Italy	Rolling stock	Supply of 48 Coradia Stream™ regional trains to the Lombardy, Calabria and Piedmont regions
Italy	Rolling stock/Services	Additional order to supply 4 Pendolino™ high-speed trains and associated maintenance for 30 years for NTV
Netherlands	Rolling stock	Supply of 18 Coradia Stream™ trains to the Netherlands
Romania	Systems	Supply of digital train control and infrastructure solutions for the European Rhine-Danube rail corridor
Spain	Rolling stock	Supply of 42 metros to replace the oldest trains in Barcelona on its lines 1 and 3
Spain	Services	Maintenance of very high-speed trains for 8 years for Rielsfera
United Kingdom	Services	Refurbishment and 7-year maintenance of Avanti West Coast Pendolino™ trains

ORDERS BACKLOG

As of 31 March 2020, the Orders backlog reached €40.9 billion, providing the Group with strong visibility over future sales. This represents an increase of 1% on an actual basis and 5% on an organic basis, as compared to 31 March 2019.

The Group's backlog growth was driven by major commercial successes in France, Germany and Australia in rolling stock. Backlog increased for services and signalling products thanks to a strong commercial momentum in Europe and Australia. Key system contracts are now nearing completion in Africa/Middle East/Central Asia and Latin America regions and come as an explanation to the product line backlog decrease by 31%.

The fluctuation in currencies, most notably the depreciation of the South African Rand (ZAR) and the Indian Rupee (INR) against the Euro negatively impacted the rolling stock and systems backlog, mainly in Asia/Pacific and Africa/Middle East/Central Asia regions for a total amount of €1.6 billion.

During budget exercises, Alstom re-assesses how the Company backlog evolution impacts the future sales cycles. Budget processes are designed to estimate, based on the latest contract costs and planning assumptions, how the contract sales from backlog can develop over time. The March 2020 backlog contribution to the next three fiscal years revenue is expected to land within a €17 billion-€18 billion range.

Geographic breakdown

Actual figures *(in € million)*	**Year ended 31 March 2020**	**% of contrib.**	**Year ended 31 March 2019**	**% of contrib.**
Europe	21,321	52%	18,212	45%
Americas	5,539	14%	6,297	16%
Asia/Pacific	6,120	15%	5,752	14%
Africa/Middle East/Central Asia	7,923	19%	10,220	25%
BACKLOG BY DESTINATION	**40,903**	**100%**	**40,481**	**100%**

Product breakdown

Actual figures *(in € million)*	**Year ended 31 March 2020**	**% of contrib.**	**Year ended 31 March 2019**	**% of contrib.**
Rolling stock	20,677	51%	20,672	51%
Services	13,794	33%	12,779	32%
Systems	2,288	6%	3,311	8%
Signalling	4,144	10%	3,719	9%
BACKLOG BY DESTINATION	**40,903**	**100%**	**40,481**	**100%**

INCOME STATEMENT

SALES

Alstom's sales stood at €8.2 billion in the fiscal year 2019/20, growing by 2% on an actual basis and 1% organically compared to the previous year. The strong growth in Europe notably on rolling stock and signalling activities was partially offset by the expected slowdown in other regions. It is estimated that this year, Alstom's sales were negatively impacted by around €100 million due to the Covid-19 crisis, Europe being the most affected region. The book-to-bill ratio reached 1.2x this year, compared to 1.5x for the previous year. Last year's book-to-bill ratio was positively affected by the signature of a contract for the supply of 100 Avelia Horizon™ trains, worth €2.8 billion.

Geographic breakdown

Actual figures *(in € million)*	Year ended 31 March 2020	% of contrib.	Year ended 31 March 2019	% of contrib.	% Variation March 2020/ March 2019 Actual	Organic
Europe	4,675	56%	4,061	51%	15%	15%
Americas	1,280	16%	1,470	18%	-13%	-14%
Asia/Pacific	889	11%	921	11%	-3%	-3%
Africa/Middle East/Central Asia	1,357	17%	1,620	20%	-16%	-18%
SALES BY DESTINATION	**8,201**	**100%**	**8,072**	**100%**	**2%**	**1%**

Product breakdown

Actual figures *(in € million)*	Year ended 31 March 2020	% of contrib.	Year ended 31 March 2019	% of contrib.	% Variation March 2020/March 2019 Actual	Organic
Rolling stock	3,942	48%	3,448	43%	14%	14%
Services	1,469	18%	1,556	19%	-6%	-6%
Systems	1,301	16%	1,766	22%	-26%	-28%
Signalling	1,489	18%	1,302	16%	14%	13%
SALES BY DESTINATION	**8,201**	**100%**	**8,072**	**100%**	**2%**	**1%**

In **Europe,** sales reached €4.7 billion, up €0.6 billion compared to last year. This accounts for 56% of the Group's total sales, up 15% on an organic basis, thanks to the strong execution of large rolling stock contracts, including, in France, the Coradia™ Polyvalent regional trains, Avelia™ Euroduplex high-speed trains, metro and suburban trains for the Île-de-France region. The Group increased the pace of Coradia™ Continental and Coradia™ Lint™ train deliveries in Germany, the Coradia Stream™ trains in the Netherlands and Italy. The Group produced further high-speed Pendolino™ trains for NTV in Italy. In the United Kingdom, Alstom continued to provide maintenance to Pendolino™ trains and equipment to Crossrail tunnels. Alstom also grew European signalling activities, in Denmark for the supply of onboard and trackside solutions, as well as in Italy, Spain and the United Kingdom.

In **Americas,** sales stood at €1.3 billion, down €0.2 billion compared to last year, and accounting for 16% of the Group sales this year. These sales related in part to the ramp-up of Amtrak high-speed trains in the USA and the light metro system for REM in Canada. In Latin America, sales were driven by the execution of the metro system for Panama Line 2 and the deliveries of metro cars in Santiago, Chile. During the year, several major overhaul contracts in the United States and systems contract in Panama reached completion, generating an expected decrease in sales as compared to last year.

In **Asia/Pacific,** sales amounted to €0.9 billion, largely stable compared to last year, and accounting for 11% of the Group sales. These sales were driven by the production increase of electric locomotives in India, and further sustained by strong deliveries in Australian contracts, notably the Citadis™ tramways for Sydney CBD and South East project and the production of X'trapolis™ trainsets for Melbourne's suburban rail network. Last year sales included the supply of metro trains to the Sydney North West Rail Link, which was fully delivered during the fiscal year.

In **Africa/Middle East/Central Asia,** sales stood at €1.4 billion, down €0.2 billion compared to last year, and contributing 17% to the Group's total sales. The ramp-up of major rolling stock contracts, including the X'trapolis™ trains for PRASA in South Africa, and the Prima™ freight locos for Azerbaijan and Kazakhstan, were largely offset by sales deceleration of systems contracts including for the Dubai metro in the United Arab Emirates and the Riyadh metro in Saudi Arabia, as both contracts come closer to the final completion stage. During this year, the region's performance was also further fuelled by the deliveries of Coradia™ trains for Senegal.

RESEARCH & DEVELOPMENT

During the fiscal year 2019/20, research and development gross costs amounted to €442 million or 5.4% of total Group sales, with continued emphasis on sustainable developments and smart mobility solutions, addressing mainlines, urban and new mobility markets.

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019
R&D Gross costs	(442)	(380)
R&D Gross costs (in % of sales)	*5.4%*	*4.7%*
Funding received	117	75
Net R&D spending	(325)	(305)
Development costs capitalised during the period	79	68
Amortisation expense of capitalised development costs	(56)	(54)
R&D EXPENSES (IN P&L)	**(302)**	**(291)**
R&D expenses (in % of sales)	*3.7%*	*3.6%*

Alstom notably focused its research and development effort on the very high-speed trains **Avelia Horizon**™ range, marked by the start of assembly of the first components pertaining to the SNCF order signed last year. The Avelia Horizon™ programme is funded by the SpeedInnov joint venture.

In the frame of Alstom In Motion strategy, the Group invested in green solutions to offer zero carbon emission alternatives to diesel for non-electrified tracks. The Group is enlarging the **Coradia**™ regional trains portfolio with hydrogen fuel cell Coradia iLint™ with trains already running in Germany and the Netherlands and more recently towards battery powered trains solution in Germany, Alstom further developed its **Citadis**™ light rail vehicle with steel carbody for the city of Frankfurt in Germany.

Alstom further invested in the development of its mainlines signalling solutions **Atlas**™ that enable performance and interoperability for a wide range of different networks. SNCF chose Alstom in September 2019 to enhance Paris-Lyon high speed line traffic performance. The on-board train control solution is poised to equip the entire Norwegian railway fleet.

Over the fiscal year 2019/20, Alstom accelerated developments of the North American Passenger & Transit portfolio solutions, including the **integrated Vital Processor Interlocking (iVPI®)** technology, a solution for interlocking and wayside control used for the Metrolinx USRC project in Toronto, Canada, the **Audio Frequency Track Circuits (AFTC5)** which detects train presence on the tracks with numerous application across the USA and **Carborne MicroCabmatic**™ which supports the Positive Train Control system that aims at reducing train accident occurrence. It is being deployed through the New Jersey Transit (NJT) and Metro North Railroad (MNRR) contracts.

Alstom pursued the development of its CBTC solutions, **Urbalis Fluence**™ and **Urbalis 400**™ for metros and tramways, deployed in more than 100 lines worldwide, as well as for the recently awarded Marseille metro renewal and automation contract.

Over the period, Alstom increased its support to the **ICONIS**™ suite for Operation Control Centers, allowing to maximize traffic fluidity and orchestrate operations from distance and the cyber security of Alstom solutions through its partnership with Airbus signed in 2017.

OPERATIONAL PERFORMANCE

In the fiscal year 2019/20, Alstom adjusted EBIT reached €630 million, equivalent to a 7.7% operational margin, as compared to €606 million and 7.5% in the previous fiscal year.

The operational margin improvement came as a result of a reduction of cost of sales, when expressed as a percentage of sales. Cost of sales at Alstom are primarily, but not only, made up of material buy, applicative and system engineering, manufacturing and supply chain labour costs, as well as subcontracted services. The cost of sales ratio improvement was achieved through the optimisation of production capacities, enhanced industrial efficiency, and control over overhead production costs. The increased signalling share within the overall company sales mix has also contributed improving the cost of sales ratio.

Selling and Administrative costs as a percentage of sales rose marginally to 7.2%, as compared to 7.0% in the previous year, as a result of renewed commercial efforts over the period.

Over the period, the CASCO contribution, amounted to €38 million, increasing from previous year's €36 million contribution. Alstom has a 49% share in CASCO Signal Limited, a joint venture operating the Chinese railway market since 1986. It was established with the China Railway Signal & Communication Corporation and it is based in Shanghai. CASCO continues to provide signalling systems and services for subway, tramway and mainlines.

NET PROFIT

During the fiscal year 2019/20, Alstom recorded restructuring and rationalization charges for €(18) million linked to small initiatives in Europe and Latin America. Last year's charges amounted to €(65) million as a result of costs optimisation initiatives in Germany, Brazil and in the United Kingdom.

Last year's capital gains on disposal of businesses were generated by the change of consolidation method from equity to full consolidation of EKZ for €33 million and the gain on TMH dilution for €25 million.

Over the period, Covid-19 incremental and inefficiencies costs amounted to €(24) million.

Impairment loss and other costs amounted to €(5) million, including mainly, amortisation of intangible assets such as GE signalling, EKZ and Nomad for €(14) million, deal costs related to the planned Bombardier Transportation acquisition for €(15) million and legal proceeding gains for €31 million. The expense that was recorded over the previous fiscal year included notably amortisation of intangible assets such as GE signalling, SSL and Nomad for €(15) million, transaction costs related to the Siemens combination project for €(74) million, in addition to charges related to legal proceedings for €(69) million.

EBIT stood at €545 million as compared to €408 million in the fiscal year 2018/19, reflecting the strong operational performance over the year.

Net financial expenses decreased to €(76) million during the fiscal year 2019/20, as compared to €(88) million in the previous year due to an improvement in the commercial derivatives portfolio. The reduction in financing expenses at holding level due to the repayment of €879 million bonds having matured over the year was partly offset by increased subsidiaries financing cost, notably for India.

The Group recorded an income tax charge of €(118) million for the fiscal year 2019/20 corresponding to an effective tax rate of 25% compared to €(70) million for the same period last year and an effective tax rate of 22%. Last year's effective tax rate was lower due to deferred tax assets recognized on previous tax loss carry forwards as well as reversal of tax provisions.

The share in net income from equity investments amounted to €102 million mainly related to the result of both Transmashholding Limited (TMH) and CASCO Signal Limited joint ventures. Last year's result was impacted by the re-evaluation of the Energy Joint Ventures put options over the period for €106 million.

The net profit from discontinued operations stood at €21 million including the reassessment of liabilities related to activities disposal, mainly related to the GE main deal. Last year the reassessment of the liabilities related to the disposal of activities impacted the net profit by €248 million.

As a result, the Net profit (Group share) stood at €467 million for the fiscal year 2019/20 compared to €681 million during the same period last fiscal year.

FREE CASH FLOW

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019(*)
EBIT	**545**	**408**
Depreciation and amortisation	293	194
Restructuring variation	(12)	15
Capital expenditure	(195)	(207)
R&D capitalisation	(79)	(68)
Change in working capital	(249)	(12)
Financial cash-out	(95)	(90)
Tax cash-out	(102)	(105)
Other	100	18
FREE CASH FLOW	**206**	**153**

(*) Previous year figures have not been restated to reflect the application of IFRS 16.

The Group's Free Cash Flow was €206 million for the fiscal year 2019/20 as compared to €153 million for the prior fiscal year. Working capital resources were consumed mainly during the first half of the year with the ramp-up of major projects, notably for the X'trapolis™ suburban trains in South Africa, electrical locomotives in India and Coradia™ regional trains for the Netherlands, Italy and Germany, partly offset by a sound level of cash collected following deliveries and orders signed during the year.

The line "Other" from the table includes dividends linked to Transmashholding (TMH) and Casco Signal Limited joint ventures' performance. Last year, the line included the neutralization of the P&L impact linked to the consolidation method change from equity to full consolidation of EKZ for €(33) million and the gain on TMH dilution for €(25) million.

The Group adopted IFRS 16 "Leases" on 1 April 2019, according to the simplified retrospective approach, without restatement of prior period comparatives. Annual amortization related to the new Right-of-Use asset amounts to €92 million for the year ended 31 March 2020. The total impact of the IFRS16 lease implementation to the Free Cash Flow reported aggregate is estimated at €84 million over the period (refer to Note 2.2.1 "IFRS16 Lease").

During the fiscal year 2019/20, Alstom invested €195 million in capital expenditures in order to sustain capacity increase in Poland for the Coradia Stream™ assembly, in India to enable upcoming light metro vehicle production, in Italy to maintain high speed trains, as well as in France to prepare for the Avelia Horizon™ high-speed trains production.

NET CASH/(DEBT)

Due to IFRS 16 implementation on 1 April 2019, the Group has chosen to exclude lease obligations from the net cash/(debt) which results in a change in net cash/debt of €15 million. From 1 April 2019, the net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings. Previous year figures have not been restated to reflect the application of IFRS 16.

On 31 March 2020, the Group recorded a net cash level of €1,178 million, compared to the net cash position of €2,325 million on 31 March 2019. Alstom's net cash decreased over the period, due to €(1,240) million dividends paid including non-controlling interests, offset by a Free Cash Flow generation of €206 million over the period, and further impacted by €(98) million acquisitions, net of disposals. The Group's acquisitions over the period notably included Alstom's share increase in the SpeedInnov Joint Venture for €36 million and Alstom's share increase in the CASCO Joint Venture for €20 million.

In addition to its available cash and cash equivalents, amounting to €2,175 million as of 31 March 2020, the Group can access a €400 million revolving credit facility (RCF), maturing in June 2022 which is fully undrawn at March 2020. This resulted in a liquidity position as of 31 March 2020 of €2,575 million.

In the context of Covid-19, Alstom has taken additional measures to bolster its liquidity.

Alstom has secured a €1,750 million short term Revolving Credit Facility with a 1-year maturity, a 6-month extension option at the borrower's discretion and another 6-month extension at the lender's discretion. This additional RCF aims at stepping in for Alstom's €1 billion Negotiables European Commercial Paper program, should the Commercial Papers market no longer be accessible, in addition to providing an extra liquidity buffer.

With these decisions, the Company has significant liquidity available should additional liquidity be required to address the consequences of the Covid-19 situation. Liquidity resources stand at €2,575 million as of 31 March 2020 comprising €2,175 million in available cash and cash equivalents and €400 million of fully undrawn credit lines plus the additional €1,750 million under the new short term Revolving Credit Facility put in place in April 2020.

EQUITY

The Group Equity on 31 March 2020 amounted to €3,328 million (including non-controlling interests), from €4,159 million on 31 March 2019, mostly impacted by:

- net profit from fiscal year 2019/20 of €467 million (Group share);
- actuarial hypothesis variation on pensions (recorded in equity) of €36 million net of tax;
- dividends paid to Alstom shareholders for €(1,234) million;
- share-based payments for €85 million;
- currency translation adjustment of €(162) million.

NON-GAAP FINANCIAL INDICATORS DEFINITIONS

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

ORDERS RECEIVED

A new order is recognised as an order received only when the contract creates enforceable obligations between the Group and its customer.

When this condition is met, the order is recognised at the contract value.

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires the immediate elimination of currency exposure using forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

ORDER BACKLOG

Order backlog represents sales not yet recognised from orders already received.

Order backlog at the end of a financial year is computed as follows:

- order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded during the year;
- less sales recognised during the year.

The order backlog is also subject to changes in the scope of consolidation, contract price adjustments and foreign currency translation effects.

Order backlog corresponds to the transaction price allocated to the remaining performance obligations, as per IFRS 15 quantitative and qualitative disclosures requirement.

BOOK-TO-BILL

The book-to-bill ratio is the ratio of orders received to the amount of sales traded for a specific period.

ADJUSTED EBIT

When Alstom's new organisation was implemented in 2015, adjusted EBIT ("aEBIT") became the Key Performance Indicator to present the level of recurring operational performance. This indicator is also aligned with market practice and comparable to direct competitors.

Starting September 2019, Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered to be part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities), namely the CASCO Joint Venture. The Company believes that bringing visibility over a key contributor to the Alstom signalling strategy will provide a fairer and more accurate picture of the overall commercial & operational performance of the Group. This change will also enable more comparability with what similar market players define as being part of their main non-GAAP profit aggregate disclosure.

aEBIT corresponds to Earning Before Interests and Tax adjusted for the following elements:

- net restructuring expenses (including rationalization costs);
- tangibles and intangibles impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize business combinations and amortization of an asset exclusively valued in the context of business combination, as well as litigation costs that have arisen outside the ordinary course of business;
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a "one-off" exceptional item that is not supposed to occur again in following years and that is significant.

Adjusted EBIT margin corresponds to Adjusted EBIT expressed as a percentage of sales.

The non-GAAP measure adjusted EBIT (aEBIT hereafter) indicator reconciles with the GAAP measure EBIT as follows:

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019 (2)
Adjusted Earnings Before Interest and Taxes (aEBIT) (1)	**630**	**606**
aEBIT (in % of sales)	*7.7%*	*7.5%*
Capital gains/(losses) on disposal of business	-	60
Restructuring and rationalisation costs	(18)	(65)
Impairment loss and other	(5)	(158)
Covid-19 inefficiencies and incremental costs	(24)	-
CASCO contribution reversal	(38)	(36)
EARNING BEFORE INTEREST AND TAXES (EBIT)	**545**	**408**

(1) aEBIT adjusted for CASCO contribution in both periods.
(2) Previous year figures have not been restated to reflect the application of IFRS 16.

FREE CASH FLOW

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. In particular, Free Cash Flow does not include any proceeds from disposals of activity.

The most directly comparable financial measure to Free Cash Flow calculated and presented in accordance with IFRS is net cash provided by operating activities.

A reconciliation of Free Cash Flow and net cash provided by operating activities is presented below:

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019(*)
Net cash provided by/(used in) operating activities	**476**	**425**
Capital expenditure (including capitalised R&D costs)	(274)	(275)
Proceeds from disposals of tangible and intangible assets	4	3
FREE CASH FLOW	**206**	**153**

(*) Previous year figures have not been restated to reflect the application of IFRS 16.

Alstom uses the Free Cash Flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight into the actual amount of cash generated or used by operations.

During the fiscal year 2019/20, the Group Free Cash Flow was at €206 million compared to €153 million during the same period of the previous year.

CAPITAL EMPLOYED

Capital employed corresponds to hereafter-defined assets minus liabilities.

- Assets: sum of goodwill, intangible assets, property, plant and equipment, equity-accounted investments and other investments, other non-current assets (other than those related to financial debt and to employee defined benefit plans), inventories, costs to fulfil a contract, contract assets, trade receivables and other operating assets;
- Liabilities: sum of non-current and current provisions, contract liabilities, trade payables and other operating liabilities.

At the end of March 2020, capital employed stood at €2,424 million, compared to €2,088 million at the end of March 2019. This movement was mainly driven by the net decrease of the liability position of the Group working capital.

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019
Non-current assets	4,628	4,313
less deferred tax assets	(234)	(299)
less non-current assets directly associated to financial debt	(177)	(201)
less prepaid pension benefits	-	-
Capital employed – non-current assets (A)	**4,217**	**3,813**
Current assets	8,380	9,090
less cash & cash equivalents	(2,175)	(3,432)
less other current financial assets	(45)	(10)
Capital employed – current assets (B)	**6,160**	**5,648**
Current liabilities	7,775	8,059
less current financial debt	(270)	(1,032)
plus non-current lease obligations	465	-
less other obligations associated to financial debt	(177)	-
plus non-current provisions	160	346
Capital employed – liabilities (C)	**7,953**	**7,373**
CAPITAL EMPLOYED (A)+(B)-(C)	**2,424**	**2,088**

NET CASH/(DEBT)

The net cash/(debt) is defined as cash and cash equivalents, other current financial assets and non-current financial assets directly associated to liabilities included in financial debt, less financial debt.

On 31 March 2020, the Group recorded a net cash level of €1,178 million, as compared to the net cash position of €2,325 million on 31 March 2019.

(in € million)	Year ended 31 March 2020	Year ended 31 March 2019
Cash and cash equivalents	2,175	3,432
Other current financial assets	45	10
Financial non-current assets directly associated to financial debt	-	201
less:		
Current financial debt	270	1,032
Non-current financial debt	772	286
NET CASH/(DEBT) AT THE END OF THE PERIOD(*)	**1,178**	**2,325**

(*) Due to IFRS 16 implementation, the Group has chosen to exclude lease obligations from the net cash/(debt). From 1 April 2019, the net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset, less borrowings. Previous year figures have not been restated to reflect the application of IFRS 16.

ORGANIC BASIS

Figures presented in this section include performance indicators presented on an actual basis and on an organic basis. Figures given on an organic basis eliminate the impact of changes in scope of consolidation and changes resulting from the translation of the accounts into Euro following the variation of foreign currencies against the Euro.

The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However, these figures are not measurements of performance under IFRS.

3 FINANCIAL STATEMENTS

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

CONSOLIDATED INCOME STATEMENT

		Year ended	
(in € million)	Note	At 31 March 2020	At 31 March 2019(*)
Sales	**(3)**	**8,201**	**8,072**
Cost of sales		(6,740)	(6,641)
Research and development expenses	(4)	(302)	(291)
Selling expenses	(5)	(223)	(214)
Administrative expenses	(5)	(368)	(355)
Other income/(expenses)	(6)	(23)	(163)
Earnings Before Interests and Taxes		**545**	**408**
Financial income	(7)	6	3
Financial expense	(7)	(82)	(91)
Pre-tax income		**469**	**320**
Income Tax Charge	(8)	(118)	(70)
Share in net income of equity-accounted investments	(13)	102	195
Net profit from continuing operations		**453**	**445**
Net profit from discontinued operations	(9)	21	248
NET PROFIT		**474**	**693**
Net profit attributable to equity holders of the parent		467	681
Net profit attributable to non controlling interests		7	12
Net profit from continuing operations attributable to:			
• Equity holders of the parent		446	433
• Non controlling interests		7	12
Net profit from discontinued operations attributable to:			
• Equity holders of the parent		21	248
• Non controlling interests		-	-
EARNINGS PER SHARE *(in €)*			
• Basic earnings per share	(10)	2.08	3.05
• Diluted earnings per share	(10)	2.06	3.03

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended	
(in € million)	Note	At 31 March 2020	At 31 March 2019 [1]
Net profit recognised in income statement		**474**	**693**
Remeasurement of post-employment benefits obligations	(29)	37	(50)
Equity investments at FVOCI	(13)/(14)	(6)	55
Income tax relating to items that will not be reclassified to profit or loss	(8)	(4)	5
Items that will not be reclassified to profit or loss		**27**	**10**
of which from equity-accounted investments	*(13)*	*(1)*	*54*
Fair value adjustments on cash flow hedge derivatives		(4)	-
Costs of hedging reserve		(4)	(8)
Currency translation adjustments [2]	(23)	(163)	33
Income tax relating to items that may be reclassified to profit or loss	(8)	3	2
Items that may be reclassified to profit or loss		**(168)**	**27**
of which from equity-accounted investments	*(13)*	*(89)*	*(1)*
TOTAL COMPREHENSIVE INCOME		**333**	**730**
Attributable to:			
• Equity holders of the parent		329	718
• Non controlling interests		4	12
Total comprehensive income attributable to equity shareholders arises from:			
• Continuing operations		308	469
• Discontinued operations		21	249
Total comprehensive income attributable to non controlling interests arises from:			
• Continuing operations		4	12
• Discontinued operations		-	-

(1) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).
(2) Includes currency translation adjustments on actuarial gains and losses for €2 million as of 31 March 2020 (€(3) million as of 31 March 2019).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Assets

(in € million)	Note	At 31 March 2020	At 31 March 2019(*)
Goodwill	(11)	1,567	1,574
Intangible assets	(11)	470	470
Property, plant and equipment	(12)	1,371	953
Investments in joint-venture and associates	(13)	693	711
Non consolidated investments	(14)	60	64
Other non-current assets	(15)	233	242
Deferred Tax	(8)	234	299
Total non-current assets		**4,628**	**4,313**
Inventories	(17)	1,743	1,533
Contract assets	(18)	1,644	1,448
Trade receivables	(19)	1,581	1,661
Other current operating assets	(20)	1,192	1,006
Other current financial assets	(25)	45	10
Cash and cash equivalents	(26)	2,175	3,432
Total current assets		**8,380**	**9,090**
Assets held for sale	(13)	-	7
TOTAL ASSETS		**13,008**	**13,410**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

Equity and Liabilities

(in € million)	Note	At 31 March 2020	At 31 March 2019(*)
Equity attributable to the equity holders of the parent	(23)	3,271	4,091
Non controlling interests		57	68
Total equity		**3,328**	**4,159**
Non current provisions	(22)	160	346
Accrued pensions and other employee benefits	(29)	491	533
Non-current borrowings	(27)	772	89
Non-current lease obligations	(27)	465	197
Deferred Tax	(8)	17	21
Total non-current liabilities		**1,905**	**1,186**
Current provisions	(22)	853	847
Current borrowings	(27)	270	1,013
Current lease obligations	(27)	131	19
Contract liabilities	(18)	3,148	3,001
Trade payables	(16)	1,653	1,751
Other current liabilities	(21)	1,720	1,428
Total current liabilities		**7,775**	**8,059**
Liabilities related to assets held for sale	(13)	-	6
TOTAL EQUITY AND LIABILITIES		**13,008**	**13,410**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Year ended At 31 March 2020	At 31 March 2019(*)
Net profit		**474**	**693**
Depreciation, amortisation and impairment	(11)/(12)	293	195
Expense arising from share-based payments	(30)	25	20
Cost of net financial debt and costs of foreign exchange hedging, net of interest paid and received (a), and other change in provisions		(30)	(14)
Post-employment and other long-term defined employee benefits		4	11
Net (gains)/losses on disposal of assets		(2)	(57)
Share of net income (loss) of equity-accounted investments (net of dividends received)	(13)	(22)	(143)
Deferred taxes charged to income statement	(8)	61	10
Net cash provided by operating activities – before changes in working capital		**803**	**715**
Changes in working capital resulting from operating activities (b)	**(16)**	**(327)**	**(290)**
Net cash provided by/(used in) operating activities		**476**	**425**
Of which operating flows provided/(used) by discontinued operations		-	-
Proceeds from disposals of tangible and intangible assets		4	3
Capital expenditure (including capitalised R&D costs)		(274)	(275)
Increase/(decrease) in other non-current assets	(15)	(7)	10
Acquisitions of businesses, net of cash acquired		(61)	(114)
Disposals of businesses, net of cash sold		(30)	2,576
Net cash provided by/(used in) investing activities		**(368)**	**2,200**
Of which investing flows provided/(used) by discontinued operations	*(9)*	*(31)*	*(16)*
Capital increase/(decrease) including non-controlling interests		60	19
Dividends paid including payments to non-controlling interests		(1,240)	(84)
Issuances of bonds & notes	(27)	700	-
Repayments of bonds & notes issued	(27)	(879)	(371)
Changes in current and non-current borrowings	(27)	110	(8)
Changes in lease obligations	(27)	(103)	(17)
Changes in other current financial assets and liabilities	(27)	(5)	3
Net cash provided by/(used in) financing activities		**(1,357)**	**(458)**
Of which financing flows provided/(used) by discontinued operations		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,249)**	**2,167**
Cash and cash equivalents at the beginning of the period		3,432	1,231
Net effect of exchange rate variations		(11)	37
Transfer to assets held for sale		3	(3)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(26)**	**2,175**	**3,432**
(a) Net of interests paid & received		(57)	(62)
(b) Income tax paid		(102)	(105)

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019 [1]
Net cash/(debt) variation analysis [2]		
Changes in cash and cash equivalents	(1,249)	2,167
Changes in other current financial assets and liabilities	5	(3)
Changes in bonds and notes	179	371
Changes in current and non-current borrowings	(110)	8
Changes in lease obligations	-	17
Net debt of acquired/disposed entities at acquisition/disposal date and other variations	28	20
Decrease/(increase) in net debt	(1,147)	2,580
Net cash(debt) at the beginning of the period	**2,325**	**(255)**
NET CASH/(DEBT) AT THE END OF THE PERIOD	**1,178**	**2,325**

(1) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2)
(2) Due to IFRS 16 implementation (see Note 2), the Group has chosen to exclude lease obligations from the net cash/(debt). From 1 April 2019, the net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial asset (see Note 25), less borrowings (see Note 27).
The resulting impact of the IFRS 16 first time application amounts to €15 million and is included in the “net debt acquired/disposed entities at acquisition/disposal date and other variations”.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million, except for number of shares)	Number of outstanding shares	Capital	Additional paid-in capital	Retained earnings	Actuarial gains and losses	Cash-flow hedge	Currency translation adjustment	Equity attributable to the equity holders of the parent	Non controlling interests	Total equity
At 31 March 2018	**222,210,471**	**1,555**	**917**	**1,709**	**(263)**	**7**	**(549)**	**3,376**	**54**	**3,430**
Movements in other comprehensive income	-	-	-	49	(48)	-	36	37	-	37
Net income for the period	-	-	-	681	-	-	-	681	12	693
Total comprehensive income	**-**	**-**	**-**	**730**	**(48)**	**-**	**36**	**718**	**12**	**730**
Change in controlling interests and others	-	-	-	(10)	-	(7)	53	36	6	42
Dividends	-	-	-	(78)	-	-	-	(78)	(4)	(82)
Issue of ordinary shares under long term incentive plans	638,610	5	-	(5)	-	-	-	-	-	-
Recognition of equity settled share-based payments	723,232	5	14	20	-	-	-	39	-	39
At 31 March 2019	**223,572,313**	**1,565**	**931**	**2,366**	**(311)**	**-**	**(460)**	**4,091**	**68**	**4,159**
Movements in other comprehensive income	-	-	-	(9)	36	(3)	(162)	(138)	(3)	(141)
Net income for the period	-	-	-	467	-	-	-	467	7	474
Total comprehensive income	**-**	**-**	**-**	**458**	**36**	**(3)**	**(162)**	**329**	**4**	**333**
Change in controlling interests and others	-	-	-	-	-	-	-	-	(9)	(9)
Dividends	-	-	-	(1,234)	-	-	-	(1,234)	(6)	(1,240)
Issue of ordinary shares under long term incentive plans	219,728	1	4	-	-	-	-	5	-	5
Recognition of equity settled share-based payments	2,181,741	15	45	20	-	-	-	80	-	80
AT 31 MARCH 2020	**225,973,782**	**1,581**	**980**	**1,610**	**(275)**	**(3)**	**(622)**	**3,271**	**57**	**3,328**

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Alstom is a leading player in the world rail transport industry. As such, the Company offers a complete range of solutions, including rolling stock, systems, services as well as signalling for passenger and freight railway transportation. It benefits from a growing market with solid fundamentals. The key market drivers are urbanisation, environmental concerns, economic growth, governmental spending and digital transformation.

In this context, Alstom has been able to develop both a local and global presence that sets it apart from many of its competitors, while offering proximity to customers and great industrial flexibility. Its range of solutions, one of the most complete and integrated on the market, and its position as a technological leader, place Alstom in a unique situation to benefit from the worldwide growth in the rail transport market. Lastly, in order to generate profitable growth, Alstom focuses on operational excellence and its product mix evolution.

The consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 11 May 2020. In accordance with French legislation, they will be final once approved by the shareholders of Alstom at the Annual General Meeting convened for 8 July 2020.

A. MAJOR EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION

NOTE 1. MAJOR EVENTS AND MAJOR CHANGES IN SCOPE OF CONSOLIDATION

1.1. Major events

1.1.1. The acquisition of Bombardier Transportation

Alstom announced on February 17th, 2020 the signature of a Memorandum of Understanding with Bombardier Inc. and the Caisse de dépôt et placement du Québec ("CDPQ") in view of the acquisition of Bombardier Transportation.

A unique opportunity to accelerate Alstom's strategic roadmap, Alstom in Motion

The acquisition of Bombardier Transportation is a one-time opportunity coming at the right moment for Alstom, which has significantly strengthened its operational and financial profile over the past four years to accelerate its strategic roadmap and is complementary to Alstom's commercial and industrial platforms.

Price structure and financing

The price for the acquisition of 100% of Bombardier Transportation shares will be €5.8 billion to €6.2 billion subject to Transportation's accounts and adjustment mechanisms at closing. In addition, Bombardier Transportation's net cash position at closing will be retained by Alstom and, should Bombardier Transportation have a negative net cash position as of 31 December 2020, the purchase price will be decreased on a Euro-per-Euro basis.

Alstom has in place a fully committed financing structured with the objective of maintaining Alstom's strong credit profile and commitment to its Baa2 rating. The consideration for the acquisition of 100% of the Bombardier Transportation shares will be a mix of cash and new Alstom shares. The total equity component of the financing will represent approximately €5 billion, of which €2 billion will be raised on the market.

Pursuant to the terms of the acquisition, CDPQ (which currently owns 32.5% of the Bombardier Transportation shares), will become the largest shareholder of Alstom owning approximately 18% of its shares. Bouygues will remain a large shareholder of Alstom owning around 10% of its shares. Bouygues is fully supportive of the transaction and undertook to vote in favour of the transaction-related resolutions at the Extraordinary General Meeting (EGM).

Indicative timetable and next steps

Alstom's unions indicated they will render their opinion around summer 2020 on the proposed takeover of Bombardier Transportation, according to the "method agreement" reached with management. An EGM vote on the reserved capital increases to CDPQ and Bombardier Inc. and the rights issue should take place no later than 31 October 2020. Subject to the EGM approval, rights issue will take place between the second semester 2020 and first semester 2021 and the reserved capital increases will take place at closing. The syndication of €2.4 billion Bridge Facilities and a new €1.5 billion Revolving Credit Facility related to the proposed acquisition of Bombardier was completed in April 2020 as planned. The transaction will also be subject to clearance from relevant regulatory authorities and anti-trust authorities. Closing is expected in the first half of 2021.

The cost already incurred by the Group in relation with the Bombardier Transportation acquisition during fiscal year 2019/20 have been recognized in the net income (see Note 6).

1.1.2. Covid-19 pandemic

Covid-19 has been declared a pandemic by the World Health Organisation. Alstom, as a leading player in the world rail transport industry, is making every possible effort, within the national and international health authorities' guidelines, to ensure both the health of its employees as well as the business continuity of its customers. Therefore, to follow the directives of the government of the countries where Alstom operates, the Group is adapting its working practices including temporary sites shutdowns.

These actions result both in a reduction of activities in most production and maintenance facilities as well as additional costs to fight and to answer to the pandemic (safety costs, crisis cells to ensure business and project continuity…).

All these inefficiencies and incremental costs incurred during the fiscal year 2019/20, amounting to €24 million, are not included in the percentage of completion formula and do not generate revenue. They have been recognized in the primary statement of the income statement under the caption cost of sales.

So far, in relationship with these unexpected conditions and events, the Group's obligations on contracts did not result in any termination of contract, late completion penalties or any litigations with clients or suppliers.

Regarding the contractual commitments entered into by Alstom with customers, suppliers and/or partners, the analysis of the impact of the *Force Majeure* or similar clauses is currently on-going.

Alstom has taken also additional measures to bolster its liquidity by implementing a new short-term Revolving Credit Facility of €1.750 billion in April 2020 (see Note 28.5).

Moreover, impairment tests have been followed up closely on goodwill, tangible and intangible assets with no risks identified at end of March 2020.

Finally, the Group's exposure to credit risk on its operating activities has led to no major reconsideration of the Expected Credit Losses on customers at end of March 2020.

1.2. Scope of consolidation

1.2.1. Changes of the year

SpeedInnov

Through its affiliate SpeedInnov, a joint-venture created in 2015 with ADEME, Alstom focused on its 'Very high-speed train of the future' project, aiming to promote a new generation of very high-speed trainset which will reduce acquisition and operating costs by at least 20%, optimise the environmental footprint and develop the commercial offer to improve passenger experience. In this context, Alstom invested into an increase in capital in this joint-venture for €36 million during June 2019 increasing its stake from 65.1% to 71.0% with no change in consolidation method (Joint control).

1.2.2. Final purchase price allocation of previous year change in scope

Electrovoz Kurastyru Zauyty LLP (EKZ)

As at 22 December 2017, Alstom signed an agreement with the Kazakh national railway company (KTZ) to acquire their 25% stake in the EKZ Joint Venture (JV) for €21 million, recognized in March 2018 Group Financial Statement as non-current assets because of unmet suspensive conditions. As at 25 February 2019, all the suspensive conditions have been met and Alstom owns 75% of the shares, conferring the control over the Kazakh company, which is specialized in the manufacturing and the maintenance of electric locomotives especially for the Eurasian Economic Union and CIS markets.

The preliminary purchase price allocation determined at 31 March 2019 has become final after last re-measurement of intangible assets (order backlog margin (for projects) and customer relationships), and of liabilities as well as deferred tax liabilities recognition. The reassessed final goodwill amounts to €109 million (see Note 11) and is mainly supported by the pipeline of opportunities on the Rolling stock business in this geographic area as well as by expected future synergies between EKZ and Alstom businesses.

(in € million)	**25 February 2019**
Total non-current assets	59
Total current assets	36
Total assets	**95**
Total non-current liabilities	20
Total current liabilities	139
Total liabilities	**159**
FAIR VALUE OF ASSETS/(LIABILITIES) ATTRIBUTABLE TO THE SHAREHOLDERS OF THE GROUP	**(64)**
Consideration price	45
Goodwill	109

NTL Holding

In January 2019, Alstom bought the remaining 49% of NTL Holding. This holding was created in 2012 jointly with Bpifrance to acquire the "Translohr" tramway on tires. Henceforth, Alstom owns 100% of the company and the consolidation method has been changed accordingly from equity to full consolidation. The price allocation is now fully completed and generated no significant impact.

B. ACCOUNTING POLICIES AND USE OF ESTIMATES

NOTE 2. ACCOUNTING POLICIES

2.1. Basis of preparation of the consolidated financial statements

Alstom consolidated financial statements, for the year ended 31 March 2020, are presented in millions of Euros and have been prepared:

- in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB) and endorsed by the European Union and whose application was mandatory as at 31 March 2020;
- with early apply of Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform, applicable for annual periods beginning after 1 January 2020 presented here after;
- using the same accounting policies and measurement methods as at 31 March 2019, with the exceptions of changes required by the enforcement of new standards and interpretations presented here after.

The full set of standards endorsed by the European Union can be consulted at:

http://www.efrag.org/Endorsement

2.2. New standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2019

2.2.1. IFRS 16 "Lease"

IFRS 16 "Leases", applicable for the exercises starting from 1 January 2019, introduces a single lessee accounting model for almost all lease contracts under which a lessee is required to recognize a Right-of-Use asset and a lease liability representing its present obligation to make lease payments. IFRS 16 also substantially carries forward the lessor accounting treatment. Accordingly, the Group, when lessor, will therefore continue to classify its leases as finance leases or operating leases, and to account for those two types of leases differently.

The Group adopted IFRS 16 "Leases" on 1 April 2019, according to the simplified retrospective approach, without restatement of prior period comparatives.

Any contract containing a lease leads to the recognition on the lessee's balance sheet of a lease liability measured at the present value of the remaining lease payments and a Right-of-Use asset measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment recognized in the balance sheet as of 1 April 2019. The Group has elected to apply the two exemptions proposed by the standard for leases with a term of less than 12 months and/or leases of low-value assets.

Since the interest rate implicit in the leases cannot be readily determined, discount rates are based on each lessee's marginal borrowing rate. The Group opted for the calculation method using discount rate per currency and by duration. When applying IFRS 16 for the first time, the Group has used discount rates based on the residual term of the lease at the date of transition. The weighted average rate applied at the first-time application was 1.45%.

The lease term used is the non-cancellable period of the lease, plus any extension/early termination options that the Group is reasonably certain to exercise.

For leases that were classified as finance leases under IAS 17, the Group did not change the carrying amount of the Right-of-Use asset and the lease liability as of 31 March 2019 measured under IAS 17.

The Group is reporting its results for the year 2019/20 applying this new standard. The balance sheet, income statement and statement of cash flows are amended accordingly as follows:

- In the balance sheet, an asset related to the Right-of-Use is recognized and recorded in property, plant, and equipment, while a corresponding lease liability is recognized in financial debt in a dedicated line. Right-of-Use leased assets mainly relate to land, buildings and offices as well as industrial equipment, vehicles and other equipment (see Note 12).
- In the income statement, the Right-of-Use asset is amortised either in cost of sales or in administration costs and a financial expense corresponding to the interest on the lease liability is recorded in financial income and expenses, replacing the lease payments previously charged to EBIT. The tax impact of this adjustment is recognized *via* deferred taxes. Annual amortisation related to the new Right-of-Use asset amounts to €(92) million for the year ended 31 March 2020.
- In the cash flow statement, cash flows from operating activities are impacted by interest expenses paid and cash flows from financing activities are impacted by the reimbursement of the principal of lease liability. Previously cash flows from operating activities were impacted by the total of lease payments. Reimbursement of the principal related to the new IFRS 16 lease liability impacting the financing cash flow amounts to €84 million for the year ended 31 March 2020.
- The IFRS 16 lease obligations are excluded from the net cash/(debt) calculation for the Group, with a view to clarify its financial indicator calculation.

The table below presents the effects of application of IFRS 16 on the consolidated financial position at 1 April 2019 with no effect on equity.

(in € million)	IFRS 16 First Application
Property, plant and equipment	380
Other current operating assets(*)	(4)
TOTAL ASSETS	**376**
Lease obligations	388
TOTAL LIABILITIES	**388**

(*) It corresponds to prepaid expenses.

At initial application of IFRS 16, and in some cases, the value of Right-of-Use assets may differ from the value of the liabilities due to offsetting against existing provisions or as a result of valuation allowances.

At 1 April 2019, the difference between the financial liability measured in accordance with IFRS 16 above and the future minimum lease commitments reported as of 31 March 2019, amounting to €415 million, is mainly due to the effect of discounting future lease payments, and to a lesser extent, to an increase in the terms of the leases under consideration and finally to the exclusion of short-term leases and low value leases from the lease liability calculation.

2.2.2. IFRIC 23 "Uncertainty over income tax treatments"

In June 2017, the IASB released IFRIC 23, Uncertainty over income tax treatments. The interpretation clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the tax treatment, assuming that the tax authority has full knowledge of all relevant information.

The Group has applied IFRIC 23 as of 1 April 2019, using the cumulative effect method of adoption at the date of initial application, without restating prior period information. The Group has recognized no impact on consolidated shareholder's equity following IFRIC 23 first time application. Nevertheless, liabilities for uncertainty over income tax treatments formerly included under non-current provisions have been reclassified to current income tax liabilities for €122 million.

2.2.3. Other new standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2019

The below amendments and Annual Improvements are applicable for annual period beginning after 1 January 2019:

- amendments to IAS 19 "Plan Amendment, curtailment or settlement";
- amendments to IAS 28 "Long-term interests in associates and joint ventures";
- Annual Improvements to the 2015-2017 IFRS Cycle.

These new pronouncements have no material impact on the Group's financial statements.

2.3. New standards and interpretations not yet mandatorily applicable

New standards and interpretations endorsed by the European Union not yet mandatorily applicable

- Amendments to References to IFRS 9, IAS 39 & IFRS 7: Interest Rate Benchmark Reform. The amendments will be applicable for annual periods beginning after 1 January 2020.

  Nevertheless, the Group has elected to early adopt these amendments.

  The IBOR reform led by the IASB on the interest rates benchmark will introduce the replacements of the EONIA and IBOR rates from 1 January 2022. This change will impact certain financial derivatives instruments and hedge operations of the Group. In September 2019, the IASB issued amendments providing relief to enable entities to continue to use hedge accounting for LIBOR related hedges that might otherwise need to be discontinued due to the LIBOR reform. On 31 March 2020, the Group exposure on financial derivatives instruments indexed on floating rates with a maturity superior to the 1 January 2022 (Effective date of application of the amendments) is null, however a strict policy has been set to monitor any future evolution.

  The amendments will be applicable for annual periods beginning after 1 January 2020.
- Amendments to References to the Conceptual Framework in IFRS Standards. The amendments will be applicable for annual periods beginning after 1 January 2020.
- Amendment to IFRS 3 "Business Combinations". The amendment will be applicable for annual periods beginning after 1 January 2020.
- Amendments to IAS 1 and IAS 8: Definition of material. The amendments will be applicable for annual periods beginning after 1 January 2020.

The potential impacts of these last amendments are currently being analyzed.

New standards and interpretations not yet approved by the European Union

- Amendments to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current. The amendments will be applicable for annual periods beginning after 1 January 2023.

The potential impacts of all these new pronouncements are currently being analyzed.

2.4. Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make various estimates and to use assumptions regarded as realistic and reasonable. These estimates or assumptions could affect the value of the Group's assets, liabilities, equity, net income and contingent assets and liabilities at the closing date. Management reviews estimates on an on-going basis using information currently available. Actual results may differ from those estimates, due to changes in facts and circumstances.

The accounting policies most affected by the use of estimates are the following:

Revenue and margin recognition on construction and long-term service contracts and related provisions

The Group recognises revenue and gross margin on most construction and long-term service contracts fulfilling the requirements for revenue recognition over time, using the percentage of completion method based on cost to cost: revenue is in that case recognized based on the percentage of costs incurred to date divided by the total costs at completion. Moreover, when a project review indicates a negative gross margin, the estimated loss at completion is immediately recognised.

Recognised revenue and margin are based on estimates of total expected contract revenue and cost, which are subject to revisions as the contract progresses. Total expected revenue and cost on a contract reflect management's current best estimate of the probable future benefits and obligations associated with the contract.

Assumptions to calculate present and future obligations take into account current technology as well as the commercial and contractual positions, assessed on a contract-by-contract basis (one performance obligation corresponding in most cases to one contract). The introduction of technologically-advanced products exposes the Group to risks of product failure significantly beyond the terms of standard contractual warranties applicable to suppliers of equipment only.

Obligations on contracts may result in penalties due to late completion of contractual milestones, or unanticipated costs due to project modifications, suppliers or subcontractors' failure to perform or delays caused by unexpected conditions or events. Warranty obligations are affected by product failure rates, material usage and service delivery costs incurred in correcting failures.

Although the Group makes individual assessments on contracts on a regular basis, there is a risk that actual costs related to those obligations may exceed initial estimates. Estimates of contract costs and revenues at completion in case of contracts in progress and estimates of provisions in case of completed contracts may then have to be re-assessed.

Estimate of provisions relating to litigations

The Group identifies and analyses on a regular basis current litigations and measures, when necessary, provisions on the basis of its best estimate of the expenditure required to settle the obligation at the balance sheet date. These estimates take into account information available and different possible outcomes.

Valuation of deferred tax assets

Management judgment is required to determine the extent to which deferred tax assets can be recognised. Future sources of taxable income and the effects of the Group global income tax strategies are taken into account in making this determination. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account past, current and future performance deriving from the existing contracts in the order book, the budget and the three-year plan, and the length of carry back, carry forwards and expiry periods of net operating losses.

Measurement of post-employment and other long-term defined employee benefits

The measurement of obligations and assets related to defined benefit plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases as well as withdrawal and mortality rates. If actuarial assumptions materially differ from actual results, it could result in a significant change in the employee benefit expense recognised in the income statement, actuarial gains and losses recognised in other comprehensive income and prepaid and accrued benefits.

Valuation of assets

The discounted cash flow model used to determine the recoverable value of the group of cash generating unit to which goodwill is allocated includes a number of inputs including estimates of future cash flows, discount rates and other variables, and then requires significant judgment.

Impairment tests performed on intangible and tangible assets, as well as Right-of-Use related to leased assets are also based on assumptions. Future adverse changes in market conditions or poor operating results from underlying assets could result in an inability to recover their current carrying value.

Inventories

Inventories, including work in progress, are measured at the lower of cost and net realisable value. Write-down of inventories are calculated based on an analysis of foreseeable changes in demand, technology or market conditions in order to determine obsolete or excess inventories. If actual market conditions are less favourable than those projected, additional inventory write-downs may be required.

2.5. Significant accounting policies

2.5.1. Consolidation methods

Subsidiaries

Subsidiaries are entities over which the Group exercises control.

The Group controls an entity when (i) it has power over this entity, (ii) is exposed to or has rights to variable returns from its involvement with that entity, and (iii) has the ability to use its power over that entity to affect the amount of those returns.

Subsidiaries are fully consolidated in the consolidated financial statements from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Inter-company balances and transactions are eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are identified in a specific line of the equity named "Non-controlling interests".

Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. In the absence of explicit agreements to the contrary, subsidiaries' losses are systematically allocated between equity holders of the parent and non-controlling interests based on their respective ownership interests even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are considered as transactions between shareholders and accounted for in equity.

Joint arrangements

Joint arrangements are the entities over which the Group has joint control.

The Group jointly controls an entity when decisions relating to the relevant activities of that entity require unanimous consent of the Group and the other parties who share control.

A joint arrangement is classified either as a joint operation or as a joint venture. The classification is based on the rights and obligations of the parties to the arrangement, taking into consideration the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances (see also Note 13):

Joint operations

Joint operations are entities in which the Group has rights to the assets and obligations for the liabilities.

The Group recognises the assets, liabilities, revenues and expenses related to its interests in the joint operation. A joint operation may be conducted under a separate vehicle or not.

Joint ventures

Joint ventures are entities in which the Group only has rights to the net assets.

Interests in joint ventures are consolidated under the equity method as described in the paragraph below.

Investments in associates

Associates are entities over which the Group has significant influence. In other words, the Group has the possibility to participate in decisions related to these entities' financial and operating policies without having control (exclusive or joint).

Generally, the existence of significant influence is consistent with a level of voting right held by the Group between 20% and 50%.

If need be, accounting policies of associates will be standardized with the Group accounting policies.

Interests in associates are consolidated under the equity method in the consolidated financial statements as described in the paragraph below.

Equity method

The Group accounts for its interests in associates and joint ventures under the equity method. Wherever necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with the IFRS framework.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, including any goodwill arising and transaction costs. Earn-outs are initially recorded at fair value and adjustments recorded through cost of investment when their payments are probable and can be measured with sufficient reliability.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

In case of an associate or joint venture purchased by stage, the Group uses the cost method to account for changes from non-consolidated investments category to "Investments in joint ventures and associates".

Associates and joint ventures are presented in the specific line "Investments in joint ventures and associates" of the balance sheet, and the Group's share of its associates' profits or losses is recognized in the line "Share of net income of equity-accounted investments" of the income statement whereas its share of post-acquisition movements in reserves is recognized in reserves.

Losses of an associate or joint venture in excess of the Group's interest in that associate or joint venture are not recognized, except if the Group has a legal or implicit obligation.

The impairment expense of investments in associates and joint ventures is recorded in the line "Share of net income of equity-accounted investments" of the income statement.

According to IAS 28, if the financial statements of an associate used in applying the equity method are prepared as of a different date from that of the investor, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements. In any case, the difference between the end of the reporting period of the associate and that of the investor shall be no more than three months.

According to IFRS 9, liquidity rights related to Energy alliances are booked at fair market value without external model based on observable factors, taking into account internal assumptions. These put options are considered and accounted for by the Group as share derivatives under cash flow hedge. These liquidity rights are accounted for as part as the joint venture caption on the line "investments in joint-ventures and associates".

2.5.2. Assets held for sale

Non-current assets held for sale are presented on a separate line of the balance sheet when (i) the Group has made a decision to sell the asset(s) concerned and (ii) the sale is considered to be highly probable. These assets are measured at the lower of net carrying amount and fair value less costs to sell.

When the Group is committed to a sale process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale, irrespective of whether the Group retains a residual interest in the entity after sale.

2.5.3. Cash flow hedge

When cash flow hedge applies, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income.

If a hedge of a forecast transaction subsequently resulting in the recognition of a non-financial asset qualifies for cash flow hedge, then the entity shall reclassify the associated gains and losses that were recognized in other comprehensive income to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

2.5.4. Translation of financial statements denominated in currencies other than euro

Functional currency is the currency of the primary economic environment in which a reporting entity operates, which in most cases, corresponds to the local currency. However, some reporting entities may have a functional currency different from local currency when that other currency is used for the entity's main transactions and faithfully reflects its economic environment.

Assets and liabilities of entities whose functional currency is other than the euro are translated into euro at closing exchange rate at the end of each reporting period while their income and cash flow statements are translated at the average exchange rate for the period.

The currency translation adjustments resulting from the use of different currency rates for opening balance sheet positions, transactions of the period and closing balance sheet positions are recorded in other comprehensive income. Translation adjustments are transferred to the consolidated income statement at the time of the disposal of the related entity.

Goodwill and fair value adjustments arising from the acquisition of entities whose functional currency is not euro are designated as assets and liabilities of those entities and therefore denominated in their functional currencies and translated at the closing rate at the end of each reporting period.

2.5.5. Business combinations

Business combinations completed between the 1 January 2004 and the 31 March 2010 have been recognised applying the provisions of the previous version of IFRS 3.

Business combinations completed from the 1 April 2010 onwards are recognised in accordance with IFRS 3R.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity-interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognized at fair value at the acquisition date.

For each business combination, any non-controlling interest in the acquiree may be measured:

- either at the acquisition-date fair value, leading to the recognition of the non-controlling interest's share of goodwill (full goodwill method) or;
- either at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).

Acquisition-related costs are recorded as an expense as incurred.

Goodwill arising from a business combination is measured as the difference between:

- the fair value of the consideration transferred for an acquiree plus the amount of any non-controlling interests of the acquiree and;
- the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Initial estimates of consideration transferred and fair values of assets acquired and liabilities assumed are finalised within twelve months after the date of acquisition and any adjustments are accounted for as retroactive adjustments to goodwill. Beyond this twelve-month period, any adjustment is directly recognised in the income statement.

Earn-outs are initially recorded at fair value and adjustments made beyond the twelve-month measurement period following the acquisition are systematically recognised through profit or loss.

In case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

2.5.6. Sales and costs generated by operating activities

Measurement of sales and costs

The amount of revenue arising from a transaction is usually determined by the contractual agreement with the customer. IFRS 15 provides restrictive guidance on the transaction price estimates and especially on variable consideration and contract modifications.

The estimation of the transaction price should include variable amounts and/or contract modifications to the extent that it is highly probable that no significant reversal in the amount of cumulative revenues recognized will occur when the uncertainty associated with these elements is subsequently resolved. The introduction of this constraint on the price escalation estimate on the one hand, as well as the incorporation of amendments under negotiation on the other hand, leads to recognize these effects on contract value at a later point in time, when they become enforceable.

In the case of "construction contracts" claims are considered in the determination of contract revenue only when it is highly probable that the claim will result in additional revenue and the amount can be reliably estimated.

Penalties are first taken into account as an increase of contract costs and in a second step as a reduction of contract revenue as soon as they are accepted.

Finally, a significant financial component should be introduced positively or negatively on revenue, when timing of cash receipts and revenue recognition under cost to cost method differ substantially.

Production costs include direct costs (such as material, labour and warranty costs) and indirect costs. Warranty costs are estimated on the basis of contractual agreement, available statistical data and weighting of all possible outcomes against their associated probabilities. Warranty periods may extend up to five years. Selling and administrative expenses are excluded from production costs.

Recognition of sales and costs

Revenue on sale of manufactured products is recognised according to IFRS 15 at a point in time, *i.e.* essentially when the significant risks and rewards of ownership are transferred to the customer, which generally occurs on delivery. Revenue on short-term service contracts is also accounted for at a point in time and recognised on performance of the related service.

All production costs incurred or to be incurred in respect of the sale are charged to cost of sales at the date of recognition of sales.

Revenue on most of "construction contracts" and long-term service agreements is recognised according to IFRS 15 based on the percentage of completion method as they fulfill the requirements for revenue recognition over time: the stage of completion is assessed on the cost to cost method. Revenue is recognised for each performance obligation based on the percentage of costs incurred to date divided by the total costs expected at completion. Consequently, the revenue for the period is the excess of revenue measured according to the percentage of completion over the revenue recognised in prior periods.

Cost of sales on "construction contracts" and long-term service agreements is computed on the same basis. The cost of sales for the period is the excess of cost measured according to the percentage of completion over the cost of sales recognised in prior periods. As a consequence, adjustments to contract estimates resulting from work conditions and performance are recognised in cost of sales as soon as they occur, prorated to the stage of completion.

When the outcome of a contract cannot be estimated reliably, but the Group expects to recover the costs incurred in satisfying the contract, revenue is recognised only to the extent of the costs incurred until such time that the outcome of the contract can be reasonably measured.

Costs incurred that are attributable to significant inefficiencies in the Group's performance and that were not reflected in the price of the contract when the contract was negotiated with the customer should not be included in the percentage of completion formula and expensed when incurred.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense. Bid costs are recorded as selling expenses when incurred.

2.5.7. Impairment of goodwill, tangible and intangible assets as well as Right-of-Use related to leased assets

Assets that have an indefinite useful life – mainly goodwill and intangible assets not yet ready to use – are not amortised but tested for impairment at least annually or when there are indicators that they may be impaired. Other intangible and tangible assets as well as Right-of-Use related to leased assets subject to amortisation are tested for impairment only if there are indicators of impairment.

The impairment test methodology is based on a comparison between the recoverable amount of an asset and its net carrying value. If the recoverable amount of an asset or a cash-generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in the income statement. In the case of goodwill allocated to a group of CGUs, the impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. If an asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for a cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is elected as representative of the recoverable value. The valuation performed is based upon the Group's internal three-year business plan. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. Discount rates are determined using the weighted-average cost of capital.

Impairment losses recognised in respect of goodwill cannot be reversed.

The impairment losses recognized in respect of other assets than goodwill may be reversed in a later period and recognized immediately in the income statement. The carrying amount is increased to the revised estimate of recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognized in prior years.

C. SEGMENT INFORMATION

NOTE 3. SEGMENT INFORMATION

The Group organization, customer focused and also influenced by an increasing number of integrated services, leading to complete and turnkey solutions, leads to present financial information issued through various axes of analysis (regions, sites, contracts, functions and products). None of these axes allow for a comprehensive operating profit and loss measure nor segment assets and liabilities.

The segment information issued to the Alstom Executive Committee, identified as the Group's Chief Operating Decisions Maker (CODM) presents Key Performance Indicators at Group level. Strategic decisions and resource allocation are driven based on this reporting. The segment information has been adapted according to a similar method as those used to prepare the consolidated financial statements.

3.1. Sales by product

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019
Rolling stock	3,942	3,448
Services	1,469	1,556
Systems	1,301	1,766
Signalling	1,489	1,302
TOTAL GROUP	**8,201**	**8,072**

3.2. Key indicators by geographic area

Sales by country of destination

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019
Europe	4,675	4,061
Of which France	*1,556*	*1,218*
Americas	1,280	1,470
Asia/Pacific	889	921
Africa/Middle-East/Central Asia	1,357	1,620
TOTAL GROUP	**8,201**	**8,072**

Non-current assets by country of origin

Non-current assets by country of origin are defined as non-current assets other than those related to financial debt, to employee defined benefit plans and deferred tax assets (See Section E).

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019
Europe	1,969	1,647
Of which France	*872*	*622*
Americas	169	149
Asia/Pacific	330	253
Africa/Middle-East/Central Asia	182	189
Total excluding goodwill	**2,650**	**2,238**
Goodwill	1,567	1,574
TOTAL GROUP	**4,217**	**3,812**

3.3. Orders Backlog

Product breakdown

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019
Rolling stock	20,677	20,672
Services	13,794	12,779
Systems	2,288	3,311
Signalling	4,144	3,719
TOTAL GROUP	**40,903**	**40,481**

Geographic breakdown

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019
Europe	21,321	18,212
of which France	*7,974*	*6,802*
Americas	5,539	6,297
Asia/Pacific	6,120	5,752
Africa/Middle-East/Central Asia	7,923	10,220
TOTAL GROUP	**40,903**	**40,481**

During budget exercises, Alstom re-assesses how the Company backlog evolution impacts the future sales cycles. Budget processes are designed to estimate, based on the latest contract costs and planning assumptions, how the contract sales from backlog can develop over time. The March 2020 backlog contribution to the next three fiscal years revenue is expected to land within a €17 billion-€18 billion range.

3.4. Information about major customers

No external customer represents individually 10% or more of the Group's consolidated sales.

D. OTHER INCOME STATEMENT

NOTE 4. RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is expensed as incurred. Development costs are expensed as incurred unless the project they relate to meets the criteria for capitalisation (see Note 11). Research and Development costs also cover product sustainability costs booked when incurred.

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019
Research and development gross cost	(442)	(380)
Funding received	117	75
Research and development spending, net	**(325)**	**(305)**
Development costs capitalised during the period	79	68
Amortisation expense of capitalised development costs	(56)	(54)
RESEARCH AND DEVELOPMENT EXPENSES	**(302)**	**(291)**

During the fiscal year ended 31 March 2020, the Group invested €442 million in research and development, notably to develop:

- its "Very high-speed train" Avelia™: SNCF ordered 12 additional trains in first semester 2019;
- its 100% electric bus, Aptis™: first contracts have been awarded in Paris, Strasbourg, Grenoble, La Rochelle and Toulon;
- its Citadis™ X05 light rail vehicle, with steel carbody: 26 trams commissioned in Caen in July 2019;
- its ERTMS level 2 ATLAS™ solution for France: SNCF chose Alstom in September 2019 to enhance Paris-Lyon high speed line traffic performance;
- its ERTMS level 2 on-board solution, in particular to equip the entire Norwegian railway fleet with ATLAS™ on-board train control solution;
- its CBTC solutions Urbalis Fluence™ and Urbalis 400™ for metros and tramways, deployed in more than 100 lines worldwide, with recently awarded for Marseille metro renewal and automation in full driverless mode (in November 2019);
- its ICONIS™ suite for Operation Control Centers, maximizing traffic fluidity and orchestrating operations from distance;
- the cybersecurization of its solutions through a partnership with Airbus;
- the next generation of its onboard computer platform.

NOTE 5. SELLING AND ADMINISTRATIVE EXPENSES

Selling Costs are expenses incurred in the marketing and selling of a product or a service. Selling Costs typically include expenditure in the following departments: Market & Strategy, Sales & Business Development and Communication as well as the direct labour costs of operational population such as engineering working on the tendering phase.

Administrative Costs are structure and operational support costs. Administrative Costs include mostly expenditure of Headquarter and site functions having a transverse role, in particular Finance, Human Resources, Legal and Information Systems departments.

Selling and administrative expenses are recognized in charges as incurred.

Effective control of the cost structure has contributed to constraint selling and administrative expenses in an increasing environment.

NOTE 6. OTHER INCOME AND OTHER EXPENSES

Other income and expenses are representative of items which are inherently difficult to predict due to their unusual, irregular or non-recurring nature.

Other income may include capital gains on disposal of investments or activities and capital gains on disposal of tangible and intangible assets arising from activities disposed or facing restructuring plans, any income associated to past disposals as well as a portion of post-employment and other long-term defined employee benefits (plan amendments, impact of curtailments and settlements and actuarial gains on long-term benefits other than post-employment benefits).

Other expenses include capital losses on disposal of investments or activities and capital losses on disposal of tangible and intangible assets relating to activities facing restructuring plans as well as any costs associated to past disposals, restructuring costs, rationalisation costs, significant impairment losses on assets, costs incurred to realize business combinations and amortisation expense of assets exclusively acquired in the context of business combinations (technology, customer relationship, margin in backlog, margin on inventory), litigation costs that have arisen outside the ordinary course of business and a portion of post-employment and other long-term defined benefit expense.

	Year ended	
(in € million)	**At 31 March 2020**	**At 31 March 2019**
Capital gains/(losses) on disposal of business	-	60
Restructuring and rationalisation costs	(18)	(65)
Impairment loss and other	(5)	(158)
OTHER INCOME/(EXPENSES)	**(23)**	**(163)**

As of 31 March 2020, restructuring and rationalisation costs are mainly related to the adaptation of the means of production in certain countries, notably in France, Germany and Brazil.

As of March 2020, Impairment loss and other represent mainly:

- €(14) million of amortisation of intangible assets such as GE signalling, EKZ and Nomad;
- €(15) million of deal costs related to Bombardier Transportation acquisition (see Note 1.1);
- €(10) million of assets impairment (mainly other operating assets);
- €31 million of net profit related to some legal proceedings (see Note 33) and other risks, arisen outside of the ordinary course of business.

NOTE 7. FINANCIAL INCOME (EXPENSES)

Financial income and expenses include:

- interest income representing the remuneration of the cash position;
- interest expenses related to the financial debt (financial debt consists of bonds, other borrowings, and lease obligations);
- other expenses paid to financial institutions for financing operations;
- cost of commercial and financial foreign exchange hedging (forward points);
- the financial component of the employee defined benefits expense (net interest income (expenses) and administration costs);
- the significant financing component under IFRS 15.

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019(*)
Interest income	5	3
Interest expenses on borrowings and on lease obligations	(57)	(55)
NET FINANCIAL INCOME/(EXPENSES) ON DEBT	**(52)**	**(52)**
Net cost of foreign exchange hedging	(17)	(25)
Net financial expenses from employee defined benefit plans	(11)	(10)
Financial component on contracts	11	6
Other financial income/(expenses)	(7)	(7)
NET FINANCIAL INCOME/(EXPENSES)	**(76)**	**(88)**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

Net financial income/(expenses) on debt represent the cost of borrowings net of income from cash and cash equivalents. As at 31 March 2020, interest income totals €5 million, representing the remuneration of the Group's cash positions over the period, while interest expenses total €(57) million. Over the period at 31 March 2020 interest expenses on lease obligations amounts to €(9) million.

The net cost of foreign exchange hedging of €(17) million includes primarily the amortised cost of carry (forward points) of foreign exchange hedging implemented to hedge the exposures in foreign currency arising from commercial contracts and from hedging of intercompany financial positions.

The net financial expense from employee defined benefit plans of €(11) million represents the interest costs on obligations net of interest income from fund assets calculated using the same discount rate.

The financial component of €11 million is the recognition of financial revenue under IFRS 15 for a specific project.

Other net financial income/expenses of €(7) million include mainly bank fees and commitment fees paid on bonds and guarantees facilities, syndicated loans and revolving facilities.

NOTE 8. TAXATION

The Group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Temporary differences arising between the carrying amount and the tax base of assets and liabilities, unused tax losses and unused tax credits are identified for each taxable entity (or each tax group when applicable). Corresponding deferred taxes are calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the asset is realised or the liability settled.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the deductible differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of certain taxable temporary differences between the Group's share in the net assets in subsidiaries, joint arrangements and associates and their tax bases. The most common situation when such exception applies relates to undistributed profits of subsidiaries where distribution to the shareholders would trigger a tax liability: when the Group has determined that profits retained by the subsidiary will not be distributed in the foreseeable future, no deferred tax liability is recognised. Nevertheless, the exception is no more applicable to investments/subsidiaries being disposed since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Therefore, in this specific case, deferred tax liabilities are recognised.

Deferred tax assets and liabilities are offset when both of the following conditions are met:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Deferred tax is charged or credited to net income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is classified in other comprehensive income.

8.1. Analysis of income tax charge

The following table summarises the components of income tax charge:

	Year ended	
(in € million)	**At 31 March 2020**	**At 31 March 2019(*)**
Current income tax charge	(61)	(60)
Deferred income tax charge	(57)	(10)
INCOME TAX CHARGE	**(118)**	**(70)**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

The following table provides reconciliation from the income tax charge valued at the French statutory rate to the actual income tax charge, free of the temporary additional contributions:

	Year ended	
(in € million)	**At 31 March 2020**	**At 31 March 2019(*)**
Pre-tax income	**469**	**320**
Statutory income tax rate of the parent company	34.43%	34.43%
Expected tax charge	**(162)**	**(110)**
Impact of:		
• difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	16	21
• changes in unrecognised deferred tax assets	(16)	22
• changes in tax rates	2	1
• additional tax expenses (withholding tax, CVAE in France and IRAP in Italy)	(25)	(31)
• permanent differences and other	67	27
INCOME TAX CHARGE	**(118)**	**(70)**
Effective tax rate	**25%**	**22%**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

8.2. Deferred tax assets and liabilities

(in € million)	Year ended At 31 March 2020	At 31 March 2019(*)
Deferred tax assets	234	299
Deferred tax liabilities	(17)	(21)
DEFERRED TAX ASSETS, NET	**217**	**278**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 see Note 2.

The following table summarises the significant components of the Group's net deferred tax assets:

(in € million)	At 31 March 2019(*)	Change in P&L	Change in equity	Translation adjustments and other changes	At 31 March 2020
Differences between carrying amount and tax basis of tangible and intangible assets	39	(12)	-	1	28
Accruals for employee benefit costs not yet deductible	23	3	(4)	(3)	19
Provisions and other accruals not yet deductible	75	(8)	-	(3)	64
Differences in recognition of margin on «construction contracts»	3	12	-	(1)	14
Tax loss carry forwards	144	(41)	-	(8)	95
Other	(6)	(10)	3	10	(3)
NET DEFERRED TAXES ASSET/ (LIABILITY)	**278**	**(56)**	**(1)**	**(4)**	**217**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

(in € million)	At 31 March 2018	Change in P&L	Change in equity	Translation adjustments and other changes	At 31 March 2019
Differences between carrying amount and tax basis of tangible and intangible assets	(2)	51	-	(10)	39
Accruals for employee benefit costs not yet deductible	16	2	5	-	23
Provisions and other accruals not yet deductible	95	(19)	-	(1)	75
Differences in recognition of margin on «construction contracts»	38	(39)	-	4	3
Tax loss carry forwards	145	(3)	-	2	144
Other	(9)	(2)	2	3	(6)
NET DEFERRED TAXES ASSET/ (LIABILITY)	**283**	**(10)**	**7**	**(2)**	**278**

The review of the extrapolation of the latest three-year business plan leads to a reasonable assurance on the utilization of net deferred tax assets within a maximum period of 5 years in accordance with the Group's strategy, for an amount of €217 million at the end of March 2020, mainly in France and the United States for an amount of €94 million.

At 31 March 2020, based on the best estimate of operating and taxable results, the net deferred tax assets relating to tax loss carry forwards and deductible temporary differences recognised in the balance sheet of the French tax group amount to €47 million out of a total of €483 million. Tax losses can be carried forward indefinitely in France on 50% of taxable income of the year.

In the United States, the deferred tax assets relating to tax loss carry forwards are recognised for a total amount of €46 million out of a total of €197 million. From 2018 onwards, the tax losses generated can be carried forward indefinitely.

Unrecognised deferred tax assets amount to €1,120 million at 31 March 2020 (€1,151 million at 31 March 2019). Most of these unrecognised deferred taxes are originated from tax losses carried forward (€800 million at 31 March 2020 and €750 million at 31 March 2019), out of which €623 million are not subject to expiry at 31 March 2020 (€598 million at 31 March 2019).

NOTE 9. FINANCIAL STATEMENTS OF DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The results and cash flows of discontinued operations are presented on a separate line in the consolidated income statement and statement of cash flows for each period. The Group decides whether a discontinued operation represents a major line of business or geographical area of operations based on both qualitative criteria (technology, market, products, geographic region) and quantitative criteria (revenue, earnings, cash flows, assets). If the assets held by a discontinued operation are classified as held for sale they are measured at the lower of their carrying amount and fair value less costs to sell.

In compliance with IFRS 5, the Group applies the following specific measurements which impact the consolidated financial statements:

- discontinued operations (including non-current assets, current assets and the related liabilities classified as held for sale), as a whole, are measured at the lower of their carrying amount and fair value less costs to sell;
- consequently, goodwill, tangible and intangible assets are no longer reviewed for impairment;
- the exception of IAS 12 consisting in not recognising mechanical deferred taxes resulting from the difference between tax and consolidated values of the investments/subsidiaries being disposed is no more applicable since it becomes probable that the temporary difference will reverse in the foreseeable future with the sale of the subsidiaries. Thus, deferred tax liabilities are recognised with an income statement impact presented within the "Net profit from discontinued operations";
- amortisation on non-current assets classified as "assets held for sale" ceases at the date of IFRS 5 application;
- costs specifically incurred in the context of the deal are presented in the P&L within the "Net profit from discontinued operations";
- all intercompany balance-sheet and income statement positions are eliminated.

In the context of General Electric transaction, the remaining Chinese entity accounted for as Asset Held For Sale at 31 March 2019 has been sold. At 31 March 2020, the Group has no longer any Assets Held For Sale.

The line "Net profit from discontinued operations", recognized in the Consolidated Income Statement, includes the reassessment of liabilities related to the disposal of previous activities. Over the fiscal year ended 31 March 2020, Alstom recognized a profit for €21 million.

Alstom's Consolidated Statement of Cash Flows takes into account the cash flows of staggered and delayed transferred assets, until their effective transfer, and costs directly related to the sale of previous activities. Cash flows arising from discontinued operations for the fiscal year amount to €(31) million.

In the context of the General Electric transaction, the release of some conditional and unconditional parent company guarantees formerly issued, mainly by Alstom Holdings SA, to cover obligations of the former Energy affiliates amounts to €5.8 billion. The Group benefits from a general indemnification from General Electric in these matters.

NOTE 10. EARNINGS PER SHARE

Basic earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds reimbursable with shares, by the weighted average number of outstanding shares during the period increased by the weighted average number of shares to be issued on reimbursement of bonds reimbursable with shares ("ORA").

Diluted earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds redeemable into shares, by the weighted average number of outstanding shares during the period adjusted in order to take into consideration all dilutive instruments (ORA, stock options, free shares).

10.1. Earnings

	Year ended	
(in € million)	**At 31 March 2020**	**At 31 March 2019**
Net Profit attributable to equity holders of the parent:		
• from continuing operations	446	433
• from discontinued operations	21	248
EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**467**	**681**

10.2. Number of shares

	Year ended	
(number of shares)	**At 31 March 2020**	**At 31 March 2019**
Weighted average number of ordinary shares used to calculate basic earnings per share	**224,491,689**	**222,916,803**
Effect of dilutive instruments other than bonds reimbursable with shares:		
• stock options and performance shares (LTI plan)	2,080,594	2,069,903
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED TO CALCULATE DILUTED EARNINGS PER SHARES	**226,572,283**	**224,986,706**

10.3. Earnings per share

	Year ended	
(in €)	**At 31 March 2020**	**At 31 March 2019**
Basic earnings per share	2.08	3.05
Diluted earnings per share	2.06	3.03
Basic earnings per share from continuing operations	1.99	1.94
Diluted earnings per share from continuing operations	1.97	1.93
Basic earnings per share from discontinued operations	0.09	1.11
Diluted earnings per share from discontinued operations	0.09	1.10

E. NON-CURRENT ASSETS

NOTE 11. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are reviewed for impairment at least annually and whenever events or circumstances indicate that they might be impaired. Such events or circumstances are related to significant, unfavourable changes that are of a lasting nature and affect either the economic environment or the assumptions or the targets adopted as of the acquisition date. An impairment loss is recognised when the recoverable value of the assets tested becomes lower than their carrying value.

In the Group, goodwill cannot be allocated on a non-arbitrary basis to individual cash-generating units, but only to groups of cash-generating units. As a result, the lowest level within the entity at which the goodwill is monitored for internal management purposes comprises a number of cash-generating units to which the goodwill relates, but to which it cannot be allocated.

Due to the organization and the increasing number of integrated services leading to complete and global turnkey solutions, financial information issued is presented through various axes of analysis (regions, sites, contracts, functions, products). Free Cash Flow, basis of the impairment tests of goodwill is only relevant at Group level.

Therefore, goodwill acquired in case of business combinations is only monitored and ultimately tested at Group level.

11.1. Goodwill

(in € million)	At 31 March 2019	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2020
GOODWILL	**1,574**	**12**	**-**	**(19)**	**1,567**
of which:					
Gross value	1,574	12	-	(19)	1,567
Impairment	-	-	-	-	-

Movements between 31 March 2019 and 31 March 2020 mainly arose from the re-measurement of EKZ purchase price allocation for an amount of €12 million (see Note 1).

Goodwill impairment test

As of 31 March 2020, Alstom tested the value of goodwill applying valuation methods consistent with previous years. Alstom ensured that the recoverable amount exceeded its carrying value (including goodwill).

Presentation of key assumptions used for the determination of recoverable amounts

The value in use is determined as the discounted value of future cash flows by using cash flow projections for the next three years consistent with the Group's internal business plan, the extrapolation of the two following years and the most recent forecasts prepared by the Group.

The value in use is mainly driven by the terminal value which is particularly sensitive to changes in the assumptions on the discount rate after tax, the long-term growth rate and the terminal value Adjusted EBIT margin (corresponding to the ratio "aEBIT" over Sales).

Alstom has opted for the inclusion of the share in net income of the equity-accounted investments into the aEBIT when these are considered as part of the operating activities of the Group (because there are significant operational flows and/or common project execution with these entities), namely the CASCO Joint Venture. The Company believes that bringing visibility over a key contributor to the Alstom Signaling strategy will provide a fairer and more accurate picture of the overall commercial & operational performance of the Group. This change will also enable more comparability with what similar market players define as being part of their main non-GAAP "profit" aggregate disclosure.

The indicator "aEBIT" corresponds to Earning Before Interests and Tax adjusted with the following elements:

- net restructuring expenses (including rationalization costs);
- tangibles and intangibles impairment;
- capital gains or loss/revaluation on investments disposals or controls changes of an entity;
- any other non-recurring items, such as some costs incurred to realize business combinations and amortisation of an asset exclusively valued in the context of business combination as well as litigation costs that have arisen outside the ordinary course of business;
- and including the share in net income of the operational equity-accounted investments.

A non-recurring item is a "one-off" exceptional item that is not supposed to occur again in following years and that is significant.

The main assumptions used to assess the recoverable amounts of goodwill are as follows:

Net carrying amount of goodwill at 31 March 2020 *(in € million)*	1,567
Value elected as representative of the recoverable value	value in use
Number of years over which cash flow estimates are available	3 years
Extrapolation period of cash flow estimates	2 years
Long-term growth rate at 31 March 2020	**2.5%**
Long-term growth rate at 31 March 2019	1.5%
After tax discount rate at 31 March 2020(*)	**8.5%**
After tax discount rate at 31 March 2019(*)	8.5%

(*) The application of pre-tax discount rates to pre-tax cash flows leads to the same valuation of Cash Generating Units.

Discount rate is based on weighted average cost of capital (WACC) which is calculated for the Group based on a risk-free rate and a market risk premium. The current market assessment of the risks specific to Group activity is reflected by taking into account specific peer group information on industry beta, leverage and cost of debt. The parameters for calculating the discount rate are based on external sources of information.

Sensitivity of the values in use to key assumptions can be presented as follows:

(in € million)

aEBIT Margin	-25 bp	+25 bp
	(260)	260
After tax discount rate	-25 bp	+25 bp
	416	(383)
Long-term growth rate	-10 bp	+10 bp
	(122)	127

The events linked to Covid-19 led the Group to take into consideration the global economy downturn and recent market conditions in the assumptions as well as in the analyses for sensitivity.

As of 31 March 2020, the recoverable amount exceeds its carrying value and the sensitivity of the values in use to key assumptions supports the Group's opinion that goodwill is not impaired.

Finally, the (100)-basis point change in the long-term growth rate does not change the conclusions of the impairment tests.

11.2. Intangible assets

Intangible assets include acquired intangible assets (such as technology and licensing agreements) and internally generated intangible assets (mainly development costs).

Acquired intangible assets

Acquired intangible assets are initially measured at cost and amortised on a straight-line basis over their estimated useful lives. Useful lives can extend to twenty years due to the long-term nature of the underlying contracts and activities. The amortisation expense of assets acquired through ordinary transactions is recorded in cost of sales, research and development expenditure, selling or administrative expenses, based on the function of the underlying assets. The amortisation expense of assets exclusively acquired in the context of a business combination (technology, backlog product and project, customer relationship) is recognised as other expenses.

Internally generated intangible assets

Development costs are capitalised if and only if the project they relate to meet the following criteria:

- the project is clearly defined and its related costs are separately identified and reliably measured;
- the technical feasibility of the project is demonstrated;
- the intention exists to complete the project and to use or sell it;
- adequate technical and financial resources are available to complete the project;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Capitalised development costs are costs incurred directly attributable to the project (materials, services, fees…), including an appropriate portion of relevant overheads.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset. The amortisation charge is reported in research and development expenses.

(in € million)	At 31 March 2019	Additions/ disposals/ amortisation/ impairment	Other changes including CTA & scope	At 31 March 2020
Development costs	1,283	79	(1)	1,361
Other intangible assets	457	12	(9)	460
Gross value	**1,740**	**91**	**(10)**	**1,821**
Development costs	(1,000)	(56)	2	(1,054)
Other intangible assets	(270)	(27)	-	(297)
Amortisation and impairment	**(1,270)**	**(83)**	**2**	**(1,351)**
Development costs	283	23	1	307
Other intangible assets	187	(15)	(9)	163
NET VALUE	**470**	**8**	**(8)**	**470**

(in € million)	At 31 March 2018	Additions/ disposals/ amortisation/ impairment	Other changes including CTA & scope	At 31 March 2019
Development costs	1,201	68	14	1,283
Other intangible assets	384	25	48	457
Gross value	**1,585**	**93**	**62**	**1,740**
Development costs	(936)	(63)	(1)	(1,000)
Other intangible assets	(233)	(26)	(11)	(270)
Amortisation and impairment	**(1,169)**	**(89)**	**(12)**	**(1,270)**
Development costs	265	5	13	283
Other intangible assets	151	(1)	37	187
NET VALUE	**416**	**4**	**50**	**470**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. When an item of property, plant and equipment is made up of components with different useful lives, the total cost is allocated between the various components. Components are then separately depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of each component. The useful lives most commonly used are the following:

	Estimated useful life in years
Buildings	7-40
Machinery and equipment	3-25
Tools, furniture, fixtures and others	1-10

Useful lives are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis. The depreciation expense is recorded in cost of sales, selling expenses or administrative expenses, based on the function of the underlying assets.

Borrowing costs that are attributable to an asset whose construction period exceeds one year are capitalised as part of the costs of the asset until the asset is substantially ready for use or sale.

When the Group is the lessee, leases (except short-term leases and leases of low-value assets below 5,000 Euros when new, for which rentals payable are charged to profit or loss on a straight-line basis over the term of the relevant lease) are recognized as a Right-of-Use asset in Property, plant and equipment at the date at which the leased asset is available for use. The corresponding liability to the lessor is included in the balance sheet as a financing obligation. Lease payments are apportioned between finance charges and repayment of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

The cost of Right-of-Use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as well as any restoration costs if an obligation is identified. Generally, Right-of-Use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Nevertheless, when the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or the cost of the Right-of-Use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the Right-of-Use asset from the commencement date to the end of the useful life of the underlying asset. Right-of-Use assets may be subject to impairment.

When the Group is the lessor, assets under operating leases, are also included in Property plant and equipment. Lease income from operating leases is recognized on a straight-line basis over the term of the lease.

(in € million)	At 31 March 2019	IFRS 16 First Application	Additions/ amortisation/ impairment	Disposals	Other changes of which translation adjustments and scope	At 31 March 2020
Land	92	4	2	(3)	-	95
Buildings	950	349	146	(19)	19	1,445
Machinery and equipment	852	14	53	(22)	10	907
Constructions in progress	149	-	84	-	(98)	135
Tools, furniture, fixtures and other	217	25	12	(22)	(7)	225
Gross value	**2,260**	**392**	**297**	**(66)**	**(76)**	**2,807**
Land	(9)	-	-	3	-	(6)
Buildings	(494)	(12)	(126)	19	13	(600)
Machinery and equipment	(635)	-	(62)	20	13	(664)
Constructions in progress	(3)	-	-	-	-	(3)
Tools, furniture, fixtures and other	(166)	-	(22)	21	4	(163)
Amortisation and impairment	**(1,307)**	**(12)**	**(210)**	**63**	**30**	**(1,436)**
Land	83	4	2	-	-	89
Buildings	456	337	20	-	32	845
Machinery and equipment	217	14	(9)	(2)	23	243
Constructions in progress	146	-	84	-	(98)	132
Tools, furniture, fixtures and other	51	25	(10)	(1)	(3)	62
NET VALUE	**953**	**380**	**87**	**(3)**	**(46)**	**1,371**

Across 2019/20, the Group has pursued its investment policy in upscaling largest manufacturing sites and in securing readiness of industrial operations for all Product Lines, notably in India and Poland for Rolling Stock, in Italy for Services.

The commitments of fixed assets amounts to €56 million at 31 March 2020.

(in € million)	At 31 March 2018	Additions/ amortisation/ impairment	Disposals	Other changes of which translation adjustments and scope	At 31 March 2019
Land	90	-	-	2	92
Buildings	866	19	(9)	74	950
Machinery and equipment	808	39	(12)	17	852
Constructions in progress	98	122	-	(71)	149
Tools, furniture, fixtures and other	213	13	(14)	5	217
Gross value	**2,075**	**193**	**(35)**	**27**	**2,260**
Land	(9)	-	-	-	(9)
Buildings	(457)	(41)	9	(5)	(494)
Machinery and equipment	(583)	(46)	10	(16)	(635)
Constructions in progress	(13)	-	-	10	(3)
Tools, furniture, fixtures and other	(159)	(13)	13	(7)	(166)
Amortisation and impairment	**(1,221)**	**(100)**	**32**	**(18)**	**(1,307)**
Land	81	-	-	2	83
Buildings	409	(22)	-	69	456
Machinery and equipment	225	(7)	(2)	1	217
Constructions in progress	85	122	-	(61)	146
Tools, furniture, fixtures and other	54	-	(1)	(2)	51
NET VALUE	**854**	**93**	**(3)**	**9**	**953**

Property, Plant and Equipment balances include Right-of-Use related to Leased Assets for the following amounts:

(in € million)	At 31 March 2019	IFRS 16 First Application	Additions/ amortisation/ impairment	Disposals	Other changes of which translation adjustments and scope	At 31 March 2020
Land	-	4	2	-	-	6
Buildings	30	350	96	-	(13)	463
Machinery and equipment	4	14	2	-	-	20
Tools, furniture, fixtures and other	2	24	8	-	(1)	33
Gross value	**36**	**392**	**108**	**-**	**(14)**	**522**
Buildings	(18)	(12)	(74)	-	6	(98)
Machinery and equipment	(4)	-	(4)	-	-	(8)
Tools, furniture, fixtures and other	(1)	-	(12)	-	1	(12)
Amortisation and impairment	**(23)**	**(12)**	**(90)**	**-**	**7**	**(118)**
Land	-	4	2	-	-	6
Buildings	12	338	22	-	(7)	365
Machinery and equipment	-	14	(2)	-	-	12
Tools, furniture, fixtures and other	1	24	(4)	-	-	21
NET VALUE	**13**	**380**	**18**	**-**	**(7)**	**404**

NOTE 13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

FINANCIAL INFORMATION

	Share in equity		Share of net income	
(in € million)	**At 31 March 2020**	**At 31 March 2019**	**Year ended at 31 March 2020**	**Year ended at 31 March 2019**
Energy Alliances	-	-	-	106
TMH Limited	469	538	66	66
Other Associates	137	114	39	34
Associates	**606**	**652**	**105**	**206**
SpeedInnov JV	86	59	(3)	(1)
Other Joint ventures	1	-	-	(10)
Joint ventures	**87**	**59**	**(3)**	**(11)**
TOTAL	**693**	**711**	**102**	**195**

MOVEMENTS DURING THE PERIOD

(in € million)	**At 31 March 2020**	**At 31 March 2019**
Opening balance	**711**	**533**
Share in net income of equity-accounted investments after impairment	102	195
Dividends	(80)	(52)
Acquisitions(*)	56	117
Disposals	-	(219)
Translation adjustments and other	(95)	137
CLOSING BALANCE	**693**	**711**

(*) Alstom invested into an increase in capital in SpeedInnov for €36 million during June 2019 (see Note 1.2) and in Casco for €20 million but without any impact of ownership rate.

13.1. TMH Limited (new holding of The Breakers Investments B.V and Locotech Services)

Until June 2018, Alstom owned 33% of The Breakers Investments B.V., the 100% holding company of Transmashholding ("TMH"), the leading Russian railway equipment manufacturer that operates in Russia and in the other countries of the Commonwealth of Independent States (CIS). Alstom also had three seats on the TMH Board of Directors.

In June 2018, TMH and Locotech Services agreed to combine under a new holding TMH Limited. Following the transaction, the contribution of Alstom has been diluted. In the meantime, additional shares of TMH Limited have been bought by the Group from the other shareholders to increase its ownership up to 20% for €117 million (including capitalised acquisition costs for €2 million). From now on, Alstom holds one seat on the TMH Limited Board of Directors, two seats on TMH's Board of Directors and two seats on the Locotech Services Board of Directors. Therefore, the Group retains a significant influence.

For practical reason, to be able to get timely and accurate information, data as of 31 December 2019 and 31 December 2018 are retained and booked within Alstom's 31 March 2020 and 31 March 2019 accounts. The length of the reporting periods and any difference between the ends of the reporting periods remain the same from period to period to allow comparability and consistency.

The summarized financial information (at 100%) presented below are the figures disclosed in the financial statements of TMH Limited at 31 December 2019 and 31 December 2018 and are established in accordance with IFRS. These financial statements, established in Roubles, were converted to euros based on the rates used by the Group at 31 March 2020 and 31 March 2019.

BALANCE SHEET AND RECONCILIATION ON CARRYING VALUE

(in € million)	TMH Limited At 31 December 2019	TMH Limited At 31 December 2018
Non-current assets	3,335	3,911
Current assets	1,851	1,908
TOTAL ASSETS	**5,186**	**5,819**
Equity-attributable to the owners of the parent company	2,601	3,049
Equity-attributable to non-controlling interests	206	222
Non current liabilities	865	858
Current liabilities	1,514	1,690
TOTAL EQUITY AND LIABILITIES	**5,186**	**5,819**
Equity interest held by the Group	20%	20%
NET ASSET	**520**	**610**
Goodwill	38	44
Impairment of share in net asset of equity investments	(30)	(36)
Dividends	-	(6)
Other(*)	(59)	(74)
CARRYING VALUE OF THE GROUP'S INTERESTS	**469**	**538**

(*) Corresponds to the restatements to TMH historical value before the combined operation, as at 31 March 2020.

INCOME STATEMENT

(in € million)	TMH Limited (1) Year ended 31 December 2019	TMH Limited (1) Six months 1 July 2018 to 31 December 2018	TMH Six months 1 January 2018 to 30 June 2018
Sales	5,406	2,294	1,452
Net income from continuing operations	315	82	172
Share of non-controlling interests	(27)	(10)	(25)
Net income attributable to the owners of the parent company	**288**	**72**	**147**
Equity interest held by the Group	20%	20%	33%
SHARE IN THE NET INCOME	**58**	**14**	**49**
Total share in the net income	**58**	**63**	
Other items (2)	8	3	
GROUP'S SHARE IN THE NET INCOME	**66**	**66**	

(1) From 1 July 2018, TMH limited includes both TMH business and Locotech Services business.
(2) Correspond to the fair value restatements calculated at the time of acquisition

13.2. Other associates

The Group's investment in other associates comprises investment in Casco, held by the Group at 49%, for €130 million (of which €38 million of net profit and €20 million of capital increase) as well as other associates which are not significant on an individual basis. On aggregate, the net carrying value of Alstom's Investment represents €137 million as of 31 March 2020 (€114 million as of 31 March 2019).

NOTE 14. NON-CONSOLIDATED INVESTMENTS

Entities over which the Group has no significant influence or when the value is not material are not consolidated. The Group has expressed intention and ability to hold these Investments on a long term perspective and therefore these investments are considered as non-trading investments. The Group has elected for the portfolio of non-consolidated investments to record the change in fair value on these investments through Other Comprehensive Income with no subsequent recycling in income statement. They are initially measured at their fair value, plus directly attributable transaction costs and subsequently re-measured at fair value.

The fair value of listed securities is the market value at the closing date. A valuation model is used in case of unlisted securities. Changes in fair value are then directly recognised in other comprehensive income with no subsequent recycling in income statement. When the fair value cannot be determined reliably, investments in non-consolidated companies are measured at cost.

Besides, the Group has expressed intention and ability to hold all debt securities to maturity to collect the corresponding contractual cash flows. They are in that purpose measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect amounts expected not to be recoverable. An impairment loss is recognised in profit or loss when there is objective evidence that the asset should be impaired and is measured as the difference between the investment's carrying value and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses may be reversed through profit and loss in subsequent periods.

Finally, marketable securities are assets held for trading which cannot be considered as cash and cash equivalents. They are designated as financial assets at fair value through profit or loss. Changes in fair value are reported as financial income or expense.

MOVEMENTS DURING THE PERIOD

(in € million)	At 31 March 2020	At 31 March 2019
Opening balance	**64**	**58**
Change in fair value	(6)	2
Acquisitions/disposals	2	2
Translation adjustments and other	-	2
CLOSING BALANCE	**60**	**64**

The Group's equity investment in other investments is not significant on an individual basis and notably comprises investments in companies that hold PPPs (public-private partnerships) agreements or have entered into concession agreements, typically for an ownership lower than 20%.

NOTE 15. OTHER NON-CURRENT ASSETS

Loans are initially measured at their fair value, plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Deposits are reported as other non-current assets when their initial maturity is more than three months and as cash and cash equivalents in case of demand deposits or when the initial maturity is less than three months.

If there is any indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded as a financial expense. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported as a financial income.

Assets subject to finance leases, are initially recognized at an amount equal to the net investment in the lease and are included in financial non-current assets associated to financial debt. Interest income is recognized over the term of the applicable leases based on the effective interest rate method.

(in € million)	At 31 March 2020	At 31 March 2019
Financial non-current assets associated to financial debt(*)	177	201
Long-term loans, deposits and other	56	41
OTHER NON-CURRENT ASSETS	**233**	**242**

(*) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Note 27).

F. WORKING CAPITAL

NOTE 16. WORKING CAPITAL ANALYSIS

(in € million)	At 31 March 2020	At 31 March 2019	Variation
Inventories	1,743	1,533	210
Contract assets	1,644	1,448	196
Trade receivables	1,581	1,661	(80)
Other current operating assets/(liabilities)	(528)	(422)	(106)
Contract liabilities	(3,148)	(3,001)	(147)
Provisions	(1,013)	(1,193)	180
Trade payables	(1,653)	(1,751)	98
WORKING CAPITAL	**(1,374)**	**(1,725)**	**351**

(in € million)	For the year ended at 31 March 2020
Working capital at the beginning of the period	**(1,725)**
Changes in working capital resulting from operating activities	327
Changes in working capital resulting from investing activities	21
Translation adjustments and other changes	3
Total changes in working capital	**351**
WORKING CAPITAL AT THE END OF THE PERIOD	**(1,374)**

NOTE 17. INVENTORIES

Raw materials and supplies, work in progress and finished products are stated at the lower of cost, using the weighted average cost method, or net realisable value.

Inventory cost includes direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their existing location and condition.

Work in progress refers to costs incurred on product contracts or short term service contracts whose execution will be finalised during a next period. It refers also to costs incurred on "construction contracts" not yet allocated to projects at end of the closing period but transferred to project costs in subsequent periods when the asset becomes sufficiently customized and cannot be readily directed for another use.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(in € million)	At 31 March 2020	At 31 March 2019
Raw materials and supplies	1,099	881
Work in progress	692	711
Finished products	146	150
Inventories, gross	**1,937**	**1,742**
Raw materials and supplies	(129)	(128)
Work in progress	(58)	(72)
Finished products	(7)	(9)
Write-down	**(194)**	**(209)**
INVENTORIES, NET	**1,743**	**1,533**

NOTE 18. NET CONTRACT ASSETS/LIABILITIES

Aggregates called "contract assets" and "contract liabilities" are disclosed for "construction contracts" and long term service agreements in progress and are determined on a contract-by-contract basis. The aggregate "contract assets" corresponds to the unbilled part of revenues recognized to date net of the advance payments received from customers. Unbilled part of revenue corresponds to revenue recognized to date in excess of progress billings. On the contrary, when progress billings are in excess of revenue recognized to date, the net amount is accounted for as deferred income and aggregated with the related advance payments received from customers under the caption "contract liabilities".

Some costs incurred in fulfilling a contract that are not falling under the scope of the standards dealing with intangible and tangible assets as well as inventories, should be accounted for under a new caption called "costs to fulfil a contract" when eligible to capitalization.

IFRS 9 acknowledges the recognition of the credit risk related to financial assets and especially trade receivables, based on the expected loss approach. The recognition model retained for contract assets is the general model that allows to estimate the risk within one year, as long as there is no sign of significant degradation of customer credit risk.

(in € million)	At 31 March 2020	At 31 March 2019	Variation
Cost to fulfil a contract	15	24	(9)
Contract assets	1,629	1,424	205
Total contract assets	**1,644**	**1,448**	**196**
Contract liabilities	(3,148)	(3,001)	(147)
NET CONTRACT ASSETS/(LIABILITIES)	**(1,504)**	**(1,553)**	**49**

Net contract Assets/(Liabilities) include down payments for €2,238 million at 31 March 2020 and €2,263 million at 31 March 2019.

NOTE 19. TRADE RECEIVABLES

A receivable is an entity's right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded within Earnings Before Interests and Taxes. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is also reported within Earnings Before Interests and Taxes.

IFRS 9 acknowledges the recognition of the credit risk related to financial assets and especially trade receivables, based on the expected loss approach. The recognition model retained for trade receivables is the Simplified Approach "Lifetime Expected Credit Losses", as long as there is no sign of significant degradation of customer credit risk.

Indeed, due to the type of business operated by the Group, past due receivables are frequently representative of outstanding amounts confirmed by customers but whose payment is subject to clearance of items raised during inspection of works. Such receivables do remain fully recoverable; costs to be incurred for the clearance of pending items are included in the determination of the margin at completion of the related contracts.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights in a transaction under which substantially all the risks and rewards of the financial assets are transferred.

			Past due on the closing date		
(in € million)	Total	No past due on the closing date	Less than 60 days	Between 60 and 180 days	More than 180 days
AT 31 MARCH 2020	**1,581**	**1,265**	**104**	**31**	**181**
• o/w gross	1,610	1,277	104	31	198
• o/w impairment	(29)	(12)	-	-	(17)
AT 31 MARCH 2019	**1,661**	**1,260**	**159**	**54**	**188**
• o/w gross	1,700	1,287	160	54	199
• o/w impairment	(39)	(27)	(1)	-	(11)

NOTE 20. OTHER CURRENT OPERATING ASSETS

(in € million)	At 31 March 2020	At 31 March 2019(*)
Down payments made to suppliers	63	86
Corporate income tax	85	84
Other taxes	326	258
Prepaid expenses	55	55
Other receivables	209	218
Derivatives relating to operating activities	207	159
Remeasurement of hedged firm commitments in foreign currency	247	146
OTHER CURRENT OPERATING ASSETS	**1,192**	**1,006**

(*) Previous year figures have not been restated to reflect the application of IFRS 16 (see Note 2).

Over the period ended 31 March 2020, the Group entered into an agreement of assignment of receivables that leads to the derecognition of tax receivables for an amount of €72 million in accordance with IFRS 9 criteria. The total disposed amount outstanding at 31 March 2020 is €118 million.

NOTE 21. OTHER CURRENT OPERATING LIABILITIES

(in € million)	At 31 March 2020	At 31 March 2019
Staff and associated liabilities	531	520
Corporate income tax(*)	93	17
Other taxes	137	70
Deferred income	9	6
Other payables	572	515
Derivatives relating to operating activities	199	202
Remeasurement of hedged firm commitments in foreign currency	179	98
OTHER CURRENT OPERATING LIABILITIES	**1,720**	**1,428**

(*) Liabilities for uncertainty over income tax treatments have been reclassified following IFRIC 23 application (see Note 2).

NOTE 22. PROVISIONS

As long as a "construction contracts" or a long-term service agreement is in progress, obligations attributable to such a contract are taken into account in the assessment of the margin to be recognised.

Upon completion of the contract, such obligations are recognised as distinct liabilities when they satisfy the following criteria:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation; and
- such outflow can be reliably estimated.

These liabilities are presented as provisions when they are of uncertain timing or amount. When this uncertainty is dispelled, they are presented as trade payables or other current liabilities.

One exception is, in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the provisions on onerous contracts that are reported in current provisions, as soon as identified. The unavoidable costs to fulfil a contract considered in assessing whether a contract is onerous are all the costs that directly relate to that contract.

Obligations resulting from transactions other than "construction contracts" and long-term service agreements are directly recognised as provisions as soon as the above-mentioned criteria are met. Where the effect of the time value of money is material, provisions are measured at their present value.

Restructuring provisions are made when plans to reduce or close facilities, or to reduce the workforce have been finalised and approved by the Group management and have been announced before the closing date, resulting in an obligation of the Group to third parties. Restructuring costs include employees' severance and termination benefits and estimated facility closing costs. In addition to such provisions, restructuring costs may include asset write-off relating to the restructured activities.

(in € million)	At 31 March 2019	Additions	Releases	Applications	Translation adjustments and other	At 31 March 2020
Warranties	227	144	(41)	(55)	-	275
Risks on contracts	620	190	(109)	(135)	12	578
Current provisions	**847**	**334**	**(150)**	**(190)**	**12**	**853**
Tax risks & litigations(*)	165	22	(4)	(2)	(118)	63
Restructuring	43	13	(7)	(18)	(1)	30
Other non-current provisions	138	15	(41)	(28)	(17)	67
Non-current provisions	**346**	**50**	**(52)**	**(48)**	**(136)**	**160**
TOTAL PROVISIONS	**1,193**	**384**	**(202)**	**(238)**	**(124)**	**1,013**

(*) Liabilities for uncertainty over income tax treatments have been reclassified following IFRIC 23 application (see Note 2).

(in € million)	At 31 March 2018	Additions	Releases	Applications	Translation adjustments and other	At 31 March 2019
Warranties	201	110	(35)	(52)	3	227
Risks on contracts	625	230	(140)	(113)	18	620
Current provisions	**826**	**340**	**(175)**	**(165)**	**21**	**847**
Tax risks & litigations	148	64	(46)	(3)	2	165
Restructuring	27	45	(7)	(23)	1	43
Other non-current provisions	355	41	(254)	(4)	-	138
Non-current provisions	**530**	**150**	**(307)**	**(30)**	**3**	**346**
TOTAL PROVISIONS	**1,356**	**490**	**(482)**	**(195)**	**24**	**1,193**

Provisions for warranties relate to estimated costs to be incurred over the residual contractual warranty period on completed contracts.

Provisions for risks on contracts relate to provisions on contract losses and to commercial disputes and operating risks.

In relation to uncertain tax treatments and tax risks, the Group tax filings are subject to audit by tax authorities in most jurisdictions in which the Group operates. These audits may result in assessment of additional taxes that are subsequently resolved with the authorities or potentially through the courts. The Group believes that it has strong arguments against the questions being raised, that it will pursue all legal remedies to avoid an unfavourable outcome and that it has adequately provided for any risk that could result from those proceedings where it is probable that it will pay some amounts. Due to the first-time application of IFRIC 23, it is to be noted that the uncertain tax treatments related to corporate income taxes have been reclassified as tax liabilities (see Note 2).

Restructuring provisions mainly derive from the adaptation of the means of production in certain countries, as Germany.

Other non-current provisions mainly relate to guarantees delivered or risks in connection with disposals, employee litigations, commercial disputes and environmental obligations.

The management identifies and analyses on a regular basis current litigations and other risks, using its best estimate to assess, when necessary, provisions. These estimates take into account information available and different possible outcomes. Main disputes are described in Note 33.

G. EQUITY AND DIVIDENDS

NOTE 23. EQUITY

When managing capital, objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimise the structure of the capital in order to reduce its cost.

To achieve this, the Group may choose to:

- adjust the amount of dividends paid to the shareholders;
- reimburse a portion of capital to the shareholders;
- issue new shares; or,
- sell assets in order to scale back its debt.

23.1. Movements in share capital

At 31 March 2020, the share capital of Alstom amounted to €1,581,816,474 consisting of 225,973,782 ordinary shares with a par value of €7 each. For the year ended 31 March 2020, the weighted average number of outstanding ordinary shares amounted to 224,491,689, after the dilutive effect of bonds reimbursable in shares "Obligations Remboursables en Actions") and to 226,572,283 after the effect of all dilutive instruments.

During the year ended 31 March 2020:

- 1,808 bonds reimbursable in shares "Obligations Remboursables en Actions" were converted into 113 shares at a par value of €7. The 71,530 bonds reimbursable with shares outstanding at 31 March 2020 represent 4,492 shares to be issued;
- 219,615 of ordinary shares were issued under long term incentive plans;
- 2,181,741 of ordinary shares were issued under equity settled sharebased payments out of which 1,448,638 for WE SHARE ALSTOM (see Note 30.2).

23.2. Currency translation adjustment in shareholders' equity

At 31 March 2020, the currency translation reserve amounts to €(622) million.

The currency translation adjustment, presented within the consolidated statement of comprehensive income for €(162) million, primarily reflects the effect of variations of the Russian Rouble (€(83) million), Brazilian Real (€(35) million), US Dollar (€15 million), Indian Rupee (€(15) million), South African Rand (€(13) million) and Mexican Nuevo Peso (€(9) million), against the Euro for the year ended 31 March 2020.

NOTE 24. DISTRIBUTION OF DIVIDENDS

The Shareholders' Meeting of Alstom held on 10 July 2019 decided to distribute for the financial year ended 31 March 2019, a dividend in cash for €5.50 by share. Dividends have been fully paid on 17 July 2019 for a total amount of €1,234 million.

At 31 March 2020, €6 million of dividends, granted to non-controlling interests, have been paid.

H. FINANCING AND FINANCIAL RISK MANAGEMENT

NOTE 25. OTHER CURRENT FINANCIAL ASSETS

As at 31 March 2020, other current financial assets comprise the positive market value of derivatives instruments hedging loans, deposits and Group cash pooling positions.

(in € million)	At 31 March 2020	At 31 March 2019
Derivatives related to financing activities and others	45	10
OTHER CURRENT FINANCIAL ASSETS	**45**	**10**

Alstom Group's derivatives related to financing activities rose up to €45 million from €10 million on 31 March 2019. This significant increase is due to Covid-19 worldwide crisis which impacts financial markets and affects positive Mark to Market values classified as assets. The negative Mark to Market values classified as liabilities are equally impacted (see Note 27).

NOTE 26. CASH AND CASH EQUIVALENTS

Cash equivalents are held to meet short-term cash commitments. In order to be considered as cash equivalent, an investment must be convertible to a known amount of cash within the coming three months and subject to a negligible risk of change in value, thereby satisfying the requirements of IAS 7.

Cash and cash equivalents include all cash balances, certain term deposit accounts, negotiable debt instruments and monetary UCITS.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(in € million)	At 31 March 2020	At 31 March 2019
Cash	1,060	595
Cash equivalents	1,115	2,837
CASH AND CASH EQUIVALENT	**2,175**	**3,432**

In addition to bank open deposits classified as cash for €1,060 million (€595 million at 31 March 2019), the Group invests in cash equivalents:

- euro money market funds in an amount of €853 million (€2,415 million at 31 March 2019), qualified as "monetary" or "monetary short term" under the French AMF classification;
- bank term deposits that can be terminated at any time with less than three months notification period in an amount of €262 million (€422 million at 31 March 2019).

In the context of Covid-19 worldwide crisis, the Alstom Group has reinforced its criteria of liquidity management in particular with a daily monitoring of the volatility of the net asset values of the liquidity portfolio.

NOTE 27. FINANCIAL DEBT

Bonds and interest-bearing bank loans are initially recognised at fair value, less any transaction costs directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The lease liability, when Alstom is the lessee, is measured at the present value of lease payments to be made over the lease term, discounted using the marginal borrowing rate of the lessee at the lease commencement date if the interest rate implicit in the lease cannot be readily determined. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for termination of a lease when the lease term reflects the lessee exercising a termination option. Lease payments are apportioned between finance charges and repayment of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

		Cash movements	Non cash movements		
(in € million)	At 31 March 2019	Net cash variation	IFRS 16 First Application	Translation adjustments and other	At 31 March 2020
Bonds	878	(185)	-	1	694
Other borrowing facilities	196	94	-	-	290
Derivatives relating to financing activities	21	-	-	36	57
Accrued interests (1)	7	(57)	-	51	1
Borrowings	**1,102**	**(148)**	**-**	**88**	**1,042**
Lease obligations (2)	**216**	**(103)**	**388**	**95**	**596**
TOTAL FINANCIAL DEBT	**1,318**	**(251)**	**388**	**183**	**1,638**

(1) Paid interests are disclosed in the net cash provided by operating activities part in the cash flow statement. Net interests paid and received amount to €(57) million including those related to lease obligations for €(7) million over the year.
(2) Lease obligations include obligations under long-term rental representing liabilities related to lease obligations on trains and associated equipment for €177 million at 31 March 2020 and €201 million at 31 March 2019 (see Note 15).

The Lease obligations have increased with the implementation of IFRS 16 as the net present value of future lease payments of operating leases is now recognized in Lease liability.

The financial debt's variation over the period is mainly due to:

- the repayment upon maturity of the €283 million 3.0% senior bonds in July 2019 and the €596 million 4.5% senior bonds in March 2020;
- the issuance of the 0.25% senior bonds maturing in October 2026 for a total amount of €700 million;
- in the context of Covid-19, in order to optimize its liquidity, the Group also issued commercial papers under its Negotiable European Commercial Paper program for an amount of €76 million with maturities in 2020 and 2021.

The following table summarizes the significant components of the Group's bonds:

	Initial Nominal value *(in € million)*	Maturity date *(dd/mm/yy)*	Nominal interest rate	Effective interest rate	Accounting value at 31 March 2020	Market value at 31 March 2020
Alstom October 2026	700	14/10/2026	0.25%	0.38%	694	662
TOTAL AND WEIGHTED AVERAGE RATE			**0.25%**	**0.38%**	**694**	**662**

Other borrowings consist in banking facilities drawn by affiliates.

The value of the external financial debt split by currency is as follows:

(in € million)	At 31 March 2020	At 31 March 2019
Euro	1,110	920
British Pound	223	201
Indian Rupee	178	115
Algerian Dinar	43	39
Tenge kazakh	18	12
US Dollar	17	5
Other currencies	49	26
FINANCIAL DEBT IN NOMINAL VALUE	**1,638**	**1,318**

The external debt in GBP for €233 million is mainly explained by €177 million originates from a long-term lease scheme of trains, involving London Underground. The equivalent debt denominated in GBP is counter-balanced by long-term receivables having the same maturity and also denominated in GBP that are recognised as non-current assets (see Notes 15 and 27).

NOTE 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

28.1. Financial instruments reported in the financial statements

The Group's financial liabilities encompass borrowings, trade and other payables.

The Group's financial assets include loans, trade and other receivables, other current assets and cash and cash equivalents.

The Group is exposed to volatility risk in currency and interest rate, to credit risk and liquidity risk.

The main valuation methods applied are as follows:

- borrowings, when unhedged, are stated at amortised cost, determined by the effective interest rate method;
- the fair value of the financial debt is estimated based on either quoted market prices for traded instruments or current rates offered to the Group for debt of the same maturity;
- the fair value of cash, cash equivalents, trade receivables and trade payables is considered as being equivalent to carrying value, due to their short maturities, or their market value in the case of money market funds;
- the fair value of FX derivative instruments is calculated primarily on the basis of foreign exchange spot and forward rates at "mid-market" at closing date or alternatively on the basis of relevant yield curves per currency.

IFRS 13 application for "Fair Value Measurement", which requires counterparty risk to be taken into account in measuring derivative instruments, does not have a material impact on the Group's financial statements.

Year ended 31 March 2020

Balance sheet positions at 31 March 2020

At 31 March 2020 *(in € million)*	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories(*) FV P/L	FV OCI	LRL at amortised cost	DER	Total	Fair value of items classified as financial instruments Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Non consolidated investments	60	-	-	60	-	-	60	-	20	40	60
Other non-current assets	233	-	-	-	233	-	233	-	233	-	233
Trade receivables	1,581	-	-	-	1,581	-	1,581	-	1,581	-	1,581
Other current operating assets	1,192	529	247	-	209	207	663	-	663	-	663
Other current financial assets	45	-	-	-	-	45	45	-	45	-	45
Cash and cash equivalents	2,175	-	853	-	1,322	-	2,175	853	1,322	-	2,175
ASSETS	**5,286**	**529**	**1,100**	**60**	**3,345**	**252**	**4,757**	**853**	**3,864**	**40**	**4,757**
Non-current borrowings	772	-	-	-	772	-	772	662	78	-	740
Non-current lease obligations	465	-	-	-	465	-	465	-	465	-	465
Current borrowings	270	-	-	-	213	57	270	-	270	-	270
Current lease obligations	131	-	-	-	131	-	131	-	131	-	131
Trade payables	1,653	-	-	-	1,653	-	1,653	-	1,653	-	1,653
Other current liabilities	1,720	770	179	-	571	200	950	-	950	-	950
LIABILITIES	**5,011**	**770**	**179**	**-**	**3,805**	**257**	**4,241**	**662**	**3,547**	**-**	**4,209**

(*) FV P/L stands for Fair Value through Profit and Loss; FV OCI stands for Fair Value through Other Comprehensive Income; LRL stands for Loans, Receivables and Liabilities and DER stands for Derivative instruments.

Financial income and expense arising from financial instruments for the year ended 31 March 2020

(in € million)	FV P/L	FV OCI	LRL at amortised cost & DER	Total
Interests	(2)	-	(42)	(44)
Interest income	*(2)*	-	*7*	*5*
Interest expense	-	-	*(49)*	*(49)*
Foreign currency and other	-	-	(24)	(24)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2020	**(2)**	**-**	**(66)**	**(68)**

Year ended 31 March 2019

Balance sheet positions at 31 March 2019

			Carrying amount of financial instruments by categories(*)					Fair value of items classified as financial instruments			
At 31 March 2019 *(in € million)*	Balance sheet carrying amount	Carrying amount not defined as financial instruments	FV P/L	FV OCI	LRL at amortised cost	DER	Total	Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Non consolidated investments	64	-	-	64	-	-	64	-	20	44	64
Other non-current assets	242	-	-	-	242	-	242	-	41	201	242
Trade receivables	1,661	-	-	-	1,661	-	1,661	-	1,661	-	1,661
Other current operating assets	1,006	483	146	-	218	159	523	-	523	-	523
Other current financial assets	10	-	(2)	-	-	12	10	-	10	-	10
Cash and cash equivalents	3,432	-	2,415	-	1,017	-	3,432	2,415	1,017	-	3,432
ASSETS	**6,415**	**483**	**2,559**	**64**	**3,138**	**171**	**5,932**	**2,415**	**3,272**	**245**	**5,932**
Non-current borrowings	89	-	-	-	89	-	89	-	89	-	89
Non-current lease obligations	197	-	-	-	197	-	197	-	197	-	197
Current borrowings	1,013	-	-	-	992	21	1,013	906	126	-	1,032
Current lease obligations	19	-	-	-	19	-	19	-	19	-	19
Trade payables	1,751	-	-	-	1,751	-	1,751	-	1,751	-	1,751
Other current liabilities	1,428	613	98	-	515	202	815	-	815	-	815
LIABILITIES	**4,497**	**613**	**98**	**-**	**3,563**	**223**	**3,884**	**906**	**2,997**	**-**	**3,903**

(*) FV P/L stands for Fair Value through Profit and Loss; FV OCI stands for Fair Value Through Other Comprehensive Income; LRL stands for Loans, Receivables and Liabilities and DER stands for Derivative instruments.

Financial income and expense arising from financial instruments for the year ended 31 March 2019

(in € million)	FV P/L	FV OCI	LRL at amortised cost & DER	Total
Interests	(1)	-	(51)	(52)
Interest income	*(1)*	-	*4*	*3*
Interest expense	-	-	*(55)*	*(55)*
Foreign currency and other	-	-	(32)	(32)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2019	**(1)**	**-**	**(83)**	**(84)**

28.2. Currency risk management

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency of the reporting unit and the foreign currency at the date of the transaction. Currency units held assets to be received and liabilities to be paid resulting from those transactions are re-measured at closing exchange rates at the end of each reporting period. Realised exchange gains or losses at date of payment as well as unrealised gains or losses deriving from re-measurement are recorded in the income statement.

Since the Group is exposed to foreign currency volatility, the Group puts in place a significant volume of hedges to cover this exposure. These derivatives are recognised on the balance sheet at their fair value at the closing date. Provided that the relationships between the foreign currency exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. A relationship qualifies for hedge accounting if, at the inception of the hedge, it is formally designated and documented and if it proves to be highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging relationships are mainly corresponding to fair value hedge in case of hedge of the exposure attributable to recognised assets, liabilities or firm commitments.

Derivative are recognised and re-measured at fair value.

Fair value hedge

When fair value hedge accounting applies, changes in the fair value of derivatives and changes in the fair value of hedged items are both recognised in the income statement and offset each other up to the gain or loss on the effective portion on the hedging instrument.

Whatever the type of hedge, both the effective and ineffective portion on the hedging instrument are recognised in the income statement as well as realised and unrealised exchange gains and losses on hedged items and hedging instruments.

As the effective portion on the hedging instrument offsets the difference between the spot rate at inception of the hedge and the effective spot rate at the outcome of the hedge, sales and costs resulting from commercial contracts are recognised at the spot rate at inception of the hedge throughout the life of the related commercial contracts, provided that the corresponding hedging relationships keep on qualifying for hedge accounting.

For a large Transport project located in South Africa, the hedged firm commitments resulting from the commercial contract are recognised on a forward rate basis.

Provided that the corresponding hedging relationship qualifies for hedge accounting, the change in fair value of the hedged items recorded at the project forward rate at inception offsets the change in fair value of the derivatives.

The Group uses export insurance policies to hedge its currency exposure on certain contracts during the open bid period. When commercial contracts are awarded, insurance instruments are settled and forward contracts are put in place and recorded according to the fair value hedge accounting as described above.

Derivatives relating to financing activity

Whenever possible, Alstom Holdings acts as an in-house bank for its affiliates through cash-pooling and loans/deposits agreements. The intercompany positions so generated are hedged through foreign exchange swaps, the cost of which is included in net cost of foreign exchange (see Note 7).

At 31 March 2020, net derivatives positions amount to a net liability of €(12) million and comprise mainly forward sale contracts of British Pound, US dollars, but also, forward purchase contracts of Australian dollar.

(in € million)	**Net derivatives positions**		**2021**		**2022**		**2023-2025**		**2026 and thereafter**	
Currency 1/Currency 2(*)	**Net notional**	**Fair value**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**
EUR/GBP	(40)	(11)	-	36	-	(76)	-	-	-	-
EUR/USD	(222)	(8)	-	(222)	-	-	-	-	-	-
EUR/AUD	112	(10)	-	112	-	-	-	-	-	-
EUR/ZAR	90	16	-	90	-	-	-	-	-	-
Other		1								
NET DERIVATIVES RELATED TO FINANCING ACTIVITIES		**(12)**								

(*) Positive amount: the currency 2 is bought forward against currency 1. Negative amount: the currency 2 is sold forward against currency 1.

Derivatives hedging commercial activity

In the course of its operations, the Group is exposed to currency risk arising from tenders submitted in foreign currency, awarded contracts and any future cash out transactions denominated in foreign currency. The main currencies triggering a significant exposure as of 31 March 2020 are the US dollar and Canadian dollar.

During the tender period, depending on the probability to obtain the project and on market conditions, the Group may hedge in some cases a portion of its tenders using options or export insurance policies. Once the contract is in force, forward exchange contracts are used to hedge the actual exposure during the life of the contract.

Forward currency contracts are denominated in the same currency than the hedged item. Generally, the tenor of hedging derivatives matches with the tenor of the hedged items. However, the Group may decide depending on market conditions to enter into derivatives in shorter tenors and to roll them subsequently. Finally, in some cases, the Group can waive to be hedged because of the cost of the hedge or absence of efficient market.

The portfolio of operating of foreign exchange forward contracts has a weighted maturity below one year and six months. However some forward contracts may mature beyond five years to reflect the long term nature of some of the hedged contracts.

The Group hedges about forty different currencies with a multitude of crosses depending on which entity of the Group is exposed to the currency. Change in foreign exchange rate is compensated by the revaluation through Income Statement at fair market value on derivatives.

At 31 March 2020, net derivatives positions amount to a net liability of €+8 million. They are summarized as follows:

(in € million)	Net derivatives positions		2021		2022		2023-2025		2026 and thereafter	
Currency 1/Currency 2(*)	**Net notional**	**Fair value**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**	**Interests**	**Repayment**
EUR/USD	(330)	(17)	-	-	-	(302)	-	(32)	-	4
EUR/CAD	(235)	(15)	-	-	-	(99)	-	(136)	-	-
EUR/ZAR	(112)	16	-	-	-	(112)	-	-	-	-
EUR/PLN	636	10	-	-	-	304	-	328	-	4
Other		14								
NET DERIVATIVES RELATED TO OPERATING ACTIVITIES		**8**								

(*) Positive amount: the currency 2 is bought forward against currency 1. Negative amount: the currency 2 is sold forward against currency 1.

Most of the hedging instruments are negotiated by Alstom Holdings and are mirrored by hedging agreements between Alstom Holdings and the exposed subsidiaries. Whenever local regulations prohibit this intercompany hedging, instruments are negotiated directly by affiliates with local banks under the supervision of central Treasury.

Overall derivatives positions

Derivative instruments hedging foreign currency risk are recognised at their fair value on the balance sheet as follows:

(in € million)	At 31 March 2020 Assets	At 31 March 2020 Liabilities	At 31 March 2019 Assets	At 31 March 2019 Liabilities
Derivatives qualifying for fair value hedge	252	256	171	223
Of which derivatives relating to financing activities	*45*	*57*	*12*	*21*
Of which derivatives relating to operating activities	*207*	*199*	*159*	*202*

Since derivatives have been set up, the change in foreign exchange spot rates, and to a lesser extend the relative change in interest rate curves relating to the hedged currencies, during the periods ended 31 March 2019 and 31 March 2020 explains the amount of fair value of derivative instruments (either positive or negative).

For instruments that qualify for fair value hedge accounting, change in fair value arising from spot rates is mostly offset by the re-measurement of the underlying exposure (either on balance sheet or off-balance sheet).

The sensitivity of the Group's pre-tax income to a change in currencies arising from derivative instruments not qualifying for hedge accounting is not significant.

Alstom enters with its banking counterparties in bilateral standard derivatives agreements that generally do not provide a collateralization of derivatives market value.

These agreements generally require the offsetting of receivable and payable amounts in case of default of one of the contracting parties. These derivatives fall within the scope of disclosures under IFRS 7 on compensation and are presented in the tables below:

At 31 March 2020 *(in € million)*	**Gross amounts of recognized financial assets/ liabilities**	**Gross amounts of recognized financial assets/ liabilities set off in the balance sheet**	**Net amount of financial assets/ liabilities presented in the balance sheet**	**Related amount not set off in the balance sheet**		**Net amount**
				Financial instruments	**Cash collateral received**	
Derivatives liabilities	(256)	-	(256)	(181)	-	(75)
Derivatives assets	252	-	252	181	-	71

At 31 March 2019 *(in € million)*	**Gross amounts of recognized financial assets/ liabilities**	**Gross amounts of recognized financial assets/ liabilities set off in the balance sheet**	**Net amount of financial assets/ liabilities presented in the balance sheet**	**Related amount not set off in the balance sheet**		**Net amount**
				Financial instruments	**Cash collateral received**	
Derivatives liabilities	(223)	-	(223)	(142)	-	(81)
Derivatives assets	171	-	171	142	-	29

28.3. Interest rate risk management

The Group may enter into hedges for the purpose of managing its exposure to movements in interest rates. Derivatives are recognised on the balance sheet at fair value at the closing date. Providing that the relationships between the interest rate exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. Fair value hedge accounting and cash flow hedge accounting are applied to fixed and floating rate borrowings, respectively.

In the case of fair value hedge relationships, the re-measurement of the fixed rate borrowing is offset in the income statement by the movement in the fair value of the derivative up to the effective portion of hedged risk. In the case of cash flow hedging relationships, the change in fair value of the derivative is recognised directly in other comprehensive income. Amounts previously recognised directly in other comprehensive income are reclassified to the income statement, when the hedged risk impacts the income statement.

As at 31 March 2020, the Group keeps short dated floating rate financial assets on its balance sheet, while its debt is merely made of fixed rate bonds.

The Group has not implemented an active interest rate risk management policy. However under the supervision of the Executive Committee, it may enter into transactions in order to hedge its interest rate risk on a case-by-case basis according to market opportunities.

At 31 March 2020

(in € million)	**Fixed rate**	**Floating rate**	**Total**
Financial assets	177	2,231	2,408
Financial debt bearing interests	(752)	(290)	(1,042)
Total position before hedging	**(575)**	**1,941**	**1,366**
Hedging position	-	-	-
TOTAL POSITION AFTER HEDGING	**(575)**	**1,941**	**1,366**

At 31 March 2019

(in € million)	**Fixed rate**	**Floating rate**	**Total**
Financial assets	201	3,473	3,674
Financial debt bearing interests	(1,122)	(196)	(1,318)
Total position before hedging	**(921)**	**3,277**	**2,356**
Hedging position	-	-	-
TOTAL POSITION AFTER HEDGING	**(921)**	**3,277**	**2,356**

Sensitivity is analysed based on the Group's net cash position at 31 March 2020, assuming that it remains constant over one year.

In absence of interest rate derivatives, the effects of increases or decreases in market rates are symmetrical: a rise of 0.1% would increase the net interest income by €3 million while a fall of 0.1% would decrease it by €3 million.

28.4. Credit risk management

Credit risk is the risk that counterparty will not meet its payment obligations under financial instrument or customer contract, leading to a loss. The Group is exposed to credit risk on its operating activities (primarily for trade receivables and for contracts asset) and on its financing activities, including deposits, foreign currency hedging instruments and other financial instruments with banks and financial institutions.

Risk related to customers

The financial assets that are falling under the scope of IFRS 9 "Customer credit risk" are mainly concerning trade receivables (which are at short maturity) as well as contract assets under IFRS 15 (that have potentially longer maturities). The recognition model of the Expected Credit Losses (ECL) retained on these exposures is respectively the Simplified Approach "Lifetime Expected Credit Losses" for trade receivables and the general model that allows to estimate the risk within one year for contract assets, as long as there is no sign of significant degradation of customer credit risk. The Group believes that the risk of a counterpart failing to perform as contracted, which could have a significant impact on the Group's financial statements or results of operations, is limited because the Group seeks to ensure that customers generally have strong credit profiles or adequate dedicated financing to meet their project obligations, or can also be the subject of insurance policies taken out by the Group (see also Note 19). However, this mechanism of protection may become incomplete, uncertain or ineffective because of the duration of the Group's contract in a changing environment, particularly in emerging countries, leading to impairment losses determined considering a risk of non-recovery assessed on a case-by case basis.

Risk related to other financial assets

In addition to the recovery of assets held for sale, the Group's exposure to credit risk related to other financial assets, especially derivatives, arises from default of the counterpart, with a maximum exposure equal to the carrying amount of those instruments. The financial instruments are taken out with more than 30 different counterparties and the risk is therefore highly diluted, the largest exposure with one single counterparty (rated A+) being limited to €(20) million.

28.5. Liquidity risk management

In addition to its available cash and cash equivalents, amounting to €2,175 million at 31 March 2020, the Group can access a €400 million Revolving Credit Facility (RCF), maturing in June 2022, which is fully undrawn at March 2020.

In the context of Covid-19, Alstom has taken additional measures to bolster its liquidity.

After closing, Alstom has secured in April 2020 a €1,750 million short term Revolving Credit Facility with a 1-year maturity, a 6-month extension option at the borrower's discretion and another 6-month extension at the lender's discretion. This additional RCF aims at stepping in for Alstom's €1 billion Negotiables European Commercial Paper program, should the Commercial Papers market no longer be accessible, in addition to providing an extra liquidity buffer.

With these decisions, the Company has significant liquidity available should additional liquidity be required to address the consequences of the Covid-19 situation. Liquidity resources stand at €2,575 million as of 31 March 2020 comprising €2,175 million in available cash and cash equivalents and €400 million of fully undrawn credit lines plus the additional €1,750 million under the new short term Revolving Credit Facility put in place in April 2020.

Financial covenant

The €400 million Revolving Credit Facility is subject to the ratio of total net debt to EBITDA:

- total net debt is defined as total financial debt except lease obligations under IFRS 16 scope, less cash and cash equivalents;
- the EBITDA is defined as earnings before financial expense, financing income, income taxes, amortisation and impairment charges on tangible and intangible assets less capital gain on disposal of investments less the rental costs related to Lease Obligations under IFRS 16 scope.

This ratio should not exceed 2.5.

The financial covenant calculation is detailed below:

(in € million)	For the year ended 31 March 2020	For the year ended 31 March 2019
EBITDA	746	542
Total net debt	(1,190)	(2,351)
TOTAL NET DEBT LEVERAGE	**(1.6)**	**(4.3)**

The GAAP measure EBIT reconciles with non-GAAP measure EBITDA indicator, as follows:

(in € million)	At 31 March 2020	At 31 March 2019
Earnings before interests and Taxes	**545**	**408**
Amortisation, Depreciation & Impairment, nets of Lease Rents IFRS 16	201	194
Capital G/L on Disposal of Investment	-	(60)
EBITDA	**746**	**542**

There are no financial covenants neither in the €3 billion Committed Guarantee Facility Agreement (see Note 32), nor in the €1,750 million short term Revolving Credit Facility and nor in the Bridge Facilities (see Note 1.1) that will fund the Bombardier Transportation acquisition.

Treasury Centralization

Credit risk from balances with banks and financial institutions is managed by Group treasury in accordance with the Group's policy.

The Group diversifies its cash investments in order to limit its counterparty risk. In addition to short term deposits with tier-one banks, the Group invested in euro money market funds qualified as "monetary" or "monetary short term" under the AMF classification. Cash investments are reviewed on a regular basis in accordance with Group procedures and in strict compliance with the eligibility criteria set out in IAS 7 and the AMF's recommendations.

The Group's parent company has access to some cash held by wholly-owned subsidiaries through the payment of dividends or pursuant to intercompany loan arrangements. However local constraints can delay or restrict this access.

Furthermore, while the Group's parent company has the power to control decisions of subsidiaries of which it is the majority owner, its subsidiaries are distinct legal entities and their payment of dividends and granting of loans, advances and other payments to the parent company may be subject to legal or contractual restrictions, be contingent upon their earnings or be subject to business or other constraints. These limitations include local financial assistance rules and corporate benefit laws.

The Group's policy is to centralise liquidity of subsidiaries at the parent company's level when possible. Cash available in subsidiaries located in countries with local constraints delaying or restricting the Group's access to this cash was €86 million at 31 March 2020 and €72 million at 31 March 2019.

Future Cash Flow

The Group's objective is to maintain a strong liquidity, commensurate with the changes in working capital triggered by its long term activity.

The following tables show the remaining maturities of all financial assets and liabilities held at 31 March 2020 and 31 March 2019.

Planning data for future new assets and liabilities are not reported. Amounts in foreign currency are translated at the closing rate. The variable interest payments are calculated using the last interest rates available at the closing date. Assets and liabilities that can be repaid at any time are always assigned to the earliest possible time period.

Financial instruments held at 31 March 2020

Cash flow arising from instruments included in net cash/(debt) at 31 March 2020

		2021		2022		2023-2025		2026 and thereafter	
(in € million)	Carrying amount	Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other non-current assets	177	13	18	14	19	29	70	13	70
Other current financial assets	45	-	45	-	-	-	-	-	-
Cash and cash equivalents	2,175	(1)	2,175	-	-	-	-	-	-
Assets	**2,397**	**12**	**2,238**	**14**	**19**	**29**	**70**	**13**	**70**
Non-current borrowings	(772)	(8)	-	(8)	(15)	(12)	(41)	(3)	(716)
Non-current lease obligations	(465)	-	-	(6)	(115)	(12)	(165)	(14)	(185)
Current borrowings	(270)	(10)	(270)	-	-	-	-	-	-
Current lease obligations	(131)	(8)	(131)	-	-	-	-	-	-
Liabilities	**(1,638)**	**(26)**	**(401)**	**(14)**	**(130)**	**(24)**	**(206)**	**(17)**	**(901)**
NET CASH/(DEBT)	**759**	**(14)**	**1,837**	**0**	**(111)**	**5**	**(137)**	**(4)**	**(831)**

Cash flow arising from operating derivatives at 31 March 2020

(in € million)	Carrying amount	2021 Interests	2021 Repayment	2022 Interests	2022 Repayment	2023-2025 Interests	2023-2025 Repayment	2026 and thereafter Interests	2026 and thereafter Repayment
Other current operating assets	207	-	100	-	46	-	57	-	4
Assets	**207**	**-**	**100**	**-**	**46**	**-**	**57**	**-**	**4**
Other current operating liabilities	(199)	-	(104)	-	(34)	-	(50)	-	(11)
Liabilities	**(199)**	**-**	**(104)**	**-**	**(34)**	**-**	**(50)**	**-**	**(11)**
DERIVATIVES	**8**	**-**	**(4)**	**-**	**12**	**-**	**7**	**-**	**(7)**

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2020

(in € million)	Carrying amount	2021 Interests	2021 Repayment	2022 Interests	2022 Repayment	2023-2025 Interests	2023-2025 Repayment	2026 and thereafter Interests	2026 and thereafter Repayment
Non consolidated investments	60	-	-	-	-	-	-	-	60
Other non-current assets	56	-	-	-	-	-	-	-	56
Trade receivables	1,581	-	1,581	-	-	-	-	-	-
Other current operating assets	456	-	456	-	-	-	-	-	-
Assets	**2,153**	**-**	**2,037**	**-**	**-**	**-**	**-**	**-**	**116**
Trade payables	(1,653)	-	(1,653)	-	-	-	-	-	-
Other current operating liabilities	(830)	-	(830)	-	-	-	-	-	-
Liabilities	**(2,483)**	**-**	**(2,483)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**(330)**	**-**	**(446)**	**-**	**-**	**-**	**-**	**-**	**116**

Financial instruments held at 31 March 2019

Cash flow arising from instruments included in net cash/(debt) at 31 March 2019

(in € million)	Carrying amount	2020 Interests	2020 Repayment	2021 Interests	2021 Repayment	2022-2024 Interests	2022-2024 Repayment	2025 and thereafter Interests	2025 and thereafter Repayment
Other non-current assets	201	14	18	13	19	29	66	13	98
Other current financial assets	10	-	10	-	-	-	-	-	-
Cash and cash equivalents	3,432	(1)	3,432	-	-	-	-	-	-
Assets	**3,643**	**13**	**3,460**	**13**	**19**	**29**	**66**	**13**	**98**
Non-current borrowings	(89)	(9)	-	(8)	(2)	(12)	(27)	(4)	(60)
Non-current lease obligations	(197)	-	-	-	(21)	-	(46)	-	(130)
Current borrowings	(1,013)	(38)	(1,013)	-	-	-	-	-	-
Current lease obligations	(19)	-	(19)	-	-	-	-	-	-
Liabilities	**(1,318)**	**(47)**	**(1,032)**	**(8)**	**(23)**	**(12)**	**(73)**	**(4)**	**(190)**
NET CASH/(DEBT)	**2,325**	**(34)**	**2,428**	**5**	**(4)**	**17**	**(7)**	**9**	**(92)**

Cash flow arising from operating derivatives at 31 March 2019

(in € million)	Carrying amount	2020		2021		2022-2024		2025 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other current operating assets	159	-	62	-	41	-	54	-	2
Assets	**159**	**-**	**62**	**-**	**41**	**-**	**54**	**-**	**2**
Other current operating liabilities	(202)	-	(90)	-	(56)	-	(51)	-	(5)
Liabilities	**(202)**	**-**	**(90)**	**-**	**(56)**	**-**	**(51)**	**-**	**(5)**
DERIVATIVES	**(43)**	**-**	**(28)**	**-**	**(15)**	**-**	**3**	**-**	**(3)**

Cash flow arising from instruments included in other financial assets and liabilities at 31 March 2019

(in € million)	Carrying amount	2020		2021		2022-2024		2025 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Non consolidated investments	64	-	-	-	-	-	-	-	64
Other non-current assets	41	-	-	-	-	-	-	-	41
Trade receivables	1,661	-	1,661	-	-	-	-	-	-
Other current operating assets	364	-	364	-	-	-	-	-	-
Assets	**2,130**	**-**	**2,025**	**-**	**-**	**-**	**-**	**-**	**105**
Trade payables	(1,751)	-	(1,751)	-	-	-	-	-	-
Other current operating liabilities	(613)	-	(613)	-	-	-	-	-	-
Liabilities	**(2,364)**	**-**	**(2,364)**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER FINANCIAL ASSETS AND LIABILITIES	**(234)**	**-**	**(339)**	**-**	**-**	**-**	**-**	**-**	**105**

28.6. Commodity risk management

Most of commodities bought by the Group are quickly transformed and included into work-in-progress. As much as possible, the Group includes into customer contracts a customer price adjustment clause, so that the Group has a limited exposure to the variation of commodity prices.

Occasionally, the Group can hedge its exposure with commodity derivatives (copper, aluminum) of which the notional and the market values are not significant at 31 March 2020.

I. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS AND SHARE–BASED PAYMENTS

NOTE 29. POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED EMPLOYEE BENEFITS

The Group provides its employees with various types of post-employment benefits, such as pensions, retirement bonuses and medical care, and other long-term benefits, such as jubilee awards and deferred compensation schemes. The type of benefits offered to individual employees is related to local legal requirements as well as practices of the specific subsidiaries.

The Group's health care plans are generally contributory with participants' contributions adjusted annually.

Post-employment defined benefit plans

For single employer defined benefit plans, the Group uses the Projected Unit Credit Method to determine the present value of its obligations and the related current and past service costs/profits. This method considers the actuarial assumptions' best estimates (for example, the expected turnover, the expected future salary increases and the expected mortality).

Most defined benefit pension liabilities are funded through pension funds legally distinct from the entities constituting the Group. Plan assets related to funded plans are invested mainly in equity and debt securities. Other supplemental pension plans sponsored by the Group for certain employees are directly paid by the employer as they become due. Post-employment medical benefit plans are predominantly unfunded.

The Group periodically reviews plan assets and obligations. The effects of any change in actuarial assumptions together with the differences between forecast and actual experience are assessed. The Group recognises in other comprehensive income the full amount of any actuarial gains and losses as well as the effect of any asset ceiling.

The estimated cost of providing defined benefits to employees is accrued during the years in which the employees render services. In the income statement, the service cost is included in Earnings Before Interests and Taxes. The past service cost/profit and specific events impacts (*e.g.* curtailments and settlements) are recognised in other expense/income. Net interest on the net defined benefit liability (asset) and administration costs are included in financial income (expenses).

Post-employment defined contribution plans

For defined contribution plans, the Group pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded as operating expenses.

Other long-term employee benefits

The accounting method used when recognising obligations arising from other long-term employee benefits is similar to the method used for post-employment defined benefits, except that actuarial gains/losses are immediately recognised in full in "Other income/expenses" in the income statement.

The defined benefit obligation amounting to €(967) million as at 31 March 2020 (see Note 29.2) is analysed as follows:

- several pension plans for €757 million;
- other post-employment benefits for €166 million which include mainly end-of-service benefits in France and Italy;
- and other long-term defined benefits for €44 million which mainly correspond to jubilees in France and Germany.

The reconciliation of funded status of the plans with assets and liabilities recognised in the balance sheet is as follows:

(in € million)	At 31 March 2020	At 31 March 2019
Defined benefit obligations	**(967)**	**(1,044)**
Fair value of plan assets	476	511
Unfunded status of the plans	**(491)**	**(533)**
NET OF ACCRUED AND PREPAID BENEFIT COSTS AFTER ASSET CEILING	**(491)**	**(533)**
of which:		
Accrued pension and other employee benefit costs	*(491)*	*(533)*

As detailed in this note, net provisions for post-employment benefits total €491 million, as at 31 March 2020, compared with €533 million, as at 31 March 2019. Movements over the period ended 31 March 2020 mainly arose from United Kingdom, Germany, Switzerland, the United States of America and France.

29.1. Description of the plans

Post-employment benefits are paid under defined contribution and defined benefit plans. The Group's only obligation under defined contribution plans is to pay fixed contributions into the funding vehicle. The payments are recognised when incurred in the income statement.

Defined benefit plans primarily relate to United Kingdom, Germany, and France. The specific characteristics (benefit formulas, funding policies and types of assets held) of the plans vary according to the regulations and laws in the country where the employees are located.

In the United Kingdom, there are three defined benefit pension plans covering different populations. Each of these are Sections of the large UK Railways Pension Scheme and provide a pension in the form of an indexed annuity. Two of these plans are historical and were closed to new members as of 1 July 2013 and the third was closed to new members on 1 April 2016. New hires are ordinarily offered the opportunity to participate in a defined contribution Group pension plan ("GPP"), a group life insurance plan and an income replacement scheme.

In Germany, the plans provide coverage for pension, death and disability. In the past, the pension was accrued in the form of an annuity. The plans were deeply modified for future accruals in 2010 for the employees to remove most, particularly the higher risk, defined benefit pension plans. The plans continue to be accounted for as defined benefit plans under IAS 19R but with much lower risks for the Company. With respect to employee contributions, these are remitted into defined contributions plans.

In France, defined benefit pension plans are mainly end-of-service benefits provided for under the terms of collective bargaining agreements and Group agreements.

In some countries, these commitments are covered in whole or in part by insurance contracts or pension funds. In this case, the commitments and assets are measured independently.

The fair value of plan assets is deducted from the Group's defined benefit obligation, as estimated using the projected unit credit method, in order to calculate the unfunded obligation to be covered by a provision, or the overfunded right to be recognized as an asset under specific requirements.

In the following tables, the "Other" zone represents mainly the United States of America, Sweden and Switzerland.

29.2. Defined benefit obligations

(in € million)	At 31 March 2020	United Kingdom	Euro Zone	Other
Defined benefit obligations at beginning of year	**(1,044)**	**(471)**	**(457)**	**(116)**
Service cost	(34)	(8)	(15)	(11)
Plan participant contributions	(3)	(3)	-	-
Interest cost	(21)	(11)	(6)	(4)
Plan amendments	6	-	6	-
Actuarial gains (losses) – due to experience	(9)	(4)	(2)	(3)
Actuarial gains (losses) – due to changes in demographic assumptions	1	-	-	1
Actuarial gains (losses) – due to changes in financial assumptions	75	51	33	(9)
Benefits paid	49	20	24	5
Foreign currency translation and others	13	15	-	(2)
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(967)**	**(411)**	**(417)**	**(139)**
of which:				
Funded schemes	*(734)*	*(411)*	*(238)*	*(85)*
Unfunded schemes	*(233)*	-	*(179)*	*(54)*

(in € million)	At 31 March 2019	United Kingdom	Euro Zone	Other
Defined benefit obligations at beginning of year	**(950)**	**(426)**	**(431)**	**(93)**
Service cost	(33)	(9)	(14)	(10)
Plan participant contributions	(3)	(3)	-	-
Interest cost	(21)	(11)	(6)	(4)
Curtailments	(1)	(2)	1	-
Settlements	(1)	-	-	(1)
Actuarial gains (losses) – due to experience	(19)	(5)	(11)	(3)
Actuarial gains (losses) – due to changes in demographic assumptions	(2)	-	(2)	-
Actuarial gains (losses) – due to changes in financial assumptions	(43)	(21)	(19)	(3)
Benefits paid	46	15	26	5
Foreign currency translation and others	(17)	(9)	(1)	(7)
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**(1,044)**	**(471)**	**(457)**	**(116)**
of which:				
Funded schemes	*(816)*	*(471)*	*(270)*	*(75)*
Unfunded schemes	*(228)*	*-*	*(187)*	*(41)*

29.3. Plan assets

As indicated in Note 29.1, for defined benefit plans, plan assets have been progressively built up by contributions from the employer and the employees, primarily in the United Kingdom, Germany, Switzerland and the United States of America.

(in € million)	At 31 March 2020	United Kingdom	Euro Zone	Other
Fair value of plan assets at beginning of year	**511**	**385**	**76**	**50**
Interest income	10	8	1	1
Actuarial gains (losses) on assets due to experience	(29)	(26)	(4)	1
Company contributions	13	8	-	5
Plan participant contributions	3	3	-	-
Benefits paid from plan assets	(21)	(19)	-	(2)
Foreign currency translation and others	(11)	(13)	-	2
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**476**	**346**	**73**	**57**

(in € million)	At 31 March 2019	United Kingdom	Euro Zone	Other
Fair value of plan assets at beginning of year	**482**	**363**	**72**	**47**
Interest income	11	9	1	1
Actuarial gains (losses) on assets due to experience	13	11	3	(1)
Company contributions	12	7	-	5
Plan participant contributions	3	3	-	-
Benefits paid from plan assets	(18)	(15)	-	(3)
Foreign currency translation and others	8	7	-	1
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**511**	**385**	**76**	**50**

29.4. Components of plan assets

(in € million)	At 31 March 2020	%	United Kingdom	Euro Zone	Other
Equities	296	62.2%	74%	26%	39%
Bonds	158	33.2%	26%	68%	32%
Insurance contracts	4	0.8%	-	3%	3%
Other	18	3.8%	-	3%	26%
TOTAL	**476**	**100%**	**100%**	**100%**	**100%**

(in € million)	At 31 March 2019	%	United Kingdom	Euro Zone	Other
Equities	309	60.5%	70%	29%	34%
Bonds	181	35.4%	30%	65%	33%
Insurance contracts	4	0.8%	-	3%	4%
Other	17	3.3%	-	3%	29%
TOTAL	**511**	**100%**	**100%**	**100%**	**100%**

An active market price exists for all plan assets except properties. Assets of each funded plan are managed by a dedicated investment committee in accordance with the scheme rules and local regulation. The Group has representatives on these committees and promotes simple and diversified investment strategies.

The aim is to limit investment risks to those necessary to fulfil the benefit commitment (asset and liability management). As a result, strategic allocation favours liquid assets and especially long bonds. As at 31 March 2020, plan assets do not include securities issued by the Group.

29.5. Assumptions (weighted average rates)

Actuarial valuations of the Group's benefit obligation have been made as at 31 March 2020 and 31 March 2019.

These valuations include:

- assumptions on staff turnover, mortality and salary increases;
- assumptions on retirement ages varying from 60 to 65 depending on the country and the applicable laws;
- discount rates used to determine the actuarial present value of the projected benefit obligations.

Actuarial assumptions used vary by type of plan and by country.

(in %)	At 31 March 2020	United Kingdom	Euro Zone	Other
Discount rate	2.12	2.55	1.54	2.60
Rate of compensation increase	2.62	2.95	2.15	2.94

(in %)	At 31 March 2019	United Kingdom	Euro Zone	Other
Discount rate	1.96	2.45	1.33	2.91
Rate of compensation increase	2.85	3.55	2.25	2.69

As of 31 March 2020, the weighted average durations of the defined benefit obligations are the following:

(in years)	At 31 March 2020	United Kingdom	Euro Zone	Other
Weighted average duration	16	19	13	14

Discount rate

In accordance with IAS 19R principles, discount rates are set each year by reference to the market yields on high quality corporate bonds denominated in the relevant currency. In countries where there is no deep market in such bonds, discount rates are set by reference to the yields on government bonds. The required information is sourced from the Company's actuarial advisors and from market quotations and indices.

Rate of compensation increase

Compensation increase assumptions are determined at country level and reviewed centrally.

Assumptions related to the post-employment healthcare obligation

The healthcare trend rate is assumed to be 6.00% in the year ended 31 March 2020 and reduces thereafter to an ultimate rate of 4.49%.

Sensitivity analysis

A 25 bp increase or decrease in the main assumptions would have the following impacts on the defined benefit obligation:

(in € million)	At 31 March 2020
Impact of a 25 bp increase or decrease in the discount rate	(36)/+38
Impact of a 25 bp increase or decrease in the rate of compensation increase	9/(9)

29.6. Analysis of post-employment and other long-term defined benefit expense

As at 31 March 2020, the benefit expense for the whole Group is the following:

(in € million)	Year ended at 31 March 2020	United Kingdom	Euro Zone	Other
Service cost	**(34)**	**(8)**	**(15)**	**(11)**
Defined contribution plans	(92)	(8)	(68)	(16)
Actuarial gains (losses) on other long-term benefits	(1)	-	-	(1)
Past service gain (cost)	6	-	6	-
EBIT impact	**(121)**	**(16)**	**(77)**	**(28)**
Financial income (expense)	**(11)**	**(3)**	**(5)**	**(3)**
TOTAL BENEFIT EXPENSE	**(132)**	**(19)**	**(82)**	**(31)**

(in € million)	Year ended at 31 March 2019	United Kingdom	Euro Zone	Other
Service cost	**(33)**	**(9)**	**(14)**	**(10)**
Defined contribution plans	(67)	(7)	(48)	(12)
Curtailments/settlements	(1)	(2)	1	-
EBIT impact	**(101)**	**(18)**	**(61)**	**(22)**
Financial income (expense)	**(10)**	**(2)**	**(5)**	**(3)**
TOTAL BENEFIT EXPENSE	**(111)**	**(20)**	**(66)**	**(25)**

29.7. Cash flows

In accordance with local practice and regulations, the Company pays contributions to the funded schemes it sponsors and benefits to the members of unfunded plans.

Total cash spent for defined benefit plans in the year ended 31 March 2020 amounted to €28 million and covers both regular contributions for accruing service and recovery contributions in case of funding shortfall.

For defined benefit plans, the expected cash outflows are the following:

- €27 million in the year ending 31 March 2021;
- €24 million in the year ending 31 March 2022;
- €24 million in the year ending 31 March 2023.

Total cash spent for defined contribution plans in the year ended 31 March 2020 amounted to €92 million.

For defined contribution plans, according to the Company's best estimate, payments should remain stable over the next years, at constant scope and exchange rates.

NOTE 30. SHARE-BASED PAYMENTS

The Group issues equity-settled and cash-settled share-based payments to certain employees.

Equity-settled share-based payments

Equity-settled share-based payments are measured at fair value at the grant date (excluding the effect of non-market-based conditions) using the Black-Scholes model for plans issued from 2009 and the Monte Carlo model for plans issued from 2016. The cumulative recognised expense is based on the fair value at grant date and on the estimated number of shares that will eventually vest (including the effect of non-market-based vesting conditions). It is recorded in Earnings Before Interests and Taxes throughout the vesting period with a counterpart in equity.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Cash-settled share-based payments

For cash-settled share-based payments, a liability equal to the portion of the goods or services rendered is recognised at the current fair value. The fair value is remeasured at each balance-sheet date and at the date of settlement, with any changes recognised in the income statement.

The Group may also provide employees with the ability to purchase the Group's ordinary shares at a discounted price compared to that of the current market value. In that case, the Group records an expense based on the discount given and its estimate of the shares expected to vest.

30.1. Stock options and performance shares

KEY CHARACTERISTICS

	Plans issued by Shareholders Meeting on 22 June 2010					
	Plan n°14	Plan n°14	Plan n°15	Plan n°15	Plan n°16	Plan n°16
	Stock options	Performance shares	Stock options	Performance shares	Stock options	Performance shares
Grant date	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013
Exercise period	04/10/2014 03/10/2019	N/A	10/12/2015 09/12/2020	N/A	03/10/2016 30/09/2021	N/A
Number of beneficiaries	514	1,832	538	1,763	292	1,814
Adjusted number granted (1)	1,573,723	804,040	1,508,777	883,140	771,997	1,130,791
Adjusted number exercised since the origin	886,393	478,149	590,726	391,458	575,246	1,022,311
Adjusted number cancelled since the origin	687,330	325,891	806,630	491,682	72,625	108,480
Ajusted number outstanding at 31 March 2020	-	-	111,421	-	124,126	-
inc. to the present members of the Executive Committee	-	-	22,988	-	38,503	-
Adjusted exercise price (2) (in €)	22.96	N/A	24.10	N/A	23.44	N/A
Fair value at grant date *(in €)*	3.14	19.77	5.80	26.70	3.84	22.62

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.
(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge) and adjusted where necessary due to share buy back operation.

	Plans issued by Shareholders Meeting on 18 December 2015			Plan issued by Shareholders Meeting on 17 July 2018	Plan issued by Shareholders Meeting on 10 July 2019
	PSP 2016	PSP 2017	PSP 2018	PSP 2019	PSP 2020
	Performance shares	Performance shares	Performance shares	Performance shares	Performance shares
Grant date	17/03/2016	17/03/2017	13/03/2018	12/03/2019	10/03/2020
Exercise period	N/A	N/A	N/A	N/A	N/A
Number of beneficiaries	737	755	732	820	878
Adjusted number granted (1)	957,975	1,022,400	1,016,025	1,080,150	1,145,625
Adjusted number exercised since the origin	733,123	505	-	525	-
Adjusted number cancelled since the origin	224,852	155,132	71,100	31,875	-
Ajusted number outstanding at 31 March 2020	-	866,763	944,925	1,047,750	1,145,625
inc. to the present members of the Executive Committee	-	151,725	182,625	235,500	258,000
Adjusted exercise price (2) *(in €)*	N/A	N/A	N/A	N/A	N/A
Fair value at grant date *(in €)*	17.17	21.74	25.59	28.92	36.58

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.
(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge) and adjusted where necessary due to share buy back operation.

At 31 March 2020, stock options granted by plans 14, 15 and 16 are fully vested. For plans 14, 15 and 16, options expire five years after the end of the vesting period. The plan 14 expired in October 2019.

The long term incentive plans set up since 2007 combine the allocation of stock options with the allocation of performance shares, except the latter since 2016 that allocate only performance shares.

The grant of these instruments is conditioned by the satisfaction of performance indicators.

LTI plan 15 granted on 10 December 2012

The total number of options exercisable and performance shares delivered was depending on the Group's operating margin and the Free Cash Flow for the fiscal years ended 31 March 2013, 31 March 2014 and 31 March 2015.

Based on consolidated financial statements for the fiscal years ended 31 March 2013 and 31 March 2014, the performance conditions were achieved for 30% of the initial grant of the LTIP15 options and performance shares.

In the context of the sale of the Energy activities, the Board of Directors considered that the performance conditions set for fiscal year ended 31 March 2015, weighting 20% of the initial grant, were deemed fully satisfied subject to and upon the completion of the transaction.

As a result, 50% of the options were exercisable under this plan and 50% of performance shares have been delivered. 50% of options and performance shares have been cancelled.

LTI plan 16 granted on 1 October 2013

In the context of Energy transaction, the Board of Directors has considered that the performance conditions set for fiscal years ended 31 March 2015 and 31 March 2016 were deemed fully satisfied subject to and upon the completion of the transaction. As a consequence, all options will be exercisable under this plan and all performance shares have been delivered on 2 October 2017.

In addition, for both plans 15 & 16, the presence condition has been waived for the beneficiaries having left the Group as part of the Energy transaction on the condition they are employees of Alstom Group as at the date of the closing of the transaction. This triggered the stock option and performance plans expense acceleration recorded in Income statement of discontinued operations.

PSP 2016 granted on 17 March 2016

This plan has been approved by the Board of Directors of 17 March 2016. It allocates 957,975 performance shares to 737 beneficiaries.

The final allocation depended on two internal performance conditions based on Group adjusted EBIT margin and Free Cash Flow for fiscal years ended 31 March 2017, 31 March 2018, and 31 March 2019, and one external condition linked to the performance of the Company's share. The final delivery has taken place five days after the publication of the 31 March 2019 results. Based on the performance conditions of the years ended 31 March 2017 and 31 March 2018 and 31 March 2019, 86.93% of the initial grant has been achieved and 13.07% of the performance shares have been cancelled. On 15 May 2019, 732,073 performance shares have been delivered.

PSP 2017 granted on 17 March 2017

This plan has been agreed by the Board of Directors of 17 March 2017. It allocates 1,022,400 performance shares to 755 beneficiaries.

The final allocation depends on two internal performance conditions based on Group adjusted EBIT margin and Free Cash Flow for fiscal years ended 31 March 2018, 31 March 2019, and 31 March 2020, and one external condition linked to the performance of the Company's share. The final delivery will take place five days after the communication of the 31 March 2020 results. Based on the performance conditions of the year ended 31 March 18 and 31 March 19, 41.33% of the initial grant is achieved and 3.67% of the performance shares have been cancelled.

PSP 2018 granted on 13 March 2018

This plan has been agreed by the Board of Directors of 13 March 2018. It allocates 1,016,025 performance shares to 732 beneficiaries.

The final allocation depends on one internal performance condition based on Group adjusted EBIT margin for fiscal years ended 31 March 2021, and one external condition linked to the performance of the Company's share. The final delivery will take place five days after the publication of the 31 March 2021 results.

PSP 2019 granted on 12 March 2019

This plan has been agreed by the Board of Directors of 12 March 2019. It allocates 1,080,150 performance shares to 820 beneficiaries.

The final allocation depends on two internal performance condition based on Group adjusted EBIT margin and cash conversion rate for fiscal years ended 31 March 2022, and one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest twenty days after the publication of the 31 March 2022 results.

PSP 2020 granted on 10 March 2020

This plan has been agreed by the Board of Directors of 10 March 2020. It allocates 1,145,625 performance shares to 878 beneficiaries.

The final allocation depends on three internal performance conditions based on Group adjusted EBIT margin, cash conversion rate for fiscal years ended 31 March 2023 and an objective of reduction in the energy consumption of the solutions offered to clients, as well as one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest twenty days after the publication of the 31 March 2023 results.

The number of Performance Shares will be determined as follows:

	Adjusted Ebit Margin 2022/23		
Percentage of granted shares subject to this condition		**40%**	
% of granted shares to be delivered upon objectives realisation	≤ 7.5% 0.00%	9% 66.67%	≥ 9.7% 100.00%
		Linear interpolation from 0% up to 100%	

	Cash Conversion rate 2022/23		
Percentage of granted shares subject to this condition		**20%**	
% of granted shares to be delivered upon objectives realisation	Conversion ratio ≤ 60% 0.00%	Conversion ratio > 80% 66.67%	Conversion ratio ≥ 100% 100.00%
		Linear interpolation from 0% up to 100%	

	Average of % of reduction of energy consumption of the solutions offered to clients (in 2022/23 compared to the ones offered before March 2014)		
Percentage of granted shares subject to this condition		**10%**	
% of granted shares to be delivered upon objectives realisation	Reduction ≤ 21% 0.00%	Reduction = 23% 66.67%	Reduction ≥ 25% 100.00%
		Linear interpolation from 0% up to 100%	

	TSR Alstom/TSR Index			
Percentage of granted shares subject to this condition	**30%**			
% of granted shares to be delivered upon objectives realisation	TSR ALSTOM < TSR Index 0.00%	TSR ALSTOM = TSR Index 33.33%	TSR ALSTOM = 110% TSR Index 66.67%	TSR ALSTOM ≥ 120% TSR Index 100.00%
	Linear interpolation from 33.33% up to 100%			

Movements

	Number of options	Weighted average exercise price per share *(in €)*	Number of performance shares
Outstanding at 31 March 2018	**1,338,471**	**25.52**	**3,643,947**
Granted (1)	-	0.00	1,080,150
Exercised	(723,167)	26.40	(638,610)
Cancelled	(111,103)	28.83	(352,799)
Outstanding at 31 March 2019	**504,201**	**23.52**	**3,732,688**
Granted (2)	-	0.00	1,145,625
Exercised	(219,615)	23.40	(733,103)
Cancelled	(49,039)	22.96	(140,147)
OUTSTANDING AT 31 MARCH 2020	**235,547**	**23.75**	**4,005,063**
of which exercisable	*235,547*		*N/A*

(1) Includes 1,080,150 free shares granted through PSP 2019.
(2) Includes 1,415,625 free shares granted through PSP 2020.

Valuation

	Plan n°14	Plan n°14	Plan n°15	Plan n°15	Plan n°16	Plan n°16
	Stock options	Performance shares	Stock options	Performance shares	Stock options	Performance shares
Grant date	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013
Expected life *(in years)*	4.0	2.5 or 4.0	4.0	2.5 or 4.0	3.0	4.0
End of vesting period	03/10/2014	31/05/2014 or 03/10/2015	09/12/2015	31/05/2015 or 09/12/2016	30/09/2016	30/09/2017
Adjusted exercise price(*) *(in €)*	22.96	N/A	24.10	N/A	23.44	N/A
Share price at grant date *(in €)*	23.82	23.82	29.77	29.77	26.33	26.33
Volatility	31%	N/A	30%	N/A	28%	N/A
Risk free interest rate	1.5%	1.5%	0.5%	0.5%	0.9%	0.9%
Dividend yield	5.0%	5.0%	3.4%	3.4%	3.8%	3.8%

(*) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day of which the options were granted by the Board (no discount or surcharge) and adjusted, where necessary, due to share buyback operation.

	PSP 2016	PSP 2017	PSP 2018	PSP 2019	PSP 2020
	Performance shares	Performance shares	Performance shares	Performance shares	Performance shares
Grant date	17/03/2016	17/03/2017	13/03/2018	12/03/2019	10/03/2020
Expected life *(in years)*	3.2	3.2	3.2	3.2	3.2
End of vesting period	7/05/2019	12/05/2020	31/05/2021	31/05/2022	31/05/2023
Adjusted exercise price(*) *(in €)*	N/A	N/A	N/A	N/A	N/A
Share price at grant date *(in €)*	21.84	26.56	34.19	37.75	42.82
Volatility	23%	22%	20%	19%	17%
Risk free interest rate	(0.3)%	(0.1)%	(0.2)%	(0.3)%	(0.7)%
Dividend yield	3.8%	1.5%	1.5%	1.5%	1.5%

(*) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day of which the options were granted by the Board (no discount or surcharge) and adjusted, where necessary, due to share buyback operation.

The option valuation method follows a Black & Scholes model for plans 14, 15 and 16 as well as Monte Carlo model for PSP 2016, PSP 2017, PSP 2018, PSP 2019 and PSP 2020 with exercise of the stock options as well as performance shares anticipated and spread over the vesting period on a straight-line basis.

The volatility factor applied is an average of CAC40 comparable companies' volatility at the grant date for plans 14 to 16, and Alstom's volatility for the plans since PSP 2016.

The Group booked a total expense of €22 million, for the year ended 31 March 2020 (to be compared to €22 million for the year ended 31 March 2019, of which €2 million cash settled).

The Board of Directors is committed, in the event of a major change in the Group's strategy or structure, or at the time of implementing new accounting standards to adapting these performance conditions to new issues highlighted for the coming years, both in their nature and in the levels of results to be achieved, while maintaining a high level of demand.

30.2. WE SHARE ALSTOM

The Group launched during the year ended 31 March 2020 an Employee Share Purchase Scheme covering 10 countries allowing employees to purchase Alstom shares with preferred conditions and assorted with a 5-year lock in period, through two formulas:

- multiple formula at a discounted price offering capital guarantee, matching of 50% of the employee's investment and a multiple of the protected average increase of the share during the lock-in period;
- classic formula allowing employees to benefit from a 20% discount on the reference price (only in France).

The €3 million total expense relating to this scheme recorded in the income statement for the year ended 31 March 2020 has been assessed on the following basis:

- number of shares created on 26 March 2020: 1,448,638;
- 20-day share price average: €47.35; Subscription price: €37.88; risk free interest rate: (0.52)%.

NOTE 31. EMPLOYEE BENEFIT EXPENSE AND HEADCOUNT

In the following figures, staff of joint-operations entities are integrated in fully, staff of joint-ventures and associates are not considered.

	Year ended	
(in € million)	At 31 March 2020	At 31 March 2019
Wages and salaries	2,087	1,979
Social charges	472	430
Post-employment and other long-term benefit expense (see Note 29)	132	111
Share-based payment expense (see Note 30)	25	22
TOTAL EMPLOYEE BENEFIT EXPENSE	**2,716**	**2,542**

	Year ended At 31 March 2020	At 31 March 2019
Staff of consolidated companies at year end		
Managers, engineers and professionals	20,791	19,022
Other employees	18,088	17,248
HEADCOUNT	**38,879**	**36,270**

	Year ended At 31 March 2020	At 31 March 2019
Average staff of consolidated companies over the period		
Managers, engineers and professionals	19,907	18,475
Other employees	17,668	16,894
HEADCOUNT	**37,575**	**35,369**

J. CONTINGENT LIABILITIES AND DISPUTES

Commitments arising from execution of operations controlled by the Group

In the ordinary course of business, the Group is committed to fulfil various types of obligations arising from customer contracts (among which full performance and warranty obligations). Obligations may also arise from leases and regulations in respect of tax, custom duties, environment, health and safety. These obligations may or may not be guaranteed by bonds issued by banks or insurance companies.

As the Group is in a position to control the execution of these obligations, a liability only arises if an obligating event (such as a dispute or a late completion) has occurred and makes it likely that an outflow of resources will occur.

When the liability is considered as only possible but not probable or, when probable, cannot be reliably measured, it is disclosed as a contingent liability.

When the liability is considered as probable and can be reliably measured, the impact on the financial statements is the following:

- if the additional liability is directly related to the execution of a customer contract in progress, the estimated gross margin at completion of the contract is reassessed; the cumulated margin recognised to date based on the percentage of completion and the accrual for future contract loss, if any, are adjusted accordingly;
- if the additional liability is not directly related to a contract in progress, a liability is immediately recognised on the balance sheet.

The contractual obligations of subcontractors towards the Group are of the same nature as those of the Group towards its customers. They may be secured by the same type of guarantees as those provided to the Group's customers.

No contingent asset is disclosed when the likelihood of the obligation of the third party remains remote or possible. A contingent asset is disclosed only when the obligation becomes probable. Any additional income resulting from a third party obligation is taken into account only when it becomes virtually certain.

Commitments arising from execution of operations not wholly within the control of the Group

Obligations towards third parties may arise from on-going legal proceedings, credit guarantees covering the financial obligations of third parties in cases where the Group is the vendor, and indemnification guarantees issued in connection with disposals of business entities.

In case of legal proceedings, a contingent liability is disclosed when the liability is considered as only possible but not probable, or, when probable, cannot be reliably measured. In case of commitments arising from guarantees issued, contingent liabilities are disclosed as soon as guarantees have been delivered and as long as they have not matured.

A provision is recorded if the obligation is considered as probable and can be reliably measured. Contingent assets arising from legal proceedings or guarantees delivered by third parties are only disclosed when they become probable.

NOTE 32. CONTINGENT LIABILITIES

Commercial obligations

Contractual obligations of the Group towards its customers may be guaranteed by bank bonds or insurance bonds. Bank and insurance bonds may guarantee liabilities already recorded on the balance sheet as well as contingent liabilities.

To issue these bonds, the Group relies on both uncommitted bilateral lines in numerous countries and a €3 billion Committed Guarantee Facility Agreement ("CGFA") with five tier one banks allowing issuance until March 2023 of bonds with tenors up to seven years. This new line with two one-year extension options replaces and cancels the former Committed Bilateral Bonding Facility Agreement ("CBBGFA") with improved terms in line with Alstom's strong credit profile. Notably, the CGFA does not include any financial covenant (leverage ratio) at the difference of the former CBBGFA.

This bilateral line contains a change of control clause, which may result in the program being suspended, in the obligation to procure new bonds to replaces outstanding bonds or to provide cash collateral, as well as early reimbursement of the other debts of the Group, as a result of their cross-default or cross-acceleration provisions.

As at 31 March 2020, the total outstanding bonding guarantees related to contracts from continuing operations, issued by banks or insurance companies, amounted to €9.6 billion (€8.8 billion at 31 March 2019).

The available amount under the CGFA at 31 March 2020 amounts to €1.7 billion (€1.2 billion under the CBBGFA at 31 March 2019).

NOTE 33. DISPUTES

Disputes in the Group's ordinary course of business

The Group is engaged in several legal proceedings, mostly contract-related disputes that have arisen in the ordinary course of business. These disputes, often involving claims for contract delays or additional work, are common in the areas in which the Group operates, particularly for large long-term projects. In some cases, the amounts, which may be significant, are claimed against the Group, sometimes jointly with its consortium partners.

In some proceedings the amount claimed is not specified at the beginning of the proceedings. Amounts retained in respect of these litigations are taken into account in the estimate of margin at completion in case of contracts in progress or included in provisions and other current liabilities in case of completed contracts when considered as reliable estimates of probable liabilities. Actual costs incurred may exceed the amount of initial estimates because of a number of factors including the inherent uncertainties of the outcome of litigation.

Other disputes

Asbestos

Some of the Group's subsidiaries are subject to civil proceedings in relation to the use of asbestos in France essentially and in Spain and the United Kingdom. In France, these proceedings are initiated by certain employees or former employees suffering from an occupational disease in relation to asbestos with the aim of obtaining a court decision allowing them to obtain a supplementary compensation from the French Social Security funds. In addition, employees and former employees of the Group not suffering from an asbestos related occupational disease have started lawsuits before the French courts with the aim of obtaining compensation for damages in relation to their alleged exposure to asbestos, including the specific anxiety damage.

The Group believes that the cases where it may be required to bear the financial consequences of such proceedings do not represent a material exposure. While the outcome of the existing asbestos-related cases cannot be predicted with reasonable certainty, the Group believes that these cases would not have any material adverse effect on its financial condition.

Alleged anti-competitive activities

Transportation activities in Brazil

In July 2013, the Brazilian Competition Authority ("CADE") raided a number of companies involved in transportation activities in Brazil, including the subsidiary of Alstom, following allegations of anti-competitive practices and illegal payments. After a preliminary investigation stage, CADE notified in March 2014 the opening of an administrative procedure against several companies, of which the Alstom's subsidiary in Brazil, and certain current and former employees of the Group. Alstom is cooperating with CADE. In case of proven anti-competitive practices, possible sanctions include fines, criminal charges and a temporary exclusion from public contracts. Civil damages are also possible. Following the opening phase, this procedure has continued with the phase of production of evidence. The hearing phase took place from January to March 2016, with the deposition of current and former employees of the Group as well as the questioning of witnesses. CADE has actively asserted its positions in this phase of the proceedings. The final report of the Superintendent General of CADE was issued in December 2018 and recommended the imposition of fines against Alstom's subsidiary in Brazil and several employees, together with other companies and their respective employees. CADE ruled in July 2019 a financial fine of BRL133 million (approximately €23 million) on Alstom's subsidiary in Brazil as well as a ban to participate in public procurement bids in Brazil conducted by the Federal, State, and Municipal Public Administration over a period of five years. The decision is not yet enforceable as the administrative clarification phase is still pending. Alstom's subsidiary in Brazil intends to lodge an appeal. In parallel to this main case opened by CADE only in relation to entities and individuals formally notified when launching the proceedings in 2014, CADE launched in the Spring of 2018 formal notifications against individuals who had not been notified yet, mainly foreign individuals not residing in Brazil. The proceedings against these individuals are part of a second phase of the case. Current and former employees of Alstom are also subject to criminal proceedings initiated by the public prosecutor of the state of Sao Paulo in connection with some of the Transport projects subject to CADE procedure.

The Prosecutor of the State of Sao Paulo launched in May 2014 a civil action against a Group's subsidiary in Brazil, along with a number of other companies, for a total amount asserted against all companies of BRL2.5 billion (approximately €439 million) excluding interests and possible damages in connection with a transportation project. The Group's subsidiary is actively defending itself against this action.

In December 2014, the public prosecutor of the state of Sao Paulo also initiated a lawsuit against Alstom's subsidiary in Brazil, along with a number of other companies, related to alleged anti-competitive practices regarding the first phase of a train maintenance project, which is also subject to administrative proceedings since 2013. In the last quarter of 2016, this Alstom subsidiary in Brazil, along with a number of other companies, faced the opening of another lawsuit by the public prosecutor of the state of Sao Paulo related to alleged anti-competitive practices regarding a second phase of the said train maintenance project. In case of proven illicit practices, possible sanctions can include the cancellation of the relevant contracts, the payment of damage compensation, the payment of punitive damages and/or the dissolution of the Brazilian companies involved.

Alleged illegal payments

Certain companies and former employees of the Group are currently being investigated and/or subject to procedures, by judicial or administrative authorities (including in Hungary) or international financial institutions with respect to alleged illegal payments in certain countries.

With respect to these matters, the Group is cooperating with the concerned authorities or institutions. These investigations or procedures may result in criminal sanctions, including fines which may be significant, exclusion of Group subsidiaries from tenders and third-party actions.

In the United Kingdom, the Serious Fraud Office (SFO) began investigations in 2010. The SFO instituted during fiscal year 2014/15 three criminal proceedings against the Alstom subsidiary, Alstom Network Uk Ltd and certain current and past employees of the Group involving four transport projects: India (contract signed in 2001), Poland (contract signed in 2000), Tunisia (contract signed in 2004), and Hungary (contract signed in 2006), as well as an energy project located in Lithuania that is no longer handled by Alstom.

At the Southwark Crown Court in London, Alstom Network (UK) Ltd and the relevant individuals were found not guilty and were acquitted by a Jury, of conspiracies to corrupt in India, Poland and Hungary. It was convicted on a single count of a conspiracy to corrupt in Tunisia, confirmed on 23 July 2019 by the Appeal Crown Court at Southwark and was as a result, sentenced to a fine of £15 million and to £1.4 million of costs on 22 November 2019. These sums have been paid in full and this brings to an end the long-running UK proceeding in respect of historic conduct.

CR-1 Marmaray railway infrastructure – Turkey

In March 2007, the Turkish Ministry of Transport (DLH) awarded the contract to upgrade approximately 75 km of railway infrastructure in the Istanbul region, known as the "Marmaray Commuter Rail Project (CR-1)" to the consortium Alstom Dogus Marubeni (AMD), of which Alstom Transport's main French subsidiary is a member. This project, which included works on the transcontinental railway tunnel under the Bosphorus, has undergone significant delays mainly due to difficulties for the DLH to make the construction site available. Thus, the AMD consortium terminated the contract in 2010. This termination was challenged by DLH, who thereafter called the bank guarantees issued by the consortium up to an amount of approximately €80 million. Following injunctions, the payment of such bank guarantees was forbidden and the AMD consortium immediately initiated an arbitration procedure to resolve the substantive issues. The arbitral tribunal has decided in December 2014 that the contract stands as terminated by virtue of Turkish law and has authorised the parties to submit their claims for compensation of the damages arising from such termination. Following this decision on the merits, DLH made renewed attempts in 2015 to obtain payment of the bank guarantees but defense proceedings by the AMD consortium have enabled so far to reject these payment requests.

In the arbitration procedure, the phase of assessment of damages is over. Hearings took place in October 2017 and post-hearing submissions were exchanged in February 2018. In May 2018, the arbitral tribunal requested further submissions from the parties to clarify certain claims and the parties exchanged their submissions until July 2018. A second partial final award on quantum was issued to the parties' on 20 September 2019, which recognized (a) the significant delays caused by DLH and AMD's entitlements in the sum of approximately €41 million, and (b) DLH's alleged loss in the amount of approximately €68 million, resulting in a net principal sum, after set-off, ordered payable by the AMD consortium to DLH in the amount of approximately €27 million. An addendum to the second partial award was issued by the tribunal on 23 December 2019, reducing AMD's exposure to €21 million. There then remains a decision on auxiliary topics such as legal costs, interests, tax, and four minor claims all of which have been deferred to a subsequent third partial final award and which could cause the balance of payments as between AMD and DLH to change once again.

Also, through arbitration request notified on 29 September 2015, Marubeni Corporation launched proceedings against Alstom Transport SA taken as consortium leader in order to be compensated for the consequences of the termination of the contract with AMD. In a similar fashion, through arbitration request issued on 15 March 2016, the other consortium member Dogus launched proceedings against Alstom Transport SA with similar demands and a request to have the disputes between consortium members consolidated in a single case. Alstom Transport SA is rejecting these compensation requests and is defending itself in these proceedings between consortium members which, while having gone through a consolidation in a single case, have however been suspended by the arbitral tribunal pending the outcome of the main arbitral proceedings between AMD and DLH. In October 2018, Dogus applied for interim measures to clarify certain aspects of the consortium agreement and this request was rejected by the arbitral tribunal.

Regional Minuetto trains & high-speed Pendolino trains – Italy

Alstom Transport's subsidiary in Italy is involved in two litigation proceedings with the Italian railway company Trenitalia. One is related to a supply contract of regional Minuetto trains awarded in 2001 (the "Minuetto case"), and the other to a supply contract of high-speed Pendolino trains awarded in 2004 (the "Pendolino case"). Each of these contracts has undergone technical issues and delays leading the Trenitalia company to apply delay and technical penalties and, consequently, to withhold payments. Since the parties dispute certain technical matters as well as the causes and responsibilities of the delays, the matter was brought before Italian courts in 2010 and 2011 respectively. In the Minuetto case, the technical expertise report has been released and Alstom has challenged its contents with amendment requests. The technical expert submitted his final report in April 2017 and certain amendment requests were taken into account. The parties have exchanged the final summary memorials, and the next step is now the decision of the tribunal. On 26 June 2019, the Court of Cuneo issued its decision, mainly (i) recognizing that Trenitalia abused of Alstom's economic dependence (which led Alstom to accept unfair contractual terms, some of which were declared null), (ii) acknowledging a substantial amount of penalties but for which the court ruled that Trenitalia could not obtain payment of on the basis of procedural grounds and (iii) dismissing all other claims of the parties. On 24 January 2020 Alstom appealed the decision before the Court of Appeal of Turin.

In the Pendolino case, the technical expertise report was released and Alstom has obtained certain corrections following its challenge on some of the conclusions of the report. After the closing of the expertise phase the proceedings had continued their path on the legal aspects of the dispute. The tribunal rendered in March 2019 a decision acknowledging that a significant part of the delays was not attributable to Alstom and therefore reduced a large portion of Trenitalia's delay damage claims. The tribunal also rejected the reliability penalties claimed by Trenitalia while accepting certain of its residual damage compensation requests. Finally, the tribunal accepted Alstom's claims linked to contract price adjustment formula while rejecting some of its other cost compensation claims. Alstom appealed the decision on 7 October 2019. On 15 January 2020 Trenitalia filed its defense and counter-appeal. The Court of Appeal of Rome fixed the first hearing of the proceedings on 13 January 2022.

Saturno

Following a dispute within a consortium involving Alstom's subsidiary in Italy and three other Italian companies, the arbitral tribunal constituted to resolve the matter has rendered in August 2016 a decision against Alstom by awarding €22 million of damage compensation to the other consortium members. Alstom's subsidiary strongly contests this decision and considers that it should be able to avoid its enforcement and thus prevent any damage compensation payment. On 30 November 2016, Alstom's subsidiary filed a motion in the Court of Appeals of Milan to obtain the cancellation of the arbitral award. On 1 December 2016, Alstom's subsidiary filed an *ex parte* motion for injunctive relief to obtain the suspension of the arbitral award pending the outcome of the appeal proceedings, which was temporarily accepted by the Court. After a phase of hearings in contradictory proceedings on the request for suspension of the arbitral award, the Court of Appeals of Milan decided on 3 March 2017 in favor of Alstom's subsidiary by confirming definitively the suspension of this arbitral decision pending the outcome of the proceedings relating to the cancellation of such decision. The Court of Appeals of Milan ruled on the merits in March 2019 in favour of the Alstom's subsidiary and cancelled the arbitral award of August 2016 including the €22 million of damage compensation. The members of the consortium (excluding Alstom) appealed the decision of the Court of Appeal of Milan on 19 October 2019. On 27 November 2019 Alstom filed its defense and counter-appeal. The parties are now waiting for a decision on the admissibility of the recourse, to be given by the so-called "Filter Section" of the Court of Cassation.

Jerusalem LRT

On the Jerusalem light rail tramway project, a dispute started in 2009 between the Concessionaire CityPass and the State of Israel to ascertain responsibilities for certain project delays and extra costs. Alstom's subsidiary in charge of the project is involved in the dispute in its capacity as EPC Contractor. The resolution of this dispute was initially handled through some form of dispute review board with two arbitrators reviewing claims and counterclaims produced by the parties and giving instructions to delay and quantum experts. Later on, following the recognition by Israeli's courts of the applicability of the contract's arbitration clause, proceedings evolved into full-fledged arbitration proceedings. The Engineering expert issued its final report on the Parties' respective responsibilities in 2016. In 2018, the parties decided to suspend arbitral proceedings in order to launch a successful mediation process which, led to the signature of a settlement agreement between Alstom and CityPass on 12 February 2020. Upon approval by the State of Israel and by the lenders, such agreement will entitle Alstom to the payment of NILS95 million in two installments related to the buyback by the State of Israel of operation and maintenance activities from CityPass.

Sale of Alstom's Energy Businesses in November 2015

Finally, it shall be noted that, by taking over Alstom's Energy Businesses in November 2015, General Electric undertook to assume all risks and liabilities exclusively or predominantly associated with said businesses and in a symmetrical way, Alstom undertook to keep all risks and liabilities associated with the non-transferred business. Cross-indemnification for a duration of 30 years and asset reallocation ("wrong pocket") mechanisms have been established to ensure that, on the one hand, assets and liabilities associated with the Energy businesses being sold are indeed transferred to General Electric and on the other hand, assets and liabilities not associated with such businesses are borne by Alstom. As a result, the consequences of litigation matters that were on-going at the time of the sale and associated with these transferred activities are taken over by General Electric. Indemnity provisions protect Alstom in case of third-party claims directed at Alstom and relating to the transferred activities. For this reason and since Alstom no longer manages these litigation matters, Alstom is ceasing to include them in this section.

There are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware and which are pending or threatening, which might have, or have had during the last twelve months, a significant impact on the financial situation or profitability of the Group.

K. OTHER NOTES

NOTE 34. INDEPENDENT AUDITORS' FEES

Fees due to Auditors and members of their networks in respect of years ended 31 March 2020 and 31 March 2019 were as follows:

	Year ended at 31 March 2020				Year ended at 31 March 2019			
	Mazars		PricewaterhouseCoopers		Mazars		PricewaterhouseCoopers	
(in € million)	Amount	%	Amount	%	Amount	%	Amount	%
Independent Auditors' diligence, certification, review of individual and consolidated accounts	**3.3**	**82%**	**2.9**	**64%**	**3.6**	**68%**	**3.2**	**62%**
ALSTOM SA	*0.4*	*10%*	*0.5*	*11%*	*0.5*	*10%*	*0.6*	*12%*
Controlled entities	*2.9*	*72%*	*2.4*	*53%*	*3.1*	*58%*	*2.6*	*50%*
Non audit services	**0.7**	**18%**	**1.6**	**36%**	**1.7**	**32%**	**2.0**	**38%**
TOTAL	**4.0**	**100%**	**4.5**	**100%**	**5.3**	**100%**	**5.2**	**100%**

Other services mainly include services rendered in connection with the acquisition project of Bombardier Transportation (for the year ended 31 March 2020) and the combination project of Alstom and Siemens Mobility (for the year ended 31 March 2019), as well as agreed-upon procedures, acquisition due diligences, technical consultations on accounting, tax and regulatory matters.

NOTE 35. RELATED PARTIES

The Group has identified the following related parties:

- shareholders of the Group;
- associates & joint ventures;
- key management personnel.

35.1. Shareholders of the Group

Bouygues, a French company listed on Paris stock market, is the main shareholder of the Group, holding 14.58% of Alstom's share capital.

Bouygues and Alstom are involved in various contracts which are part of the ordinary course of business (*e.g.* phone contracts, facility management contracts, "construction contracts"). These relations are subject to normal market terms and conditions. Those operating flows are not material at Group's level.

35.2. Associates & joint ventures

Related party transactions are also transactions with companies over which Alstom exercises significant influence or joint ventures over which Alstom exercises joint control. Those transactions with related parties are undertaken at market prices and represent less than 1% of the sales and trade receivable.

35.3. Key management personnel

The Group considers that key management personnel as defined by IAS 24 are the members of the Executive Committee.

	Year ended	
(in € thousand)	At 31 March 2020	At 31 March 2019
Short-term benefits	**9,775**	**11,111**
Fixed gross salaries	4,836	4,314
Variable gross salaries	3,855	3,400
Exceptional amounts (1)	1,084	3,397
Post-employment benefits	**1,010**	**1,054**
Post-employment defined benefit plans	-	-
Post-employment defined contribution plans	951	979
Other post-employment benefits	59	75
Other benefits	**4,573**	**3,856**
Non monetary benefits	1,108	1,101
Employer social contributions	3,465	2,755
Share-based payments (2)	**4,515**	**3,512**
TOTAL	**19,873**	**19,533**

(1) Paiement of dedicated retention plan linked to the Siemens project (accrued for 9/12 in FY 2018/19) and compensation for closing of Article 39 DB scheme (FY 2019/20).
(2) Mechanical increase of IFRS 2 charge due to the integration of a new non vested Performance Share Plan and the increased value of Alstom share on the Stock market.

NOTE 36. SUBSEQUENT EVENTS

The Group has not identified any subsequent event to be reported other than the items already described above or in the previous notes.

NOTE 37. SCOPE OF CONSOLIDATION

	Country	Ownership %	Consolidation Method
PARENT COMPANY			
ALSTOM SA	France	-	Parent Company
Companies			
ALSTOM Algérie «Société par Actions»	Algeria	100	Full consolidation
ALSTOM Grid Algérie SPA	Algeria	100	Full consolidation
ALSTOM Argentina S.A.	Argentina	100	Full consolidation
ALSTOM Transport Australia Pty Limited	Australia	100	Full consolidation
NOMAD DIGITAL PTY LTD	Australia	100	Full consolidation
ALSTOM Transport Azerbaijan LLC	Azerbaijan	100	Full consolidation
ALSTOM Belgium SA	Belgium	100	Full consolidation
CABLIANCE BELGIUM	Belgium	100	Full consolidation
NOMAD DIGITAL BELGIUM	Belgium	100	Full consolidation
ALSTOM Brasil Energia e Transporte Ltda	Brazil	100	Full consolidation
ETE – EQUIPAMENTOS DE TRACAO ELETRICA LTDA	Brazil	100	Full consolidation
ALSTOM Transport Canada Inc.	Canada	100	Full consolidation
ALSTOM Chile S.A.	Chile	100	Full consolidation
ALSTOM Hong Kong Ltd	China	100	Full consolidation
ALSTOM Investment Company Limited	China	100	Full consolidation
ALSTOM Qingdao Railway Equipment Co Ltd	China	51	Full consolidation
SHANGHAI ALSTOM Transport Electrical Equipment Company Ltd	China	60	Full consolidation
Chengdu ALSTOM Transport Electrical Equipment Co., Ltd.	China	60	Full consolidation
TRANSLOHR INDUSTRIAL (TIANJIN) CO. LTD	China	100	Full consolidation
XI'AN ALSTOM YONGJI ELECTRIC EQUIPMENT CO., LTD	China	51	Full consolidation
ALSTOM Transport Danmark A/S	Denmark	100	Full consolidation
NOMAD DIGITAL APS	Denmark	100	Full consolidation
NOMAD DIGITAL (DENMARK) APS	Denmark	100	Full consolidation
ALSTOM Egypt for Transport Projects SAE	Egypt	99	Full consolidation
AREVA INTERNATIONAL EGYPT FOR ELECTRICITY TRANSMISSION & DISTRIBUTION	Egypt	100	Full consolidation
ALSTOM Transport Finland Oy	Finland	100	Full consolidation
ALSTOM APTIS	France	100	Full consolidation
ALSTOM Executive Management	France	100	Full consolidation
ALSTOM Holdings	France	100	Full consolidation
ALSTOM Kleber Sixteen	France	100	Full consolidation
ALSTOM Leroux Naval	France	100	Full consolidation
ALSTOM Network Transport	France	100	Full consolidation
ALSTOM Omega 1	France	100	Full consolidation
ALSTOM SHIPWORKS	France	100	Full consolidation
ALSTOM Transport SA	France	100	Full consolidation
ALSTOM Transport Technologies	France	100	Full consolidation
CENTRE D'ESSAIS FERROVIAIRES	France	95	Full consolidation
ÉTOILE KLÉBER	France	100	Full consolidation
INTERINFRA (COMPAGNIE INTERNATIONALE POUR LE DÉVELOPPEMENT D'INFRASTRUCTURES)	France	50	Full consolidation
LORELEC	France	100	Full consolidation
NEWTL	France	100	Full consolidation
NOMAD DIGITAL France	France	100	Full consolidation

	Country	Ownership %	Consolidation Method
NTL HOLDING	France	100	Full consolidation
StationOne	France	100	Full consolidation
ALSTOM Lokomotiven Service GmbH	Germany	100	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100	Full consolidation
NOMAD DIGITAL GMBH	Germany	100	Full consolidation
VGT VORBEREITUNGSGESELLSCHAFT TRANSPORTTECHNIK GMBH	Germany	100	Full consolidation
ALSTOM Network UK Ltd	Great Britain	100	Full consolidation
ALSTOM NL Service Provision Limited	Great Britain	100	Full consolidation
ALSTOM Academy for Rail	Great Britain	100	Full consolidation
ALSTOM Product and Services Limited	Great Britain	100	Full consolidation
ALSTOM Transport Service Ltd	Great Britain	100	Full consolidation
ALSTOM Transport UK (Holdings) Ltd	Great Britain	100	Full consolidation
ALSTOM Transport UK Limited	Great Britain	100	Full consolidation
NOMAD DIGITAL (INDIA) LIMITED	Great Britain	70	Full consolidation
NOMAD DIGITAL LIMITED	Great Britain	100	Full consolidation
NOMAD HOLDINGS LIMITED	Great Britain	100	Full consolidation
NOMAD SPECTRUM LIMITED	Great Britain	100	Full consolidation
WASHWOOD HEATH TRAINS LTD	Great Britain	100	Full consolidation
WEST COAST SERVICE PROVISION LIMITED	Great Britain	100	Full consolidation
WEST COAST TRAINCARE LIMITED	Great Britain	100	Full consolidation
21NET LTD	Great Britain	100	Full consolidation
J&P AVAX SA – ETETH SA – ALSTOM TRANSPORT SA	Greece	34	Full consolidation
ALSTOM Transport Hungary Zrt.	Hungary	100	Full consolidation
ALSTOM Manufacturing India Private Limited	India	100	Full consolidation
ALSTOM Systems India Private Limited	India	95	Full consolidation
ALSTOM Transport India Limited	India	100	Full consolidation
MADHEPURA ELECTRIC LOCOMOTIVE PRIVATE LIMITED	India	74	Full consolidation
NOMAD DIGITAL (INDIA) PRIVATE LIMITED	India	70	Full consolidation
TWENTY ONE NET (INDIA) PRIVATE LTD	India	100	Full consolidation
PT ALSTOM Transport Indonesia	Indonesia	67	Full consolidation
ALSTOM Khadamat S.A.	Iran	100	Full consolidation
ALSTOM Transport Ireland Ltd	Ireland	100	Full consolidation
CITADIS ISRAEL LTD	Israel	100	Full consolidation
ALSTOM Ferroviaria S.p.A.	Italy	100	Full consolidation
ALSTOM Services Italia S.p.A.	Italy	100	Full consolidation
ALSTOM S.p.A.	Italy	100	Full consolidation
NOMAD DIGITAL ITALIA S.R.L.	Italy	100	Full consolidation
ALSTOM Kazakhstan LLP	Kazakhstan	100	Full consolidation
EKZ Service Limited Liability Partnership	Kazakhstan	80	Full consolidation
ELECTROVOZ KURASTYRU ZAUYTY LLP	Kazakhstan	80	Full consolidation
ALSTOM Transport (Malaysia) Sdn Bhd	Malaysia	100	Full consolidation
ALSTOM Transport Mexico, S.A. de C.V.	Mexico	100	Full consolidation
ALSTOM CABLIANCE	Morocco	100	Full consolidation
ALSTOM Transport Maroc SA	Morocco	100	Full consolidation
ALSTOM Transport B.V.	Netherlands	100	Full consolidation
ALSTOM Transport Holdings B.V.	Netherlands	100	Full consolidation
NOMAD DIGITAL B.V.	Netherlands	100	Full consolidation

	Country	Ownership %	Consolidation Method
AT NIGERIA LIMITED	Nigeria	100	Full consolidation
ALSTOM Enio ANS	Norway	100	Full consolidation
ALSTOM Transport Norway AS	Norway	100	Full consolidation
ALSTOM Panama, S.A.	Panama	100	Full consolidation
ALSTOM Transport Peru S.A.	Peru	100	Full consolidation
ALSTOM Transport Construction Philippines, Inc	Philippines	100	Full consolidation
ALSTOM Konstal Spolka Akcyjna	Poland	100	Full consolidation
ALSTOM Pyskowice Sp. z o.o.	Poland	100	Full consolidation
ALSTOM Transporte Portugal Unipessoal Lda	Portugal	100	Full consolidation
NOMAD TECH, LDA.	Portugal	51	Full consolidation
ALSTOM Transport SA (Romania)	Romania	93	Full consolidation
ALSTOM Transport Rus LLC	Russian Federation	100	Full consolidation
ALSTOM Transport (S) Pte Ltd	Singapore	100	Full consolidation
ALSTOM Southern Africa Holdings (Pty) Ltd	South Africa	100	Full consolidation
ALSTOM Transport Holdings SA (Pty) Ltd	South Africa	100	Full consolidation
ALSTOM Ubunye (Pty) Ltd	South Africa	51	Full consolidation
GIBELA RAIL TRANSPORT CONSORTIUM (PTY) LTD	South Africa	70	Full consolidation
ALSTOM Korea Transport Ltd	South Korea	100	Full consolidation
ALSTOM Espana IB, S.L.	Spain	100	Full consolidation
ALSTOM Transporte, S.A.	Spain	100	Full consolidation
APLICACIONES TECNICAS INDUSTRIALES, S.A.	Spain	100	Full consolidation
ALSTOM Transport AB	Sweden	100	Full consolidation
ALSTOM Transport Information Systems AB	Sweden	100	Full consolidation
ALSTOM Network Schweiz AG	Switzerland	100	Full consolidation
ALSTOM Schienenfahrzeuge AG	Switzerland	100	Full consolidation
ALSTOM Transport (Thailand) Co., Ltd.	Thailand	100	Full consolidation
ALSTOM T&T Ltd	Trinidad and Tobago	100	Full consolidation
ALSTOM Ulasim Anonim Sirketi	Turkey	100	Full consolidation
ALSKAW LLC	USA	100	Full consolidation
ALSTOM Transport Holding US Inc.	USA	100	Full consolidation
ALSTOM Transportation Inc.	USA	100	Full consolidation
ALSTOM Signaling Inc.	USA	100	Full consolidation
ALSTOM Signaling Operation, LLC	USA	100	Full consolidation
NOMAD DIGITAL, INC	USA	100	Full consolidation
ALSTOM Venezuela, S.A.	Venezuela	100	Full consolidation
ALSTOM Transport Vietnam Ltd	Vietnam	100	Full consolidation
ALSOMA G.E.I.E.	France	55	Joint Operation
METROLAB	France	50	Joint Operation
THE ATC JOINT VENTURE	Great Britain	38	Joint Operation
IRVIA MANTENIMIENTO FERROVIARIO, S.A.	Spain	51	Joint Operation
CITAL	Algeria	49	Equity Method
TMH ARGENTINA SA(*)	Argentina	14	Equity Method
CASCO SIGNAL LTD	China	49	Equity Method
SHANGHAI ALSTOM Transport Company Limited	China	40	Equity Method
TRANSMASHHOLDING LIMITED	Cyprus	20	Equity Method
SILASIO TRADING LIMITED(*)	Cyprus	20	Equity Method
TMH EGYPT FOR DEVELOPMENT S.A.E.(*)	Egypt	20	Equity Method

	Country	Ownership %	Consolidation Method
SPEEDINNOV	France	71	Equity Method
ABC ELECTRIFICATION LTD	Great Britain	33	Equity Method
TRANSMASHHOLDING HUNGARY INVEST KFT.(*)	Hungary	10	Equity Method
TRANSMASHHOLDING HUNGARY KFT(*)	Hungary	10	Equity Method
LKZ AO(*)	Kazakhstan	10	Equity Method
LLP JV KAZELEKTROPRIVOD	Kazakhstan	50	Equity Method
SMART TECHNOLOGY ALMATY COM TOO(*)	Kazakhstan	20	Equity Method
TRANSMASHHOLDING KAZAKHSTAN-KZ TOO(*)	Kazakhstan	20	Equity Method
TMHS(*)	Mongolia	20	Equity Method
MALOCO GIE	Morocco	70	Equity Method
RAILCOMP BV	Netherlands	60	Equity Method
THE BREAKERS INVESTMENTS B.V.(*)	Netherlands	20	Equity Method
TMH-ALSTOM BV	Netherlands	60	Equity Method
TMH DIESEL ENGINE BV(*)	Netherlands	20	Equity Method
AM-TEKH(*)	Russian Federation	20	Equity Method
CENTRAL RESEARCH AND DEVELOPMENT INSTITUTE «TransElektroPribor»(*)	Russian Federation	20	Equity Method
CORPORATE UNIVERSITY OF LOCOMOTIVE TECHNOLOGIES(*)	Russian Federation	20	Equity Method
DEMIKHOVSKY MASHINOSTROITELNY ZAVOD OAO(*)	Russian Federation	20	Equity Method
DIESEL-INSTRUMENT SPB LLC(*)	Russian Federation	10	Equity Method
DIMICROS OAO(*)	Russian Federation	9	Equity Method
DOL BRIGANTINA LLC(*)	Russian Federation	15	Equity Method
ELTK-URAL LLC(*)	Russian Federation	10	Equity Method
FIRM LOCOTECH(*)	Russian Federation	20	Equity Method
IVSK OOO(*)	Russian Federation	12	Equity Method
IZD TMH LLC(*)	Russian Federation	17	Equity Method
KOLOMENSKY ZAVOD OAO(*)	Russian Federation	17	Equity Method
KOLOMNA ENERGO DIESEL LLC(*)	Russian Federation	17	Equity Method
LOCOTECH GLOBAL TRADING(*)	Russian Federation	20	Equity Method
LOCOTECH-FOUNDRY PLANTS(*)	Russian Federation	15	Equity Method
LOCOTECH-KOMPOSIT LLC(*)	Russian Federation	8	Equity Method
LOCOTECH-LEASING(*)	Russian Federation	15	Equity Method
LOCOTECH-PROMSERVICE(*)	Russian Federation	20	Equity Method
LOCOTECH-SERVICE(*)	Russian Federation	20	Equity Method
MASHCONSULTING ZAO(*)	Russian Federation	20	Equity Method
METROVAGONMASH OAO(*)	Russian Federation	15	Equity Method
METROVAGONMASH SERVICE LLC(*)	Russian Federation	15	Equity Method
MONTAZHNAYA BAZA OAO(*)	Russian Federation	2	Equity Method
NERZ LLC(*)	Russian Federation	8	Equity Method
NO TIV ZAO(*)	Russian Federation	18	Equity Method
NOVOCHERKASSKY ELEKTROVOZOSTROITELNY ZAVOD PROIZVODSTVENNAY KOMPANIYA OOO(*)	Russian Federation	20	Equity Method
NPO SYSTEMA LLC(*)	Russian Federation	19	Equity Method
NPP LCL ZAO(*)	Russian Federation	4	Equity Method
OKHOTRESURS LLC(*)	Russian Federation	20	Equity Method
OKTYABRSKY ELEKTROVAGONOREMONTNY ZAVOD OAO(*)	Russian Federation	15	Equity Method
OVK TMH ZAO(*)	Russian Federation	20	Equity Method
PENZADIESELMASH OAO(*)	Russian Federation	20	Equity Method
PENZENSKIYE DIESELNIYE DVIGATELY LLC(*)	Russian Federation	20	Equity Method

	Country	Ownership %	Consolidation Method
PO BEZHITSKAYA STAL OAO(*)	Russian Federation	12	Equity Method
PROFIL LLC(*)	Russian Federation	13	Equity Method
PSOM AO(*)	Russian Federation	15	Equity Method
RAILCOMP LLC	Russian Federation	60	Equity Method
REKOLD AO(*)	Russian Federation	6	Equity Method
ROSLOKOMOTIV ZAO(*)	Russian Federation	20	Equity Method
SAPFIR OOO(*)	Russian Federation	20	Equity Method
TMH ENGINEERING ASIA LLC(*)	Russian Federation	10	Equity Method
TMH ENGINEERING LLC(*)	Russian Federation	20	Equity Method
TMH FINANCE LLC(*)	Russian Federation	20	Equity Method
TMH INTERNATIONAL LLC(*)	Russian Federation	20	Equity Method
TMH INVESTMENTS LLC(*)	Russian Federation	20	Equity Method
TMH TECHNOLOGIE LLC(*)	Russian Federation	20	Equity Method
TMH TRACTION SYSTEMS LLC(*)	Russian Federation	10	Equity Method
TMH-ELECTROTEKH LLC(*)	Russian Federation	20	Equity Method
TMHS LOKALIZATSIYA LLC(*)	Russian Federation	10	Equity Method
TORGOVY DOM TMH ZAO(*)	Russian Federation	20	Equity Method
TRAMRUS LLC	Russian Federation	60	Equity Method
TRANSCONVERTER LLC(*)	Russian Federation	13	Equity Method
TRANSHOLDLEASING AO(*)	Russian Federation	4	Equity Method
TRANSMASH OAO(*)	Russian Federation	12	Equity Method
TRANSMASHHOLDING ZAO(*)	Russian Federation	20	Equity Method
TRTRANS LLC	Russian Federation	60	Equity Method
TSENTR PERSPEKTIVNYKH TECHNOLOGIY TMH LLC(*)	Russian Federation	20	Equity Method
TVER-SAFARI LLC(*)	Russian Federation	19	Equity Method
TVERSKOY VAGONOSTROITELNY ZAVOD OAO(*)	Russian Federation	19	Equity Method
UPRAVLYAUSCHAYA KOMPANIYA BRYANSKY MASHINOSTROITELNY ZAVOD ZAO(*)	Russian Federation	20	Equity Method
VOSKHOD LLC(*)	Russian Federation	9	Equity Method
VSEROSSIYSKY NAUCHNO-ISSLEDOVATELSKY I PROEKTNO-KONSTRUKTORSKY INSTITUT ELEKTROVOZOSTROENIYA OAO(*)	Russian Federation	13	Equity Method
YUZHDIESELMASH OAO(*)	Russian Federation	1	Equity Method
ZAVOD AIT(*)	Russian Federation	10	Equity Method
ZENTROSVARMASH OAO(*)	Russian Federation	20	Equity Method
ZHELDORREMMASH(*)	Russian Federation	15	Equity Method
ZTOV LLC(*)	Russian Federation	4	Equity Method
TMH AFRICA PLC(*)	South Africa	14	Equity Method
TMH INTERNATIONAL AG(*)	Switzerland	20	Equity Method
LUGANSKTEPLOVOZ OAO(*)	Ukraine	15	Equity Method
TRANSMASH EAST TRAIN TRADING LLC(*)	United Arab Emirates	20	Equity Method
RTA RAIL TEC ARSENAL FAHRZEUGVERSUCHSANLAGE GMBH	Austria	15	Non consolidated investment
MOBILIEGE	Belgium	15	Non consolidated investment
ISLAND CAPITAL LTD (under liquidation)	Bermuda	1	Non consolidated investment
4iTEC 4.0	France	23	Non consolidated investment
AIRE URBAINE INVESTISSEMENT	France	4	Non consolidated investment
CADEMCE SAS	France	16	Non consolidated investment
COMPAGNIE INTERNATIONALE DE MAINTENANCE – C.I.M.	France	1	Non consolidated investment
EASYMILE	France	13	Non consolidated investment

	Country	Ownership %	Consolidation Method
ENTREPRISES-HABITAT IMMOBILIER	France	0	Non consolidated investment
ESPACE DOMICILE SA HABITAT LOYER MODÉRÉ	France	1	Non consolidated investment
FRAMECA – FRANCE MÉTRO CARACAS	France	19	Non consolidated investment
MOBILITÉ AGGLOMÉRATION RÉMOISE SAS	France	17	Non consolidated investment
OC'VIA CONSTRUCTION	France	12	Non consolidated investment
OC'VIA MAINTENANCE	France	12	Non consolidated investment
RESTAURINTER	France	35	Non consolidated investment
SOCIÉTÉ IMMOBILIÈRE DE VIERZON	France	1	Non consolidated investment
SUPERGRID INSTITUTE SAS	France	3	Non consolidated investment
IFB INSTITUT FUR BAHNTECHNIK GMBH	Germany	7	Non consolidated investment
TRAMLINK NOTTINGHAM (HOLDINGS) LTD	Great Britain	13	Non consolidated investment
PARS SWITCH	Iran	1	Non consolidated investment
CRIT SRL	Italy	1	Non consolidated investment
CONSORZIO ELIS PER LA FORMAZIONE PROFESSIONALE SUPERIORE	Italy	0	Non consolidated investment
METRO 5 SPA	Italy	9	Non consolidated investment
T.P.B. TRASPORTI PUBBLICI DELLA BRIANZA S.p.A. (in bankruptcy)	Italy	30	Non consolidated investment
TRAM DI FIRENZE S.p.A.	Italy	9	Non consolidated investment
VAL 208 TORINO GEIE	Italy	14	Non consolidated investment
SUBURBANO EXPRESS, S.A. DE C.V.	Mexico	11	Non consolidated investment
IDEON S.A.	Poland	0	Non consolidated investment
INWESTSTAR S.A.	Poland	0	Non consolidated investment
KOLMEX SA	Poland	2	Non consolidated investment
ALBALI SEÑALIZACIÓN, S.A.	Spain	12	Non consolidated investment
TRAMVIA METROPOLITA DEL BESOS SA	Spain	21	Non consolidated investment
TRAMVIA METROPOLITA, S.A.	Spain	24	Non consolidated investment

(*) Subsidiaries of TMH Limited., consolidated within Alstom financial statements by equity method.

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended 31 March 2020)

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of shareholders of Alstom SA

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Alstom SA for the year ended 31 March 2020. These financial statements were approved by the Board of Directors on 11 May 2020 based on information available at that date in the evolving context of the Covid-19 crisis and the complexity to assess its impacts and outlook.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 April 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

EMPHASIS OF MATTER

We draw attention to the note 2.2 to the consolidated financial statements which sets out the effects of the first application of the standard *IFRS 16 "Leases"* and the interpretation *IFRIC 23 "Uncertainty over Income Tax Treatments"* and their implementation by your company. Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

REVENUE AND MARGIN RECOGNITION ON LONG-TERM CONTRACTS

(Note 2.5.6 Sales and costs generated by operating activities, Notes 1.1.2, 3, 18 and 32 of the notes to the consolidated financial statements)

Identified risks

As at 31 March 2020, the Group's revenue and earnings before interests and taxes (EBIT) (respectively 8 201 M€ and 545 M€) mainly derive from construction contracts and long-term service agreements ("the long-term contracts").

As described in Note 2.5.6 to the Group consolidated financial statements, revenue on long-term contracts is recognized according to IFRS 15 based on the cost to cost percentage of completion method in order to recognize the revenue from contracts for which revenue recognition is qualified as overtime.

At each closing date, estimates and assumptions by management are required in order to assess:

- The revenue at completion, including contract variations (variation orders, claims and contract amendments);
- The revenue of the period recognized in accordance with the cost to cost method;
- The margin at completion on each contract, incorporating appropriate contingencies to cover identified risks (technical, commercial, etc.) related to the project execution.

We consider the revenue and margin recognition on long-term contracts to be a Key Audit Matter, because of the degree of required management's estimates and judgements and the complexity of internal processes to be implemented in order to recognize the revenue and margin relating to these contracts.

Our response

As part of our audit, we obtained an understanding of the Group's internal processes and controls for management and monitoring of long-term contracts, identified the main controls set up by Alstom that are relevant to our audit, and then tested their operational effectiveness by sampling;

We have assessed the compliance of the new revenue recognition accounting principles and methods with IFRS 15 as described in Note 2.5.6 to the financial statements.

We also performed a critical review of the systems and controls implemented by the Group relating to the measurement of the revenue and costs at completion and of the stage of completion.

We took into account the high level of integration of the various IT systems involved in revenue recognition by including IT specialists in our audit team and testing the design, implementation and effectiveness of automated system controls affecting revenue recognition.

For a sample of contracts, selected based on their risk profile including their technical or commercial complexity and/or their financial impact, we also, notably in the Covid-19 crisis context:

- Examined the terms and conditions of the contracts, including contract amendments and variations;
- Obtained an understanding of the performance and stage of completion of the contract through discussion with the project and Group management;
- Appreciated for these contracts the analyses of the Group which enabled to conclude on the transfer of progressive control or at completion and, if necessary, the identification of the various performance obligations, variation orders and contract amendments;
- Corroborated the main assumptions of revenue and costs at completion with costs incurred to date;
- Examined externally available evidence, such as customer correspondence, physical progress or the performance of services provided for in the contract, and for the most significant turnkey contracts performed physical inspection of construction site ;
- Used our experience gained in previous years on these contracts or on similar contracts; and
- Assessed the consistency of the accounting information reflected in the financial statements with the project information obtained.

We verified that Notes 1.1.2, 2.5.6, 3, 18 and 32 to Group consolidated financial statements contain the appropriate information.

ASSESSMENT OF DISPUTES AND INVESTIGATIONS

(Note 22 Provisions and Note 33 Disputes and Note 1.1.2 Covid-19 Pandemic of the notes to the consolidated financial statements)

Identified risks

As described in Note 22 and Note 33 to Group consolidated financial statements, Alstom's operations lead to the risk of litigation and contractual claims from third parties, moreover, the note 33 to the financial statements describes the on-going investigations and procedures performed by judicial authorities with respect to alleged illegal payments in certain countries.

Alstom assesses the corresponding risk based on assumptions and estimates, to determine whether a provision is recorded or a risk disclosed in the consolidated financial statements. This assessment involves a high level of judgment by Alstom management.

Due to the potential impact on the consolidated financial statements, the degree of management's judgment and the uncertainty around the resolution of those procedures, we consider the assessment of disputes and investigations to be a Key Audit Matter.

Our response

We performed a critical review of the provisions recorded and disclosures provided. Our procedures consisted, notably in the Covid-19 crisis context, in :

- Examining the procedures implemented by management to identify, assess and account for disputes and investigations;
- Inquiring with the in-house legal counsels and analyzing underlying documentation of procedures ongoing;
- Obtaining external legal positions if considered as relevant;
- Examining legal expenses accounts for any indication of legal matters not yet considered;
- Reading minutes of the meetings of the Boards of Directors and of the shareholders' meetings of Alstom's key entities;
- Assessing management's judgment through understanding of precedent outcomes in similar cases and external legal positions;
- Assessing whether any events subsequent to the reporting date for the year ended March 31, 2019 have been taken into account to estimate provisions and in the information provided in the financial statements;
- Verifying that Notes 1.1.2 and 33 to Group consolidated financial statements contain the appropriate disclosures on the status of disputes and related uncertainties.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code *(code de commerce)* is presented in the Group's management report, it being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We, PricewaterhouseCoopers Audit and Mazars, were appointed as statutory auditors of Alstom SA by the annual general meeting held on 23 June 2009.

As at 31 March 2020, PricewaterhouseCoopers Audit and Mazars were in the 11th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, 14 May 2020

The statutory auditors

PricewaterhouseCoopers Audit	**MAZARS**
Edouard Demarcq	Jean-Luc Barlet

STATUTORY FINANCIAL STATEMENTS

as at 31 March 2020

INCOME STATEMENT

(in € million)	Note	Year ended 31 March 2020	Year ended 31 March 2019
Trademark fees and other operating income		62	56
Administrative costs and other operating expenses		(40)	(106)
Depreciation and amortisation expense or income		-	-
Operating income	**4**	**21**	**(50)**
Financial income on equity interest		2,010	405
Interest income		-	-
Interest expenses		(29)	(43)
Depreciation and amortisation expense or income		-	1,200
Bonds issuance costs and premiums recognised as income or expense		(1)	(1)
Change differences		0	0
Financial income	**5**	**1,980**	**1,560**
Current income		**2,001**	**1,510**
Non recurring result	**6**	**0**	**1**
Income tax credit	7	18	18
NET PROFIT		**2,019**	**1,529**

BALANCE SHEET

Assets

(in € million)	Note	At 31 March 2020	At 31 March 2019
FIXED ASSETS			
Intangible assets		-	-
Investments	8	9,216	9,216
Advances to subsidiary	8	843	85
Total fixed assets		**10,060**	**9,301**
CURRENT ASSETS			
Receivables	9	55	38
Cash		-	-
Deferred charges	10	6	1
Total current assets		**61**	**39**
TOTAL ASSETS		**10,121**	**9,340**

Liabilities

(in € million)	Note	At 31 March 2020	At 31 March 2019
SHAREHOLDERS' EQUITY			
Share capital		1,582	1,565
Additional paid-in capital		979	931
Legal reserve		210	210
Restricted reserve		17	24
General reserve		4,232	3,935
Net profit		2,019	1,529
Total shareholders' equity	**11**	**9,039**	**8,194**
PROVISIONS FOR RISKS AND CHARGES	12	-	5
LIABILITIES			
Bonds	14, 16	701	886
Other borrowings	14, 16	76	-
Borrowings from subsidiary	15, 16	-	-
Trade payables	15, 16	140	2
Other tax and social security payables	15, 16	14	-
Other payables	15, 16	151	252
Deferred income		0	-
Total liabilities		**1,082**	**1,141**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**10,121**	**9,340**

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES TO THE STATUTORY FINANCIAL STATEMENTS

NOTE 1. BASIS OF PREPARATION OF THE STATUTORY FINANCIAL STATEMENTS

The statutory financial statements for the year ended 31 March 2020 are established in compliance with the legal and regulatory rules applicable in France according to the regulation 2014-03 of "l'Autorité des Normes Comptables" of 5 June 2014 as well as subsequent comments and recommendations of "l'Autorité des Normes Comptables".

These accounts have been prepared using the same accounting policies and measurement methods as at 31 March 2019.

NOTE 2. DESCRIPTION OF ACCOUNTING POLICIES

2.1. Investments

Investments are recorded at acquisition cost, excluding transaction costs.

Investments are measured based on a multi-criteria approach:

- investments are generally measured at their value in use, defined as the enterprise value net of the indebtedness. The enterprise value is the sum of the discounted Free Cash Flows and of the discounted terminal residual value, and represents the ability of the assets to generate profits and cash flows;
- when values in relation with arm's length transactions or any other fair market values exist, these values can also be taken into account in the year-end valuation of the investments.

When this value is less than acquisition cost, a provision for impairment is recorded to cover the difference.

2.2. Share capital

A share capital increase is recorded at the nominal share price. If the issue price is higher than the nominal value, this difference is recorded as a paid-in capital.

Transaction costs on capital increase are offset against paid-in capital. If total transaction costs exceed the paid-in capital, the excess is recorded as intangible assets and amortised over a period of five years.

2.3. Provisions for risks and charges

Provisions for litigations and disputes

The Company identifies and analyses on a regular basis current litigations in which it is engaged. When provisions are deemed necessary, they are measured on the basis of its best estimate of the expenditure required to settle the obligation at the balance-sheet date. These estimates take into account information available and different possible outcomes.

Due to changes in facts and circumstances, costs finally incurred may differ from those estimates.

2.4. Financial debt

Financial debt (bonds) is recorded at nominal value in the liabilities. Transaction costs and bonds premium are recorded as deferred charges or deferred income and amortised over the duration of the borrowings.

2.5. Tax Group

The Company is the parent company of a French tax group including ALSTOM Holdings and several French subsidiaries of ALSTOM Holdings.

Each company, member of the tax group, determines its income tax charge on the basis of its own pre-tax income for the year, as if it was not included in a tax group. The Company recognises a gain or a loss equal to the difference between the current income tax based on the Group pre-tax income and the sum of tax charges recognised by the entities members of the tax group.

When a subsidiary member of the tax group exits from the said tax group, it is not compensated for the loss of its tax credits, tax losses carried forward and/or long term losses derived during the period of time it belonged to the tax group and which are unused at the exit date.

NOTE 3. SIGNIFICANT EVENTS

3.1. Bombardier acquisition Announcement

Bombardier Transportation acquisition

Alstom announced on 17 February 2020 the signature of a Memorandum of Understanding with Bombardier Inc. and the Caisse de dépôt et placement du Québec ("CDPQ") in view of the acquisition of Bombardier Transportation.

A unique opportunity to accelerate Alstom's strategic roadmap, Alstom in Motion

The acquisition of Bombardier Transportation is a one-time opportunity coming at the right moment for Alstom, which has significantly strengthened its operational and financial profile over the past four years to accelerate its strategic roadmap, and is complementary to Alstom's commercial and industrial platforms.

Price structure and financing

The price for the acquisition of 100% of Bombardier Transportation shares will be €5.8 billion to €6.2 billion subject to Transportation's accounts and adjustment mechanisms at closing. In addition, Bombardier Transportation's net cash position at closing will be retained by Alstom and, should Bombardier Transportation have a negative net cash position as of 31 December 2020, the purchase price will be decreased on a Euro-per-Euro basis.

Alstom has in place a fully committed financing structured with the objective of maintaining Alstom's strong credit profile and commitment to its Baa2 rating. The consideration for the acquisition of 100% of the Bombardier Transportation shares will be a mix of cash and new Alstom shares. The total equity component of the financing will represent approximately €5 billion, of which €2 billion will be raised on the market.

Pursuant to the terms of the acquisition, CDPQ (which currently owns 32.5% of the Bombardier Transportation shares), will become the largest shareholder of Alstom owning approximately 18% of its shares. Bouygues will remain a large shareholder of Alstom owning around 10% of its shares. Bouygues is fully supportive of the transaction and undertook to vote in favour of the transaction-related resolutions at the Extraordinary General Meeting (EGM).

Indicative timetable and next steps

Alstom's unions indicated they will render their opinion around summer 2020 on the proposed takeover of Bombardier Transportation, according to the "method agreement" reached with management. An EGM vote on the reserved capital increases to CDPQ and Bombardier Inc. and the rights issue should take place no later than 31 October 2020. Subject to the EGM approval, rights issue will take place between the second semester 2020 and first semester 2021 and the reserved capital increases will take place at closing. The syndication of €2.4 billion Bridge Facilities and a new €1.5 billion Revolving Credit Facility related to the proposed acquisition of Bombardier was completed in April 2020 as planned. The transaction will also be subject to clearance from relevant regulatory authorities and anti-trust authorities. Closing is expected in the first half of 2021.

The cost already incurred by the Company in relation with the Bombardier Transportation acquisition during fiscal year 2019/20 have been recognized in the net income.

3.2. Covid 19 pandemic

Covid-19 has been declared a pandemic by the World Health Organisation. Alstom, as a leading player in the world rail transport industry, is making every possible effort, within the national and international health authorities' guidelines, to ensure both the health of its employees as well as the business continuity of its customers. Therefore, to follow the directives of the government of the countries where Alstom operates, the Group is adapting its working practices including temporary sites shutdowns. These actions result both in a reduction of activities in most production and maintenance facilities as well as additional costs to fight and to answer to the pandemic (safety costs, crisis cells to ensure business and project continuity…).

Alstom has taken also additional measures to bolster its liquidity by implementing a new short-term Revolving Credit Facility of €1,750 million in April 2020.

Moreover, as part of the impairment tests performed on financial assets at the closing of March 2020, certain assumptions were revised to take into account the possible impacts of Covid-19.

3.3. Post closing events

The Company has not identified any subsequent event to be reported other than the items already described in the above or below notes.

NOTE 4. OPERATING INCOME

At the financial year ended 31 March 2020, operating income is essentially made of €56 million Trademark fees invoiced to the Group's Companies for the use of ALSTOM name.

Administrative costs and other operating expenses include management fees invoiced by ALSTOM Transport, external operating expenses, the cost already incurred by the Company in relation with the Bombardier Transportation acquisition, the compensation paid to the Chairman and Chief Executive Officer (€2,131,082 paid for the financial year ended 31 March 2020) and Directors' fees due for the fiscal year (€928,729 for the same financial year ended).

NOTE 5. FINANCIAL INCOME

(in € million)	Year ended at 31 March 2020	Year ended at 31 March 2019
Financial income	2,010	405
Net interest income on advances made to ALSTOM Holdings	-	-
Interest expenses on bonds	(29)	(43)
Interest expenses on borrowings	-	-
Provision	-	1,200
Bonds issuance costs and premiums recognised as income or expense	(1)	(1)
Change differences	0	-
TOTAL	**1,980**	**1,560**

The net financial income amounts to €1,980 million and is mainly made up of the following:

- dividends paid by ALSTOM Holdings to the Company during financial year ended 31 March 2020 for an amount of €1,999 million;
- the interest expenses on bonds for an amount of €(29) million.

NOTE 6. NON-RECURRING RESULT

(in € million)	Year ended at 31 March 2020 Non-recurring income	Non-recurring expense	Net amount	Year ended at 31 March 2019 Net amount
Disposals of fixed assets	-	-	-	-
Addition or release of provisions	3	-	3	1
Other	0	(3)	(3)	(0)
NON-RECURRING RESULT	**3**	**(3)**	**0**	**1**

NOTE 7. INCOME TAX

The €18 million Income tax credit is mainly linked to the tax grouping.

In the absence of tax grouping, a €2 million income tax charge would have been recorded at 31 March 2020.

The deferred tax position of the Company at 31 March 2020, amounting to €1,526 million, is mainly composed of tax losses carried forward.

NOTE 8. FINANCIAL ASSETS

8.1. Investments

(in € million)	At 31 March 2019	Provision	Release	At 31 March 2020
Investments				
• ALSTOM Holdings	9,216	-	-	9,216
• Impairment	-	-	-	-
TOTAL	**9,216**	**-**	**-**	**9,216**

ALSTOM Holdings is the Company's sole subsidiary and owns all operating entities of the Alstom Group.

8.2. Advances

(in € million)	At 31 March 2019	Variation	At 31 March 2020
Advances to ALSTOM Holdings			
• Gross value	85	758	843
• Accrued interests	-	-	-
TOTAL	**85**	**758**	**843**

Advances to ALSTOM Holdings can be cancelled by anticipation, which ensures their liquidity.

NOTE 9. RECEIVABLES

Current receivables can be broken down as follows:

(in € million)	At 31 March 2020 Total	At 31 March 2020 Within one year	At 31 March 2020 One to five years	At 31 March 2020 Out of which related parties	At 31 March 2019 Total	At 31 March 2019 Out of which related parties
Current account with ALSTOM Holdings	-	-	-	-	-	-
Trade receivables	10	10	-	10	3	2
«Research tax credit & others» receivables from the French Tax administration	44	11	33	-	34	-
Receivables on Group companies included in the Tax Group	1	1	-	1	-	-
Other receivables	-	-	-	-	1	-
TOTAL	**55**	**22**	**33**	**11**	**38**	**2**

NOTE 10. DEFERRED CHARGES

(in € million)	At 31 March 2019	Amount capitalised during the period	Amortisation expense of the period	At 31 March 2020
Bonds issuance costs and premiums	1	6	(1)	6

NOTE 11. SHAREHOLDERS' EQUITY

11.1. Share capital

As of 31 March 2020, ALSTOM's share capital amounts to €1,581,816,474 consisting of 225,973,782 ordinary shares with a par value of €7 each and fully paid.

The variations of share capital during the period are the following:

	Number of shares
Existing shares at beginning of year	**223,572,313**
Capital increase	1,448,638
Reimbursement of bonds	113
Exercise of options	219,615
Subscription of shares under employee sharing program	733,103
Shares buy back	-
EXISTING SHARES AT YEAR END	**225,973,782**

As of 31 March 2019, ALSTOM's share capital amounted to €1,565,006,191 consisting of 223,572,313 ordinary shares with a par value of €7 and fully paid.

11.2. Changes in shareholders' equity

(in € million)	At 31 March 2019	Shareholders' Meeting held 10 July 2019	Other movements	At 31 March 2020
Capital	1,565		17	1,581
Additional paid-in capital	931		48	980
Legal reserve	210		-	210
Restricted reserve	24		(7)	17
General reserve	3,935	1,529	(1,232)	4,232
Net profit	1,529	(1,529)	2,019	2,019
SHAREHOLDERS' EQUITY	**8,194**	**-**	**845**	**9,039**

The Shareholders' Meeting of Alstom held on 10 July 2019 decided to distribute for the financial year ended 31 March 2019, a dividend in cash for €5.50 by share. Dividends have been fully paid on 17 July 2019 for a total amount of €1,234 million.

Other variations over the period arise from:

- a capital increase for Group employees, for an amount of €10 million with a share premium of €44 million;
- €5 million cash contribution, resulting from the exercise of options;
- subscriptions of shares under employee sharing programme;
- conversions of convertible bonds;
- €2,019 million net profit of the period.

NOTE 12. PROVISIONS FOR RISKS AND CHARGES

(in € million)	At 31 March 2019	Additions	Releases	At 31 March 2020
Post-employment defined benefits	5		(5)	-
Others provisions	-	-	-	-
PROVISION FOR RISKS AND CHARGES	**5**	**-**	**(5)**	**-**

Provisions for post-employment defined benefits

The Chairman and Chief Executive Officer benefits from an additional pension plan based on two distinct elements that have not been modified during the fiscal year 2019/20.

- A defined contribution pension plan (so-called "Article 83"):
  - The contributions of the "Article 83"-type plan are paid annually and correspond to:
    - 1% of the annual compensation as high as four Annual Social Security Ceilings;
    - 4% of the annual compensation between four and eight Annual Social Security Ceilings; and
    - 11% of the annual compensation between eight and twelve Annual Social Security Ceilings.
  - Since 1 July 2014, 95% of the contributions are paid by the Company.
  - The contributions paid as part of the defined contributions plan for the fiscal year 2019/20 are equal to €26,033, of which €24,732 are paid by the Company.
- A defined contribution pension plan (so-called "Article 82"):
  - The "Article 82" defined contribution plan was set up in 2016 by the Board of Directors, upon the Nominations and remuneration committee's recommendation, in order to replace the "Article 39" defined benefits pension plan, closed in 31 December 2016.
  - As part of this plan, the annual contributions are paid to a third-party entity in charge of the supplemental pension plan. The computation of this contribution is based upon the annual total compensation (annual fixed and variable compensation owed in cash) of the Chairman and Chief Executive Officer as follows:
    - 10% of the fraction of the gross fixed compensation comprised between 8 and 12 Annual Social Security Ceilings and 20% of the fraction of the fixed compensation in excess of 12 Annual Social Security Ceilings; and
    - 20% of his annual variable compensation as defined by the Board of Directors.
  - The baseline compensation (annual fixed and variable owed in cash) for the contribution computation cannot, for any reason, exceed €2,000,000.

- No contribution is to be paid if the variable compensation is equal to zero. The contributions are paid once a year, after the General shareholders' Meeting approval of the annual variable compensation's payment of the prior fiscal year.
- The Chairman and Chief Executive Officer committed, once the fiscal and social obligations linked to these contributions are fulfilled, to keep the paid amount on the dedicated retirement-capital vehicle, at least for the duration of his mandate.
- The amounts paid in November 2019 under this defined contribution pension plan for the fiscal year 2019/20 is equal to €274,335 and corresponds to the acquisition period from 1 April 2018 to 31 March 2019. The matching accruals accounted for fiscal year 2018/19, amounting to €296,883, have been cancelled.
- For fiscal year 2019/20 (acquisition period), a provision for expenses was made on the basis of a target variable compensation for a gross amount of €253,649 but no payment was made before the approval by the General Meeting of shareholders of the variable remuneration of the Chairman and Chief Executive Officer for the same financial year.

The above-mentioned two plans (so called "Article 82" and "Article 83") are collective plans and can apply to other company executives.

NOTE 13. BONDS REIMBURSABLE WITH SHARES

In December 2003, the Company has issued bonds reimbursable with shares maturing in December 2008.

At 31 March 2020, a balance of 71,530 bonds is still outstanding amounting to €0.1 million, in the absence of notification from bondholders regarding the redemption. Those bonds represent 4,492 shares to issue.

NOTE 14. BONDS AND OTHER BORROWINGS

The movements in nominal amount of bonds over the past two years are as follows:

(Nominal value in € million)	Total	Maturity date 02/03/2016	01/02/2017	11/10/2017	05/10/2018	08/07/2019	18/03/2020	14/10/2026
Annual nominal interest rate		*3.88%*	*4.13%*	*2.25%*	*3.63%*	*3.00%*	*4.50%*	*0.25%*
Outstanding amount at 31 March 2018	**1,250**				**371**	**283**	**596**	
Bonds issued	-							
Currency adjustments	-							
Repurchase	-							
Bonds reimbursed at maturity date	(371)				(371)			
Outstanding amount at 31 March 2019	**879**				**-**	**283**	**596**	
Bonds issued	700							700
Currency adjustments	-							
Repurchase	-							
Bonds reimbursed at maturity date	(879)					(283)	(596)	
OUTSTANDING AMOUNT AT 31 MARCH 2020	**700**					**-**	**-**	**700**

The financial debt's variation over the period is mainly due to:

- the repayment upon maturity of the €283 million 3.0% senior bonds in July 2019 and the €596 million 4.5% senior bonds in March 2020;
- the issuance of the 0.25% senior bonds maturing in October 2026 for a total amount of €700 million;
- in the context of Covid-19, in order to optimize its liquidity, the Group also issued commercial papers under its Negotiable European Commercial Paper program for an amount of €76 million with maturities in 2020 and 2021.

Accrued interests at 31 March 2020 amounting to €1 million are added to the outstanding principal amount in the balance-sheet.

Liquidity risk management

In addition to its available cash and cash equivalents, the Company can access a €400 million Revolving Credit Facility (RCF), maturing in June 2022, which is fully undrawn at March 2020.

In the context of Covid-19, Alstom has taken additional measures to bolster its liquidity.

After closing, Alstom has secured, in April 2020 a €1,750 million short term Revolving Credit Facility with a 1-year maturity, a 6-month extension option at the borrower's discretion and another 6-month extension at the lender's discretion. This additional RCF aims at stepping in for Alstom's €1 billion Negotiables European Commercial Paper program, should the Commercial Papers market no longer be accessible, in addition to providing an extra liquidity buffer.

With these decisions, the Company has significant liquidity available should additional liquidity be required to address the consequences of the Covid-19 situation.

Financial covenant

The €400 million Revolving Credit Facility is subject to the ratio of total net debt to EBITDA:

- total net debt is defined as total financial debt except lease obligations under IFRS 16 scope, less cash and cash equivalents;
- the EBITDA is defined as earnings before financial expense, financing income, income taxes, amortisation and impairment charges on tangible and intangible assets less capital gain on disposal of investments less the rental costs related to Lease Obligations under IFRS 16 scope.

This ratio should not exceed 2.5.

The financial covenant calculation is detailed below:

(in € million)	For the year ended 31 March 2020	For the year ended 31 March 2019
EBITDA	746	543
Total net debt	(1,190)	(2,351)
TOTAL NET DEBT LEVERAGE	**(1.6)**	**(4.3)**

There are no financial covenants in the 1,750 million short term Revolving Credit Facility subscribed after closing.

NOTE 15. PAYABLES AND RELATED PARTIES

	At 31 March 2020		At 31 March 2019	
(in € million)	Total	Out of which related parties	Total	Out of which related parties
Borrowings from subsidiary	-	-	-	-
Trade payables	140	119	2	-
Payables to members of the tax group	144	144	147	147
Payables to members of the VAT group	3	3	-	-
Other tax and social security payables	14	-	2	-
Other liabilities	5	4	104	94
TOTAL	**305**	**269**	**255**	**241**

It is reminded that following his resignation from his working contract with Alstom Executive Management SAS, the Chairman and Chief Executive Officer lost any entitlements with regards to the defined benefit pension plan (so called "Article 39"), this plan having been closed in 2019. The accrued rights of a total gross amount of €3,375,000 (acquired over the period from 1 January 2004 to 31 December 2016) will be paid onto the defined contribution plan "Article 82", in three yearly instalments following the Chairman and Chief Executive Officer's resignation from his working contract and subject to a condition of presence at the time of each payment. The first payment will occur in July 2020.

This debt is included in the other tax and social security payables.

NOTE 16. MATURITY OF LIABILITIES

(in € million)	As at 31 March 2020	Within one year	One to five years	More than five years	out of which related parties
Bonds	701	1	-	700	-
Other borrowings	76	76	-	-	-
Borrowings from subsidiary	-	-	-	-	-
Trade payables	140	140	-	-	119
Other tax and social security payables	14	14	-	-	
Other payables	151	40	111	-	151
TOTAL	**1,082**	**271**	**111**	**700**	**269**

NOTE 17. OTHER INFORMATION

17.1. Off Balance-sheet Commitments

Total outstanding guarantees given by the Company amount to €539 million at 31 March 2020, of which:

- €497 million guarantees of commercial obligations contracted by the subsidiaries;
- €42 million in respect of financial commitments given on behalf of subsidiaries.

17.2. Stock-options and performance shares

Key characteristics

	Plans issued by Shareholders Meeting on 22 June 2010					
	Plan n°14	Plan n°14	Plan n°15	Plan n°15	Plan n°16	Plan n°16
	Stock options	Performance shares	Stock options	Performance shares	Stock options	Performance shares
Grant date	04/10/2011	04/10/2011	10/12/2012	10/12/2012	01/10/2013	01/10/2013
Exercise period	04/10/2014 03/10/2019	N/A	10/12/2015 09/12/2020	N/A	03/10/2016 30/09/2021	N/A
Number of beneficiaries	514	1,832	538	1,763	292	1,814
Adjusted number granted (1)	1,573,723	804,040	1,508,777	883,140	771,997	1,130,791
Adjusted number exercised since the origin	886,393	478,149	590,726	391,458	575,246	1,022,311
Adjusted number cancelled since the origin	687,330	325,891	806,630	491,682	72,625	108,480
Ajusted number outstanding at 31 March 2020	-	-	111,421	-	124,126	-
inc. to the present members of the Executive Committee	-	-	22,988	-	38,503	-
Adjusted exercise price (2) *(in €)*	22.96	N/A	24.1	N/A	23.44	N/A
Fair value at grant date *(in €)*	3.14	19.77	5.8	26.7	3.84	22.62

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.
(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge) and adjusted where necessary due to share buy back operation.

	Plans issued by Shareholders Meeting on 18 December 2015			Plan issued by Shareholders Meeting on 17 July 2018	Plan issued by Shareholders Meeting on 10 July 2019
	PSP 2016	PSP 2017	PSP 2018	PSP 2019	PSP 2020
	Performance shares	Performance shares	Performance shares	Performance shares	Performance shares
Grant date	17/03/2016	17/03/2017	13/03/2018	12/03/2019	10/03/2020
Exercise period	N/A	N/A	N/A	N/A	N/A
Number of beneficiaries	737	755	732	820	878
Adjusted number granted (1)	957,975	1,022,400	1,016,025	1,080,150	1,145,625
Adjusted number exercised since the origin	733,123	505	-	525	-
Adjusted number cancelled since the origin	224,852	155,132	71,100	31,875	-
Ajusted number outstanding at 31 March 2020	-	866,763	944,925	1,047,750	1,145,625
inc. to the present members of the Executive Committee	-	151,725	182,625	235,500	258,000
Adjusted exercise price (2) *(in €)*	N/A	N/A	N/A	N/A	N/A
Fair value at grant date *(in €)*	17.17	21.74	25.59	28.92	36.58

(1) The number of options and performance shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (neither discount nor surcharge) and adjusted where necessary due to share buy back operation.

At 31 March 2020, stock options granted by plans 14, 15 and 16 are fully vested. For plans 14, 15 and 16, options expire five years after the end of the vesting period. The plan 14 expired in October 2019.

The long term incentive plans set up since 2007 combine the allocation of stock options with the allocation of performance shares, except the latter since 2016 that allocate only performance shares.

The grant of these instruments is conditioned by the satisfaction of performance indicators.

LTI plan 15 granted on 10 December 2012

The total number of options exercisable and performance shares delivered was depending on the Group's operating margin and the Free Cash Flow for the fiscal years ended 31 March 2013, 31 March 2014 and 31 March 2015.

Based on consolidated financial statements for the fiscal years ended 31 March 2013 and 31 March 2014, the performance conditions were achieved for 30% of the initial grant of the LTIP15 options and performance shares.

In the context of the sale of the Energy activities, the Board of Directors considered that the performance conditions set for fiscal year ended 31 March 2015, weighting 20% of the initial grant, were deemed fully satisfied subject to and upon the completion of the transaction. As a result, 50% of the options were exercisable under this plan and 50% of performance shares have been delivered. 50% of options and performance shares have been cancelled.

LTI plan 16 granted on 1 October 2013

In the context of Energy transaction, the Board of Directors has considered that the performance conditions set for fiscal years ended 31 March 2015 and 31 March 2016 were deemed fully satisfied subject to and upon the completion of the transaction.

As a consequence, all options will be exercisable under this plan and all performance shares have been delivered on 2 October 2017.

In addition, for both plans 15 & 16, the presence condition has been waived for the beneficiaries having left the Group as part of the Energy transaction on the condition they are employees of Alstom Group as at the date of the closing of the transaction. This triggered the stock option and performance plans expense acceleration recorded in Income statement of discontinued operations.

PSP 2016 granted on 17 March 2016

This plan has been approved by the Board of Directors of 17 March 2016. It allocates 957,975 performance shares to 737 beneficiaries.

The final allocation depended on two internal performance conditions based on Group adjusted EBIT margin and Free Cash Flow for fiscal years ended 31 March 2017, 31 March 2018, and 31 March 2019, and one external condition linked to the performance of the Company's share. The final delivery has taken place five days after the publication of the 31 March 2019 results. Based on the performance conditions of the years ended 31 March 2017 and 31 March 2018 and 31 March 2019, 86.93% of the initial grant has been achieved and 13.07% of the performance shares have been cancelled. On 15 May 2019, 732,073 performance shares have been delivered.

PSP 2017 granted on 17 March 2017

This plan has been agreed by the Board of Directors of 17 March 2017. It allocates 1,022,400 performance shares to 755 beneficiaries.

The final allocation depends on two internal performance conditions based on Group adjusted EBIT margin and Free Cash Flow for fiscal years ended 31 March 2018, 31 March 2019, and 31 March 2020, and one external condition linked to the performance of the Company's share. The final delivery will take place five days after the communication of the 31 March 2020 results. Based on the performance conditions of the year ended 31 March 18 and 31 March 19, 41.33% of the initial grant is achieved and 3.67% of the performance shares have been cancelled.

PSP 2018 granted on 13 March 2018

This plan has been agreed by the Board of Directors of 13 March 2018. It allocates 1,016,025 performance shares to 732 beneficiaries.

The final allocation depends on one internal performance condition based on Group adjusted EBIT margin for fiscal years ended 31 March 2021, and one external condition linked to the performance of the Company's share. The final delivery will take place five days after the publication of the 31 March 2021 results.

PSP 2019 granted on 12 March 2019

This plan has been agreed by the Board of Directors of 12 March 2019. It allocates 1,080,150 performance shares to 820 beneficiaries.

The final allocation depends on two internal performance condition based on Group adjusted EBIT margin and cash conversion rate for fiscal years ended 31 March 2022, and one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest twenty days after the publication of the 31 March 2022 results.

PSP 2020 granted on 10 March 2020

This plan has been agreed by the Board of Directors of 10 March 2020. It allocates 1,145,625 performance shares to 878 beneficiaries.

The final allocation depends on three internal performance conditions based on Group adjusted EBIT margin, cash conversion rate for fiscal years ended 31 March 2023 and an objective of reduction in the energy consumption of the solutions offered to clients, as well as one relative condition linked to the performance of the Company's share. The final delivery will take place at the latest twenty days after the publication of the 31 March 2023 results.

The number of Performance Shares will be determined as follows:

	Adjusted Ebit Margin 2022/23		
Percentage of granted shares subject to this condition	**40%**		
% of granted shares to be delivered upon objectives realisation	≤ 7.5%	9%	≥ 9.7%
	0.00%	66.67%	100.00%
	Linear interpolation from 0% up to 100%		

	Cash Conversion rate 2022/23		
Percentage of granted shares subject to this condition	**20%**		
% of granted shares to be delivered upon objectives realisation	Conversion ratio	Conversion ratio	Conversion ratio
	≤ 60%	> 80%	≥ 100%
	0.00%	66.67%	100.00%
	Linear interpolation from 0% up to 100%		

	Average of % of reduction of energy consumption of the solutions offered to clients (in 2022/23 compared to the ones offered before March 2014)		
Percentage of granted shares subject to this condition	**10%**		
% of granted shares to be delivered upon objectives realisation	Reduction ≤ 21%	Reduction = 23%	Reduction ≥ 25%
	0.00%	66.67%	100.00%
	Linear interpolation from 0% up to 100%		

	TSR Alstom/TSR Index			
Percentage of granted shares subject to this condition	**30%**			
% of granted shares to be delivered upon objectives realisation	TSR ALSTOM	TSR ALSTOM	TSR ALSTOM	TSR ALSTOM
	< TSR Index	= TSR Index	= 110% TSR Index	≥ 120% TSR Index
	0.00%	33.33%	66.67%	100.00%
	Linear interpolation from 33.33% up to 100%			

Movements

	Number of options	Weighted average exercise price per share *(in €)*	Number of performance shares
Outstanding at 31 March 2018	**1,338,471**	**25.52**	**3,643,947**
Granted [1]	-	0.00	1,080,150
Exercised	(723,167)	26.40	(638,610)
Cancelled	(111,103)	28.83	(352,799)
Outstanding at 31 March 2019	**504,201**	**23.52**	**3,732,688**
Granted [2]	-	0.00	1,145,625
Exercised	(219,615)	23.40	(733,103)
Cancelled	(49,039)	22.96	(140,147)
OUTSTANDING AT 31 MARCH 2020	**235,547**	**23.75**	**4,005,063**
of which exercisable	*235,547*		*N/A*

(1) Includes 1,080,150 free shares granted through PSP 2019.
(2) Includes 1,415,625 free shares granted through PSP 2020.

17.3. WE SHARE ALSTOM

The Group launched during the year ended 31 March 2020 an Employee Share Purchase Scheme covering 10 countries allowing employees to purchase Alstom shares with preferred conditions and assorted with a 5-year lock in period, through two formulas:

- multiple formula offering capital guarantee, matching of 50% of the employee's investment and a multiple of the protected average increase of the share during the lock-in period;
- classic formula allowing employees to benefit from a 20% discount on the reference price (only in France).

The implementation of this Employee Share Purchase Scheme generated a capital increase of 1,448,638 new shares for a total amount of €55 million, additional paid-in capital included.

17.4. Severance payment and other benefits arising upon the termination of the mandate

The Chairman and Chief Executive Officer will not be able to keep the non-fully vested rights to stock options or performance shares awarded under his mandate, except in the event of a forced departure and subject to the decision of the Board of Directors.

The Chairman and Chief Executive Officer having resigned from his working contract will not benefit of any severance payment in the event of departure, should this departure be linked to that contract or his current mandate.

17.5. Transactions with related parties

The decree n°2009-267 dated 9 March 2009 requires to give information about transactions with related parties contracted at conditions other than normal market conditions.

The Company has not identified any transaction coming into the scope of this requirement.

17.6. List of subsidiaries

ALSTOM Holdings is ALSTOM's sole subsidiary and is 100% owned.

Information on ALSTOM Holdings

Gross value of investment held by the Company	€ 9.2 billion
Net value of investment held by the Company	€ 9.2 billion
Gross value of loans and advances granted by the Company	€ 0.8 billion
Net value of loans and advances granted by the Company	€ 0.8 billion
Bonds and guarantees granted by the Company outstanding at 31 March 2019	-
Dividends paid by ALSTOM Holdings to the Company during financial year ended at 31 March 2019	€ 2.0 billion
ALSTOM Holdings shareholders' equity at 31 March 2018	€ 7.9 billion
ALSTOM Holdings shareholders' equity at 31 March 2019	€ 6.0 billion

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

(For the year ended 31 March 2020)

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the annual general meeting of shareholders of Alstom SA

OPINION

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying financial statements of Alstom SA ("the Company") for the year ended 31 March 2020. These financial statements were approved by the Board of Directors on 11 May 2020 based on information available at that date and in the evolving context of the Covid-19 crisis and the complexity to assess its impacts and outlook.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 April 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code *(code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

VALUATION OF THE INVESTMENT IN ALSTOM HOLDINGS

(Note 2.1 Investments and Note 8 Financial assets)

Identified risks

As at 31 March 2020, the net value of the investment in Alstom Holdings amounts to 9 216 m€ and represents 91% of Alstom's total assets. Alstom Holdings owns directly or indirectly all the entities of the Alstom group.

As described in Note 2.1 to the financial statements, investments are recorded at their acquisition cost. The recoverable value of the investments is assessed based on a multi-criteria approach. Alstom records an impairment if the recoverable value of the investments is lower than their carrying value.

Determining the recoverable value is based on (i) Discounted Cash Flows, and (ii) values in relation with current or contemplated transactions or any other fair market values, if available. This impairment test relies on significant management estimates, such as the group's business plans and terminal growth rate.

Accordingly, we consider the measurement of the recoverable value of the investment in Alstom Holdings to be a key audit matter, due to the amount of the investment recorded in the balance-sheet and the inherent uncertainty of certain inputs, in particular the likelihood of achieving forecast results included in such measurement.

Our response

We performed a critical review of the methodology applied by management to perform the impairment test. Our procedures mainly consisted, notably in the Covid-19 crisis context, in:

- Understanding process and controls implemented by Alstom SA;
- Assessing the consistency of the assumptions used for the impairment test (projected future cash flows, growth rates, discount rates) with the historical and current performance, the existing backlog of contracts and the economic environment in which Alstom SA operates;
- Assessing the reasonableness of the assumptions used to determine values in relation with current or considered transactions or any other fair market values, if any;
- Reviewing sensitivity analyses to key assumptions.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code *(code de commerce)*.

Report on Corporate Governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code *(code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code *(code de commerce)*, we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We, PricewaterhouseCoopers Audit and Mazars, were appointed as statutory auditors of Alstom SA by the annual general meeting held on 23 June 2009.

As at 31 March 2020, PricewaterhouseCoopers Audit and Mazars were in the 11th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code *(code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code *(code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La-Défense, 14 May 2020

The statutory auditors

PricewaterhouseCoopers Audit	**MAZARS**
Edouard Demarcq	Jean-Luc Barlet

OTHER FINANCIAL INFORMATION RELATING TO ALSTOM SA

as at 31 March 2020

FIVE-YEAR SUMMARY

INFORMATION AS PER ARTICLE L. 232-1 OF THE FRENCH COMMERCIAL CODE

	Year ended				
	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
1. SHARE CAPITAL AT YEAR END					
a) Share capital *(in € thousand)*	1,533,889	1,537,983	1,555,473	1,565,006	1,581,816
b) Number of outstanding issued shares	219,127,044	219,711,830	222,210,471	223,572,313	225,973,782
c) Par value of shares *(in €)*	7	7	7	7	7
2. OPERATIONS AND INCOME FOR THE YEAR *(in € million)*					
a) Dividends received	-	-	-	-	-
b) Income before tax, depreciation, impairment and provisions	(782)	(45)	262	311	1,994
c) Income tax credit	100	21	22	18	18
d) Net income after tax, depreciation, impairment and provisions	(268)	(23)	282	1,529	2,019
e) Dividends(1)	-	55	78	1229,6(1)	-
3. EARNINGS PER SHARE *(in €)*					
a) Net earning after tax, but before depreciation, impairment and provisions	(3.11)	(0.11)	1.28	1.47	8.90
b) Net earning after tax, depreciation, impairment and provisions	(1.22)	(0.10)	1.27	6.84	8.93
c) Net dividend per share(1)	-	0.25	0.35	5.50	-
4. PERSONNEL					
a) Average headcount of the year	1	1	1	1	1
b) Amount of remuneration of the Chairman and Chief Executive Officer *(in € thousand)*(2)	7,823	1,131	1,726	2,113	2,131
c) Amount of social charges and other welfare benefits for the year *(in € thousand)*	811	305	718	766	791

(1) For the last year-end, subject to the approval of the General Shareholders Meeting.
Distributable amount mentioned above is based on the number of outstanding shares entitling the holders to a dividend at closing date.
This number may change between 1 April and dividend payment's date, depending namely on treasury shares, performances shares and stocks options variations.

(2) The amount mentionned at 31 March 2016 includes the conditionnal exceptionnal remuneration of Mr Patrick Kron for €4,449,000.

APPROPRIATION OF THE NET INCOME FOR THE PERIOD ENDED 31 MARCH 2020

Information as per Article 243-bis of the French Tax Code

The result for the year ended 31 March 2020 is a profit of €2,018,846,693.86. It will be proposed at the next meeting of shareholders:

- to allocate the total amount of the result to the General Reserve account which would accordingly amount to €6,251,089,720.09.

For the last three fiscal years the following dividends were paid:

- year ended 31 March 2017: €55 million;
- year ended 31 March 2018: €78 million;
- year ended 31 March 2019: €1,233 million.

COMMENTS ON STATUTORY ACCOUNTS

Information requested by the Article L. 225-100 of the French Commercial Code

The Company is the holding company of the Alstom Group. ALSTOM Holdings is Alstom's sole subsidiary. The Company centralises a large part of the external financing of the Group. Fees from its indirect subsidiaries for the use of ALSTOM name are the Company's main source of revenue.

Income statement

The Company net profit amounted to €2,019 million and mainly comprised:

- €21 million operating income stemming from the fees for the use of ALSTOM name minus administrative costs and other external costs;
- €1,980 million financial income mainly linked to the dividends received for an amount of €1,999 million;
- non-recurring income: none;
- €18 million net income tax credit mainly linked to the tax grouping.

Balance sheet

Total of balance sheet amounts to €10,121 million and is mainly made of:

- **assets:**
  - ALSTOM Holdings investments totalling €9,216 million in net value;
  - Advances to ALSTOM Holdings amounting to €843 million.
- **shareholders' equity and liabilities:**
  - shareholders' equity amounts to €9,039 million and is made of:
    - share capital: €1,582 million,
    - paid-in capital: €979 million,
    - reserves: €4,459 million,
    - net profit of the period: €2,019 million;
  - outstanding bonds amounting to €701 million.

INFORMATION ON TRADE PAYABLES & TRADE RECEIVABLES

In accordance with the Article D.441-4 of the French Commercial Code, it is stated that trade payables and trade receivables recorded on the balance-sheet of the year ended 31 March 2020 are made up as follows:

	Trade payables						**Trade receivables**					
	Article D.441 I – 1. Invoices received due for payment and remaining unpaid at the closing date						**Article D.441 I – 2. Invoices issued due for payment and remaining unpaid at the closing date**					
(in € million)	**0 day**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total 1 day or more**	**0 day**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total 1 day or more**
(A) Ageing profile of payment arrears												
Number of invoices involved	5					10	-					26
Total amount of invoices involved (excl. VAT)	1.44	10.29	85.89	-	-	96.18	-	-	0.38	7.36	2.49	10.23
Percentage of total purchases for the fiscal year (excl. VAT)	4.88%	34.78%	290.42%	-	-	325.20%						
Percentage of sales for the fiscal year (excl. VAT)							-	-	0.68%	13.12%	4.44%	18.24%
(B) Invoices excluded from (A) related to disputed or unrecorded payables and receivables												
Number of invoices excluded		50	50						-			
Total amount of invoices excluded (incl. VAT)		0.92	0.92						-			
Comments	Excluded invoices are related to unrecorded or disputed payables.								-			
(C) Reference payment terms used (contractual or statutory – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate arrears	Contractual payment terms Statutory payment terms		45 days following the end of the month				Contractual payment terms Statutory payment terms		30 days following the end of the month			

4 RISK FACTORS, INTERNAL CONTROL AND RISK MANAGEMENT

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

Due to its multiple facilities throughout the world, its diverse activities and product ranges, and its development, the Alstom group is exposed to various risk categories, the occurrence of which could have a material adverse effect on its activities, financial situation, results or prospects. This chapter presents the principal risks the Group considers it is exposed to as of the date of this Universal Registration Document.

Risk assessment and management are embedded in the Group's operational and strategic objectives. Alstom regularly reviews the risks it faces within the framework of risk management and controls as described below in the section entitled "Risk control environment".

In the framework of the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, within each of the risk categories referred to below, the risk factors Alstom considers to be the most significant as of the date of this Universal Registration Document are presented first (and identified by an asterisk), based on an assessment that takes their impact level and probability of occurrence into account as well as actions and measures designed to manage and mitigate risks implemented by the Company. For a description of the Company's risk management policy, see the "Risk management and internal control" section of this Universal Registration Document.

It is possible that certain risks that have not been mentioned or identified as of the date hereof may potentially affect the Group's activities, results, objectives, image or share price. Alstom's assessment of the significance of these risks can change at any time, in particular should new internal or external facts or circumstances materialise.

OPERATIONAL AND STRATEGIC RISKS

ECONOMIC ENVIRONMENT(*)

Trends in the markets in which Alstom conducts its business depend on a set of complex and interdependent factors that are outside of the Group's control, such as economic growth, political stability, and credit supply. The railway market is highly dependent upon public policy relating to the environment and transportation and on increasing urbanisation.

Alstom's business activities may be affected by problems impacting the global economy. The bulk of the Group's business is concentrated in the railway market and conducted with public sector actors, in particular governmental actors, which represented 90% of its backlog at 31 March 2020. The expenditure and investment capacity of these actors depend upon complex political and economic factors and can vary from one fiscal year to another. Economic slowdowns and restrictions on budgets for public projects cause a decrease in infrastructure investments, delays in orders, contract execution or payments, and a decrease in measures encouraging research and development. In periods of heavy indebtedness, or even during sovereign debt crises, the implementation of austerity programmes or reductions in public spending may lead to budgetary adaptation measures that have an adverse impact on the volume of orders for transport infrastructure projects. The availability of financing for large transportation infrastructure projects and the costs of such financing also impact the level of public orders. In particular, such financing may be more difficult to obtain or more costly during macro-economic or financial crises. These factors may have a material adverse effect on Alstom's business, financial position, results and prospects.

In addition, the recent trends towards intensifying trade conflicts may by definition weigh on growth globally. Fluctuations in raw material prices, including oil, also directly affect countries that are highly dependent upon exports. Alstom conducts certain of its business activities in oil – producing countries (10% in fiscal year 2019/20), where customers may experience financial difficulties due to economic conditions, leading to the postponement or even cancellation of infrastructure programmes. More generally, and in particular in the event of difficult economic conditions, its business activities in these countries expose Alstom to the risk that certain customers demand the renegotiation of ongoing contracts or payment extensions.

COVID-19(*)

The Alstom group operates in numerous countries that are particularly impacted by the Covid-19 epidemic and is closely monitoring the development of the situation, while simultaneously putting in place the measures necessary to protect its employees and the business of its suppliers and sub-contractors, and attempting to reduce the economic and financial impacts of this unprecedented crisis.

The principal risks identified by the Group as of the date hereof relate (but are not limited) to the following:

- temporary or sustained disruption of production chains in the various countries impacted by the epidemic;
- impacts on railway traffic;
- impacts on the health and safety of the Group's employees and service providers, and;
- impacts over time of a reduction in public investments within the expected context of a global economic crisis and a material increase in the level of sovereign indebtedness that affects the number and timing of our customers' investment projects.

The expected impacts may take various forms, such as those on the health of our employees, service providers and suppliers, or the partial or complete shutdown of our production sites, which could lead to a delay in contract execution or a postponement of decisions on awarding new contracts in tenders.

As of the date of this Universal Registration Document:

- the Group's principal production sites in France, Italy, Spain, South Africa, the Middle East, Central Asia and India had to be shut down or experienced a significant impact on their activities. The recommencement of their activities was planned according to the lifting of confinement orders in the applicable countries and has been in progress since the end of April 2020;
- the majority of our suppliers also had to stop their activities and progressively recommenced their operations beginning at the end of April 2020.

Please refer to Chapter 1 for an assessment of the impacts of Covid-19 on the market's growth prospects and to the notes to the financial statements and the management report for an assessment of the crisis' impact on the Group's financial statements.

CONTRACT EXECUTION(*)

Alstom's business actvities involve Group commitments under complex, long-term contracts, for which costs and profitability could potentially differ from what the Group had initially forecasted. These contracts may be entered into among several participants through a consortium or the formation of a project company and cover concession and project financing activities. Due to the complexity and duration of its projects, Alstom's profit margins with respect to certain of these contracts and the Group's cash flows may fall below than those that were initially forecasted, or even result in lack of any profit at all or losses.

Variation in costs and profitability of certain contracts during their execution can also significantly affect the Group's results and cash flows over a given period of time. Sales, cash flows and profitability recorded in respect of a long-term project vary significantly depending on the project's progress and depend upon factors – certain of which are beyond the Group's control – such as the occurrence of unanticipated technical problems with supplied equipment (such as equipment performance failures), postponements or delays in contract execution (with payment of contractual penalties, for example) or during tender processes, financial difficulties experienced by customers, customers withholding payments, and contractual breaches by or financial difficulties of suppliers, subcontractors or partners in a consortium (in particular civil engineering firms) with which Alstom may at times be jointly liable. In addition, although such cases are rare, Alstom may experience the enforcement of first-demand bank guarantees under its contracts for potentially significant amounts. The granting of guarantees and the potential enforcement of those guarantees could have an unfavourable impact on Alstom's financial position, results or prospects.

Finally, negative geopolitical, environmental or public heath events (such as the Covid-19 pandemic) occurring in the geographies in which Alstom operates may make the execution of contracts entered into by the Group more difficult or extend execution timeframes, disrupt supply sources or lead to unexpected legislative or regulatory changes in reaction to these events, and may consequently affect Alstom's capacity to execute its contracts in line with the anticipated timeframes and conditions and therefore have an adverse effect on Alstom's business, financial position, results and prospects.

SOURCING(*)

Alstom uses raw materials and manufactured goods in amounts that vary according to the project and which may represent a significant portion of the Group's contract. Given the emergence of trade and customs barriers, tensions in markets for certain manufactured goods and the extreme volatility of the prices of raw materials, such as steel, aluminium, stainless steel or copper, there can be no assurance that the corresponding cost fluctuations will be fully reflected in the Group's contract prices and the Group may be unable to pass on raw material price increases which could affect the profitability of such contracts. Nor can there be any assurance that the Group will be able to enter into these agreements or win tenders as prices for raw materials and/or other products may be prohibitively high. While long-term contracts with its customers generally include index linking formulas that aim to protect the Group's margins against cost increases, such as those for salaries and raw material prices, and such indexes are structured to reflect the contracts' cost structure as much as possible, they may prove insufficient to preserve margins, notably due to certain thresholds and implementation lags.

In addition, increasingly frequent tender requirements that Alstom source its production from local commodities in countries where the railway industry is developing but not yet mature may require Alstom to work with suppliers during the development phase and may lead to delays and additional costs or even constrain the development of Alstom's business in certain countries.

Moreover, Alstom may be dependent on certain suppliers or subcontractors who become unable to make required deliveries due to natural catastrophes (earthquakes, floods, etc.), pandemics or political instability in the countries in which their production sites are located.

Alstom is also exposed to the risk of dependence on certain of its suppliers who are in quasi-monopolistic positions, which could affect its performance and, its profitability as a result. This dependence may take various forms. For example, with respect to certain technology, there may be cases where one or a limited number of suppliers are the only sources of the relevant technology, such as braking systems. Similarly, from time to time Alstom faces difficulties in negotiating contract provisions with these third parties relating to request for the variation of certain contract clauses that may be necessary to adapt to customers' needs and to the Group's demand.

Certain suppliers or subcontractors may also experience financial difficulties or fail to comply with Corporate Social Responsibility (CSR) regulations, quality standards or delivery deadlines set by Alstom, or may not comply with certain key conditions in the technical specifications required by Alstom's end customer, in particular with respect to the quality and performance of delivered products. Considering the duration of a railway project, *i.e.* three to five years on average, suppliers may encounter various periods of weakness that were not necessarily anticipated at the beginning of the projects. The failure of one of these suppliers or subcontractors to fulfil its obligations, or the termination of contractual relations with one of them could lead to delivery delays, unexpected costs, or reduced technical performance that could result in the payment of penalties or damages by Alstom.

Finally, purchases from third parties represent a very significant proportion of the Alstom's cost of sales (60% in the 2019/20 fiscal year), covering industrial purchases and purchases of services, equipment and sub-systems. Alstom may also face difficulties in entering into back-to-back agreements or commitments with suppliers and sub-contractors to ensure that the required legal framework (cybersecurity, trade secrets, export controls, duty of care, or data-privacy, for example) is put in place. If one or more of its suppliers were to become insolvent, the Group could be impacted and be unable to satisfy its own obligations to its customers.

Any unexpected unfavourable development in the foregoing matter could weigh on profit margins and adversely affect the Group's business, financial position, results and prospects.

CONTRACT TERMS AND CONDITIONS(*)

Alstom's business involves the entry into major and complex long-term contracts. These long-term complex contracts may be entered into among several parties, through a consortium or the creation of a special purpose company, particularly in the case of "PPP" (public-private partnership) projects or similar projects that cover concession and project financing responsibilities. Due to the complexity and the duration of the projects in which Alstom is involved, its actual costs and profitability may differ from what the Group initially anticipated. These long-term contracts are entered into with customers that are principally public entities. The nature of such customers requires the Group to comply with the specificities of public procurement tender processes, which limit the Group's ability to negotiate certain contract terms, potentially forcing it to accept less favourable conditions than those normally sought by the Group (limitations on liability and cash position, for example).

Certain contract provisions (intellectual property, *force majeure*, jurisdiction, limitations on liability, etc.) may present risks in the event of unexpected events that may occur while a contract is being executed, and in particular when contracts are executed in connection with a partnership. For instance, certain customers may impose payment schedules that reduce or eliminate advance payments or that lead to negative cash flow during project execution, mandatory technical performance levels or requirements tied to the issuance of parent company guarantees. Public procurement contracts are often in a standard form that tendering entities cannot vary without disqualifying their tenders. Such contracts include increasingly stringent contractual requirements, including multiple penalty clauses (tied to delay, reliability, availability, maintainability and safety) which are strictly applied by customers. The Group's exposure may be more significant in cases where Alstom partners with various parties through a consortium or the formation of a special purpose entity covering concession and project financing activities, as Alstom has less control over the performance of these contracts in the event unexpected events occur. Certain events may generate risks or additional costs for Alstom, which could affect the profitability of its projects and have an adverse impact on its business, financial position, results and prospects.

In addition, the structure and duration of Alstom's projects may require it to pay out significant amounts before the contract generates any cash flow. The Group's ability to negotiate and collect advances, prepayments and progress payments from its customers is therefore a significant part of the management of its working capital requirements. The uncertainties surrounding the execution of contracts entered into by the Group and described in the "Contract execution" risk factor increase the extent of this risk.

Finally, the Group's growth in emerging countries frequently involves the creation of partnerships and the subcontracting of production and can create the risk of an additional increase in working capital requirements or investments associated with such development, particularly during launch phases. Any unanticipated lag between the Group's outflows and inflows with respect to its orders or any reduction in overall order intake or worsening of payment terms has a direct negative effect on changes in working capital requirements and can therefore adversely affect Alstom's business, financial position, results, prospects and liquidity requirements.

RISKS RELATING TO TECHNOLOGY AND PRODUCT DESIGN, PERFORMANCE AND CERTIFICATION(*)

The Group designs, manufactures and sells technologically complex products and solutions used particularly in major infrastructure projects.

The Group therefore faces the risk that products and/or technology do not satisfy contractual expectations due to:

- having to tailor technologies and R&D programs to certain specific customer requirements, and possible uncertainty with respect to performance level and quality of new technologies, with possible latent defects;
- more demanding performance requirements from customers, which may result in significant warranty claims.

This risk can be exacerbated in the following situations:

- operating conditions that are more demanding than the assumptions used in the validation plan, for example, if the customer uses Alstom products at a higher speeds than recommended;
- in case of a failure of, or delay in, technology or product development, which can result in project delays and costs;
- in the context of the refurbishment of projects designed using rules and standards that no longer apply, or whose components or sub-systems are obsolete.

In particular, the sale of Alstom's products depends on complying with railway security standards that are not uniform at the global level and which are overseen by numerous regulatory authorities, which creates a complex regulatory environment, particularly in Europe, and disrupts train certification procedures.

The process for obtaining train certification can be longer and more costly than initially expected due to the extensive trials and other technical supporting information required by the relevant authorities. In the past, Alstom has encountered difficulties tied to complex certification procedures and was also required to address new technical issues, such as meeting cyber security specifications, which are becoming increasingly significant. In addition, more and more frequently, contracts require Alstom to bear the risks and obligations arising from the certification process. The materialisation of these risks could lead to significant additional costs, payment penalties or damages, an interruption of the service of the Group's products, or even the risk that the contract is cancelled as has occured in certain extreme and historically rare cases of prolonged delays.

Alstom is also required to introduce new, highly sophisticated and technologically complex products in increasingly abbreviated timeframes. This necessarily limits the available time for testing and increases the risk of product defects and their financial consequences. It is occasionally necessary to fine-tune or modify products during the production cycle or while a client is using them. Because Alstom manufactures some of its products in a series, it may then need to make such modifications throughout the production chain. In addition to the direct cost of such modifications or of managing returned products, Alstom may be considered responsible for delays and corresponding operational losses suffered by its customers, which could trigger the payment of penalties or damages.

The markets in which the Group operates evolve quickly with the introduction of new technologies, products and services, which may be produced by new market participants or stregnthening of existing participants, particularly in the areas of digitalisation and big data. Alstom must anticipate these changes and integrate new technological features or solutions into its offering. This requires, on the one hand, significant expenditures and investments which may not be profitable and, on the other hand, an innovation strategy increasingly developed through partnerships.

In addition, Alstom is more frequently using or combining complex technologies that evolve very quickly, or components developed by third parties that integrate such technologies. This development requires the implementation of more robust design and approval processes in order to shorten development phases, monitor changes in technology, and comply with product safety requirements. Such measures could trigger additional costs that are more significant than initially anticipated, or cause delays in delivery.

COSTS OF NON-QUALITY AND WARRANTY MANAGEMENT(*)

The Group faces risk regarding the costs incurred in connection with correcting or replacing defects observed in interim or final products. Alstom's business involves its entry into complex contracts that mobilise numerous processes and internal and third parties. The significance and complexity of these contracts may lead to difficulties in achieving the outcomes expected by customers. These difficulties may lead to additional costs that can materialise either during the principal project implementation phase or during the warranty period, and in particular in the event of purchase of products or defective services by third parties.

These costs can take various forms, including in particular costs for:

- modifications resulting from non-compliance with requirements;
- rejection, upgrading or repairing non-conforming parts;
- measures to improve the quality of the purchased products.

This risk also relates to expenses incurred to address incidents during the warranty period, including:

- replacement parts for defective components;
- teams working in depots to carry out repairs and maintain the availability of trains and systems;
- modification costs relating to Alstom's compliance with commitments in respect of technical performance objectives.

TENDERS(*)

The long-term contracts into which the Group enters in the course of its business are signed with customers who, for the most part, are public entities for which procurement often takes the form of standard contracts that bidders cannot vary without disqualifying their tenders.

The nature of these customers also requires the Group to comply with the specificities of public procurement tendering processes, thereby limiting the Group's ability to negotiate certain contract terms and potentially forcing it to accept less favourable conditions than the Group's internal policies would normally require (for example, in terms of limitations on liability and cash position) and increasing its exposure during contract execution.

Moreover, these projects may be very complex from a technological point of view and must respond to operational, regulatory and contractual requirements that are extremely demanding or difficult to comply with. Such projects may also encounter unforeseen issues during the course of their implementation. Their contractual structure (for example, joint venture, public-private partnership, consortium) may also introduce constraints and complexity.

The Group's assumptions made at the time of bidding may turn out to be inaccurate if the following situations materialise:

- modification of technical definitions during the execution phase (change in the product being offered in order to comply with the customer's requirements);
- relatively limited experience in certain areas where few or no projects have been undertaken over a certain period;
- complexity in the planned organisation (organisation of the project's design, or procurement, industrial organisation of the project).

In addition, certain customers have adopted more difficult requirements, by requiring, for example, payment schedules that reduce or eliminate advance payments or that lead to negative cash flow during project execution, mandatory technical performance thresholds or the issuance of multiple bank guarantees.

The actual costs of developing and building these projects could significantly exceed the initial estimated costs at the time of bidding, which could also have an adverse impact on Alstom's results and financial position. If it is impossible to achieve the relevant required performance or planned schedule, the customer can in the majority of cases, demand the payment of penalties or terminate the contract.

Finally, a significant portion of the calls for tenders to which Alstom responds include obligations to use local manufacturing or components purchased within the customer's country, particularly in emerging countries such as South Africa, India and Brazil, but also in other countries such as the United States and Australia. Alstom must therefore build local production capacities or secure or increase its volume of third-party purchases from new local suppliers in order to be in a position to win and execute the projects covered by these contracts. In addition, such contracts may restrict Alstom's choice of its partners, which may result in constraints relating to costs, refinancing, target volume and execution.

COMPETITIVE ENVIRONMENT(*)

Alstom faces intense competition in its industry, both from large historical international competitors, such as Siemens and Hitachi, and regional players and new competitors from emerging countries (particularly in Asia) which benefit from more competitive cost structures. After entering the U.S. market, the Chinese company CRRC has now entered the European market through its acquisition of Vossloh's locomotive activity in August 2019 and has signed several contracts there with European customers. European competitors, such as Stadler and CAF, have also extended their product ranges by including signalling and component manufacturing activities and have expanded their geographic footprints.

This competition generates strong pressures on prices and profit margins, as well as on payment terms, manufacturing timeframes, offered technologies, and client services, in particular due to the fact that a significant portion of the Group's revenues and profitability are derived from the award of large scale projects.

Furthermore, although Alstom has expanded its presence in numerous geographic markets, including through joint-ventures and partnerships, access to certain markets may prove to be difficult, particularly if a local competitor benefits from an existing position of strength in its home market or as a result of restrictions arising from the application of protectionist measures by certain countries.

Finally, the proposed acquisition of Bombardier Transportation announced on 17 February 2020 (the "**Acquisition**") may have an adverse impact on relationships with certain customers during the transition period between the announcement of the Acquisition and its completion, and in particular potential customers within the framework of call for tenders, strategic partners and employees of Alstom and of Bombardier Transportation. Certain strategic partners, suppliers or customers may decide to delay operating or strategic decisions while awaiting greater certainty about the completion of the Acquisition. The Acquisition could lead Alstom's and/or Bombardier Transportation's customers to decide to work with other companies (in particular in order to diversify suppliers) or have a negative impact on Alstom's and/or Bombardier Transportation's customer relationships. Such negative impacts on either company's relationships and the potential overcapacity arising therefrom could have an adverse effect on the sales, profits and cash flows from Alstom's operating activities and on Alstom's share price.

ACCIDENTS

In the event of a railway accident involving Alstom's services or equipment, the Group may be subject to claims from its customer or any victims or their insurers in the context of legal proceedings in connections with the losses suffered. Even if no liability is immediately attributable to defects in Alstom's products or services, the fact that Alstom has provided equipment that is involved in a railway accident could involve the Group in legal proceedings while the circumstances of the accident are determined. Such an accident could also lead to the temporary withdrawal of a certification by the relevant transportation safety authority.

In addition, railway accidents tend to attract heightened media focus, which may impact the reputation of Alstom or its products.

Despite the quality and safety control procedures the Group has implemented to cover its equipment, railway security risks remain. The occurrence of a railway accident involving equipment supplied by Alstom could, if a defect in that equipment was at the origin of such an accident, have an adverse effect on Alstom's business, financial position, results and prospects and on its reputation and that of its products.

RISKS RELATING TO INDICATORS USED BY THE GROUP

Order intake and backlog, which are two key performance indicators used by the Group in its financial communication, may not indicate with certainty its future revenues. Order intake consists of recording an order at its contractual amount when the contract generates enforceable obligations between the Group and its customer. Backlog represents sales not yet recognised on orders received, *i.e.,* an estimate of the total amount of revenues that should be realised in the future with respect to performance obligations that are partially or fully unmet at 31 March 2020 as and when Alstom satisfies its obligations under contracts at delivery or progressively over time. Orders may be subject to future modifications that could affect the timing and amount of revenue recognition. Backlog does not take into account amounts tied to limited variable consideration and options that have not been exercised or letters of intent. In addition, the realisation of revenues on new orders is based on certain assumptions, including the assumption that the relevant contracts are fully performed in accordance with their terms and satisfying the applicable construction and technical standards. The termination, amendment, postponement, suspension or reduction in scope of one or more contracts could reduce backlog and have an adverse impact on Alstom's business, financial position, results and prospects. There can be no assurance that the Group will earn all of the revenues it initially expects to earn from new orders.

SECURITY RISKS

CYBERATTACKS AGAINST ALSTOM NETWORKS AND/OR PRODUCTS(*)

The Group relies on state-of-the-art information systems and technology to support its business activities and promote operational efficiency.

The Group's broad geographic footprint, its diverse businesses and ranges of products, the integration of successive business activities and the decoupling, in November 2017, of its IT infrastructure of systems and solutions from those integrated by General Electric in connection with its purchase of the Energy business all contribute to the complexity of the Group's IT environment. The Group has also set up partnerships to manage its IT infrastructures and the support of solutions. The main issues relating to the information systems and technologies used by the Group are ensuring business continuity, protecting sensitive data and intellectual property rights, maintaining systems availability and managing IT assets compliance, all while complying with the applicable regulatory framework.

The malfunction or failure of these systems may have external causes (viruses or other malware and computer hacking, network failures, etc.) or internal causes (malicious acts, breaches of data confidentiality, human error or negligence, obsolescence). This risk also includes the possibility that following a successful cyber-attack against Alstom, the Company will lose data or have its data corrupted, which could lead to:

- business disruption, or even the interruption of some or all of its business;
- loss of competitiveness (strategic plans, tenders, intellectual property, etc.);
- harm to the Group's image;
- significant penalties in the event of regulatory breaches (European General Data Protection Regulation, for example).

Any such malfunction or failure may have an impact on the Group's operations and results.

The risk of cyberattacks also relates to the products, services and systems developed by Alstom and sold to customers. Cyber-attacks could occur at any time during the life of Alstom's products, from the conception phase to production, delivery, installation and implementation, and during the actual operation of the products. This risk remains until the decommissioning of the relevant products. Such attacks can impact the comfort, availability and even the security of Alstom products and solutions used by its customers. Such attacks may include business interruption and the fraudulent use of Alstom products and solutions for criminal purposes. The failure of these products and systems may impact the business activity of the relevant product lines, the Group's reputation, and accordingly its results. Any such failure may also have commercial impacts and require Alstom to incur significant costs to address such failure.

SECURITY

There is a high risk of intentional attack in the environments in which Alstom operates. These attacks could result from political, social or economic reasons. Malicious or criminal behaviour targeting the Group represents a genuine threat and could have harmful consequences to the safety of its employees, assets, information, and Alstom's business as a whole. The risk is primarily the result of two dynamics: first, the increase in security threats and, second, Alstom's growing presence and activities in more unstable regions, in particular in the Southern Hemisphere. These dual dynamics increase the risk that the Group's activities, employees or facilities may be impacted by malicious acts that may be classified in four categories:

- harm to individuals: attacks, robbery, extortion, harassment, or kidnapping;
- harm to property: theft, sabotage, or destruction of the means of production;
- terrorist attacks;
- intentional harm to image and reputation.

Alstom's employees may be the victims of such attacks, either as designated targets as a result of their association with a French company or as collateral victims. From a legal point of view, in recent years both French and European case law have reinforced company liability in this area by recognising a general security obligation that requires employers to anticipate all risks that may endanger their employees, subjecting them to potential prosecution, including criminal prosecution. While Alstom has put in place certain methods and procedures to limit the potential impacts of malicious acts to the maximum extent possible, there can nevertheless be no assurance that such act will not occur, and their human, legal, financial and reputational consequences could be particularly detrimental to the Group.

HUMAN RESOURCES RISKS(*)

RECRUITMENT AND RETENTION

Alstom's success depends in large part on its ability to develop its employees' skills and to recruit and integrate new, highly-skilled employees.

In particular, Alstom's senior managers and executives have significant experience in the mobility sector and possess in-depth knowledge of the Group's activities, suppliers, products, services and customers. The loss of such know-how, expertise and technical skills following a departure of one or more members of the management team could adversely impact Alstom's management resources and have a negative impact on its ability to design and pursue its commercial strategy, which could significantly harm the Group's activities and financial results.

Recruitment and retention risk has three principal components:

- Alstom's attractiveness and its ability to fill key positions at the right time;
- employee engagement;
- retention level, which is often influenced by strong demand for highly qualified managers and specialists, such as project managers and industrial directors.

The employment market has an impact on recruitment and retention, and may depend on or be impacted by the following:

- competitors hiring from the same pool of relatively scarce technical talent;
- a deficit of engineers in general and more specifically in Signalling in Europe (including in France) and in certain markets such as Asia-Pacific and North America;
- the "brand" or image Alstom conveys as an employer of choice;
- "Time-to-Fill" for key positions, particularly during the launch phase of important projects;
- employee engagement as a tangible measure of the quality of the relationship between a company and its employees.

Alstom can give no assurances that it will be successful in recruiting, integrating and obtaining the engagement of the employees needed for its development, in particular in emerging markets, where the employment market depends on the social, political and macro-economic context in the countries in which Alstom operates. As a result, the measures to adapt headcount to changes in the market may result in significant labor risks, which could have an adverse impact on anticipated cost reductions and the Group's production capacities.

LEGAL & REGULATORY RISKS

LEGAL AND COMPLIANCE RISKS(*)

Alstom's business activities are conducted in a varied, complex and evolving legal and regulatory environment that covers both national and international areas. Due to its established presence in many countries, Alstom is subject to national legislation, particularly legislation resulting from the transposition of international treaties as well as to international norms and standards. This is especially the case in the area of competition laws and legislation relating to anti-corruption and money laundering. These latter laws and regulations have considerably widened in scope and become more robust in recent years, for example, with the Sapin II law in France (Law No. 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and modernisation of business practices) or the 2010 ratification of the UK Bribery Act (British law on repression and the prevention of corruption ratified by the British Parliament on 8 August 2010 and effective on 1 July 2011. Moreover, authorities and jurisdictions responsible for the enforcement of such laws and regulations have increased their investigative and prosecution capacities and have imposed increasingly tougher sanctions.

Corruption and bribery risk can also result from third parties acting on Alstom's behalf or in cooperation with Alstom (*e.g.,* consultants, joint venture/consortium partners, suppliers and, to a lesser extent, customers). These third parties may not be fully aware of the applicable rules imposed by international and local laws and regulations and may not have the required rules and systems in place to ensure compliance with Alstom's internal instructions and standards.

If the Group is unable to comply with anti-corruption and influence peddling laws and regulations, the legal and financial consequences could be serious and gravely tarnish the Group's reputation. This would be the case in particular if certain Group companies and/or certain current or former Group employees are the subject of investigations and/or proceedings by judicial or administrative authorities or by international financial institutions in connection with allegations of unlawful payments in certain countries, as was the case during the investigation of Group companies commenced in the United States with respect to potential violations of the U.S. Foreign Corrupt Practices Act (FCPA) and in the context of which Alstom entered into a deferred prosecution agreement with the U.S. Department of Justice on 22 December 2014.

In addition, the export of products outside of the markets in which they are produced can be restricted or subject to checks or to the receipt of an export licence. Certain countries are subject to export control regulations, embargoes, economic sanctions or other forms of trade restrictions imposed by the United States, Canada, the European Union, Russia or other countries or organisations (the "**Sanctions**"). These Sanctions or the expansion of these Sanctions could restrict or block the Group's business activities in such countries or result in amendments to the Group's policies and practices.

No assurance can be given that export controls to which Alstom is subject will not be made more stringent, that new generations of products developed by Alstom will not also be subject to similar or more rigorous verifications, or that geopolitical factors or changes in the international context will not prohibit the receipt of export licences for certain customers or will not impair Alstom's ability to execute previously signed contracts. Limited access to exported goods could have an adverse impact on Alstom's business, financial position, earnings and prospects.

Alstom's business activities are also subject to a wide range of national and international competition regulations aimed mainly at combating anti-competitive practices involving suppliers, customers, partners and competitors themselves. Infringement of these rules could lead to severe sanctions, such as fines, payment of damages, and statutory prohibitions and criminal penalties. Such sanctions could also have a significant impact on the Group's reputation.

Despite the measures Alstom has taken to comply with the regulations that apply to its activities, such measures cannot entirely eliminate risks in these areas. Any violation or breach, even involuntary, of applicable provisions and guidelines by Alstom or its employees or agents could trigger civil, criminal, or administrative liability for Alstom, lead to Alstom's exclusion or elimination from project bidding or manufacturer selection procedures, or even prohibit Alstom from accessing public contracts or conducting its activities and result in adverse effects on its business, financial position, earnings, prospects and reputation.

LITIGATION

In the ordinary course of its execution of complex projects, Alstom is regularly called upon to make, negotiate and defend itself from commercial claims. These claims are principally related to the extension of delivery deadlines and to the technical performance of products. In addition, due to the nature of its business activities, Alstom may also be exposed to the risk of technical and commercial litigation. Please see Note 33 to the consolidated financial statements at 31 March 2020 for a description of the Group's principal disputes.

In addition, in the context of the Acquisition, Alstom could face new claims and new litigation, in particular from clients, partners, suppliers, shareholders or creditors of the Alstom group or of the Bombardier Group.

TAX REGULATIONS

As a result of its presence in many countries, Alstom is subject to numerous national tax regimes. To the extent that applicable tax laws and regulations in the various countries in which Alstom operates do not always provide clear or definitive guidelines, Alstom bases its structure, the conduct of its business and its tax structure on its own interpretation of applicable tax laws and regulations. There can be no assurance that these interpretations will not be challenged by the relevant tax authorities or that the laws and regulations applicable in certain countries will not be subject to modifications, changes in interpretation or contradictory applications. In addition, the Group's transfer pricing policy could be challenged, as certain countries do not follow the OECD's transfer pricing guidelines but rather follow their own reference criteria, which could lead to challenges and a reassessment or new transfer pricing calculation resulting in double taxation. More generally, any violation of tax laws and regulations in the countries in which Group companies are located or operate could lead to reassessments, the payment of late charges, fines and penalties. These issues could have an adverse impact on Alstom's tax rate, cash, position, results and prospects.

RISKS RELATING TO ACQUISITIONS, DISPOSALS AND OTHER EXTERNAL GROWTH TRANSACTIONS

RISK FACTORS RELATING TO THE PROPOSED ACQUISITION OF BOMBARDIER TRANSPORTATION(*)

Risks relating to a failure to complete the Acquisition

The failure to complete the Acquisition due to the termination of the memorandum of understanding or acquisition agreement could have an adverse impact on Alstom's share price and its future activities and financial results.

If the Acquisition is not completed because the memorandum of understanding or acquisition agreement is terminated, Alstom's day-to-day activities could be adversely affected, and Alstom could face a certain number of risks including the following:

- under certain circumstances, Alstom could be required to pay a termination indemnity (or "break fee") to Bombardier Inc. ("**Bombardier**") and Caisse des Dépôts et Placement du Québec ("**CDPQ**") of an aggregate amount of €75 million (if the acquisition agreement is not signed), which may reach €200 million in certain cases contemplated by the acquisition agreement;
- Alstom has incurred and could continue to incur significant costs and expenses in the context of the proposed Acquisition;
- negative reaction in the financial markets, and in particular a negative effect on Alstom's share price;
- Alstom may experience negative reactions from customers, regulatory authorities and employees; and
- prior to such termination, Alstom's management would have dedicated time and significant resources to issues relating to the Acquisition that could have been otherwise dedicated to day-to-day transactions and other opportunities from which Alstom could have benefited.

In addition, Alstom could be subject to litigation in connection with any failure to complete the Acquisition. If the Acquisition does not take place, the materialization of these risks could have an adverse impact on Alstom's business, financial position, results and share price.

Moreover, once the acquisition agreement has been signed, the Acquisition is subject to several conditions' precedent, some which are beyond the control of Alstom, Bombardier and CDPQ. No assurances can be given that the conditions precedent to the Acquisition can be satisfied or waived on a timely basis, or at all. Any failure or delay in satisfying the condition's precedent could prevent or delay the completion of the Acquisition, which would reduce the synergies and benefits Alstom and Bombardier Transportation expect to obtain in the context of the Acquisition and from the successful integration of their respective businesses.

In particular, the Acquisition is subject to the approval of competition and regulatory authorities in the European Union, the United States, China and other jurisdictions. The relevant authorities could impose certain measures or conditions, such as requiring the disposal of assets or businesses belonging to Alstom and/or Bombardier Transportation, particularly with respect to the companies' significant activities, and no assurance can be given that Alstom, Bombardier and CDPQ will obtain the necessary agreements, decisions and approvals from these authorities. In addition, any conditions or disposals required by these authorities could have a material adverse impact on Alstom's business, operating results, financial position, expected synergies and prospects.

Risks relating to Bombardier Transportation's performance and to unexpected liabilities

Bombardier Transportation faces financial and operating difficulties. Its performance objectives were revised downwards in a profit warning published in connection with the release of Bombardier's 2019 results. Bombardier Transportation's performance and financial and operating indicators could continue to deteriorate, in particular in the context of the current Covid-19 pandemic, and there can be no assurance that Bombardier Transportation's expected performance on the date the Acquisition was announced will be achieved, which would have a material adverse impact on Alstom's financial position and operating results subsequent to the completion of the Acquisition.

In addition, Alstom conducted limited high-level due diligence on Bombardier Transportation before entering into the memorandum of understanding with Bombardier and CDPQ with respect to the acquisition of Bombardier Transportation. As a result, after the completion of the Acquisition, unanticipated operating difficulties and/or liabilities of Bombardier Transportation may arise and have a negative effect on Alstom's profitability, operating results, financial position, market capitalisation and share price. Similarly, operating difficulties identified in the context of Alstom's due diligence could ultimately be insufficiently covered by provisions or be more significant than initially anticipated, or Alstom may not be in a position to remedy such difficulties, which would have an adverse impact on the Group's results, cash flows, profitability, financial position and reputation.

Risks relating to the integration of Bombardier Transportation's integration and failure to achieve expected synergies

The expected benefits of the proposed Acquisition will partly depend upon the successful integration of the Alstom group's activities with those of Bombardier Transportation. The Acquisition will involve the integration of two complex, significantly sized companies which currently conduct a vast range of activities and function independently. The companies could face significant difficulties when an integration plan is implemented, some of which may have been unforeseeable or are beyond Alstom's and Bombardier Transportation's control, notably with respect to differences in standards, controls, procedures and rules, corporate culture, the history of technological investments, organisation of the Alstom group and Bombardier Transportation, and the need to integrate and harmonise the various operating systems and procedures that are specific to each company, such as financial and accounting systems and other IT systems.

In addition, the integration process will be long and complex and will require significant time and resources. This could draw management's attention and resources away from other strategic opportunities and from day-to-day operations during the integration process. Integration efforts may also lead to significant costs, which could have a material adverse effect on Alstom's financial position and operating results. Any failure in the planned integration could have a negative impact on Alstom's business, financial position and profitability.

Finally, Alstom has planned on the Acquisition creating significant value through the synergies realised in the medium and long term and significant cost synergies. There can be no assurance, however, of the existence or achievement of the synergies within the expected timeframes, as the realisation and extent of any synergies depend on a number of factors and assumptions, many of which are outside of Alstom's and Bombardier Transportation's control. In addition, costs incurred in view of obtaining these synergies may be higher than expected or additional unexpected costs that exceed the value of the expected synergies could arise, leading to a loss of value for shareholders. The inability to achieve expected synergies and/or an increase in the costs incurred in this regard could have a material adverse impact on Alstom's activities, operating results, financial position and prospects.

All of the risk factors relating to the Acquisition, and in particular the risks relating to the financing of the Acquisition, the preparation of pro forma financial information, and the reconciliation of accounting standards, will be included and described in detail in the document presenting the transaction, which will be available before the general meeting called to approve the resolutions relating to the Acquisition.

RISKS RELATING TO ACQUISITIONS, JOINT-VENTURES AND PARTNERSHIPS

In the framework of its growth strategy, Alstom may acquire businesses and/or companies or form a number of joint-ventures or partnerships. In particular, the Group has formed a significant number of joint-ventures and partnerships in emerging countries, in particular in Russia, Kazakhstan, Algeria, India, South Africa and China, in order to enter and develop in those markets. These transactions carry risks relating to difficulties that may arise in evaluating assets and liabilities involved in such transactions, with the integration of personnel, activities and products, the implementation of corporate governance and compliance systems and procedures, and, as the case may be, risks relating to potential political and economic instability depending on the country. There can be no assurance that acquired activities or companies do not have liabilities that were unidentified at the time the transaction was completed and for which the Group has not obtained contractual protections or partial protections from the seller or partner. In addition, no assurances can be given that these acquisitions, joint-ventures and partnerships will not lead to additional financing needs, increased acquisition and integration costs, risks relating to industrial property, or disputes or deadlocks between partners or that actual financial performance will be in line with initial assumptions. Therefore, risks relating to valuation, undisclosed liabilities and transaction integration (management of complex procedures for integrating personnel, products, technologies and other assets of the acquired company to ensure projected value and synergies) can be significant. The occurrence of such events is likely to have an adverse impact on Alstom's activity, financial position, results or prospects.

In addition, these transactions can give rise to technology transfers. Certain Group partners could develop their own products and services based on technology transfers from Alstom, and subsequently become competitors, in particular by taking advantage of their local positioning in their original market. In addition, certain partners not only request transfers of manufacturing technologies, but with increasing frequency request transfers of design and industrialisation technologies, leading to more significant technology transfer. Alstom's partners or suppliers may also exploit data for their own use from products they produce for Alstom.

In addition, with respect to joint-ventures in which Alstom has a minority stake, no assurance can be given regarding the Group's long-term capacity to be able to benefit from access to the joint-venture's operating activities. Alstom is not involved in the day-to-day management of the operations of companies in which it has a minority stake and therefore possesses limited knowledge of their activities and performance.

Certain Group businesses or operations were sold in the past and may be sold in the future. In such cases, Alstom may grant or may have granted indemnities covering the transferred activities or retained certain contracts and certain liabilities relating to the transferred business or operations, as the case may be. It is possible that the Group will be led to bear increased costs arising from retained contracts or liabilities, pay indemnities or price adjustments to the buyer or, in certain cases where liabilities relating to the relevant business/operations were transferred to the buyer, bear certain of those liabilities. The occurrence of these events could have a material adverse effect on Alstom's results and financial position.

FINANCIAL RISKS

The Group is exposed to financial risks, in particular currency exchange and liquidity risks. For the Group, the ability to obtain sufficient bank guarantees is an indispensable condition to tendering, obtaining new orders and receiving advances and progress payments from its customers. For more information on the financial risks the Group faces, please see Note 28 to the consolidated financial statements for the fiscal year ended 31 March 2020, which presents the Group's exposure to currency exchange and the relating hedging portfolio, exposure to interest rate, credit and liquidity risks, and its policy for managing these risks.

Detailed information on the Group's financial debt, which amounted to €1,638 million at 31 March 2020 (including lease obligations), is provided in Note 27 to the consolidated financial statements for the fiscal year ended 31 March 2020.

In addition, any downgrade of Alstom's financial rating could unfavourably impact the costs of the Group's financing, access to certain financing and guarantees. In particular, ratings agencies could in the future assign to Alstom or debt securities issued by Alstom a lower rating than its current rating due to the Acquisition. In that event, Alstom could be constrained in its ability to make acquisitions or capital expenditures if the increased project financing costs no longer satisfy its investment criteria. This could have a negative impact on Alstom's growth prospects, its operating results and its financial position.

In addition, the Group cannot rule out the occurrence of execution risks regarding its projects resulting from a downgrade of its bank lenders' ratings. Indeed, certain Group contracts include requirements covering the ratings of the banks used for the corresponding projects, including with respect to issuance of bank guarantees. If an event takes places that leads to a downgrade in these banks' ratings, there can be no assurance that this downgrade will not result in numerous contractual difficulties, which could have adverse impacts on project execution, such as late payments, delays project schedules, increased costs or other financial impacts.

RISK MANAGEMENT AND CONTROL ENVIRONMENT

The Group has put in place a system of internal control procedures and evaluations initially based on control guidelines prepared by a recognised body, COSO (Committee of Sponsoring Organisations of the Treadway Commission). The procedures are compliant with the AMF "Reference Framework" published in July 2010 and updated from time to time.

The system of internal control put in place provides reasonable assurance that:

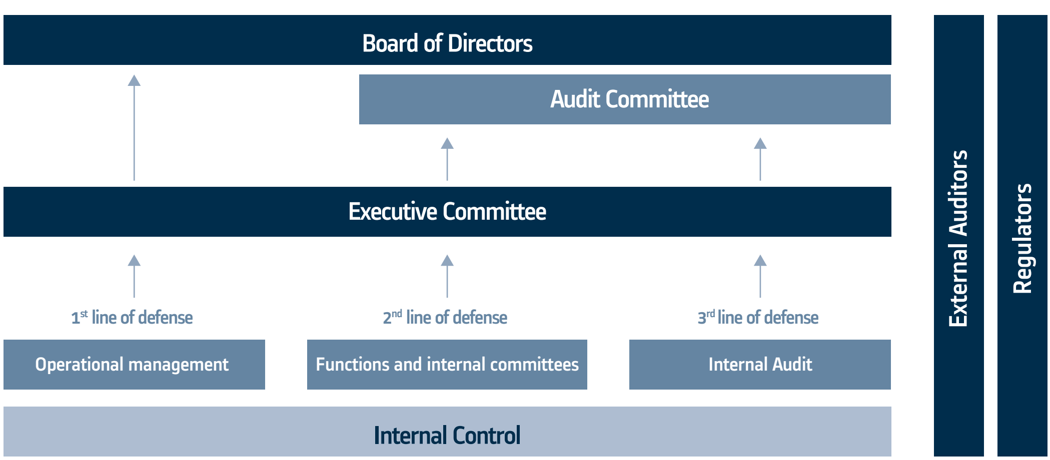
- the Group's Internal Rules and instructions including applicable laws and regulations are always complied with;
- information is complete, accurate and to the required quality, particularly financial information;
- operations are completed in an optimal manner and internal control processes are effective, particularly those concerning the safeguard of assets;
- achievement of business objectives is reached with identification and control of risk;
- the risk of fraud is minimised; and
- controls, including controls over risks, are widely understood at all levels within the Group and appropriate actions are taken to mitigate and minimise these risks.

Internal control consists of five inter-related components, which have been implemented within the Group:

- control environment covering integrity, ethics, competencies, authorities, responsibilities and staff development;
- risk assessment including the identification, analysis and minimisation of relevant risks;
- control activities, namely policies and procedures that ensure that Management's instructions are applied;
- information and reporting: information must be identified, captured and communicated in a format and timeframe to enable the relevant persons to carry out their responsibilities; and
- monitoring, including internal check and internal control procedures as well as internal audit: a process that assesses the quality of the systems performance over time and within a defined schedule.

By essence, an internal control system cannot provide a guarantee that such risks have been eliminated. It must bring them down to an acceptable level.

The Group's various actors of risk identification and monitoring are described below and can be illustrated according to the three lines of defence model set forth by the IFACI *(Institut français des auditeurs et contrôleurs internes)*.



INTERNAL ENVIRONMENT

First line of defence: operational management

The Chairman and Chief Executive Officer is responsible for the internal control and risk management systems and for ensuring that internal control and risk management procedures are designed and operated effectively within the Group. Management is responsible for developing, operating and monitoring the systems of internal control and for providing necessary assurance that it has done so.

Unit Management always has the responsibility of maintaining internal control. An Internal Control Questionnaire (or "Self-assessment Questionnaire") has been developed which differentiates requirements to units based on their contribution to the Group's financial statements, using a risk-based approach and covering the Group consolidation perimeter. This Self-assessment Questionnaire is regularly reviewed in relation with the Group risks evolution. At least once a year, the Managing Director of each reporting unit formally certifies that the unit under his/her responsibility has correctly self-assessed its control environment.

Where the results of the Self-assessment Questionnaire indicate that controls are not at the required level, corrective action plans are required to be put in place. The progress of action plans is regularly followed up. The Self-assessment Questionnaire results are approved by unit Management (Finance and Managing Directors) and are subject to review by Internal Audit. The results are presented annually to the Audit Committee.

Good practices identified during this self-assessment process are promoted and broadcasted on the internal social media platform to ensure large information coverage to the units.

During the July 2019 Self-assessment Questionnaire review, over 1,000 users were mobilised.

Second line of defence: the functions

Finance function and the procedures used in the preparation of the Group's financial statements and other accounting and financial information

The Finance function controls business, operations and projects to optimise the Group's profitability and cash generation whilst providing internal and external stakeholders with reliable information including financial information.

The Finance function defines the Group's principles and financial policies in terms of tenders and projects control, funding, treasury, internal control, accounting, tax and management control.

The accounts of reporting units are prepared in accordance with the Group's accounting policies. The data is then adjusted, where necessary, to produce the local statutory and tax accounts. Integrated consolidation software is used for both management reporting purposes and to produce the Group financial statements. The consolidation software allows the reconciliation between contract data and financial reporting. The main reporting processes facilitate consolidation of financial data to produce the consolidated financial statements and forecast data, as well as regular management information.

Accounting standards

The consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements comply with accounting policies as detailed in Note 2 of the consolidated financial statements at 31 March 2020.

Accounts closing process

The reporting units produce monthly statements which are used to determine the Group's monthly operating income, cash flow and balance sheet.

Role of the Group's Accounting Department

The list of entities to be accounted for by the equity or line by line methods or fully consolidated is drawn up by the Accounting Department. This Department also checks the quality of the reporting packages submitted by the units, focusing primarily on inter-company eliminations, and the accounting treatment of non-recurring transactions for the period, and movements between the opening and closing balance sheet used to prepare the statement of cash flows and reconciliations between legal entities and reporting entities.

The Department also checks the results of procedures, including foreign exchange, inter-company eliminations, transfers to minority interests and recognition of the effects of changes in scope of consolidation. The Group's consolidated financial statements are also analysed in detail, to understand and check the main contributions by Regions, businesses or subsidiaries, as well as the transactions reflected in the accounts.

Internal Control

The Internal Control function at Group level is responsible for promoting and coordinating all actions and projects aiming at defining the Group's requirements in terms of internal control and updating the Internal Control Questionnaire. It is also in charge of following the global results of the Self-assessment campaigns, the main deficiencies identified in the Group's internal control and their respective action plans.

The Internal Control Management Team is responsible for defining the internal control requirements as well as producing and updating the Internal Control Questionnaire and monitoring the results.

Where internal control weaknesses are identified, detailed action plans are put in place to correct these weaknesses in a timely manner with the support of the regional and operating teams and overseen by the central Internal Control team under the responsibility of the Director of Internal Control.

Risk Management Department

The risk management system is based on the internal control environment and forms part of a continuous effort to identify, evaluate and manage risk factors that are liable to impact the realisation of the Group's objectives and opportunities. The risk management system is based on a clearly defined risk management organisation and process:

- This Department's main objectives are to ensure that the principal risks are taken into account and addressed at the most appropriate level of the organisation, that continuous monitoring is in place, notably with respect to identifying emerging risks, that the means implemented are sufficient and effective for reducing the identified risks and that management has an up-to-date vision of the Group's principal exposure areas.

- The organisation is under the responsibly of the Internal Audit and Risk Management Department, which forms part of the Group's Finance Department. The Department relies on Executive Committee regarding the definition of the risk management policy and on risk owners for the process of identifying, assessing and addressing major risks. These risk owners are responsible for defining and steering action plans covering the major risks. In this regard, the Risk Management Department is responsible for coordination, in partnership with such risk owners.

Legal function

The Legal function is responsible for monitoring and mitigating risks arising out of the activities of the Group, as well participating in the Group's efforts to ensure full compliance with applicable laws and the Alstom Code of Ethics. Legal is comprised of Region Legal Departments and the Group Legal Department.

The Legal function is headed by the Group General Counsel, reporting to the Chairman and Chief Executive Officer. The Group General Counsel attends all the meetings of the Board of Directors, the EC&S Committee, and attends Audit Committee meetings when legal matters are discussed. She routinely provides an account of ongoing legal proceedings and investigations.

The Group Legal Department handles major disputes affecting the whole Group and compliance matters involving criminal investigations. It monitors the Group exposure reporting relating to disputes and prepares the Group Annual Litigation Report concerning the status of the main potential and pending lawsuits which is submitted annually to the Corporate Disclosure Committee, the Audit Committee and the Group Statutory Auditors. Legal provides training on the management of legal risks at all levels of the Group.

The Group Legal Department is responsible for implementing Alstom's competition compliance program, which aims to prevent the conduct of anti-competitive practices in connection with the Group's activities. and to ensure the compliance by all employees with the Code of Ethics, the laws and regulations in the area of competition law in the countries where Alstom carries out its activities.

Ethics and Compliance

Ethics and Compliance stands as a top priority for Alstom, and the team has the responsibility of the Alstom Integrity Programme aiming at implementing the culture of integrity as well as the application of all the rules in relation to Business Ethics and Personal Integrity.

The role of Ethics & Compliance at Group level is to:

- promote and explain Alstom's culture of integrity ensuring that the highest standards of integrity and ethics are applied throughout the Group;
- ensure compliance with international and national laws and regulations together with internal Group rules;
- prevent all illegal activity and unlawful payments;
- control the business partner selection process, including a prior check of these partners' integrity;
- implement all necessary rules and policies; and
- continually monitor the performance of the Alstom Integrity Programme on a continuous basis.

The Ethics & Compliance team comprises 14 employees. Ethics & Compliance has full authority and independence through its reporting to the Group General Counsel. The Chief Compliance Officer has direct access to Alstom's Chairman and Chief Executive Officer and to the Ethics, Compliance & Sustainability Committee. The Chief Compliance Officer is fully independent and has an unfiltered access to the governing authorities of Alstom.

To promote Alstom's Integrity Programme, a community of over 320 Ethics & Compliance Ambassadors, all of whom are volunteers, has been in place since May 2010. More than 5,000 participants were trained on ethics and compliance during the 2014-2017 training cycle. A second cycle was launched in 2017 and more than 5,000 participants were trained. A new 2020-2023 training cycle was launched, with more than 5,000 participants to train.

Corporate Funding & Treasury

The Funding and Treasury Department defines rules and procedures regarding cash management, currency risk hedging, as well as bonds and guarantees. In addition, it manages the related risks (liquidity risks, including availability of lines of credit and deposits, counterparties, foreign exchange and interest rate), the financial relationships with subsidiaries, the cash pooling structure and the netting process.

The central organisation facilitates the financial risk management as all transactions on derivative products are performed or, when that is not possible, at least supervised by the Corporate front-office and under the control of a strictly independent middle office.

The Funding and Treasury Department is solely entitled to raise bank loans and invest cash surplus except when local regulations do not permit it. In such cases, the involvement and approval from the Funding and Treasury Department remain mandatory before any commitment.

It has also defined a detailed list of authorised banks which the units are authorised to operate with. For further information regarding the management of financial risk, see Note 28 to the consolidated financial statements for the fiscal year ended 31 March 2020.

Environment, Health, Safety (EHS)

The Corporate Environment, Health, Safety (EHS) Department is responsible for defining the risk management policy and strategy and programs with respect to the environment, health and safety in the workplace. It is supported in its mission by the EHS managers' network, organised per Region, by cluster, by country, and by operational worksites or projects, which ensure operational implementation of all such programmes.

Based on the Group EHS roadmap internal and external assessors network validate EHS actions and advice on deployment plans.

Through the programmes the Group seeks to:

- ensure high standard level of monitoring industrial risks at least equal or above local regulations;
- evaluate environment and employee health impact of new industrial processes prior to implementation, as well as, discontinuation of existing processes;
- develop a continuous improvement process to reduce energy and water consumption, generation of industrial waste, greenhouse gas and volatile organic compounds emission and to minimise risks related to accidental pollution; and
- ensure to its employees, suppliers and contractors, involved in contract execution and on sites the best protection regarding safety and health.

Particular attention is given to high risk activities performed by Group employees, suppliers or contractors during contracts execution.

External specialised assessors regularly perform audits and self-evaluation of fire prevention and natural disasters. During the fiscal year 2019/20, nine sites were audited by an independent third party and expertise and consultation assignments were performed during this fiscal year.

During fiscal year 2019/20, 48 EHS audits were performed, in connection with the plan to reduce serious accidents and control of high-risk activities: "Alstom Zero Deviation Plan". With regards to environment, as of the date of this document more than 90% of Alstom employees were implementing the processes in accordance with the ISO 14001 standard.

The Group has launched several actions towards the setting-up of the vigilance plan as required by French law dated 27 March 2017, considering that the Group already has existing processes supporting directly or indirectly certain requirements of the new law (*e.g.* risks mapping processes, suppliers qualification processes, alert procedure, etc.).

Information Systems and Technology

The Information Systems and Technology (IS&T) function is the central function, covering all of the Group's businesses and the main purpose of which is to provide IS&T solutions and services aiming to support Alstom businesses, operations and projects, and meeting the strategic evolution of the Group, support business efficiency, process excellence and overall Regions productivity using optimised and innovative technology in a cost effective, secure and compliant way.

Many initiatives have been launched to reinforce IS&T internal control:

- IT assets management centralisation;
- infrastructures upgrade;
- decommissioning of obsolete systems and the rationalisation of existing solutions;
- new tool deployment to secure the workplace environment; and
- adaptation of the IS&T security policy to new disruptive trends.

The central management of the Group's systems and infrastructure strengthens its ability to manage the IS&T risk and ensures better control of IS&T activities. "Business Solutions and Innovation", "Technology and Security" and "Service Performance and User Support" Departments assist the Group's CIO in setting IS&T principles, corporate architecture, processes and rules, and in applying common practices to services and standards.

Third line of defence: Internal Audit

The main role of the Internal Audit Department is to advise the Chairman and Chief Executive Officer, the Chief Financial Officer and the Audit Committee on the adequacy and effectiveness of the internal control system in all phases of the Group's business. The Internal Audit Department operates in accordance with the terms of an Internal Audit Charter approved by the Audit Committee and has the authority to examine all aspects of operations.

The Internal Audit Department evaluates controls that promote:

- compliance with applicable laws and with internal policies and procedures;
- physical safeguarding of assets including risk identification;
- availability, reliability, integrity, confidentiality of information and reporting; and
- efficiency of business processes, functions, and activities.

The Internal Audit Department takes into account the risks mapping and risk profiles in assessing its audit programmes and plans.

After each internal audit assignment, a report is issued setting out the audit findings and recommendations. The results are also summarised in the bi-annual internal audit activity reports, which are presented to the Audit Committee on the overall results of the internal audits as well as on any other matter which affects internal control. These reports provide the basis for the Audit Committee to review the effectiveness of the work performed by the Internal Audit Department.

Internal Audit may proceed with a new audit (after a reasonable period) after any internal audit assignment whose results, from the point of view of controlling the control environment, is below the Group's expectations.

Insurance

The Group policy is to purchase insurance policies from insurers presenting excellent solvency criteria. The amount of insurance purchased varies according to Alstom's estimation of the maximum foreseeable loss, both for Property Damage & Business Interruption as well as for Civil Liability Insurance. This estimate is made within the framework of Industrial Risk Management Audits that are conducted for property damage and business interruption. For civil liability, the estimation of insurance needs depends on the evaluation of the maximum legal risk considering the various Group activities. The annual risk assessment process which results in the Group risk mapping, has allowed the Group to confirm that the appropriate level of insurance was purchased for insurable risks. The main risks covered are the following, subject to certain customary limitations, exclusions and declarations in relation of each type of insurance:

- damage to assets and business interruption caused by property damage, fire, explosion, natural events or other perils as well as machinery breakdown;
- liability incurred because of damage caused to third parties by operations, products and services;
- transit, covering transportation risks from start to unloading of goods at warehouse, construction site or destination; and
- construction and installation, covering risks during execution of contracts.

In addition to these Group policies, Alstom purchases, in the various countries where it is present, policies of a mandatory nature or designed to cover specific risks such as automobile, worker's compensation or employer's liability. The presentation above is a summary of the main Group insurance policies and does not reflect all applicable restrictions, exclusions and limits. These policies are usually negotiated for one- to two-year periods. For reasons of confidentiality and protection of the interests of the Group, it is not possible to describe exhaustively all policies.

MONITORING AND CONTROL BODIES

The committees

Corporate Pension Committee

Pensions and other employee benefits are governed and monitored by the Corporate Pension Committee which is composed of the Corporate Treasury, Consolidation and Compensation & Benefits functions, according to the following principles:

- assets/liabilities management approach so that only risks necessary to cover Alstom's liabilities are taken;
- when possible, simplicity in the investment strategy to ensure visibility on the portfolio risk;
- a global policy on employee benefits to address principles for pension plan design, funding & investment, administration and governance;
- a responsibility chart whereby changes to plan design, funding & investment and administration must be authorised by designated Corporate officers.

The Committee meets at least two times per year to monitor the schemes' evolution. During the 2019/20 financial year, the Committee met on three occasions, mainly to (i) assess risk reduction strategies, (ii) to control volatility of net pensions in the United Kingdom, the USA and in Germany.

Audit Committee

The Audit Committee reviews and evaluates twice a year the internal control procedures including those relating to financial information, contributing to the preparation of the financial statements of the Group. A review and evaluation of the risks mapping, including risk assessment and risk management is also made.

Within the Audit Committee, the scope of planned internal audit activities is reviewed in advance and the Internal Audit Department develops a plan and determines the allocation of resources.

The Audit Committee provides a report to the Board of Directors. For more information regarding the Audit Committee, see the corporate governance report in Chapter 5.

Disclosure Committee

The Chairman and Chief Executive Officer and the Chief Financial Officer have established a Disclosure Committee at the central level in order to assist them in evaluating the effectiveness of the Group's disclosure controls and procedures that are designed to ensure that material financial and other information required to be disclosed were recorded, processed, summarised and reported on a timely basis and that appropriate information was communicated to the Management in order to allow timely decisions. The Disclosure Committee is composed of the Chief Financial Officer, the General Counsel, the Vice President of Internal Audit and Internal Control, the Vice President Group Performance Management, Chief Tax and Finance Officer and the Vice President Tenders & Projects Control. The Disclosure Committee met twice during fiscal year 2019/20 under the chairmanship of the Chief Financial Officer.

The consolidated financial statements for the fiscal year ended 31 March 2020 and the Management and other financial information disclosed in the Annual Report were reviewed. The interim consolidated financial statements for the six-month period to 30 September 2019 were reviewed. In the reviews of the consolidated financial statements the Committee considered the disclosures made to determine and confirm their relevance, accuracy, completeness and presentations.

Information Committee

The Information Committee was put in place by the Group pursuant to its new internal procedure relating to the identification of and the terms applicable to the transmission and use of inside Information. This procedure was adopted to take into account the recommendations issued by the French financial markets regulator "AMF" (Position-Recommendation AMF DOC-2016-08, *Guide on Ongoing Information and the Management of Inside Information,* "Preliminary Reminder" section).

The Committee comprises the Chief Financial Officer, the Investor Relations Director, the VP Communications, the General Counsel and the VP Legal Governance, Finance and Market Law. In addition, the Chief Compliance Officer is involved, at the Committee's request, to assist with solving any relevant issues pertaining to the qualification and management of inside information. The main mission of the Committee is to assess whether the information concerning the Group qualifies as inside information and to determine the terms and conditions applicable to the transmission and use of such information. To that end, the Committee meets at least on a quarterly basis at the time of preparation of financial statements and results, but it can hold meetings at any time when called pursuant to the rules laid down in the above-mentioned procedure.

Insurance Committee

The purpose of the Insurance Committee is to review the Group's insurance policies and to set the strategy for the renewal of these policies. The Committee also defines the actions to be launched for the management of insurance aspects in tenders and contracts. Finally, the Committee analyses main insurance claims.

The Insurance Committee meets at least every semester and comprises the Insurance Director, the Chief Financial Officer, the General Counsel, the VP Legal Contract Management, Disputes and Insurance, and the Director of Internal Audit and Risk Management.

External actors

The setup described above is completed by the following third-parties:

- the external auditors; and
- the certifying body which certifies the Group's activities on a three-year cycle on environment (ISO 14001), quality (ISO 9001), and anti-corruption (ISO 37001). Additionally, specific activities are certified from a quality standpoint regarding development of products and projects (CMMI), Rolling Stock manufacturing (ISO/TS 22163-IRIS), and health and safety at work (ISO 45001).

MANAGEMENT OF IDENTIFIED RISKS

In the context of managing its principal risks in order to limit their impact on the Group, Alstom has implemented the following principal actions in particular.

Covid-19

To confront the coronavirus epidemic, the Group established a crisis management team which is led by the SVP of Operational Excellence and is supported by a team of multi-disciplinary HQ experts. This crisis management team is reproduced in each Region, covering all of the Group's activities. This team provides a progress report to the Group's Management Committee twice per week. In this context, the Group decided to implement a series of gradual measures which are continuously being adapted to address the evolution of the spread of the virus that causes Covid-19. As a matter of priority and in line with the directives of the relevant public authorities, these measures consist of protecting the health of our employees at the workplace and during work-related travel, followed by developing alternative procurement sources so as to be able to continue production activities, carefully analysing all the consequences of this exceptional situation on the performance of our agreements, anticipating potential delays and analysing, as appropriate, contractual protection measures that may be triggered.

On this last point, a working group that is specially dedicated to Covid-19's impacts on projects was put in place as soon as the end of January at the HQ level in order to assist Regions with regard to the measures to put in place in order to protect the Group's interests vis-à-vis its customers, suppliers and sub-contractors.

The means identified relate to generalising tele-work where possible, as well as protective measures for operators, such as masks, hand sanitiser, protective gloves, cleaning wipes and other disinfecting products. A significant portion of these masks will also be donated to the hospitals that need them most.

Working time organisation and work methods are regularly discussed in the framework of a continuous labour relations dialogue with the employees of the various sites at issue and the employee representative bodies.

Finally, with a view to offsetting the effects of the crisis, a recovery plan was established. This plan covers operational, commercial, cash, EHS and human resources aspects, with, in particular, a plan to reduce costs and protect the Group's cash position.

This entire plan leveraged the robust risk prevention and management plan put in place by the Group thorough its business continuity plan and Enterprise Risk Management, in particular with respect to risks relating to employee health and safety, the security of our supply chain, contractual and dispute provisions and contract execution.

Contract execution

Regarding contract execution, this risk is monitored through project reviews organised at different levels:

- at the headquarters level for critical projects, *i.e.,* approximately 70% of backlog at 31 March 2020; for the most critical among them, the project review is presided over by the CEO or CFO;
- at the regional level for non-critical projects priced at more than €10 million, *i.e.,* approximately 20% of backlog at 31 March 2020;
- at the local level for non-critical projects priced at less than €10 million, *i.e.,* approximately 10% of backlog at 31 March 2020.

These project reviews are held on a semi-annual basis so as to assess the project portfolio's impact before each half-year account closing.

All operating and financial documentation relating to these project reviews is consolidated into a digital reporting tool that allows the history of events and variations arising over the project's lifespan to be retraced so that lessons learned may be drawn and to capitalise on best practices. The commitment of teams and of their management to timely complete the project within the anticipated periods is materialised by a formal approval using this same tool.

Risk reduction relies on an anticipation model that targets key project areas, such as:

- using standard solutions and deploying them in specialised sites each time it is possible;
- personnel requirements addressed jointly between the Regions, HQ Departments and the HR Department;
- the preparation of activities that are necessary to the longest development or validation phases and additional certification testing;
- the implementation of double supply strategies for the most at-risk suppliers.

In addition, Alstom has increased its management of this risk by putting in place:

- increased selectivity regarding invitations to tender based on lessons learned processes;
- a team of project execution experts who target a limited scope of projects (150) for the purpose of providing practical support for projects experiencing execution issues or when execution issues are anticipated;
- a continuous improvement process regarding the appropriateness and maturity of project management practices through APSYS action plans (Alstom Performance System);
- external certification of fields of competence for heads of tender and project managers;
- the conduct of a series of audits over a list of critical projects covering the proper application of project management processes;
- the deployment over the 2020/21 fiscal year of Alstom's "PM2020" program for restructuring projects by sub-system or Work Breakdown Structure, which is focused on controlling multi-disciplinary commitments and project management competencies, such as planning, cost control, risk and opportunity management and financial management. This program is intended to simplify the management of interfaces and exchanges during the various project stages (including those between the offer and completion phases) and to give back rapid and effective decision-making powers to the project teams in order to concentrate only on the project performance expected by our customers. This rollout will also include the creation of new roles within the project teams (for the most complex projects), such as integration managers, dedicated finance managers and sub-system managers.

Sourcing

Regarding sourcing, supplier evaluation and selection at Alstom rely on complementary activities:

- audits with a standard checklist to assess supplier capability in terms of engineering, supply chain, quality, industrial, finance and organisation;
- a risk scorecard by supplier mapping supplier solidity and flexibility;
- recommendations on the financial strength of suppliers made available to all buyers, and rating of production supplies through a specialised external database (Bureau Van Dijk);
- factoring in CSR requirements through a supplier self-evaluation on the EcoVadis platform, targeted CSR audits, systematic internet screening of alerts relating to compliance and EHS, and systematic signature by our suppliers of the CRS charter (with a particular focus area on EHS);
- Alstom launched the "RAILSPONSIBLE" initiative in 2015 together with companies such as SNCF, DB, NS, SBB, Bombardier, KB, SKF and RFI in order to join resources to mitigate CSR risks along the railway supply chain. Alstom is an active member of that organisation.

If excessive dependence does exist, double source action plans are clearly identified and launched.

Existing suppliers with respect to which risks have been identified, whether with regard to their supply chain management, their industrial capacity or recurring non-quality issues, are subject to development action plans.

Plans also aimed at securing a larger number of supply sources are in place, which can potentially include reintegrating the production of products by the Group.

In addition to these actions carried out to manage risks relating to our supplier portfolio, measures necessary for managing our supply chain are described in the overall sourcing action plan which is updated each year within the framework of the sourcing strategic plan presented to Alstom's Executive Committee.

Contractual provisions

Regarding sales contracts, the management of risks relating to contractual provisions is carried out *via* the following principal actions:

- structuring contract management as a genuine function within the Legal Department. This function is now steered by the Vice President for Contract Management on a centralised basis and is represented within each Region and cluster by a manager who reports to such VP and to the VP for Legal of the relevant Region;
- increased effort in anticipating contract management issues through the deployment of new tools and procedures, such as the contract management strategic plan; organisation of an event dedicated to contract management and the mandatory participation of contract managers in project reviews, in accordance with the Group's new rules;
- shoring up the contract management teams through the implementation of a skills development programme;
- the carrying out of specific missions for the Regions;
- the creation of a complete contract management training catalogue.

Regarding the management of procurement contracts, the following principal actions are in place:

- the reorganisation of the Sourcing legal team so as to improve its effectiveness and proactivity through enhanced proximity with in-house counsel in the Regions and the Sourcing function;
- the revaluation of the sub-contracting contract management position in order to include it in the overall community of contract mangers and the harmonisation of their practices;
- the overhaul of standard purchase agreements with a view of better protecting Alstom's interests;
- the recasting of the general terms and conditions of purchase to include (i) changes in the regulatory environment (export control, duty of vigilance, General Data Protection Regulation, etc.), and (ii) adequate rights and remedies for Alstom (definition of essential obligations, indemnities, increased requirements in the area of EHS, liability, etc.).

Risks relating to technology, product design and performance and certification

Through its «Development for Quality" process applying to the Technology and Product Development cycles, Alstom ensures strong governance and focuses on the maturity and performance of its products. This process includes checklists for each internal validation gate by the relevant functions, mitigation plans, a structured return on experience process, and is underpinned by the skills development and training of engineers involved.

The role of the platforms was recently strengthened. The platforms, which are involved in the bidding process, guarantee the control of technological risks and product design and performance risks.

The assessment of technological risks and product design and performance risks is an integral part of the tender process and helps to ensure that the proposed solution does not carry a particular risk.

If, however, such a risk persists when the product is subject to a development that has not yet reached sufficient maturity, the bid must contain an exemption request that includes a risk mitigation plan. This exemption request is subject to the approval of the Chief Technical Officer, the Group Head of Quality and the Market & Portfolio Director.

Regarding new technologies, the Group has entered into partnerships with external experts that allow skills improvement within Alstom's teams to be accelerated. A few examples are:

- DLR Germany for fuel cells;
- CEA France for battery ageing;
- ITE SuperGrid for silicon carbide components; and
- Airbus for cybersecurity.

Costs of non-quality and warranty management

A number of new arrangements have been put in place to manage this risk:

The Quality organisation now includes HQ and regional disciplines focused specifically on Engineering, Platforms, Industrialisation, and Warranty in order avoid recurring non-quality in the disciplines and excessive warranty expenditures.

- Monthly Quality performance reviews, which include evaluation of quality performance for several key factors such as:
  - human resources and employee training;
  - the rollout of project phase reviews;
  - the in-factory and at-delivery system default rate;
  - defects observed in purchased products;
  - warranty issues and the related systematic handling (with the 8D method).
- Process reviews are organised to evaluate quality performance:
  - centrally, with each of the disciplines involved in the steering of Alstom's processes;
  - on-site (Rolling Stock, Components, Signalling, Services).
- These process reviews allow decisions to be taken to optimise the effectiveness and efficiency of Alstom's processes.

The quality strategic plan, which is intended to evolve towards a zero defect culture within each of the organisation's activities and with our suppliers.

Tenders

The tender review process is based on an in-depth risk analysis that includes a list of items that must be systematically reviewed and verified. These elements take into account various parameters, such as, for example, the customer's profile, the contractual organisation and the organisation of project partners, the strength of suppliers and subcontractors, the technology being used and other technical issues, the reliability and relevance of the estimated costs, the project timetable, contractual clauses, secured payment mechanisms, bank and financial guarantees, exchange risks, geographical risks, tax issues, key financial elements (contract price, margin, risks and opportunities and related financial reserves, cash curves, etc.).

The review process for commercial offers includes several review steps starting with the identification of the opportunity, upon receipt of the tender documentation and up to the final submission of the bid to the customer.

The application of these processes is supported by a specific reporting tool and by the approval of all commercial opportunities, which ensures the traceability of the assumptions applied.

The tendering risk is also managed *via* tight monitoring of the transition period between tender and project phases, and a return on experience loop to capitalise best practices and lessons learned.

The program for restructuring projects by sub-system or Work Breakdown Structure mentioned in the contract execution risk will also be deployed in respect of invitations to tender in order to ensure the efficient and smooth transfer of information and data between the bid and execution teams.

This deployment will be accompanied by the creation of new roles within the tender teams (for the more complex tenders), such as bid integration managers, dedicated bid finance managers, sub-system bid managers, and cost quantification managers.

Competitive environment

Regarding competition related risks, Alstom is deploying its "Alstom in Motion" strategy, which is based on three pillars:

1. grow by offering greater value to Alstom's customers, with the objective of being the first or second player in all of its markets and on a series of bolt-on acquisitions;
2. innovate by pioneering smarter and greener mobility solutions;
3. deliver efficiently, powered by digital.

The 17 February 2020 announcement of the signature of a memorandum of understanding relating to Alstom's acquisition of Bombardier Transport fits squarely within the "Alstom in Motion" roadmap. This acquisition represents a unique opportunity to reinforce Alstom's global position on the high-growth mobility market and the Group's international presence and capacity to respond to ever-increasing demand for sustainable mobility solutions.

The Group is also carrying out a series of more targeted actions relating to the request to European institutions that measures be implemented that seek to ensure reciprocity in the opening up of public markets, or still yet the preparation of benchmarks in the context of our monitoring of our competitors' activities.

Accidents

The railway safety management system is a key element in Alstom's management system. This system defines the essential railway safety management rules, responsibility for their implementation, verification methods, and control, development and continuous networking principles.

Railway quality and security form an integral part:

- of the development and the V cycle deployment of products, systems, platforms and projects, which are the subject of a security report/security file drafted to establish their compliance with applicable requirements;
- of services, through the management of maintenance activities when these are handled by Alstom;
- of a security management procedure, thanks to which Alstom is in a position to control potential security issues and to take the appropriate measures at the appropriate time.

Regarding the development of our products and systems, the principal rules are the following:

- compliance with local regulations, the contract and professional standards;
- obligation for each project to commit to establishing a security plan and draft a security report or file in order to demonstrate compliance with safety requirements in respect of the supply of products and systems;
- obligation to communicate to our customers relevant safety information in view of the integration, use and maintenance of our products, systems and services.

General Management supervises the definition of Alstom's quality and railway safety strategy. The deployment of this strategy within each Region is the responsibility of the relevant Senior Vice President.

Each project team must:

- carry out a safety analysis and ensure that the demonstration of safety is traceable (safety and Reliability Maintainability Safety (RAMS) teams);
- carry out a safety evaluation (led or supervised by the Quality Department);
- ensure that safety is demonstrated at key stages through a Design for Quality (DFQ) process and deliver an authorisation validated by key members of personnel designated *via* an SVP delegation.

Regarding the procedure for managing safety events, Alstom has a database in which all incidents that are liable to lead to accidents are recorded. K1 incidents, which represent a potential safety threat, are handled as a matter of priority and the progress of related action plans are monitored by General Management within the framework of a steering committee meeting which is held monthly.

Cyber attack and security

In order to reduce this risk, defence mechanisms against cyberattacks are implemented at every level within Alstom, be it within its own internal IT system or in its products' lifecycles.

Alstom's security strategy rests on four pillars:

- Governance and risk management;
- Protection and prevention;
- Detection;
- Reaction.

Alstom's security strategy is based on risk management seeking to preserve confidentiality, integrity, availability, personal data, operations security (protection of assets and personnel) and the reliability of the IT system.

The defence measures also apply to platforms in products/solutions and during project execution, in order to decrease exposure, and thus the likelihood for an attacker to reach the last stage of the cyber-attack (In-depth defence principle).

Alstom addresses risks of cyberattacks against its products *via:*

- an organisation dedicated to Alstom's cybersecurity (and cybersecurity governance);
- skills development in the area of evaluating cybersecurity risk and in defining the security controls to integrate into our systems;
- the widening of Alstom's offer in the area of risk assessment, vulnerability management, services to support the operational security of customer facilities;
- the creation of cybersecurity policies and guidelines, *i.e.,* global policies, development policies, and cybersecurity measures;
- active participation in (or leading of) certain standardisation committees;
- a partnership with major players in the cybersecurity sector, bringing their indispensable expertise and innovations to the implementation of security mechanisms (technical and non-technical mechanisms).

Human resources

The monitoring and management of the "recruitment and retention" risk is based on a series of mechanisms, the most significant of which are described below:

In order to minimise the fact that certain profiles are rare:

- an internal recruitment forum – which also takes expatriate populations into account – takes place regularly in order to fill vacant positions and to manage careers;
- the Executive Committee is directly involved in selecting candidates for management positions and managing their development.

In order to develop the employer brand and to strengthen the value proposition for employees:

- a new employer brand strategy and related initiatives were put in place (video promoting mobility, description of the employee value proposition, reinforced presence on social media, launch and receipt of the "Top Employer" certification in two Regions, including the HQ) and contribute to reinforcing Alstom's attractiveness to external candidates;
- a section of our website is dedicated to careers and is regularly updated with job offers;
- significant work around values of diversity and inclusion which allows the potential candidate pool to be broadened.

In order to decrease recruitment times:

- forward planning of recruitment needs is now led by operational managers with the help of HR and Finance. This collaboration between the various Departments allows key vacant positions in sensitive disciplines (industrial, engineering, project management) to be anticipated;
- recruitment methods and tools are regularly reviewed in order to continuously improve; new candidate preselection tools have been deployed; the recruitment team was reinforced, including in some cases by using headhunting firms;
- recruitment processes are decentralised wherever necessary in order to increase reactiveness and efficiency.

Regarding employee engagement:

- the required skills for the HR teams were increased, more specifically with respect to persons responsible for recruitment, in order to be able to attract the best profiles and to provide them the best possible environment for their integration and the taking up of their role within the Company;
- the database gathering job descriptions was enriched and modified in order to better respond to project recruitment needs, notably by offering pre-filled descriptions, pre-defined skills and targeted sectors. These job descriptions are continuously updated;
- an employee opinion survey on the theme of engagement is planned for 2020.

Legal and regulatory risks

Regarding compliance risks, Alstom is fully engaged in the fight against unlawful practices in relation to corruption and bribery and competition laws. Alstom constantly seeks to improve its compliance programmes and implement best in class compliance rules and processes. Alstom was among the first companies in the world to obtain the AFAQ ISO 37001 certification awarded by AFNOR Certification following an audit carried out between March and May 2017, thereby confirming its commitment to fighting corruption. Since then, Alstom has been ISO 37001 certified in all countries in which it has operations.

The Ethics & Compliance (E&C) team is led by Alstom's Chief Compliance Officer who reports directly to the General Counsel and has direct access to the Chairman and CEO and to the Board's Ethics, Compliance and Sustainability Committee, of which she is the secretary. To avoid any possible internal conflict of interest, the Chief Compliance Officer has the authority and independence to define and implement the appropriate rules.

The E&C rules and procedures in Alstom are centralised within the Alstom Integrity Program which is implemented by employees in the framework of training and communication measures. It is monitored both internally and externally.

A Code of Ethics was first put into place in Alstom in 2001. Updated in December 2015 and in May 2020, the Code of Ethics is available in multiple languages on Alstom's intranet and websites, and a brochure was distributed to all Group employees. It is also available on Alstom's intranet and websites.

Despite the high quality of Alstom's products and the competitiveness of Alstom's offers, it is sometimes necessary to have recourse to external business advisors (lobbying, advising, intelligence and representation services) in order to improve Alstom's commercial relationships expertise in some countries. Alstom policies and instructions set forth strong principles, rules, safeguards and verification procedures for the selection, use and payment of such services. All agreements must be approved by the Company with the support of the E&C Department following a clear description of the characteristics of the agreement and comprehensive information about the consultant (the consultant is subject to an in-depth and comprehensive prior audit).

These procedures are accompanied by regular training followed by assessments to ensure all participants understand the key learning points and the extent of their obligations. Face-to-face training sessions and e-learning are essential to explain our policy and Ethics & Compliance rules and processes. Two e-learning modules on the prevention of corruption and competition law have been issued and all exposed employees of the Group are officially required to participate in the e-learning exercises. The E&C team designed additional training modules in order to offer a wide range of learning materials to the Company. A training campaign to address a wider and more focused target audience was implemented in 2017 and, as of end of March 2020, 83% of the target audience has been trained.

In addition, disciplinary measures are a key element of the E&C programme and Alstom has reinforced this aspect of its E&C programme. Any violation of E&C rules is submitted to Alstom's disciplinary committee, which is made up of the CEO, the General Counsel, the SVP Human Resources and the Chief Compliance Officer. Cases are presented to the committee and the appropriate sanctions are applied.

In addition to the rules regarding interactions with third-party consultants, a specific instruction is in place presenting the rules and procedures for dealing with consortiums or joint ventures, M&A activities, suppliers and subcontractors. Additional instructions focusing on consulting companies, gifts &hospitality, political and charitable contributions, sponsorship and the management of conflicts of interest are in place and must be applied by all employees. The delegation of authority rules for gifts &hospitality, political and charitable contributions, and sponsorship are harmonised within Alstom.

The E&C Ambassadors community created in May 2010 counts more than 320 people in 2020. All appointed persons are volunteers from various functions. Their role is to diffuse the culture of integrity in the Group and to be a point of contact.

The 2019/20 yearly integrity review was launched this year and involved 500 executive and senior managers who reported on the efforts made to implement the Alstom Integrity Program within their scope of influence and on the ethical incidents that took place and the corrective actions undertaken.

In terms of communication, the intranet has a dedicated section on E&C, posters are displayed on-site, and our website provides our external stakeholders a great deal of information.

Regarding antitrust/competition law risks, Alstom's "Competition Awareness Guideline" policy sets forth strong principles, rules, and approval procedures to ensure the proper level of awareness and compliance with antitrust laws within Alstom.

These procedures are reinforced by regular trainings deployed in Alstom worldwide to ensure that all participants understand the key learning points and the extent of their obligations.

Disciplinary measures are a key element of the competition awareness program. Any detected breaches of antitrust laws are submitted to Alstom's disciplinary committee. Cases are presented to the committee and appropriate sanctions are applied.

Alstom also has an online whistleblowing tool, the Alstom Alert Procedure, which allows employees (*via* Alstom's intranet) and third parties (*via* Alstom's website) to report suspected violations of Alstom's Code of Ethics.

5 CORPORATE GOVERNANCE

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

This chapter presents information about the Company's corporate governance in respect of the 2019/20 financial year, along with additional information providing further detail on the resolutions being proposed to the Company's shareholders at the 2020 Annual General Meeting.

For the past several years, the Company has been committed to implementing the corporate governance principles established by the AFEP-MEDEF Corporate Governance Code (the "AFEP-MEDEF Code").

REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Pursuant to the provisions of article L. 225-37 of the French Commercial Code, the Board of Directors hereby presents to the 2020 Annual General Meeting its report on corporate governance (which report is attached to the management report).

This report was approved by the Board of Directors during its meeting held on 11 May 2020.

Pursuant to the provisions of article L. 225-235 of the French Commercial Code, this report of the Board of Directors on corporate governance has been submitted in full to the Company's Statutory Auditors who, in their report on the Company's annual accounts (see page 126 of this Universal Registration Document), present their observations on the information referred to in article L. 225-37-5 of the French Commercial Code and attest to the existence of the other information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

BOARD OF DIRECTORS

Composition of the Board of Directors

At 11 May 2020, the Board of Directors counted ten members. Women accounted for 40% of the members of the Board of Directors.

Two Directors are foreign nationals (20%), and six are independent as defined by the Company and under the AFEP-MEDEF Code (*i.e.,* 60%). A single Director, Mr Henri Poupart-Lafarge, Chairman and Chief Executive Officer (CEO), performs executive duties.

As of 11 May 2020, the Company's Board of Directors did not include any Directors who represent the Company's employees or employee shareholders. An amendment to the Company's Articles of Association will be submitted to the 2020 Annual General Meeting in order to provide for the procedure for appointing Directors who represent employees within the meaning of article L. 225-27-1 of the French Commercial Code.

Directors are appointed for a four-year term. Staggered terms of office have never been contemplated by the Articles of Association, as term renewals are distributed over four consecutive years. The Articles of Association do not specify any age limit applicable to Directors that goes beyond the legal limit.

Pursuant to the Articles of Association, each Director must own at least twenty-five (25) shares of the Company. In addition, the Board's internal rules provide that it is desirable that each Director hold at least 2,000 shares, which corresponds to approximately one year of a Director's compensation. Each Director has a period of two years as from the date he/she takes office to bring his/her shareholding to this minimum level. At 31 March 2020, Directors who are natural persons collectively held 94,928 Company shares in the aggregate, and Bouygues S.A. held 32,936,226 shares.

On the basis of the Nominations and Remuneration Committee's recommendations, the Board of Directors regularly examines its composition and the composition of its Committees, as well as at the time directorships are renewed. Directors are also invited to provide their views on this topic during the evaluations of the functioning of the Board and of the Board's Committees. The Nominations and Remuneration Committee provides recommendations on new candidates and directorship renewal proposals submitted to the Board of Directors. The Board of Directors has an on-going objective of increasing the diversity and complementarity of skills required for service on the Board, maintaining diversity in nationalities, and balanced representation of women and men.

The Director selection process is more fully described in the paragraph entitled "Diversity policy and Director expertise".

In the financial year:

- the renewals of the directorships of Mr Henri Poupart-Lafarge, Ms Sylvie Kandé de Beaupuy and Ms Sylvie Rucar were approved by the Annual General Meeting held on 10 July 2019;
- at the end of such Meeting, the directorships of Mr Klaus Mangold and Ms Candace K. Beinecke, which were expiring, expired;
- in addition, the Board of Directors acknowledged Ms Françoise Colpron's 16 September 2019 resignation;
- finally, on 19 February 2020, Mr Pascal Grangé replaced Mr Philippe Marien as Bouygues S.A.'s permanent representative.

The following table reflects the composition of the Board of Directors and of its Committees as of 11 May 2020:

COMPOSITION OF THE BOARD OF DIRECTORS AS OF 11 MAY 2020

					Committee membership						
Name	**Sex**	**Age**	**Number of shares held**	**Independent Director**	**Audit**	**N&R[(1)]**	**EC&S[(2)]**	**Commencement of first term**	**End of current term**	**Years on Board**	**Attendance rate at Board meetings during the 2019/20 Financial Year (number of meetings)**
Henri Poupart-Lafarge *Chairman of the Board of Directors and Chief Executive Officer*	M	51	77,498					2015	2023	5	100% (11/11)
Yann Delabrière *Lead Independent Director*	M	69	2,000	√		Chairman		2017	2020	3	100% (11/11))
Olivier Bouygues	M	69	2,000					2006	2022	14	90.91% (10/11)
Bi Yong Chungunco	F	57	2,000	√			√	2014	2022	6	100% (11/11)
Clotilde Delbos	F	52	2,000	√	√			2018	2022	2	81.82% (9/11)
Gérard Hauser	M	78	3,430			√	√	2003	2020	17	100% (11/11)
Sylvie Kandé de Beaupuy	F	63	2,000	√			Chairwoman	2017	2023	3	81.82% (9/11)
Baudouin Prot	M	68	2,000	√		√		2018	2022	2	81.82% (9/11)
Sylvie Rucar	F	63	2,000	√	Chairwoman	√		2015	2023	5	100% (11/11)
Pascal Grangé, permanent representative of the Director Bouygues S.A.	M	59	25		√			-	-	-	
Bouygues S.A.	-	-	32,936,226					2008	2022	12	100% (11/11)
	60% M / 40% F	**Average age: 63**	**33,031,179**	**60% independent**	**66.67% independent**	**75% independent**	**66.67% independent**			**Average: 6.9 years**	**Average: 90.62%[(3)]**

(1) Nominations and Remuneration Committee.
(2) Ethics, Compliance & Sustainability Committee.
(3) Including the attendance rate of Ms Candace K. Beinecke (attendance rate of 66.67%, *i.e.*, 2/3 meetings) and Mr Klaus Mangold (attendance rate of 100%, *i.e.*, 3/3 meetings), whose directorships expired at the end of the General Meeting of 10 July 2019, and of Ms Françoise Colpron, who left the Board on 16 September 2019 (attendance rate of 75%, *i.e.*, 3/4 meetings).

At the end of the 2020 Annual General Meeting, the situation will be as follows:

The directorships of Mr Yann Delabrière and Mr Gérard Hauser will expire at the end of such meeting.

Mr Gérard Hauser expressed the wish that his directorship not be proposed for renewal.

Upon the Nominations and Remuneration Committee's recommendation of 11 May 2020, the Board of Directors meeting held on the same date therefore decided to propose that only the directorship of Mr Yann Delabrière be renewed for a period of four years.

Upon recommendation of the Nominations and Remuneration Committee held on 9 March 2020, the Board of Directors also proposes that Mr Frank Mastiaux be appointed as a new Director.

Upon the Nominations and Remuneration Committee's recommendation, the Board of Directors found that both Mr Yann Delabrière and Mr Franck Mastiaux meet the criteria allowing them to be qualified as independent Directors as defined by the Company and under the AFEP-MEDEF Code.

Therefore, at the end of the 2020 Annual General Meeting, in view of the expiration of Mr Gérard Hauser's directorship and subject to the renewal of the directorship of Mr Yann Delabrière and the appointment of Mr Frank Mastiaux:

- the Board of Directors will continue to be made up of ten members;
- the proportion of women will continue to be 40%, and the Board will have three foreign Directors (30%) and a single Director with executive functions, Mr Henri Poupart-Lafarge, Chairman and CEO;
- the proportion of independent Directors on the Board will increase to 70%, with seven Directors qualified as independent as defined by the Company and under the criteria of the AFEP-MEDEF Code.

Changes in the composition of the Board of Directors and Committees between the 2019 and 2020 Annual General Meetings

In light of the expiration of Mr Gérard Hauser's directorship and subject to the renewal of Mr Yann Delabrière's directorship and the appointment of Mr Frank Mastiaux, the changes in the composition of the Board of Directors would be as follows:

	Annual General Meeting held on 10 July 2019	10 July 2019 – 11 May 2020	2020 Annual General Meeting
Departure: End of Term (E), Resignation (R), or Replacement of Permanent Representative (RPR)	Ms Candace K. Beinecke (E) Mr Klaus Mangold (E)	Ms Françoise Colpron (R) Mr Philippe Marien (RPR)	Mr Gérard Hauser (E)
Renewal of Directorship	Mr Henri Poupart-Lafarge Ms Sylvie Kandé de Beaupuy(*) Ms Sylvie Rucar(*)		Mr Yann Delabrière(*)
Ratification (RT)/Appointment (A)			Mr Frank Mastiaux(A)(*)

(*) Independent Director.

In light of the changes described above, the changes in the composition of the Committees would be as follows:

	After the 2019 Annual General Meeting	On 11 May 2020	After the 2020 Annual General Meeting
AUDIT COMMITTEE			
Chair	Ms Sylvie Rucar(*)	Ms Sylvie Rucar(*)	Ms Sylvie Rucar(*)
Members	Ms Clotilde Delbos(*) Mr Philippe Marien (permanent representative of Bouygues S.A.)	Ms Clotilde Delbos(*) Mr Pascal Grangé (permanent representative of Bouygues S.A.)	Ms Clotilde Delbos(*) Mr Pascal Grangé (permanent representative of Bouygues S.A.)
NOMINATIONS AND REMUNERATION COMMITTEE			
Chair	Mr Yann Delabrière(*)	Mr Yann Delabrière(*)	Mr Yann Delabrière(*)
Members	Ms Sylvie Rucar(*) Mr Gérard Hauser Mr Baudouin Prot(*)	Ms Sylvie Rucar(*) Mr Gérard Hauser Mr Baudouin Prot(*)	Ms Sylvie Rucar(*) Mr Frank Mastiaux(*) Mr Baudouin Prot(*)
ETHICS, COMPLIANCE AND SUSTAINABILITY COMMITTEE			
Chair	Ms Sylvie Kandé de Beaupuy(*)	Ms Sylvie Kandé de Beaupuy(*)	Ms Sylvie Kandé de Beaupuy(*)
Members	Ms Bi Yong Chungunco(*) Mr Gérard Hauser	Ms Bi Yong Chungunco(*) Mr Gérard Hauser	Ms Bi Yong Chungunco(*) Mr Baudouin Prot(*)

(*) Independent Director.

GENERAL MANAGEMENT

Combination of the duties of Chairman and Chief Executive Officer

In order to provide additional guarantees on the existence of a well-balanced and controlled system of corporate governance, in 2014, the Board of Directors chose to appoint a Lead Independent Director when the duties of Chairman of the Board of Directors and Chief Executive Officer are combined.

At its meeting held on 28 January 2016, the Board of Directors decided to keep the functions of Chairman and Chief Executive Officer combined as one and appointed Mr Henri Poupart-Lafarge as the Company's Chairman and Chief Executive Officer. After analysing and assessing the workings of the Board of Directors during the 2018/19 fiscal year and on the Nominations and Remuneration Committee's recommendation, the Board of Directors, in its meeting held on 6 May 2019, confirmed, in the context of the renewal of Mr Henri Poupart-Lafarge's directorship this combination of functions.

At the time of each evaluation of the functioning of the Board of Directors and of its Committees, the Directors are invited to provide their views on this subject.

Thus, during the evaluation in respect of the 2019/20 financial year, the Directors notably highlighted that Mr Henri Poupart-Lafarge was able to find a satisfactory balance between these two functions:

- as Chairman, by setting in agreement with the Lead Independent Director an agenda allowing the Board of Directors to deal with all relevant topics and of interest, by creating an open forum of discussions during the Board meetings, by easing the exchanges between the Directors and by reaching a consensus of the Board when taking decisions;
- as Chief Executive Officer, due to his in-depth knowledge and full control of the Group's activities, strategy and implementation issues and thanks to his managerial qualities.

The Board of Directors also made this decision due to the existence of firm counterweights as described below, including the appointment of a Lead Independent Director with specific powers and responsibilities.

In this regard, the evaluation of the 2019/20 fiscal year highlighted the efficiency of the role played by Mr Yann Delabrière, the current Lead Independent Director, both as Lead Independent Director and as Chair of the Nominations and Remunerations Committee, as well as the professionalism and solidity of his relationship with Mr Henri Poupart Lafarge which allows the necessary attention to be paid to all of the Group's relevant issues.

Mr Yann Delabrière is thus viewed as being extremely committed in his role of Lead Independent Director, having an accurate understanding of the Group and its priorities and continuously interacting with the Chairman and Chief Executive Officer.

Specific governance safeguards

Well-balanced and controlled governance

Various factors contribute to well-balanced and controlled corporate governance, including:

- a significant proportion of independent Directors sitting on the Board of Directors and the Committees; from the outset, the chairs of the Committees have been entrusted to independent Directors;
- information on the Group's activities and any significant events is provided to the Board of Directors on a regular basis, including outside the context of Board of Directors meetings;
- the increasing development of interactions between the Board of Directors and members of the Executive Committee and the functional/operational heads of key functions within the Group, notably in the context of their participation in and presentations given at Board of Directors and Committee meetings and during site/project visits on an annual basis (see the Board of Directors' activities during the fiscal year under review);
- an annual review of corporate governance practices and of the operation of both the Board of Directors and the Committees, which allows areas for improvement and priorities to be regularly identified and the implementation of recommendations to be assessed; in this regard, starting with the 2020/21 fiscal year, two annual meetings led by the Lead Independent Director with Directors who are external to the Company ("executive sessions") will focus on, in particular, assessing the CEO's performance and the governance practices of the Board of Directors (see the results of the assessment of the Board of Directors during the 2019/20 fiscal year);
- the availability of CEO and of the Lead Independent Director to discuss key subjects regarding the Company's corporate governance and corporate responsibility with institutional investors, proxy advisors and shareholders outside the context of the Annual General Meeting;
- a regular review of the internal rules of the Board of Directors and of its Committees and the amendment of their provisions as may be necessary.

Limitations on the Chief Executive Officer's authority imposed by the Board of Directors

The restrictions on the Chairman and Chief Executive Officer's powers imposed by the Board are set forth in the Board's internal rules (as amended on 5 July 2016), which provide that the Board of Directors' prior approval is required for:

- any transaction that is not part of the Group's announced strategy or that could significantly affect that strategy;
- any transaction that could materially modify the Group's financial structure or results;
- any single acquisition or divestiture in excess of €80 million, any partnership where the Group's contribution exceeds €80 million, and any financing transaction that exceeds €400 million as regards new medium- or long-term borrowings or €1 billion for short-term treasury bills;
- organic growth investments of an amount higher than €80 million and significant internal restructurings in connection with, in particular, the annual review of the Group's budget and strategy.

For acquisitions and divestitures, the amount to be taken in consideration is the enterprise value, regardless of the payment terms (immediate or deferred, cash or in shares, etc.). For business partnerships and company formations, the amount to be taken into consideration is the amount of the Group's financial commitment (contribution to the share capital or shareholder loans, exposure to external financings, etc.).

The internal rules also require the Board of Directors to review and approve the annual budget and the medium-term plan.

Lead Independent Director

Since 2014, when the duties of Chairman and Chief Executive Officer were combined, the Board of Directors must, in accordance with its internal rules, appoint a Lead Independent Director whose main responsibility is to ensure that the Company's corporate governance bodies function properly. The Lead Independent Director is appointed for a two-year term, which cannot exceed his/her term of office as a Director. He/she is eligible for reappointment and the Board of Directors may terminate the Lead Independent Director's functions at any time.

The internal rules set the following terms applicable to the role of Lead Independent Director (article 6 of the Board of Directors' internal rules):

Functioning of the Board of Directors and of the Committees of the Board of Directors

- The Chairman of the Board of Directors consults with the Lead Independent Director regarding the matters on Board meeting agendas and can recommend including additional matters on to the agenda.
- The Lead Independent Director can approach the Chairman of the Board of Directors and request that a meeting of the Board of Directors be convened to discuss a predefined agenda.
- The Lead Independent Director ensures that the internal rules are applied when the meetings of the Board of Directors are prepared and held, and also ensures that the Directors comply with such Internal Rules.
- The Lead Independent Director makes sure that the Directors are able to exercise their duties under the best possible conditions and, in particular, that they can rely on a high level of information prior to the Board meetings.
- The Lead Independent Director can, at his/her own initiative, call for and preside over meetings of Directors who do not exercise executive or salaried functions within the Group (non-executive Directors).
- The Lead Independent Director can be the Chairman of the Nominations and Remuneration Committee. As such, he/she is responsible for, in particular, managing the succession plan for executive Directors, selecting new Directors, and for securing the balance with respect to the composition of the Board of Directors and the Committees.
- The Lead Independent Director can attend any of the meetings of any Committee of which he or she is not a member and has access to the work completed by such Committees and to the information made available to them.

Relations with Directors

- The Lead Independent Director maintains a regular dialogue with Directors and is, if need be, their spokesperson vis-à-vis the Chairman of the Board.

Conflicts of interest

- The Lead Independent Director plays a preventive role to raise the awareness of all Directors with respect to conflicts of interest.
- Together with the Chairman of the Board, he/she reviews situations that could potentially trigger conflicts of interest.

Relations with shareholders

- The Lead Independent Director is kept abreast of any comments and suggestions submitted by shareholders in relation to governance and the remuneration of corporate officers. He/she ensures that their questions are answered, makes himself or herself available to communicate with such shareholders at the request of the Chairman of the Board and keeps the Board of Directors apprised of these communications.

The Lead Independent Director reports annually to the Board of Directors and to the Shareholders' Meeting regarding his/her work.

The Secretariat of the Board of Directors makes itself available to assist to the Lead Independent Director carry out his/her missions.

Following the Annual General Meeting held on 4 July 2017, the Board of Directors decided to appoint Mr Yann Delabrière, an independent Director, as Lead Independent Director and as Chairman of the Nominations and Remuneration Committee, which is the Committee that oversees corporate governance issues. Upon the Nominations and Remuneration Committee's recommendation of 6 May 2019, the Board of Directors meeting held on the same date decided to reappoint Mr Yann Delabrière as Lead Independent Director starting at the end of the General Meeting held on 10 July 2019, for a new term of two years.

Subject to the renewal of his directorship by the 2020 Annual General Meeting, the Board of Directors meeting held on 11 May 2020 decided that Mr Yann Delabrière would continue to hold such role for the unexpired term of this position, *i.e.,* one year.

The Lead Independent Director's activity report in respect of the 2019/20 fiscal year is presented on page 173 of this report.

INFORMATION REGARDING MEMBERS OF THE BOARD OF DIRECTORS

Diversity policy and Director expertise

The composition of the Company's Board of Directors is defined in a manner that enables it to fully accomplish all its missions (for example, in terms of competences in the field of strategy, financial topics and financial statements review, risk control, ethics and compliance, governance or compensation).

In order to achieve this goal, the Board of Directors ensures that its members have complementary skills (which are assessed on the basis of each member's educational background and experience in particular) and are diverse (based on personal criteria such as nationality, geographical origin, age, seniority on the Board of Directors and gender). This process resulted in the creation of a skills matrix which is based on information provided by Directors in response to the annual questionnaire sent to them by the Company. This matrix is notably intended to identify any needs for expertise and, consequently, guides the selection of candidates who could add value to the Board's work should vacancies arise.

In this regard, the search for new candidates is carried out through a clearly defined process spearheaded by the Lead Independent Director and the Nominations and Remuneration Committee and is entrusted to a specialised external firm.

In addition to the skills identified as being necessary for the Board, other considerations are taken into account: not exceeding the rules applicable to holding multiple appointments, independence, diversity in all respects (gender parity, nationality), but also, and more generally, the capacity to adhere to the Board's culture so that each new Director naturally becomes part of the Board. Thus, in addition to meeting with the Lead Independent Director and the Chairman and Chief Executive Officer, the selected candidates meet with each of the members of the Nominations and Remuneration Committee.

During the year under review, the implementation of this diversity policy notably led the Nominations and Remuneration Committee meeting held on 9 March 2020 to recommend to the Board that it propose to the 2020 Annual General Meeting that Mr Frank Mastiaux be appointed as a new Director.

Upon the recommendation of the Nominations and Remuneration Committee, the Board of Directors meeting held on 10 March 2020 noted the following factors:

- Mr Frank Mastiaux has been the Chief Executive of EnbW for six years and spearheaded the transformation of that company – which was initially dedicated to traditional energies (coal and nuclear) – into a company where renewable energies (solar and wind power) are now the main business. Mr Mastiaux is also committed to new technologies aimed at addressing, among other things, the needs of smart cities and electric mobility solutions. He therefore has solid executive experience in the area of sustainable development;
- Mr Frank Mastiaux, who is German, has an international profile. A large part of his professional career was spent abroad, in Great Britain and in the United States. He notably held various positions at BP.

Mr Frank Mastiaux's profile is therefore strongly in line with the needs and culture of the Board and his candidacy will be proposed for a vote at the 2020 Annual General Meeting.

Information regarding Mr Frank Mastiaux allowing the shareholders to vote is contained in the 2020 Annual General Meeting Notice.

The below matrix illustrates the diverse expertise of members of the Board of Directors as of 11 May 2020.

	Transportation industry	Equipment suppliers	Management of large companies (turnover ≥€7 billion)	Finance/Management control	Legal/M&A	Ethics and compliance	Human resources	Social and environmental responsibility	Digital/Digital transformation and cybersecurity	International experience
Henri Poupart-Lafarge	√	√	√	√	√	√	√	√	√	√
Yann Delabrière	√	√	√	√					√	√
Olivier Bouygues			√					√		√
Bi Yong Chungunco			√		√	√				√
Clotilde Delbós	√		√	√	√	√	√			√
Gérard Hauser	√	√	√	√		√	√			√
Sylvie Kandé de Beaupuy	√		√		√	√	√	√		√
Baudouin Prot			√	√	√	√	√	√		√
Sylvie Rucar	√		√	√	√	√		√		√
Pascal Grangé (Representative of Bouygues S.A.)			√	√						√

The diversity of the Board of Directors assessed on the basis of more personal information is set forth below.

Directorships and duties exercised by the Directors

This section was prepared using the information provided by the Directors in response to the annual questionnaire sent to them by the Company, which is notably intended to collect/update information about each Director in view of preparing the Universal Registration Document and to gather information that will be used to assess the independence of corporate officers by the Board of Directors upon the proposal of the Nominations and Remuneration Committee.

The following information is up to date as at 11 May 2020:

Henri Poupart-Lafarge

Age: 51.

Nationality: French.

Professional address: Alstom – 48, rue Albert Dhalenne – 93400 Saint-Ouen-sur-Seine (France).

Principal duties: Chairman and Chief Executive Officer of Alstom.

Current Term End: 2023 AGM.

First appointment: 30 June 2015 – 10 July 2019.

Holds 77,498 shares.

Other current directorships and positions:

In France:

–

Abroad:

–

Past directorships and positions (held over the past five years):

In France:

Outside the Alstom Group:

- Director of Vallourec(*) (2014 to 2018)

Within the Alstom Group:

- Chairman of Alstom Executive Management (2014-2015)
- Director of Alstom Transport S.A. (2012-2015)
- Director of Alstom T20 (2014)

Abroad:

Outside the Alstom Group:

- Director of Transmashholding (Russia) from 2012 to 2019

Biography:

Mr Henri Poupart-Lafarge is a graduate of *École polytechnique*, the *École nationale des ponts et chaussées* and the Massachusetts Institute of Technology (MIT). He started his career in 1992 at the World Bank in Washington, D.C. before joining the French Ministry of Economy and Finance in 1994. Mr Henri Poupart-Lafarge joined Alstom in 1998 as Head of Investor Relations and head of management control. In 2000, he became Senior Vice-President of Finance of Alstom's Transmission and Distribution division, which was sold in 2004. From 2004 to 2010, Mr Henri Poupart-Lafarge was Chief Financial Officer of the Alstom Group, President of Alstom's Grid division from 2010 to 2011 and President of Alstom's Transport division from 4 July 2011 until he was appointed as Alstom's Chairman and Chief Executive Officer. Mr Henri Poupart-Lafarge has been the Chairman and Chief Executive Officer of Alstom since 1 February 2016.

Yann Delabrière

Age: 69.

Nationality: French.

Professional address: Idemia – 2, place Samuel-de-Champlain – 92400, Courbevoie (France).

Principal duties: Chairman of the Management Board of Idemia Group.

Current Term End: 2020 AGM.

First appointment: 17 March 2017.

Independent Director.

Lead Independent Director.

Chairman of the Nominations and Remuneration Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France:

- Chairman of Idemia France
- Chairman of Idemia Identity & Security France
- Chairman of Galaxy Manco
- Chairman and Chief Executive Officer of MM Consulting

Abroad:

–

Past directorships and positions (held in the past five years):

In France:

- Chairman of the Management Board of Zodiac Aerospace(*) from June 2017 to February 2018
- Chairman and Chief Executive Officer of Faurecia(*) from February 2007 to July 2016, then Chairman of the Board of Directors from July 2016 to May 2017
- Chairman of the Supervisory Board of Idemia Group from January to October 2018
- Director of Capgemini SE(*) from May 2004 to May 2018
- Director of Société Générale(*) from May 2012 to May 2016

Abroad:

–

Biography:

Mr Yann Delabrière is a graduate in mathematics of the *École normale supérieure* and of the *École nationale d'administration*. He began his career at the French *Cour des comptes* before working in the cabinet office of the Foreign Trade Ministry. He then became the Chief Financial Officer of Coface and then of the Printemps Group. In 1990, he joined PSA as Chief Financial Officer and he became a member of its Executive Committee in 1998. Mr Yann Delabrière was appointed Chairman and Chief Executive Officer of Faurecia from 2007 until July 2016 and remained Chairman of its Board until May 2017. He was then appointed Chairman of the Management Board of Zodiac Aerospace, a position he held from June 2017 until February 2018. He then became the Chairman of the Supervisory Board of Idemia Group. He has been the Chairman of the Management Board of Idemia Group since October 2018. He is also a former Director of Cap Gemini SE and Société Générale.

(*) Listed company.

Olivier Bouygues

Age: 69.

Nationality: French.

Professional address: Bouygues S.A. – 32, avenue Hoche – 75378 Paris Cedex 08 (France).

Principal duties: Vice Chief Executive Officer of Bouygues S.A.(*).

Current Term End: 2022 AGM.

First Term: 28 June 2006 – 22 June 2010.

Holds 2,000 shares.

Other current directorships and positions:

In France:

Outside the Bouygues Group:

- Chief Executive Officer of SCDM (France)
- Chairman of SCDM Domaine SAS (France)

Within the Bouygues Group:

- Director of Bouygues(*), TF1(*), Bouygues Telecom, Colas(*) and Bouygues Construction (France)
- Member of the Board of Bouygues Immobilier (France)

Abroad:

Outside the Bouygues Group:

- Chairman and Chief Executive Officer and Director of SECI (Ivory Coast)
- Director of SCDM Energy Limited (United Kingdom)

Within the Bouygues Group:

- Chairman of the Board of Directors and Director of Bouygues Europe (Belgium)

Past directorships and positions (held in the past five years):

In France:

- Director of Bouygues Immobilier (2016 to 2017)
- Standing representative of SCDM on the Board of Bouygues(*) (1991 to 2016)
- Chairman of SCDM Énergie (SAS) (2011 to 2015)
- Chairman of Sagri E SAS (2006 to 2017)
- Director of Eranove (formerly Finagestion) (2004 to 2015)
- Liquidator of SIR (2015)

Abroad:

- Director of Sodeci(*) (Ivory Coast) (2002 to 2015)
- Director of Compagnie Ivoirienne d'Électricité(*) (Ivory Coast) (2002 to 2015)
- Director of Sénégalaise des Eaux(*) (Senegal) (1999 to 2015)

Biography:

Mr Olivier Bouygues joined the Bouygues Group in 1974 after graduating in engineering from the *École nationale supérieure du pétrole* (ENSPM). He began his career in the group's Civil Works branch. From 1983 to 1988, he worked at Bouygues Offshore as Director of the Cameroon subsidiary Boscam and then Director of the France Works and Special Projects division. From 1988 to 1992, he was Chairman and CEO of Maison Bouygues. In 1992, he became group Executive Vice President for Utilities Management, which grouped together Saur's international and French activities. In 2002, Mr Olivier Bouygues was appointed Deputy Chief Executive Officer of Bouygues.

Bi Yong Chungunco

Age: 57.

Nationality: Filipino.

Professional address: Luzon International Premiere Airport Development Corporation – Civil Aviation Complex –Andres Bonifacio Avenue – Clark Freeport Zone – Pampanga 2023 – Philippines.

Principal duties: Chief Executive Officer of Luzon International Premiere Airport Development Corporation.

Current Term End: 2022 AGM.

First appointment: 1 July 2014 – 17 July 2018.

Independent Director.

Member of the Ethics, Compliance and Sustainability Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France:

–

Abroad:

–

Past directorships and positions (held during the past five years):

In France:

- Group general counsel and Corporate Secretary of Lafarge S.A.(*) until 2015

Abroad:

- Head of Divestment of LafargeHolcim – Holcim Technology Singapore Pte Ltd (Singapore) until 2017
- Head of Lafarge China Cement Ltd until 2017
- Director of Lafarge Malaysia SdnBhd(*) (Malaysia) until 2017
- Director of Sichuan Shuangma Cement Ltd(*) (China) until 2017
- Director of Lafarge Republic Inc.(*) (Philippines) until 2015
- Director of Lafarge Surma Cement Ltd* (Bangladesh) until 2017

Biography:

Ms Bi Yong Chungunco is currently the Chief Executive Officer of Luzon International Premiere Airport Development Corporation, the consortium that was awarded the operations and maintenance of Clark International Airport (Philippines) and Clark Civil Aviation Complex.

Until August 2017, Ms Chungunco was the Head of the Divestments of LafargeHolcim group, focusing mainly on the Asia Pacific region, and concurrently, Head of Lafarge China.

From July 2015 to March 2016, she was the Area Manager, South East Asia (West) of LafargeHolcim group, and oversaw operations in Malaysia, Singapore, Bangladesh, Sri Lanka, and Myanmar. She also served as the Corporate Secretary of Lafarge S.A. Prior to this, she was the Senior Vice President, Group General Counsel and Corporate Secretary of Lafarge S.A based in Paris, France.

(*) Listed company.

She joined the Lafarge Group in 2002 as Senior Vice President for Legal, Corporate Governance & External Relations of Lafarge's subsidiary in the Philippines. From 2004 to 2007, she was Group Regional Counsel and then Deputy General Counsel of Lafarge, overseeing from Paris the group's merger and acquisitions transactions and coordinating the worldwide legal network. From 2008 to 2012, she was Chief Executive Officer and Director of Lafarge Malayan Cement Berhad, one of the largest industrial companies listed on the Malaysian Stock Exchange (a 51% owned subsidiary of Lafarge, with operations in Malaysia and Singapore).

A lawyer by training, she practiced in various law firms prior to joining the Lafarge group.

Clotilde Delbos

Age: 52.

Nationality: French.

Professional address: Groupe Renault – 13/15, quai Le Gallo – 92513 Boulogne-Billancourt (France).

Principal duties: Interim CEO and Chief Financial Officer of the Renault group(*).

Current Term End: 2022 AGM.

First appointment: 17 July 2018.

Independent Director.

Member of the Audit Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France, within Groupe Renault:

- Chair of the Board of Directors of Banque RCI S.A.
- Chair of Renault Venture Capital

In France, outside the Groupe Renault:

- Co-Manager of Hactif Patrimoine
- Chair of Mobilize Invest

Abroad, within Groupe Renault:

- Member of the Management Board of Alliance Rostec Auto BV (Netherlands)
- Director of Renault España (Spain)
- Member of the Supervisory Board of Alliance Ventures BV (Netherlands)
- Chair-CEO and member of the Management Board of Renault-Nissan BV (Netherlands)

Abroad, outside Groupe Renault:

–

Past directorships and positions (held in the past five years):

In France:

- Group Controller of Renault from 2012 to 2016

Abroad:

–

Biography:

Ms Clotilde Delbos started her career in California, before joining Price Waterhouse in Paris and subsequently the Pechiney Group in 1992. She held various positions in France and in Brussels in internal audit, treasury and mergers & acquisitions before becoming Division Financial Director at Bauxite Alumina and International Trade. After Pechiney was acquired by Alcan, Clotilde Delbos became Vice-President and Business Finance Director of the Engineered Products Division in 2005, until that business was sold in 2011 to Apollo Global Management and the Fonds Stratégique d'Investissement. Ms Delbos was Deputy CFO and Chief Risk Officer of the resulting company, Constellium. She joined the Renault group in 2012 as Group Controller. In 2014, she was appointed to Renault's Management Committee and was appointed Director of Global Alliance, Control, in addition to her role as SVP, controller of the Renault group. On 25 April 2016, Clotilde Delbos was appointed as Executive Vice-President, Chief Financial Officer of the Renault group and Chair of the Board of Directors of Banque RCI S.A. In October 2019, she was appointed Interim CEO of Renault S.A.

Gérard Hauser

Age: 78.

Nationality: French.

Principal duties: Director of companies.

Current Term End: 2020 AGM.

First Term: 11 March 2003 – 9 July 2004.

Member of the Nominations and Remuneration Committee.

Member of the Ethics, Compliance and Sustainability Committee.

Holds 3,430 shares.

Other current directorships and positions:

–

Past directorships and positions (held in the past five years):

In France:

- Chairman of the Supervisory Board of Stromboli Investissements (SAS) (France) from 2009 to 2016
- Director of Delachaux (France) from 2011 to 2018
- Director of TechnipFMC France (France), expired in 2019

Abroad:

- Director of Mecaplast (Monaco) (2009-2016)
- Director of TechnipFMC Italy (Italy), expired in 2019

Biography:

From 1965 to 1975, Mr Gérard Hauser occupied several high-level positions in the Philips group. He joined the Pechiney group, where he was, successively from 1975 to 1996, Chairman and Chief Executive Officer of Pechiney World Trade, Chairman and Chief Executive Officer of Pechiney Rhénalu and, finally, Senior Executive Vice-President of American National Can and member of the Pechiney group's Executive Committee. Mr Gérard Hauser joined Alcatel in 1996 and became President of its Cable and Components division in 1997. From October 2000 to May 2009, he was Chairman and Chief Executive Officer of Nexans.

(*) Listed company.

Sylvie Kandé de Beaupuy

Age: 63.

Nationality: French and Senegalese.

Professional address: Airbus SAS, B80 Building – Office E253 – PO Box 31 – 2, rond-point Émile-Dewoitine, BP 90112 – 31703 Blagnac (France).

Principal duties: Executive Vice President – Chief Ethics and Compliance Officer of Airbus(*).

Current Term End: 2019 AGM.

First appointment: 30 January 2017 – 10 July 2019.

Independent Director.

Chair of the Ethics, Compliance and Sustainability Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France:

–

Abroad:

–

Past directorships and positions (held in the past five years):

In France:

- Senior Vice-President – Group Chief Compliance Officer, Technip(*) (France) from 2008 to 2015
- Executive Vice-President – Group Corporate Counsel, Technip(*) (France) in 2015

Abroad:

–

Biography:

Ms Sylvie Kandé de Beaupuy has been the Executive Vice-President – Chief Ethics and Compliance Officer of Airbus since 2015.

She manages a team of close to 200 individuals (compliance managers and administrative staff) located throughout the world in all of Airbus's various activities and divisions (Airbus Commercial, Helicopters and Defence and Space).

Before joining Airbus, from 2008 to 2015, she was the Senior Vice-President – Group Chief Compliance Officer and then the Executive Vice-President – Group Corporate Counsel at Technip, the world leader in the para-oil sector.

Ms Sylvie Kandé de Beaupuy began her career as an attorney at the Paris Bar and was part of the Corporate/Mergers and Acquisitions Department of Clifford Chance in Paris for nearly 20 years. She then chose to work in-house and joined EADS/Airbus as the General Counsel of the Airbus/Leonardo partnership, ATR.

Baudouin Prot

Age: 68.

Nationality: French.

Professional address: -

Principal duties: Chairman of the Supervisory Board of Foncia

Current Term End: 2022 AGM.

First appointment: 17 July 2018.

Independent Director.

Member of the Nominations and Remuneration Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France:

- Director of Kering(*)
- Chairman of the BNP Paribas Emergency and Development Fund

Abroad:

- Director of Finastra (United Kingdom)
- Director of BGL BNP Paribas (Luxembourg)
- Senior Advisor of Partners Group (Switzerland)
- Senior Advisor, Boston Consulting Group (United States)

Past directorships and positions (held in the past five years):

In France:

- Director of Lafarge(*) until 2016
- Director of Veolia Environnement(*) until 2019

Abroad:

–

Biography:

Mr Baudouin Prot began his career as Finances Inspector after graduating from the *École nationale d'administration*. He joined the Banque Nationale de Paris in 1983 as Deputy Director of Banque Nationale de Paris Intercontinentale prior to assuming the leadership of the Europe Department in 1985. He joined the management team of Réseaux France in 1987. For ten years (1987-1996), he was in charge of Réseaux France and was appointed Deputy Managing Director in 1992. In 1996, he accepted the position of Managing Director of the Banque Nationale de Paris and, when BNP Paribas was created, he was appointed Deputy CEO of the new group. In 2000, became a member of the Board of Directors of BNP Paribas. In 2003 Mr Prot became CEO and Director of BNP Paribas, a position he held until 2011. From 2011 to 2014 he served as Non-Executive Chairman of BNP Paribas.

(*) Listed company.

Sylvie Rucar

Age: 63.

Nationality: French.

Professional address: SR Corporate Finance Advisory – 9 *bis,* rue Saint-Amand – 75015, Paris (France).

Principal duties: Manager of SRCFA.

Current Term End: 2019 AGM.

First appointment: 30 June 2015.

Independent Director.

Chair of the Audit Committee.

Member of the Nominations and Remuneration Committee.

Holds 2,000 shares.

Other current directorships and positions:

In France:

- Senior Advisor at Alix Partners (U.S. consulting firm, Paris office)
- Director of Avril Gestion (France)
- Director of CFAO (France), Chair of the Audit Committee

Abroad:

–

Past directorships and positions (held in the past five years):

In France:

–

Abroad:

–

Biography:

Ms Sylvie Rucar began her career in 1978 at Citroën (PSA group). She joined the PSA group's Finance Department from 1984 to 2007, where she worked in mergers and acquisitions, financial control, and international finance. She was Group Treasurer before becoming the Chief Financial Officer and Chair of Banque PSA Finance. She was a member of PSA Group's Management Committee.

In early 2008, Ms Sylvie Rucar joined Société Générale, where she was the Deputy CFO and Chief Operating Officer of the Group's Investor Services department. In mid-2009, Ms Sylvie Rucar joined the Cogepa family office. Since the end of 2010, she has been a consultant in financial management, mergers and acquisitions and corporate restructuring for her own firm and a Senior Advisor of the consulting firm Alix Partners. Ms Sylvie Rucar is a graduate of the ESCP-Europe Business School (*École supérieure de commerce de Paris,* ESCP-Europe).

Pascal Grangé

Age:59.

Nationality: French.

Professional address: Bouygues S.A. – 32, avenue Hoche – 75378 Paris Cedex 08 (France).

Principal duties: Deputy Chief Executive Officer and Chief Financial Officer of Bouygues S.A.(*).

Permanent representative of Bouygues S.A.(*) since 19 February 2020.

Member of the Audit Committee.

First appointment of Bouygues S.A.: 18 March 2008 – 22 June 2010.

Bouygues S.A.

French *société anonyme* with a share capital of €354,908,547.

Registered Office: 32, avenue Hoche – 75378 Paris Cedex 08 (France).

Mr Pascal Grangé holds 25 shares.

Bouygues S.A. holds 32,936,226 shares.

Current directorships and positions of Mr Pascal Grangé in his capacity as permanent representative of the Director Bouygues S.A.(*):

In France:

- Permanent representative of Bouygues S.A.(*), Director of Bouygues Construction
- Permanent representative of Bouygues S.A.(*), Director of TF1(*)
- Permanent representative of Bouygues S.A.(*), Director of Colas(*)
- Permanent representative of Bouygues S.A.(*), Director of Bouygues Immobilier
- Permanent representative of Bouygues S.A.(*), Director of Bouygues Telecom

Abroad:

–

Other directorships and positions of Mr Pascal Grangé within the Bouygues Group:

In France:

–

Abroad:

- Director of Bouygues Europe (Belgium)
- Director of Uniservice (Switzerland)

Past directorships and positions of Mr Pascal Grangé (held in the past five years) within the Bouygues Group:

In France:

- Vice Chief Executive Officer of Bouygues Construction, from 27 August 2008 to 30 September 2019
- Director of Bouygues Construction, from 27 February 2012 to 18 February 2020
- Chairman of Challenger Investissement, from 18 July 2008 to 30 September 2019
- Co-Manager of Challenger SNC France, from 14 December 2010 to 30 September 2019
- Manager of Bouygues Construction IT, from 6 December 2013 to 30 September 2019
- Director of Bouygues Bâtiment International, from 24 November 2014 to 2 February 2016
- Director of DTP, from 28 November 2014 to 2 February 2016
- Director of Bouygues Travaux Publics, from 2 December 2015 to 2 February 2016
- Director of Bouygues Bâtiment Île-de-France, from 2 December 2015 to 2 February 2016
- Director of LinkCity, from 2 December 2015 to 2 February 2016

(*) Listed company.

Abroad:

- Member of the Supervisory Board of Kraftanlagen München GmbH (Germany), from 31 July 2018 to 30 September 2019
- Director of Bouygues E&S InTec AG (Switzerland), from 31 July 2018 to 30 September 2019
- Director of VSL International Ltd (Suisse), from 1 April 2009 to 30 September 2019
- Director of Losinger Holding S.A. (Suisse), from 17 March 2005 to 30 September 2019
- Director of Losinger Marazzi S.A. (Suisse), from 19 April 2011 to 30 September 2019

Expired directorships and positions of Mr Pascal Grangé (held in the past five years) outside the Bouygues group:

In France:

- Director of Consortium Stade de France, from 29 September 2008 to 19 November 2019

Abroad:

- Co-Manager of Parcolog (Luxembourg), from 18 October 2004 to 8 December 2016

Other current directorships and positions of Bouygues S.A. within the Bouygues group:

In France:

- Director of Bouygues Construction
- Director of TF1(*)
- Director of Colas(*)
- Director of Bouygues Immobilier
- Director of 32 Hoche
- Director of GIE Intrapreneuriat Bouygues

Abroad:

–

Other current directorships and positions of Bouygues S.A. outside the Bouygues group:

In France:

- Member of the Board of Directors of the organisation managing the Gustave-Eiffel Center
- Member of the Board of Directors of GIE Registrar
- Director of FL WH HOLDCO

Abroad:

–

Expired directorships and positions of Bouygues S.A. (carried out in the last five years) within the Bouygues group:

In France:

- Director of C2S from 2010 to 2017

Abroad:

–

Biography:

Mr Pascal Grangé holds an advanced degree (DESS) in Finance and joined the Bouygues group in 1986. He is its Deputy CEO and Chief Financial Officer since 1 October 2019. Starting in August 2009, Mr Pascal Grangé was the Vice Chief Executive of Bouygues Construction and responsible for strategy, finance, IT systems, concessions and strategic planning on real estate development. Before then, Mr Pascal Grangé held finance directorships and general secretary positions within several group subsidiaries, Dragages et Travaux Publics, SCREG, SAUR and Bouygues Construction in particular.

No convictions

This section is based on the information provided by the Directors in response to the annual questionnaire sent to them by the Company.

The information is current as at 11 May 2020.

To the Company's knowledge, no member of the Board of Directors:

- has been convicted of fraud in the last five years, or
- has been implicated and/or been the subject of any official public sanction; provided, however, that by decision dated 18 December 2014, the Enforcement Committee of the French Financial Markets Authority (AMF) found that Faurecia S.A. and its Chairman and CEO, Mr Yann Delabrière, had failed to meet certain obligations defined in articles 223-1, 223-2 and 223-10-1 of the AMF's General Regulation pertaining to information related to Faurecia S.A.'s objectives for 2012. In application of articles L. 621-15 (paragraphs II-(c) and III-(c)) of the French Monetary and Financial Code, the AMF fined Faurecia S.A. and its Chairman and CEO, Mr Yann Delabrière, €2 million and €100,000, respectively. Supported by the Faurecia S.A.'s Board of Directors, on 26 February 2015, Faurecia S.A. and Mr Yann Delabrière lodged an appeal against this decision with the Paris Court of Appeal. In a ruling issued on 30 June 2016, the Paris Court of Appeal, finding that the decision did not permit the proportionality of the fine to be assessed, ruled that the financial penalty imposed on Faurecia S.A. should be overturned and, as consequently, reduced it to €1 million. As regards Mr Yann Delabrière, the Paris Court of Appeal found no evidence of personal wrongdoing and maintained the penalty solely in his capacity as legal representative of Faurecia S.A. On 22 August 2016, Faurecia S.A. and Mr Yann Delabrière lodged an appeal against this ruling before the French Supreme Court *(Cour de cassation)*. The appeal before the French Supreme Court lodged by Faurecia and its former Chairman and Chief Executive Officer, Mr Yann Delabrière, was withdrawn and the French Supreme Court recorded this withdrawal by a judgment dated 26 September 2018;
- has been in the past five years, while having held the position of a member of an administrative, management or supervisory body, involved in a bankruptcy, receivership, liquidation or the placement of a company under judicial administration;
- has been disqualified by a court from having the right to carry out the duties of a member of an issuer's administrative, management or supervisory body or from acting in the management or conduct of the business of any issuer in the past five years.

(*) Listed company.

Conflicts of interest

The applicable rules and procedures in place within Alstom

The Director's Charter annexed to the Board's internal rules provides that a Director must inform the Board as soon as he/she is aware of any conflict of interest (even a potential conflict) and he/she must refrain from participating in discussions on and from voting on the corresponding matter. In the event of a conflict of interest that cannot be resolved to the Board's satisfaction, the Director must resign.

In addition, pursuant to article 6 of the Board's internal rules, the Lead Independent Director is responsible for carrying out a preventive awareness campaign aimed at Directors regarding conflicts of interest and for examining with the Chairman of the Board potential conflict of interest situations.

Agreements with related parties

In accordance with article L. 225-39 of the French Commercial Code as amended by the *"Pacte"* law of 22 May 2019, the Company put in place a procedure aimed at regularly evaluating ordinary course agreements entered into under arm's length terms.

The principal characteristics of this procedure as approved by the Board of Directors on 10 March 2020 are as follows and will be fully deployed starting in the 2020/21 fiscal year:

- establishment and updating of a list of the relevant related parties by identifying and classifying the relevant agreements;
- two step implementation:
  - control: quarterly in respect of certain support functions, such as the procurement and consolidation departments; annually, on the basis of a questionnaire sent to members of the Board of Directors,
  - classification: phase involving the legal, commercial and/or finance functions and the Statutory Auditors, if the opinion of the Auditors becomes necessary;
- annual report of the Board of Directors and re-examination of the procedure on an annual basis so that its effectiveness can be improved as necessary.

Thus, to the Company's knowledge:

- there is no indirect or direct conflict of interest (including a purely potential conflict) between the duties of a Director vis-a-vis Alstom and such Director's private interests and/or other duties;
- no arrangement or agreement has been entered into between the Company and shareholders, clients, suppliers or other persons pursuant to which a Director was appointed to the Board;
- there is no family relationship among the members of the Company's Board of Directors;
- there is no services agreement binding any Directors to the Company or to any of its subsidiaries and providing for the grant of benefits upon the expiration of such an agreement.

In addition, to the Company's knowledge, with the exception of the commitment made by Bouygues S.A. in a support letter dated 17 February 2020 (the contents of which are described on page 292 of the Universal Registration Document) which was subject to prior authorisation from the Board of Directors in accordance with articles L. 225-38 of the French Commercial Code, there is no restriction applicable to any of the members of the Board of Directors relating to the sale of their stake in the Company's share capital other than the internal rules set by the Group or, more generally, all applicable legal or regulatory provisions governing the abstention from trading in the Company's securities in the context of preventing insider trading.

Director independence

Pursuant to the AFEP-MEDEF Code and the Board of Directors' internal rules, the Board annually assesses the situation of each Director in light of independence criteria.

In this regard, annually, each Director is invited to send to the Company an official statement regarding each of these criteria through the questionnaire sent to him/her by the Company.

The Board meeting held on 11 May 2020 performed this review based on the recommendations issued by the Nominations and Remuneration Committee, each of which were approved by the Board.

As in past years, the Board referred to the AFEP-MEDEF Code's definition and considered that a Director is independent when he/she has no relationship of any kind with the Company, its Group or its Management that could potentially compromise his/her ability to exercise independent judgement.

The Board took into account all the criteria recommended by the AFEP-MEDEF Code for assessing the independence of its members, and for finding that, in order to be qualified as independent, a Director must not:

- be or have been, in the past five years, an employee or an executive corporate officer *("dirigeant mandataire social exécutif")* of the Company, or an employee or executive corporate officer or Director of a company within the Company's scope of consolidation, or an employee, Executive Officer, or a Director of the Company's parent company or of a company consolidated by such parent;
- be an executive corporate officer *("dirigeant mandataire social exécutif")* of a company in which the Company directly or indirectly holds a seat on the Board of Directors, or in which an employee designated as such or an executive corporate officer *("dirigeant mandataire social exécutif")* of the Company holds a directorship (currently or over the past five years);
- be, either directly or indirectly, a customer, supplier, investment or commercial banker, advisor:
  - which is significant for the Company or its Group, or
  - for which the Company or its Group represents a material proportion of the entity's business;
- have any close family ties with a corporate officer *("mandataire social")* of the Company;
- have been a Statutory Auditor of the Company in the past five years;
- have been a Director of the Company for more than 12 years (loss of the status as an independent Director occurs on the date on which this 12-year period is reached);
- be, control, or represent a shareholder which holds, individually or in concert, more than 10% of the Company's share capital or voting rights;
- receive variable compensation in cash or shares or any other form of compensation linked to the performance of the Company or of the Group.

In compliance with the AFEP-MEDEF Code's recommendation, the Board may conclude that a Director does not qualify as independent even though he/she meets the independence criteria, and vice versa.

The Board of Directors reviewed in particular the key business relationships criterion. Whenever business activities or relationships are identified between the Company and the companies where Directors qualified as independent perform functions or hold offices, the Board takes into account the nature of those activities/relationships, their non-significant amount as assessed from each party's point of view, the fact that the relevant Director does not hold an executive position within the company or group in question or the existence of any other qualitative element (such as the length and the continuity of the relationship), in order to assess the independence of the relevant Directors.

As was the case last year, the Board also assessed the situation of Ms Sylvie Kandé de Beaupuy in light of the cooperation agreement the Company signed on 27 April 2017 with Airbus, the company in which she is the Group Ethics and Compliance Officer. The Board found that, given the nature (i) of her activities within Airbus and (ii) the agreement which seeks only to implement a co-development programme to prevent cyber-attacks (with the objective of providing services to analyse the vulnerability of transport systems, to create a common protection platform and define a new standard for security operational centres adapted to the industrial sector), Ms Sylvie Kandé de Beaupuy met all the independence requirements and should therefore be considered to be an independent Director.

Therefore, after reviewing all the criteria, the Board of Directors decided that, as of 11 May 2020, six out of the ten Directors qualified as independent, corresponding to 60%.

AFEP-MEDEF criteria *(The criterion is considered met when marked with a "√")*	**No employment or corporate officer position in the Company in the past 5 years**	**Absence of cross-directorships**	**Absence of material business relationships**	**Absence of family connections**	**Not being or having been the Company's Statutory Auditor in the past 5 years**	**Duration of appointment < 12 years**	**< 10% shareholding and voting rights in the Company**	**Absence of variable compensation based on the Company's performance**	**Qualification assigned by the Board**
Henri Poupart-Lafarge		√	√	√	√	√	√		Not independent
Olivier Bouygues	√	√	√	√	√			√	Not independent
Bi Yong Chungunco	√	√	√	√	√	√	√	√	Independent
Yann Delabrière	√	√	√	√	√	√	√	√	Independent
Sylvie Kandé de Beaupuy	√	√	√	√	√	√	√	√	Independent
Gérard Hauser	√	√	√	√	√		√	√	Not independent
Pascal Grangé (Representative of Bouygues S.A.)	√	√	√	√	√	√		√	Not independent
Sylvie Rucar	√	√	√	√	√	√	√	√	Independent
Clotilde Delbos	√	√	√	√	√	√	√	√	Independent
Baudouin Prot	√	√	√	√	√	√	√	√	Independent

Rules of conduct – Ethics for Directors

Directors' Charter

Attached to the Board of Directors' internal rules is the Directors' Charter, which defines Directors' rights and obligations, and the content of which essentially complies with the AFEP-MEDEF Code's recommendations. Before accepting their appointment, all Directors must familiarise themselves with the legal and regulatory texts that relate to their office, the Company's Articles of Association, the Group's Code of Ethics, the internal procedures of the Board of Directors and Board Committees, and the Directors' Charter. Any Director can consult the Secretary of the Board at any time regarding the scope of these rules and the rights and obligations of their role.

Each Director must dedicate to her/his function all the required time and attention and must attend – unless actually prevented from doing so – all meetings of the Board of Directors and of the Committees of which he/she is a member, and all General Shareholder Meetings.

Pursuant to the Directors' Charter, each Director has a duty to inform the Board as soon as he/she is aware of a conflict of interest, even a potential conflict, and to abstain from participating in discussions and votes on the corresponding matter. The Directors' Charter specifies that Directors must consult the Chair of the Board (or, whenever the Director in question is the Chair of the Board of Directors, the Chair of the Nominations and Remuneration Committee) prior to carrying out any activity or accepting any function or obligation that could, according to him/her, place him/her in a conflict of interest situation, including a potential conflict. After consulting with the Lead Independent Director, the Chair can submit such questions to the Nominations and Remuneration Committee, or the Board of Directors. The Lead Independent Director will analyse any potential conflicts of interest with the Chair of the Board of Directors. If a conflict cannot be resolved to the Board's satisfaction, the Director must resign. Upon taking office, and subsequently once per year, the Director must submit a statement to the Company on the existence of or the potential for any conflicts of interest by answering a questionnaire provided by the Company. He/she must notify the Company if ever the submitted information becomes inaccurate and is required to answer to the Chair of the Board of Directors' information request at any time, in accordance with the Directors' Charter.

Pursuant to the Director's Charter, each Director is bound by professional secrecy and must personally protect the confidentiality of any information he/she obtains in connection with his/her office that has not been made public.

In addition, the Directors' Charter states that the Director must also comply with the provisions of the AFEP-MEDEF Code and the legal provisions in force concerning rules applicable to the combination of offices. Each Director must provide information to the Company regarding the offices he/she holds in other companies, including his/her participation in Committees of the Boards of such French or foreign companies. He/she must disclose any new office or professional responsibility to the Company as soon as possible. When he/she exercises executive functions within the Company, he/she must also solicit the Board's opinion prior to accepting a new corporate office in a company outside the Group.

The Director's Charter also restates the Directors' duty to comply with the Group's internal rules and, more generally, with the applicable legal and regulatory provisions regarding the Directors' abstention from dealing in the Company's securities, as set forth in the Group's Code of Conduct on the misuse of inside information and the prevention of insider trading.

Code of Conduct on inside information and the prevention of insider trading

The Code of Conduct relating to inside information and preventing market abuse (the "Code of Conduct") defines the situations in which certain individuals must abstain from carrying out transactions involving the Company's securities. These principles are also contained in the Group's Code of Ethics.

The Group's Code of Ethics and Code of Conduct are also delivered to each Director at the beginning of his/her term and following each amendment. Compliance with confidentiality rules is also among the essential rules of the Group's Code of Ethics.

The Code of Conduct applies to Directors, executive managers and persons treated as managers, and Group employees who have regular or occasional access to inside information.

The blackout period calendar is released to the concerned persons prior to the beginning of each fiscal year and the commencement of each trading blackout period is notified by email several days in advance to the relevant persons.

The Board's Internal Rules and the Code of Conduct to which the Board's internal rules refer also remind the managers and persons treated as managers of their legal obligations to report dealings in the Company's securities carried out either by them or by persons close to them.

Pursuant to the Code of Conduct, transactions involving the Company's securities are not allowed:

- during the 30 calendar days before Alstom's half-year and annual results are disclosed to the public and until the second trading day (inclusive) following the date the information was disclosed to the public;
- during the 15 calendar days before the public disclosure of sales and orders (or other results) for the first and third quarters of each financial year and until the second trading day (inclusive) following the date the information was disclosed to the public; and
- in any case, when inside information is held and until the second trading day (inclusive) after the date such information was disclosed to the public.

CONDITIONS OF PREPARING AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

Organisation and functioning of the Board of Directors

The procedures governing the organisation and functioning of the Board of Directors are defined in the Board of Directors' internal rules. The purpose of the internal rules is to complement applicable laws and regulations.

The rules are regularly reviewed by the Board of Directors to determine whether its provisions need to be amended or further detailed in order to comply with applicable regulations or to improve the efficiency and operation of the Board and its Committees.

The internal rules notably state that the Board of Directors:

- must be comprised of independent Directors numbering not less than half of its total members, as determined and reviewed annually by the Board of Directors on the basis of a proposal of the Nominations and Remuneration Committee;
- shall define, upon the proposal of the Chief Executive Officer, the Group's strategy and shall regularly review the Group's previously defined orientations, supervise management and verify the quality of information supplied to shareholders and the financial markets;
- shall review and approve the annual budget and the medium-term plan;
- shall consider prior to implementation any transaction that is not part of the Group's announced strategy or that could significantly affect such strategy or materially modify the Group's financial structure or results;
- shall approve before implementation any acquisition or divestiture insofar as the amount exceeds €80 million, any decision to set up a partnership where the Group's contribution exceeds €80 million, as well as any financing transaction which exceeds a total of €400 million for any one transaction for new medium-term or long-term borrowings, or €1 billion for short-term treasury notes;
- shall approve before implementation organic growth investments of more than €80 million and significant internal restructuring transactions at the time, in particular, of the annual review of the budget and strategy;
- shall be kept regularly informed of developments in the Group's business activities and results, the Group's significant risks, its financial position, indebtedness, cash position and, more generally, any Group commitments, and may request information about the foregoing at any time;
- shall create one or more specialised Committees and define their composition and responsibilities;
- shall approve the composition of the Group's Executive Committee;
- shall set the compensation (in the broad sense) of the corporate officers *("mandataires sociaux")* and assess each year the Chief Executive Officer's performance outside of his/her presence;
- shall annually review and approve the information published in the Company's Annual Report regarding its corporate governance practices and structures, including the presentation of the policy followed with respect to the compensation of corporate officers.

The Board must also examine its method of working at least once per year and implement a formal assessment every three years.

At least six Board meetings are scheduled each year.

Training of Directors

Upon being appointed to the Board of Directors, each Director receives all information needed to perform his/her duties and may request any document he/she considers appropriate.

Meetings with those responsible for the Group's principal central functions are organised, as are meetings that include a detailed presentation of the businesses and production sites visits so that Directors may meet with management teams and develop a more thorough understanding of issues specific to the Company, its activities and the markets in which it operates.

Within the framework of the development of continuing training initiatives, all Directors may participate in the induction and training programs intended for new Directors.

During the annual assessment of the functioning of the Board, Directors are asked whether they are experiencing a need to update their knowledge or broaden their skills.

The Board of Director's internal rules specify that any further training a Director may request (as he/ she considers it necessary) may cover not only areas specific to the Group or the Group's professional areas and business sectors, but also accounting and financial areas.

Each year, one Board meeting is held (when possible) at one of the Group's main sites at which an in-depth presentation of the relevant business is made, along with production site visits and discussions with operational managers.

Information to be provided to Directors

Prior to each Board or Committee meeting, Directors receive with reasonable advance notice (generally one week) a file on agenda items that require prior examination and consideration.

In addition to Board meetings, the Chair systematically informs Directors of any event or development that has a material impact on operations or on any information previously communicated to the Board or on any matters discussed during the meetings; the Chair also regularly forwards to the Directors any significant information regarding the Company. The Board's internal rules notably provide for the Board's prior approval of any acquisition, disposal or partnership of a value exceeding €80 million.

Directors also receive copies of all press releases, as well as the principal press articles and financial analysts reports.

Directors may at any time request further information from the Chair of the Board, who assesses the relevance of the request. Directors are also entitled to meet with the Group's executives, including outside of the presence of corporate officers *("mandataires sociaux").*

Directors can also be asked to participate in working groups organised within the Company on issues that will then be presented to the Board of Directors.

The Group's operational managers and function heads, as well as persons from outside the Group, participate in meetings at the request of the Chair based on the matters on the agenda.

Board Committees

Upon the Company's listing in 1998, the Board of Directors formed two Committees, the Audit Committee and the Nominations and Remuneration Committee. Each of these Committees have a role of studying and preparing the Board's main deliberations falling within their purview in order to improve the Board's effectiveness of the Board, the sole body authorised to make decisions.

In September 2010, the Board decided to create a third Committee, the Ethics, Compliance, and Sustainability Committee.

Each Board meeting is generally preceded by a meeting of one or more of these Committees, depending on the items on the Board's meeting agenda. The Committees report to the Board on their work and observations and, as required submit their opinions, proposals or recommendations. In light of the professional travel constraints Directors may have, Audit Committee meetings may be held on the day prior to Board meetings and not two days ahead as recommended by the AFEP-MEDEF Code. These meetings are held on the basis of documents that were sent to participants in advance (a week before the meeting).

The composition, the powers and the procedures of each Committee are also defined by internal rules put forward by each relevant Committee and approved by the Board of Directors. Each Committee reviews its internal rules to take into account changes in regulations or recommendations and can submit any modifications it considers appropriate to the Board.

The Board of Directors can also at any time decide to create an *ad hoc* committee of Directors to examine a specific matter. This was the case in the context of the proposal to combine Alstom with the activities of Siemens Mobility in 2017/18 and within the framework of the proposed acquisition of Bombardier Transport announced on 17 February 2020.

Directors' professional careers and skills are taken into account by the Board when deciding Committee memberships.

According to the Audit and EC&S Committees' internal rules, such Committees must consist of at least three members of whom at least two thirds must be independent Directors, including the Committee chair. As for the Nominations and Remuneration Committee, the rules recommend that the Committee consist of at least three members and that at least a majority of the Committee's members are independent, including the Chair of the Committee, who has a casting vote in case of a tie.

In the context of its work, each Committee can meet any Group executive it deems appropriate, retain the services of experts at its own initiative and ask for any information useful for it to effectively perform its missions.

Moreover, each member of a Committee may propose that a meeting be held if he/she believes it is necessary to discuss a particular issue.

The Committees' work is subject to an oral report during the Board meeting and each Committee prepares a report presenting its work during the past financial year. This report is included in the Universal Registration Document.

The internal rules of the Board of Directors and of its Committees, the Director's Charter appended to the Board's internal rules (large excerpts of which are included in this report) and the Code of Conduct relating to inside information and preventing insider trading to which the Board's internal rules refer, are available on Alstom's website.

Activity report of the Board of Directors for fiscal year 2019/20

The Board of Directors met 11 times during the 2019/20 fiscal year (13 times during fiscal year 2018/2019 and eight times during fiscal year 2017/18).

The attendance rate was 90.62% in fiscal year 2019/20 (89.5% in fiscal year 2018/19 and 97% in fiscal year 2017/18).

The drop of attendance rates during the last two years as compared to year 2017/18 is mainly due to the great number of meetings of the Board, some of these meetings having been set after the annual Board meetings schedule is fixed at the beginning of each year, and to the fact that newly appointed Board members had to cope with meetings dates that were fixed prior to their appointment.

The principal issues examined during fiscal year 2019/20 were the following:

Activity review

At each Board meeting, the Chairman and CEO presented an update of the Group activity especially in terms of commercial results, Group evolution as compared to the competitors and execution of main projects.

Accounting and financial issues

Based on the Audit Committee's recommendation, the Board of Directors reviewed and approved the consolidated and company accounts for fiscal year 2018/19, the consolidated accounts for the first half of fiscal year 2019/20, and as the related management reports.

The Board of Directors reviewed the draft press releases regarding these accounts before their publication.

At the time of the review of the half-year and full year accounts and on a regular basis, the Board examined the Group's financial situation, cash flow changes, indebtedness, liquidity position and financial rating.

The Statutory Auditors participated in two Board meetings dedicated to the approval of the annual and half-year accounts.

Moreover, particular attention is paid during each Board meeting to the financial market's perception of the Group: changes in share price, debriefing following analyst presentations on the annual and half-year results, financial communications issues and investor relations more broadly speaking. In fiscal year 2019/20, the Board notably reviewed and approved the new components of the financial communications policy, and included environmental, corporate and social responsibility components.

Risks

On the occasion of the approval of the 2019/20 financial statements, the Board reviewed the Group's risk map in light of the new requirements of Regulation (EU) 2017/1129 of 14 June 2017 (the Prospectus Regulation) and reviewed and approved the risk factors section that was included in the 2019/20 Universal Registration Document.

Strategy

Strategy was a major focus for the Board.

Further to the rejection by the European Commission of the merger with the Siemens group, the Board of Directors reviewed in detail the strategic options of the Group, in terms of organic and external growth.

Thus, in terms of organic growth, the Board notably reviewed and approved the Group's new strategic plan through 2023, Alstom in Motion, which was announced to the market in June 2019. Subsequent to that announcement, each Board meeting provided an opportunity to ensure that Alstom's financial and operational positions were in alignment with the components of this new plan.

During a visit to Dubai, the Board of Directors familiarised itself more concretely with the Group's activities, notably by visiting a major ongoing Group project.

In terms of external growth, the Board of Directors approved the start of the negotiations with Bombardier group for the acquisition of its Transportation activity and thereafter regularly followed the discussions and approved the acquisition project as announced to the market on 17 February 2020.

The Board meetings that followed market announcement were the occasion of an update on the actions deployed with a view to the finalization of this acquisition.

More generally, each Board meeting has an agenda item dedicated to strategic matters, thereby allowing there to be alignment between general management and the Directors.

Governance

In terms of the Board's composition, the Board followed the internal process governing the appointment of two Directors representing employees and approved the terms thereof, which, in the framework of an amendment to the Articles of Association, will be submitted to a vote at the 2020 Annual General Meeting.

In accordance with the diversity policy applied by the Board, the Board also reviewed Mr Frank Mastiaux's candidacy and decided to submit his appointment as a new Director to a vote at the 2020 Annual General Meeting.

With the assistance of a specialised external firm, the Board also carried out an annual formalised evaluation of the Board's functioning and that of its Committees. The results and the proposed action plan were presented by the Lead Independent Director during the Board meeting held on 10 March 2020.

The Lead Independent Director presented to the Board of Directors the outcome of the governance roadshows.

The Board of Directors approved the measures implemented, at management level, in terms of succession / talent pools and associated action plans.

The Board of Directors also reviewed regulated agreements and approved the procedure for evaluating ordinary course agreements entered into under arm's length terms put in place by the Company in accordance with the *"Pacte"* law of 22 May 2019.

Remuneration

On the Nominations and Remuneration Committee's proposal, the Board set the amount of the Chairman and Chief Executive Officer's variable compensation in respect of 2018/19 in light of the achievement of personal and financial objectives. The Board of Directors also set the objectives for determining his variable compensation for fiscal year 2019/20.

The Board of Directors held two meetings at which the Chairman and Chief Executive Officer was not present (executive sessions). These meetings were essentially devoted to the evaluation of the Chairman and Chief Executive Officer's performance and to changes in the remuneration policy applicable to the executive corporate officer.

Using the delegations granted by the General Meeting held on 10 July 2019, the Board of Directors also authorised the Chairman and Chief Executive Officer to carry out a share capital increase reserved for Group employees.

Pursuant to the authority granted by the shareholders at the Annual Shareholders' Meeting held on 10 July 2019, the Board of Directors approved the adoption of a performance share plan ("PSP 2020") and set its conditions upon the recommendation of the Nominations and Remuneration Committee.

Ethics, compliance and sustainability

The Board of Directors was notably informed of the situation and of components of the Company's anti-corruption programme as provided for by the Sapin II Law and of all measures in place in respect of competition law.

At each Board meeting, the Board of Directors familiarised itself with the Group's environmental and safety performance.

The Board also reviewed and specifically approved the "Sustainable Development" chapter of the 2018/19 Registration Document describing the Group's objectives and indicators in this area.

The Board was informed of the Company's reflections on the corporate purpose topic (Raison d'être).

General Meeting

In view of the publication of its 2018/19 Registration Document and the Annual General Meeting held on 10 July 2019, the Board of Directors approved the draft report on corporate governance drawn up pursuant to article L. 225-37 of the French Commercial Code and the "Corporate Governance" section before that Registration Document was filed with the AMF.

The Board of Directors also convened the General Shareholders' Meeting after having approved that meeting's agenda, the resolutions and its draft report on the resolutions.

The Board also discussed and debated all other important issues concerning the Group and in particular:

- renewed the annual authorisation for the Chairman and Chief Executive Officer to agree to sureties, endorsements or guarantees;
- renewed the financial delegation of authority to the Chairman and Chief Executive Officer for issuing debt securities;
- authorised the Chairman and Chief Executive Officer to implement the share buy-back programme;
- monitored the progress of the principal on-going investigations and disputes, and regularly received information on internal control and risk management systems through the Audit Committee's work.

The work of the Committees were summarised in reports by their Chairs and were discussed by the Board of Directors.

Lead Independent Director: Activity report for fiscal year 2019/20

Mr Yann Delabrière, an independent Director, was appointed Lead Independent Director for a term of two years following the Annual Shareholders' Meeting held on 4 July 2017.

Since that time, he has also chaired the Nominations and Remuneration Committee. He therefore oversees the missions described on page 175 of this Universal Registration Document.

His functions as Lead Independent Director were renewed by the Shareholders' Meeting held on 10 July 2019 for a new two-year term.

During the 2019/20 fiscal year:

- As Chair of the Nominations and Remuneration Committee, the Lead Independent Director led the discussions on the composition of the Board of Directors and the Committees. In particular, he steered the selection process that led the Committee to propose to the Board that Mr Frank Mastiaux's candidacy to become a new Director be selected at the 2020 Annual General Meeting. He also followed the stages of the internal process that will lead to the appointment of two Directors representing the employees and reviewed all aspects relating to these new Directors joining the Board.
- The Lead Independent Director chaired the executive sessions of the Board of Directors and, taking into account the results of the evaluation of the Board's functioning during the 2019/20 fiscal year, defined and deployed a new meeting format (please see the information relating to this evaluation exercise set forth on page 178 of this Universal Registration Document).
- The Lead Independent Director regularly discussed with the Chairman and Chief Executive Officer the preparation of Board meetings and all important matters presented or decided at such meetings. This part of his activity was particularly dense at the time of the Bombardier Transport acquisition negotiations, which notably led to *ad hoc* committee meetings being held, bringing him together with members of the Audit Committee and the Chairman and Chief Executive Officer to examine that project in-depth.
- The Lead Independent Director made himself available to Directors and maintained regular and open dialogue with those Directors wishing to speak with him. In particular, he supervised the annual evaluation of the functioning of the Board of Directors and its Committees, which in respect of 2019/20, was entrusted to a specialised outside firm (please see the information relating to this evaluation exercise set out on page 178 of this Universal Registration Document).
- The Lead Independent Director had discussions with certain investors and proxy advisors regarding corporate governance issues and corporate responsibility more broadly in the lead-up to the Annual Shareholders' Meeting of 10 July 2019. He also carried out these discussions outside the context of this meeting, at roadshows held in November 2019 and January/February 2020, in Paris and London notably.

The Lead Independent Director submitted a report regarding his work to the Board of Directors at its meeting held on 11 May 2020.

On the basis of this activity report, the 11 May 2020 Board of Directors decided, subject to Mr Yann Delabrière being renewed as a Director by the 2020 AGM, that the latter would be maintained in his role as Lead Independent Director for the remaining duration of his mandate as such, *i.e.* for one year.

Audit Committee

Composition

The Audit Committee is currently composed of three members: Ms Sylvie Rucar, Committee Chair, Ms Clotilde Delbos and Mr Pascal Grangé (permanent representative of Bouygues S.A. as a Director).

Two out of the three members of this Committee are independent, including its Chair. This composition complies with the AFEP-MEDEF Code, which Code recommends that two-thirds of Audit Committee members be independent.

The members of the Audit Committee have specific expertise in financial or accounting matters due to their education or professional experience, as described in their biographies.

At the end of the 2020 Annual General Meeting and to the extent that the resolutions regarding the composition of the Board of Directors are adopted by the shareholders, the Audit Committee shall remain composed as follows: Ms Sylvie Rucar, Committee Chair, Ms Clotilde Delbos and Mr Pascal Grangé (permanent representative of Bouygues S.A. as a Director).

At the end of such meeting, two members of the Audit Committee, including its Chair, will be independent.

Duties

Acting under the authority of the Board of Directors, the general purpose of the Audit Committee is to assist the Board with overseeing issues relating to the preparation and control of financial and accounting information. In particular, the Audit Committee is responsible for monitoring (i) the process through which financial information is prepared, (ii) the effectiveness of internal controls and risk management systems, and (iii) the statutory auditing of the annual and consolidated accounts by the Statutory Auditors and the independence of such Statutory Auditors.

In the framework of its duties, as stated in its internal rules the Committee is responsible for:

- examining the scope of consolidation and the draft consolidated and company financial statements and related reports which will be submitted to the Board and to discuss such documents with General Management and the Statutory Auditors;
- examining with General Management and the Statutory Auditors the generally accepted accounting principles and various accounting treatments used to prepare the accounts, along with any changes to such accounting principles, methods and rules, while monitoring that such principles continue to be relevant;
- examining and monitoring the process of producing and processing the financial and accounting information used to prepare the financial statements;
- evaluating the validity of the methods selected for processing significant transactions as well as transactions during which a conflict of interest could have occurred;
- examining Management's presentation on risk exposure (including legal risks) and significant off-balance sheet commitments at the time the Audit Committee reviews the accounts;
- reviewing and evaluating – at least annually – the effectiveness of the internal control procedures and risk management procedures in place, including those associated with the development and treatment of financial and accounting information; the Audit Committee ensures that the main risks are identified, managed, and made known to the Audit Committee. The Audit Committee will receive the opinion of the Ethics, Compliance, and Sustainability Committee on the risk map as it relates to ethics and compliance, social responsibility and sustainable development and on the procedures in place for preventing the identified risks;
- examining and reviewing on an annual basis the organisation and operation of Internal Audit function; the Audit Committee approves the internal audit programme, monitors its development and the results of action plans;
- reviewing with the Statutory Auditors the nature, scope, and results of their audit and the work they performed, their comments and suggestions, in particular those relating to internal control and risk management procedures, to accounting practices and to the internal audit programme;
- examining and providing the Board of Directors with its opinion on the Board Chairman's report to the General Shareholders' Meeting regarding the internal controls and risk management procedures implemented by the Company;
- as applicable, reviewing and supervising the bid procedure for the selection of Statutory Auditors and providing the Board of Directors a recommendation on the Statutory Auditors proposed for appointment to the General Shareholders' Meeting and on the amount of fees the Company intends to pay them;
- approving the Statutory Audit Charter governing relations with the Statutory Auditors and examining, on an annual basis, the amount of the fees paid by the Group to the networks to which such Statutory Auditors belong, including fees that are not directly related to the Statutory Auditors' mission;
- overseeing the Statutory Auditors' independence, examining with such Auditors, as appropriate, the risks that could impact their independence and the safety measures undertaken to mitigate those risks, and granting its prior approval for any services that may be entrusted to the Statutory Auditors and their networks.

The Audit Committee may also perform any other assignment the Audit Committee or the Board of Directors deems necessary or appropriate. The Audit Committee is entitled to seek any external assistance it may deem necessary.

Unless the Audit Committee decides otherwise, the Statutory Auditors are present at all meetings.

Activity report of the Audit Committee for fiscal year 2019/20

The Audit Committee met four times during fiscal year 2018/19 (as was the case during the preceding fiscal year and five times during the 2017/18 fiscal year).

The attendance rate was 100% (85% during the 2018/19 fiscal year and 93% for the 2017/18 fiscal year).

	Attendance rate
Ms Sylvie Rucar	100% (4/4 meetings)
Ms Clotilde Delbos	100% (4/4 meetings)
Mr Yann Delabrière (Committee member until 10 July 2019)	100% (1/1 meeting)
Mr Philippe Marien (Bouygues S.A.'s permanent representative until 19 February 2020)	100% (3/3 meetings)
Mr Pascal Grangé (Bouygues S.A.'s permanent representative starting 19 February 2020)	100% (1/1 meeting)

The Chief Financial Officer, the VP Internal Audit and Risk Management, the VP Accounting, the VP Group Performance Management in charge of controlling and two representatives from each of the two Statutory Auditor firms attended all four meetings. The Head of Treasury and the Group General Counsel attended two meetings and the Head of Tax attended one meeting.

The Audit Committee addressed the following areas during its various meetings:

Accounting and Finance

- Examination of the consolidated half-year and annual accounts, examination of the annual company accounts (accounts, notes and management report), including detailed presentations by the Finance Department of the principal risks facing the Group (risks linked to the activity, contract performance, and principal disputes), changes in cash position, off-balance sheet commitments and provisions.
- Review of the Registration Document relating to the previous fiscal year before the document's filing with the AMF and, more specifically, the section on risks.
- *Ad hoc* review of the Group's tax policy.
- *Ad hoc* review of the Group's cash management policy.

Risks

- Presentation by the Head of Internal Audit of the updated risk map analysing the evolution of the principal risks since the previous year and detailing the mitigation plans put in place.
- Presentation of the Enterprise Risk Management programme deployment plan for the 2020/21 fiscal year.

Audit and internal control

- Review of the prior year's internal audit programme and the principal learnings from such programme. Monitoring of the progress of corrective measures arising from the completed audits.
- Presentation of the 2020/21 audit plan.
- Review of internal control procedures implemented within the Group and the internal control evaluation carried out by the Company through annual evaluation questionnaires.
- Presentation of the detailed results of the annual internal control programme and of the action plans undertaken to improve internal controls and risk control, eliminate weaknesses and ensure compliance with applicable regulations.

Statutory Auditors

- Report of the Statutory Auditors on the half-year and annual financial statements.
- Statutory Auditors' observations and recommendations on internal control.
- Examination of the amount of fees paid out to the Statutory Audit firms in respect of the prior financial year and verification of the compliance of the missions carried out with the directives of the Statutory Auditors' Charter, which governs the relationship between the Company and its Statutory Auditors.
- On the basis of the presentations by General Management and the Statutory Auditors, the Audit Committee verified the relevance of the accounting methods and treatments used in the financial statements.

After each meeting, the Audit Committee reported to the Board on its work.

Nominations and Remuneration Committee

Composition

The Nominations and Remuneration Committee is currently composed of four members: Mr Yann Delabrière, Lead Independent Director and Committee Chair, Ms Sylvie Rucar, Mr Gérard Hauser, and Mr Baudouin Prot.

Three out of the four members of the Nominations and Remuneration Committee are independent, including the Chair, which complies with the AFEP-MEDEF Code's recommendation to have a majority of independent members on the Committees in charge of nominations and remuneration.

At the end of the 2020 Annual General Meeting and to the extent that the resolutions relating to the composition of the Board are adopted by the shareholders, the Nominations and Remuneration Committee will be made up as follows: Mr Yann Delabrière, Lead Independent Director and Committee Chair, Ms Sylvie Rucar, Mr Baudouin Prot and Mr Frank Mastiaux.

At the end of such meeting, all members of the Nominations and Remuneration Committee, including its Chair, will be independent.

Duties

As stated in its Internal Rules, the Nominations and Remuneration Committee reviews and makes recommendations and proposals to the Board on the following subjects:

- the Group's application of the corporate governance principles the Company abides by, notably regarding the policy on the compensation of executive corporate officers. The Nominations and Remuneration Committee gives an opinion to the Board on the section of the Annual Report dedicated to informing shareholders about these matters and on the Board's work;
- the Board and Board Committees' composition and functioning (including the Nominations and Remuneration Committee);
- the definition of the concept of independent Director applied by the Company and the list of independent Directors, which will be included in the Company's Annual Report;
- the separation or combination of the duties of Chairman of the Board and of Chief Executive Officer of the Company;
- the nomination (or dismissal) of the Chairman of the Board and of the Chief Executive Officer;
- the nomination of new Directors, including in the event of unforeseeable vacancy; in particular, the Committee organises an appropriate procedure for selecting future independent Directors and carries out its own research on potential candidates prior to their being approached;
- the creation of a formal evaluation process for the work methods of the Board of Directors and the three Committees of the Board of Directors;

- the nomination (or dismissal) upon the proposal of the Chief Executive Officer of any other executive corporate officers of the Company or members of the Executive Committee;
- the preparation of the annual evaluation of the executive corporate officers;
- the succession plans for the Company's executive corporate officers;
- all the elements comprising the compensation policy applicable to the Company's executive corporate officers and the implementation of that policy, including any award of stock options or performance-based shares, as well as compensation and benefits of any kind (including pensions and termination benefits) paid by the Company or other Group companies. The Nominations and Remuneration Committee notably reviews and defines the rules for determining the variable portion of such compensation, ensures their consistency with the annual performance evaluation of executive corporate officers and Alstom's strategy, and subsequently monitors the implementation of these rules;
- the definition or validation of Executive Committee members' compensation (particularly the variable portion) and the annual evaluation of Executive Committee members;
- the Company's general policy relating to compensation plans based on shares in the Company (share subscription or stock options, performance-based shares, free shares, etc.), including the frequency of awards and the beneficiaries;
- the Company's general policy relating to employee shareholding schemes and any proposed schemes;
- the Directors' compensation and applicable allocation rules; and
- the analysis of any other issues at the request of the Board of Directors or at its own initiative.

Activity report of the Nominations and Remuneration Committee for fiscal year 2019/20

The Nominations and Remuneration Committee met six times during fiscal year 2019/20 (compared to five times in the each of the two preceding fiscal years).

The attendance rate was 100% (80% in fiscal year 2018/19 and 96% in fiscal year 2017/18).

	Attendance rate
Mr Yann Delabrière	100% (6/6 meetings)
Ms Candace K. Beinecke (Director until 10 July 2019)	100% (2/2 meetings)
Mr Gérard Hauser	100% (6/6 meetings)
Mr Klaus Mangold (Director until 10 July 2019)	100% (2/2 meetings)
Mr Baudouin Prot	100% (6/6 meetings)
Ms Sylvie Rucar	100% (6/6 meetings)

The Nominations and Remuneration Committee addressed the following matters at its various meetings:

Governance

- Composition of the Board of Directors: monitoring of the internal procedure regarding the appointment of two Directors representing employees and recommendation to the Board on the appointment process to be submitted to a vote at the 2020 Annual General Meeting; monitoring of the search process for a new Director led by a specialised external firm and recommendation to the Board to submit the appointment of Mr Frank Mastiaux to a vote by the 2020 Annual General Meeting.
- Review of Director independence.
- Steering of the evaluation of the functioning of the Board and its Committees in respect of the 2019/20 fiscal year, which was carried out externally with the assistance of a specialised firm; recommendation of an action plan to the Board of Directors.

Remuneration

- Review and recommendation to the Board regarding the amount of the Chairman and Chief Executive Officer's variable compensation in respect of the 2018/19 fiscal year.
- Review and recommendation of the Board of Directors on the structure of the Chairman and Chief Executive Officer's variable remuneration in respect of the 2019/20 fiscal year.
- Analysis of the components of the compensation fairness ratio *(ratio d'équité)*.
- Review and recommendation to the Board regarding two programs that more closely incentivise certain Group employees in respect of the Group's success; a performance share programme, the rules and beneficiary list of which the Committee reviewed; an international employee shareholding plan.
- Information on changes in the compensation of members of the Executive Committee, which it approved.

General Meeting/relationships with investors and proxy advisors

- Examination and analysis of the result of 2010 Annual General Meeting votes.
- Information on governance roadshows conducted by the Lead Independent Director and review of potential and desirable changes in the area of governance and compensation.

Succession planning

- Regular and detailed information about the composition of the management bodies and, more particular, the Executive Committee, in terms of successions/talent pool and the related action plans.

Generally speaking, the Committee was kept informed of new applicable legal provisions (and notably the *"Pacte"* law of 22 May 2019 and the Ordinance dated 27 November 2019 relating to the compensation of corporate officers of listed companies), the potential impacts of which on the Company were analysed and measures/procedures were implemented as necessary.

After each meeting, the Committee reported to the Board on its work.

Ethics, Compliance and Sustainability Committee

Composition

The Ethics, Compliance and Sustainability Committee (EC&S Committee) is currently composed of three members: Ms Sylvie Kandé de Beaupuy, Committee Chair, Ms Bi Yong Chungunco and Mr Gérard Hauser.

On the date hereof, three members of this Committee, including its Chair, are independent.

At the end of the 2020 Annual General Meeting and to the extent the shareholders adopt the resolutions relating to the composition of the Board of Directors, the EC&S Committee will be made up as follows: Ms Sylvie Kandé de Beaupuy, Committee Chair, Ms Bi Yong Chungunco and Mr Baudouin Prot.

At the end of such meeting, all members of the Committee will be independent, including its Chair.

Duties

As stated in its Internal Rules, the Committee examines and makes recommendations or proposals to the Board of Directors on the following subjects:

With respect to ethics and compliance, the EC&S Committee reviews and monitors the Company's policies and the systems and procedures in place to implement those policies and provides the Board of Directors with its views.

The EC&S Committee is responsible for the following:

- reviewing the definition of the Group's core values and its ethics and compliance policy;
- reviewing the organisation of the Ethics and Compliance function and making recommendations as appropriate;
- reviewing the Group's Code of Ethics and the rules and procedures put in place (including those governing relationships with third parties); the EC&S Committee is informed of the plans for their promotion and implementation;
- receiving on an annual basis a presentation on the Group's risk map concerning ethics and compliance; the EC&S Committee reviews the risks thus identified and is kept informed of their evolution and of the characteristics of the arrangements used to manage such risks;
- receiving from the Head of Ethics and Compliance a presentation on the Company's annual activity report regarding ethics and compliance and actions undertaken; reviewing and providing its opinion on the action plan for the following year and monitoring its development;
- the EC&S Committee is informed of any potential breaches of the ethics and compliance policy, and reviews the action plans implemented following such breaches;
- examining relationships with stakeholders regarding over ethical issues.

With respect to sustainable development, the EC&S Committee is responsible for:

- examining the Group's environmental policies and management systems, human resource policies, policies with respect to relationships with stakeholders (customers, suppliers, local communities);
- receiving on an annual basis the presentation of the Group's risk map as it concerns social responsibility and sustainable development issues and reviewing the risks thus identified, while being kept informed of their evolution and of the characteristics of systems for managing such risks;
- reviewing and assessing the reporting and control procedures on non-financial indicators (environmental, health and safety, social reporting and indicators used);
- reviewing the main lines of the Company's communications to shareholders and other stakeholders on corporate responsibility and sustainable development; the EC&S Committee is also responsible for reviewing the annual Board of Directors' draft report on the social and environmental impact of the Company's operations and providing the Board with its opinion on such report;
- reviewing and monitoring the ratings received by the Group from non-financial rating agencies.

The EC&S Committee provides an opinion to the Audit Committee on the risk map as regards ethics, compliance, social responsibility, and sustainable development, and on the procedures for preventing such risks from occurring.

Activity report of the EC&S Committee for fiscal year 2019/20

The EC&S Committee met five times during fiscal year 2019/20 (three times in each of the two preceding fiscal years).

The attendance rate was 93% (100% in each of the two preceding fiscal years).

	Attendance rate
Ms Sylvie Kandé de Beaupuy	80% (4/5 meetings)
Ms Bi Yong Chungunco	100% (5/5 meetings)
Ms Gérard Hauser	100% (5/5 meetings)

The Group General Counsel, the Head of Ethics and Compliance, and the Head of Sustainable Development attended the five meetings.

The EC&S Committee addressed the following areas in its various meetings:

In the area of ethics and compliance:

- the Group's Ethics and Compliance goals and performance indicators in the 2019/20 financial year;
- the status of the implementation of the Alstom Integrity Programme, including the updates to the Code of Ethics, the Group's instructions, training and awareness efforts, and the implementation of the Ethics and Compliance team's resources, in light of, in particular, the broadening of the Ethics and Compliance department's responsibility to cover competition law matters;
- the results of third audit of ISO 37001 standard for Anti-Bribery Management Systems.

The EC&S Committee was regularly updated on past and/or on-going proceedings and investigations, including that of the UK Serious Fraud Office.

In the area of sustainable development:

- the evolution of the policy and objectives, and in particular the CSR strategy and the approach to sustainable development;
- implications of the *"Pacte"* law of 22 May 2019 regarding in particular the Company's corporate purpose (*Raison d'être*). The Committee was informed of internal reflections led by the Company;
- the scope of activities and the organisation put in place regarding sustainable development;
- informed of the evaluations prepared by non-financial rating agencies;
- monitoring of the Group's performance in terms of the environment and workplace safety;
- review of the principal non-financial indicators used by the Group.

The EC&S Committee reviewed and discussed the Group's risk map concerning ethics, compliance, competition and environmental and social risks, and provided its opinion to the Board of Directors.

The Committee also approved its activity report for fiscal year 2018/19 and the "Sustainable Development" section of the 2018/19 Registration Document, which included the Board's report on social and environmental data and described the Group's objectives and indicators in those areas.

After each meeting, the Committee reported to the Board on its work.

Annual assessment of the functioning of the Board and of the Committees follow-up

Since 2004, pursuant to its internal rules the Board has carried out annually an assessment exercise over its organisation and functioning and that of its Committees. This assessment is based on a questionnaire prepared by the Nominations and Remuneration Committee and sent to each Director. In addition, in accordance with the recommendations of the AFEP-MEDEF Code, every three years a formal evaluation is carried out by an independent expert at the Nominations and Remuneration Committee's initiative.

The assessment for 2019/20 was carried by Russell Reynolds Associates, which was selected by the Nominations and Remuneration Committee after a competitive process in which several specialised external firms participated.

This exercise was based on a questionnaire sent to each Director and on individual meetings and included an evaluation of each Director's individual contribution in the form of a self-evaluation. A comparison of the Company's governance practices with those of a panel of comparable companies (international industrial companies) was also conducted.

The main findings of this assessment were acknowledged by the Nominations and Remuneration Committee meeting held on 9 March 2020 and presented to the Board of Directors meeting of 10 March 2020 and are as follows:

- the Directors believe that the Board works effectively and with dedication, in a format that brings together the appropriate skills, and is led by a Chairman who has been able to achieve a satisfactory balance with his position as CEO (more detailed information regarding the assessment exercise with respect to the combination of these roles is described on page 159 of this Universal Registration Document);
- the Directors acknowledge that a genuine culture exists within the Board of Directors;
- the Directors underscore that they are aligned with respect to strategy, due in particular to clearly identified strategic priorities and high-quality information that is constantly being improved in this area and with respect to all subjects relating to the Group's activity;
- risk management is effective and responds to high standards;
- strengthened interactions with members of management, who are regularly invited to participate in Board Meetings, are greatly appreciated;
- the relationship between the Chairman and Chief Executive Officer and the Lead Independent Director are professional and strong and allow the necessary attention to be paid on all areas that are relevant to the Group (more detailed information regarding the assessment exercise with respect to the role of the Lead Independent Director is described on page 160 of this Universal Registration Document).

On the basis of these findings and on the recommendation of the Nominations and Remuneration Committee, the Board of Directors meeting of 10 March 2020 identified the main action areas as follows:

- increase executive, industrial and international competencies within the Board;
- to allow more visibility and action by the Board of Directors on Ethics and Compliance topics and in respect of Sustainability (including environmental topics), this being materialized by items of the Board agendas being dedicated twice a year, on the one hand to Sustainability topics with, among others a detailed review of the Group strategy, and on the other hand, Ethics and Compliance topics. As a consequence, the ECS Committee (to be renamed Ethics and Compliance Committee) will focus on Ethics and Compliance topics only and will also handle management of human and social rights in the wide sense;
- reinforcing the practice of "executive" sessions by instituting meetings that take place at a defined frequency and with a pre-defined agenda including subjects relating to the effectiveness of governance and strategy execution in addition to the compensation of the executive corporate officer.

COMPENSATION OF CORPORATE OFFICERS

The following information was prepared in accordance with articles L. 225-37-2, L. 225-37-3, L. 225-100 and R. 225-29-1 of the French Commercial Code in particular. At the 2020 Shareholders' Meeting, the following resolutions will be submitted to a vote of the shareholders:

- approval of information relating to the compensation of the Chairman and Chief Executive Officer and of the members of the Board of Directors referred to in point I of article L. 225-37-3 of the French Commercial Code;
- approval of the compensation paid to the Chairman and Chief Executive Officer during the fiscal year ended 31 March 2020 or granted in respect of such fiscal year;
- approval of the compensation policy applicable to the Chairman and Chief Executive Officer;
- approval of the compensation policy applicable to members of the Board of Directors.

The amounts resulting from the implementation of the compensation policy of the Chairman and Chief Executive Officer and of the compensation policy of the members of the Board of Directors for the 2020/21 fiscal year will be presented to shareholders' approval at the 2021 Shareholders' Meeting which will approve the 2020/21 financial statements.

Guiding principles of the compensation policy applicable to Executive Officers

1. Definition, review and implementation of the compensation policy

Definition

The compensation policy applicable to corporate officers is set by the Board of Directors on the recommendation of the Nominations and Remuneration Committee and is then annually submitted to the shareholders for approval. The responsibilities of the Nominations and Remuneration Committee in this respect are defined in its internal regulations. The Board of Directors and the Nominations and Remuneration Committee take care to study the comments on compensation issues that shareholders and proxy advisors may have made during governance roadshows that took place during the most recently ended fiscal year.

This definition process applies to both the compensation policy applicable to the Chairman and Chief Executive Officer and to the policy applicable to Directors.

The compensation policy applicable to corporate officers is established within the framework of the recommendations of the AFEP-MEDEF Code to which the Company refers. In particular, the principles underlying the compensation policy applicable to the Chairman and Chief Executive Officer, which form the basis of the Board's and the Nominations and Remuneration Committee's deliberations, are as follows:

- **Balance.** The Chairman and Chief Executive Officer's compensation consists of a fixed annual portion, an annual variable cash portion and an annual grant of performance shares. The Board of Directors ensures that these three components remain balanced and that short- and long-term variable elements directly linked to the performance of the Group and the executive dominate. The Board of Directors takes into account all the components of the Chairman and Chief Executive Officer's compensation in the overall assessment of the financial terms of his mandate.
- **Performance.** The compensation policy applicable to the Chairman and Chief Executive Offer is mainly founded on variable compensation, the objectives of which are aligned with those of the Company, thereby ensuring that the majority of compensation is based on the implementation of the Company's strategy. With regard to its short-term component (cash), the variable compensation is based on overall and individual objectives that are strictly aligned with the Group's short-term objectives. Its long-term component (performance shares) is based on performance conditions, the achievement of which are assessed after at least three years and which are consistent with the Group's long-term objectives, such as those established in the framework of the Alstom in Motion strategic plan.
- **Transparency.** The Company makes public all components of the Chairman and Chief Executive Officer's compensation. To the extent they are not considered to be confidential vis-à-vis the Company's competitors (who, for the most part, are not listed and are therefore not subject to the transparency obligations assumed by the Company and which are tied to its listing), the objectives to be reached and the results achieved are disclosed in detail. This transparency principle also underlies the compensation policy applicable to the Directors.
- **Demanding.** The performance criteria and conditions on which the variable portion of compensation is based are defined by the Board of Directors with the aim of ensuring alignment with best market practice (based on analyses of a panel of companies of comparable size and activity within the CAC 40 and SBF 120), all while attaining true coherence with the compensation arrangements and conditions governing the Group's other employees (through a uniform variable compensation structure applicable to all of Alstom's senior management, in particular).

Relying on these principles, the compensation policy seeks to produce a clear, motivating and coherent framework that is at the service of the Group's ambitions and contributes to achieving its industrial and commercial strategy and Alstom's sustainability, in strict compliance with its corporate interest.

Review

The corporate officer compensation policy is crafted to ensure **stability.**

Thus, the compensation policy applicable to the Chairman and Chief Executive Officer is reviewed by the Nominations and Remuneration Committee each year so as to measure its effectiveness, confirm that it is aligned with the Group's strategy, factor in the compensation and employment conditions applicable to Group employees, analyse the shareholders' vote outcomes on compensation during Shareholders' Meetings as well as comments on compensation shareholders and proxy advisors made during governance roadshows and, as the case may be, issue recommendations and proposals to the Board.

The Nominations and Remuneration Committee may have recourse to studies produced by outside advisors to inform itself about changes in market practice.

Implementation

The compensation policy is strictly implemented by the Board of Directors in accordance with the resolutions adopted by the General Meeting. No payment, award or commitment may be carried out or made by the Board if it contravenes the compensation policy approved by the shareholders, under penalty of nullity.

For example, on the Nominations and Remuneration Committee's recommendations, at the beginning of the fiscal year, the Board sets the performance criteria attached to Chairman and Chief Executive Officer's annual variable compensation, and during the fiscal year, the characteristics of any free performance share grant plan that may be implemented (notably for the Chairman and Chief Executive Officer's benefit) in compliance with all the compensation policy's guiding principles and the provisions contained in the compensation policy applicable the Chairman and Chief Executive Officer as approved by the shareholders for the fiscal year in question.

2. Method for evaluating performance criteria

No later than the Board meeting at which the fiscal year's accounts are approved, on the recommendation of the Nominations and Remuneration Committee, the Board assesses the achievement level for the performance criteria to which the Chairman and Chief Executive Officer's annual variable compensation is subject. Most of these criteria – between 60% to 70% of them – relate to the Group's financial performance or are tied to the Group's social and environmental ambitions and are therefore, by their essence, quantifiable. The other objectives (between 30% and 40%) are individual in nature, all while maintaining a strictly quantifiable character since they are tied to the implementation of specific action plans.

At the 2020 Shareholders' Meeting, it is proposed to the shareholders that the Board of Directors benefit from a discretionary power when applying the compensation policy so as to ensure that the Chairman and 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 of 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.

On the recommendation of the Nominations and Remuneration Committee, at the meeting during which the financial statements for the fiscal year are approved the Board of Directors also officially notes the achievement level for the performance conditions that are tied to the Chairman and Chief Executive's long-term variable compensation (performance shares) whose performance period is expiring. These performance conditions are fully quantifiable.

3. Management of conflicts of interest

The Company complies with the AFEP-MEDEF Code's recommendations on the management of conflicts of interest. The Company's Director's Charter, as published in a schedule to the Board's internal rules, specifies the obligations of all Directors aimed at preventing any conflict of interest in the performance of their appointment. The Charter clearly defines the duties to consult and disclose imposed on each Director and executive corporate officer before engaging in any activity or accepting any position or mission that may place him/her in a conflict of interest situation (even potential). This Charter also requires all Directors to resign in the event of a conflict of interest that cannot be resolved to Board's satisfaction.

In this same context, the Lead Independent Director is asked to take preventive steps to raise awareness among the other Directors regarding conflicts of interest and to examine with the Chairman of the Board any potential conflict of interest.

When setting the Chairman and Chief Executive Officer's compensation, the Chairman and Chief Executive Officer may not take part in the Board's deliberations or in the vote.

4. Amendment of the compensation policy and application to newly appointed corporate officers

The compensation policy for the Chairman and Chief Executive Officer presented to the 2020 Shareholders' Meeting contains the following amendment to the compensation policy approved by the shareholders at the 2019 Shareholders' Meeting: the Board of Directors would benefit from a discretionary power when applying the compensation policy so as to ensure that the Chairman and 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%) without ever exceeding the global cap provided for in the compensation policy. Such amendment is proposed to better align the compensation of the Chairman and Chief Executive Officer with the market's expectations.

Other than this modification, the structure of the compensation policy of the Chairman and Chief Executive Officer remains identical to the structure approved by more than 90% by the shareholders at the General Meeting held on 10 July 2019 (10th resolution).

The compensation policy applicable to Directors for the 2020/21 fiscal year includes all the rules applicable to them in the 2019/20 fiscal year.

If a new corporate officer is nominated, the compensation policy applicable to him/her (the one that applies to the Chairman and Chief Executive Officer or the one that applies to the Directors), as described hereafter, will apply.

Compensation Policy Applicable to Directors

1. General principles and criteria for distributing the amount allocated to Directors by the General Meeting

In accordance with the resolution approved by the shareholders at the Combined General Meeting held on 1 July 2014, the annual budget for compensating Directors was set at €1,300,000.

The principles governing the compensation of Directors are described in the Board's internal rules.

Thus, a fixed portion and a variable portion are allocated, with the variable proportion being proportional to the Directors' attendance at Board and Committee meetings. The Chairs of the three Committees and the Lead Independent Director benefit from an additional amount. Half of the fixed and variable portions of compensation are paid during the current fiscal year and the other half in the subsequent fiscal year.

The distribution rules, which were set by the Board, provide that, as from the 2019/20 fiscal year, a fixed portion of €30,000 (previously €27,500) is allocated to each Director, as increased by an additional amount of €20,000 (€15,000 previously) for the Chair of the Audit Committee and of €15,000 (€10,000 previously) for the Chairs of each of the Nominations and Remuneration Committee and the Ethics, Compliance and Sustainability Committee. The variable portion is allocated in the amount of €4,000 (€3,500 previously) for each Board meeting attended and €3,500 (€3,000 previously) for each Committee meeting attended. In addition, the annual amount allocated to the Lead Independent Director was set at €30,000 (€27,500 previously) by the Board.

On the Nominations and Remuneration Committee recommendation, at the 12 March 2019 Board meeting, the Board decided on these revaluations in order to bring the Company's practice in line with that of its peers. Indeed, the amounts tied to directorships and Committee meeting attendance had not changed since 1 October 2012, and the amount relating to the Lead Independent Director had not changed since 6 May 2014.

This compensation policy applies to all Directors (including employee representative Directors) other than the Chairman and Chief Executive Officer, who does not receive any compensation with respect to the Board of Directors. In the case when an observer is designated to attend Board of Directors' meetings, he/she does not receive any compensation.

2. Compensation policy for the 2020/21 fiscal year

For the 2020/21 fiscal year, members of the Board of Directors (other than the Chairman and Chief Executive Officer) will receive:

- fixed annual compensation of €30,000;
- variable compensation of €4,000 per Board meeting the Director attended;
- variable compensation of €3,500 per Committee meeting the Director 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 the Nominations and Remuneration Committee and the Ethics, Compliance and Sustainability Committee.

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

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

Compensation policy applicable to the Chairman and Chief Executive Officer

1. General principles

Mr Henri Poupart-Lafarge has been the Alstom Group's Chairman and 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 and Chief Executive Officer applies to the current Chairman and 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 and 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 and 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 CAC 40 and Next 20 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 and 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 and 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 and 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 and 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. On this occasion, subject to shareholders' approval at the 2020 Annual Shareholders' Meeting, the Board of Directors would benefit from a discretionary power when applying the compensation policy so as to ensure that the Chairman and 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.

Long-term variable compensation

Long-term variable compensation is intended to incentivise the Chairman and Chief Executive Officer (as well as the Group's other senior executives and managers) to achieve the Company's strategic objectives over the long term and to contribute to the alignment of the Company's interests with those of the shareholders.

Long-term variable compensation is achieved through performance share plans granted annually around the date the accounts are closed and which are entirely subordinated to the achievement of demanding internal and/or relative performance conditions that are based on simple and measurable key criteria of Alstom's strategy. The satisfaction of the performance conditions is determined at the end of the third fiscal year following the grant date. The Board is prohibited from finding that performance conditions have been achieved or delivering shares under a given plan before the end of such third fiscal year. The vesting of the shares is also subject to the Chairman and Chief Executive Officer's actual continued employment on the vesting date (except in the event of death, disability or retirement).

In the event of a major change in the Group's strategy or structure, the Board of Directors has committed to 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 long-term variable compensation that is thus defined and, as assessed according to IFRS 2, recognised in the consolidated financial statements is capped at one year of on-target short-term compensation, *i.e.* 200% of the fixed short-term compensation.

In addition, the total amount of annual grants to corporate officers may not exceed 2.5% of the overall amount authorised by the Shareholders' Meeting with respect to performance share grants within the Group, nor 10% of the overall grant under the plan in question.

Grants are also subject to holding obligations (described below) and a prohibition on the use of hedging instruments.

Multi-annual compensation

The Company's policy does not provide for multi-year compensation.

Exceptional compensation

The Company's policy does not provide for exceptional compensation.

Compensation tied to directorship

The Company's policy does not provide for compensation for the executive corporate officer that is tied to being a Director of the Company or, as the case may be, a Group company.

Non-compete undertaking

The Company's policy is to enter into a non-compete agreement with its executive corporate officer.

In light of the intimate knowledge of the mobility sector and the new challenges tied to digitalisation the Company's Chairman and Chief Executive Officer has acquired, it is in the Company's interest to provide for a non-compete undertaking that binds the Chairman and Chief Executive Officer. This undertaking (described below) applies for a period of two years commencing when his term of office ends. The consideration for this commitment consists of a total gross indemnity corresponding to 1.5 times the average gross annual fixed and variable compensation (excluding performance shares) received over the last three fiscal years. The Board of Directors reserves the right, in particular in the event of gross misconduct or major financial issue, to unilaterally waive the benefit of this undertaking as of the date the executive corporate officer's term of office ends. In any event, this non-compete agreement does not apply if the executive corporate officer retires at the end of his term of office. In such a case, no indemnity would be due.

Severance indemnity

The Company's policy does not provide for a severance indemnity for the Chairman and Chief Executive Officer.

Retention conditions of performance shares under vesting period

If the Chairman and Chief Executive Officer leaves the Company, the Board of Directors will assess whether he may retain the right, in full or in part, to acquire shares allocated subject to performance conditions, subject to the following limits:

- retention is only possible in case of a forced departure, *i.e.* in the event of dismissal and not resignation;
- no acquisition is authorised before the acquisition date specified in the relevant plans' rules. Consequently, no early vesting of performance shares is authorised;
- the performance conditions must continue to apply throughout the specified acquisition period;
- the number of shares that will be acquired (once established after measuring the achievement level of the performance conditions) will be subject to a reduction corresponding to the amount of time spent in the Company's service relative to the vesting period of each relevant plan (*i.e.* a *prorata temporis* discount); and
- in any event, the appropriateness of the final acquisition of the performance shares will be assessed in view of the Company's situation at the date of the departure and at the initially planned vesting date. No performance shares may be acquired if the Company is facing major financial difficulties.

Supplemental pension plans

In order to allow retirement savings to be constituted, the Company's policy provides for its Chairman and Chief Executive Officer to benefit from supplementary defined contribution pension plans. These collective supplementary defined contribution pension plans ("Article 82" and "Article 83" of the French Tax Code) also benefit other Group senior executives and managers. Following the closure (in 2016) and then the definitive liquidation (in 2019) of the "Article 39" supplementary pension plan, the Company's compensation policy no longer provides for the use of supplementary defined benefit pension plans for its executive corporate officer.

The arrangements applicable to the Chairman and Chief Executive Officer are described below.

Other benefits

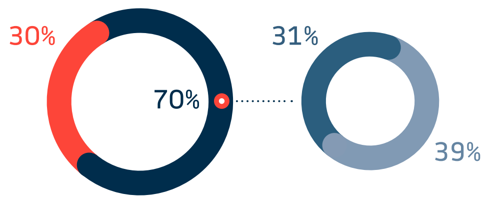
The Company's policy provides that the Chairman and Chief Executive Officer benefits from a Company car, supplemental health care cover, a death/disability insurance contract as is the case with other Group employees who have a certain degree of responsibility, and a private unemployment insurance coverage, the costs of which are borne in part by the Company and for the remaining by the Chairman and Chief Executive Officer.

2. Compensation policy in respect of the 2020/21 fiscal year

At its meeting of 11 May 2020, on the proposal of the Nominations and Remuneration Committee, the Board defined the structure and composition of the Chairman and Chief Executive Officer's compensation in respect of the 2020/21 fiscal year in accordance with the principles described above.

The structure of the target compensation (monetary and securities) of the Chairman and Chief Executive Officer's (excluding post-mandate compensation) is as follows:

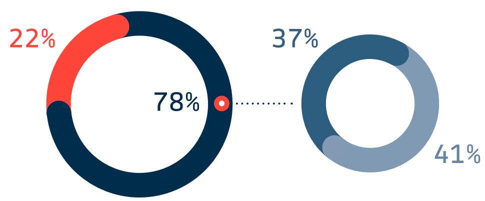
TARGET COMPENSATION



- Annual fixed compensation
- Compensation subject to performance conditions
  - of which annual variable compensation
  - of which long-term incentives (IFRS 2 basis, March 2020 award)

The structure of the maximum compensation (monetary and securities) of the Chairman and Chief Executive Officer (excluding post-mandate compensation) is as follows:

MAXIMUM COMPENSATION



- Annual fixed compensation
- Compensation subject to performance conditions
  - of which annual variable compensation
  - of which long-term incentives (IFRS 2 basis, March 2020 award)

The compensation includes the following components:

Compensation over the term of office

Fixed compensation

Annual fixed gross compensation of the Chairman and Chief Executive Officer amounts to €850,000 (unchanged since 10 July 2019).

On proposal of Mr Henri Poupart-Lafarge and after review of the Nominations and Remuneration Committee, the Board of Directors held on 11 May 2020 decided to decrease by 25% the fixed remuneration of Mr Henri Poupart-Lafarge for the first quarter of fiscal year 2020/21.

This decision has no impact on the calculation basis of the 2020/21 annual variable remuneration nor on the calculation basis of a potential grant of performance shares for 2020/21 to Mr Henri Poupart-Lafarge.

Short-term variable compensation

Target short-term variable compensation (*i.e.* when the targets are strictly achieved) represents 100% of his annual fixed gross compensation. In the event of overperformance, this compensation is capped at 170% of his annual fixed gross compensation. No floor has been set.

On the proposal of the Nominations and Remuneration Committee, at its meeting held on 11 May 2020, the Board of Directors defined the objectives attached to the Chairman and Chief Executive Officer's short-term variable compensation in respect of the 2020/21 fiscal year.

The objectives tied to the Company's overall performance will represent 60% of the target variable compensation and will be based on the same financial criteria of adjusted EBIT, free cash flow, gross margin on orders received and sales, on the one hand, and on criteria tied to ethics and compliance programmes, workplace safety and the result obtained in the Dow Jones Sustainability Index survey, on the other hand.

The financial performance indicators will represent 83% of the objectives tied to the Group's overall performance, *i.e.* 50 out of 60 points.

The objectives tied to specific action plans will be based on criteria established by the Board, qualitative and/or quantifiable, wherever possible. They are tied to the Group's commercial and operational performance, team and organisation development, and, specifically for the 2020/21 fiscal year, the definition and implementation of measures seeking to counter the effects of the Covid-19 crisis and the preparation for the Bombardier Transport acquisition. For confidentiality reasons, the details of the objectives to be reached cannot be disclosed here.

The objectives achievement level will be assessed by the Board on the basis of the results of the 2020/21 fiscal year. In the event of overperformance, the Group's overall performance criteria and the individual criteria may represent up to 120% and 50%, respectively, of annual fixed gross compensation (*i.e.* an overall cap of 170%).

The Board may use a discretionary power when applying the compensation policy so as to ensure that the Chairman and 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 of 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.

In compliance with article L. 225-100, III of the French Commercial Code, payment of this variable compensation is conditional upon shareholders' approval at the 2021 shareholders' meeting convened to approve the 2020/21 financial statements.

Long-term variable compensation

The characteristics of the performance share award policy applied to the Chairman and Chief Executive Officer for the 2020/21 fiscal year are as follows:

Performance conditions	All performance shares are subject to performance conditions which are internal and/or relative. In the event of a major change in the Group's strategy or structure, the Board of Directors commits to adapting these performance conditions to the new challenges highlighted for the coming years, both as regards the nature of the conditions and results to be achieved, all continuing to be highly demanding and transparent about those changes.
Vesting and performance period	Satisfaction of the performance conditions is assessed at the end of the third fiscal year following the grant date. The Board of Directors will not assess whether the performance conditions have been achieved or deliver the shares under a given plan prior to the end of such third fiscal year.
Limits applicable to the grant	At its meeting held on 11 May 2020, the Board of Directors defined the following principles regarding grants to executive corporate officers: • The IFRS 2 value (which is used to establish the Group's consolidated financial statements) of any annual grant shall not exceed one year of annual fixed gross compensation and target short-term variable compensation, which corresponds to the compensation obtained when achievement are strictly aligned with the set objectives. Thus, performance share compensation is capped at 100% of maximum short-term compensation (fixed and on-target variable), *i.e.* 200% of fixed short-term compensation. • The aggregate amount of annual grants to corporate officers cannot exceed 2.5% of the overall amount authorised by the Shareholders' Meeting for grants of performance shares within the Group, nor 10% of the total grants under the relevant plan.
Holding requirement	Since 2007, for each grant, the Board of Directors has set the number of shares corporate officers must hold until the end of their terms of office. The Chairman and Chief Executive Officer is thus required to hold in registered form 50% of the performance shares that have vested during the entire term of his appointment (as renewed, as the case may be). This holding requirement ceases to apply when the Chairman and Chief Executive Officer reaches a shareholding target of shares held in registered form corresponding in value to three years of his last annual fixed gross compensation. For the purpose of calculating the cap on the holding obligation, the following is taken into account: • the annual fixed gross compensation applicable on the date of the most recent acquisition of performance shares; and • the respective market price of the shares at the time of each acquisition of performance shares held in registered form by the Chairman and Chief Executive Officer. The holding requirement was satisfied on 31 March 2020, as Mr Henri Poupart-Lafarge held a number of registered shares on that date representing a value of more than three years of his last annual fixed gross compensation.
Prohibition on hedging instruments	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. To the Company's knowledge, no hedging instrument has been put in place.
Blackout periods	No transaction involving the Company's securities may be carried out during the 30-calendar days preceding the publication of the Company's half-year and annual results (which period is reduced to the 15-calendar days for quarterly results) and up until the second trading day following this publication. During periods where trading is authorized, the Group's internal rules of good conduct create an obligation to consult the Compliance Officer, in the event of any doubt prior to conducting a transaction.
Frequency	When a grant is made, it is made annually, around the fiscal year closing date.

The level of grant, which is determined by the Board, on the Nominations and Remuneration Committee's proposal, takes into consideration all of the Chairman and Chief Executive Officer's compensation components and market practices.

The general characteristics of the performance shares granted to the Chairman and Chief Executive Officer are identical to those offered under the same plan to the Company's management teams.

Benefits in-kind

Benefits in kind from which the Chairman and Chief Executive Officer benefits are limited to a Company vehicle, supplemental health insurance, life and disability insurance, and private unemployment insurance coverage, the costs of which are shared by the Company and the Chairman and Chief Executive Officer.

Compensation at the end of the term of office

Non-compete undertaking

The non-compete agreement entered into with the Chairman and Chief Executive Officer is limited to a two-year period commencing on the date the executive corporate officer's term of office ends. Consequently, at the end of his term of office (for any reason and at any time), the Chairman and Chief Executive Officer undertakes to abstain from acquiring an interest in, participating in, associating himself in any way with or engaging in, directly or through a legal entity, in the capacity of corporate officer, employee or consultant, worldwide, in any company with a significant activity (15% of turnover or at least €1 billion) related to the production of equipment or systems used in the railway industry or in public ground transport. Transportation operators are excluded from the scope of this non-compete undertaking.

In return for this commitment, the Chairman and Chief Executive Officer would receive a total gross indemnity corresponding to 1.5 times the average of his annual fixed and variable gross compensation received over the three fiscal years preceding the date of the end of his term of office (excluding performance shares). This indemnity would be paid on a monthly basis in twenty-four equal instalments throughout the entire term of the non-compete undertaking.

If the non-compete undertaking is breached at any time by the executive corporate officer:

- the Company will be released from its obligation to pay the financial indemnity; and
- the executive corporate officer would have to reimburse all amounts already received under the non-compete undertaking.

The Company, acting through its Board of Directors, reserves the right, in particular in the event of gross misconduct or major financial issue, to unilaterally waive the benefit of this non-compete undertaking on the date the executive corporate officer's term of office ends. In such a case, the executive corporate officer would be freed from any obligation and no indemnity would be due in this respect.

In any event, this non-compete agreement does not apply if the executive corporate officer retires at the end of his term of office. In such a case, no indemnity would be due.

The Board of Directors believes that, in certain circumstances, the ability to require executive corporate officers to enter into a non-compete undertaking is favourable to the Company. This is particularly the case with Mr Henri Poupart-Lafarge, in view of his knowledge – acquired over more than 20 years – of the mobility sector and of the new challenges resulting from the digitalisation of this sector. The Board considers that the Company's competitors must not, under any circumstances, benefit from this expertise. Therefore, this undertaking is intended to protect the Group's interests.

Retention conditions of performance shares under vesting period

If the Chairman and Chief Executive Officer leaves the Company, the Board of Directors will assess whether he may retain the right, in full or in part, to acquire shares allocated subject to performance conditions, subject to the following limits:

- retention is only possible in case of a forced departure, *i.e.* in the event of dismissal and not resignation;
- no acquisition is authorised before the acquisition date specified in the relevant plans' rules. Consequently, no early vesting of performance shares is authorised;
- the performance conditions must continue to apply throughout the specified acquisition period;
- the number of shares that will be acquired (once established after measuring the achievement level of the performance conditions) will be subject to a reduction corresponding to the amount of time spent in the Company's service relative to the vesting period of each relevant plan (*i.e.* a *prorata temporis* discount); and
- in any event, the appropriateness of the final acquisition of the performance shares will be assessed in view of the Company's situation at the date of the departure and at the initially planned vesting date. No performance shares may be acquired if the Company is facing major financial difficulties.

Supplemental pension plans

In respect of supplemental pension plans, pursuant to the Company's compensation policy, the Chairman and Chief Executive Officer benefits from:

- a defined contribution supplementary retirement scheme ("Article 83") as follows:
  - the contributions are paid annually and correspond to 1% of annual compensation up to four annual Social Security caps, 4% of annual compensation between four and eight times the annual Social Security cap and 11% of annual compensation between eight and twelve times the Social Security cap,
  - since 1 July 2014, 95% of the contributions are paid by the Company;
- a defined contribution supplementary retirement scheme ("Article 82"). The calculation of this annual contribution is based on total annual compensation (fixed and variable compensation due in cash) as follows:
  - 10% of fixed gross compensation between eight and 12 annual Social Security caps and 20% of his fixed gross compensation in excess of 12 annual Social Security caps,
  - 20% of his annual variable compensation as determined by the Board of Directors,
  - the reference compensation (fixed and variable due in cash) used to calculate the contribution cannot, in any case, be greater than €2,000,000,
  - no contribution is paid if the calculation of the variable compensation equals zero,
  - the Chairman and Chief Executive Officer has undertaken, once the tax and social obligations relating to these contributions are satisfied, to keep amounts paid within the dedicated retirement savings vehicle, at least for his term of office.

Further to a presentation by the Nominations and Remuneration Committee, on 6 May 2019, the Board of Directors took note of the terms of the final conditions of liquidation of the "Article 39" plan (closed and whose cumulated rights were frozen on 31 December 2016) from which Mr Henri Poupart-Lafarge benefited on the date he resigned from his employment contract with Alstom Executive Management SAS, taking account of the fact that:

- Mr Henri Poupart-Lafarge would no longer be bound to Alstom Executive Management SAS by an employment contract starting at the 2019 Annual Shareholder Meeting;
- the loss of rights acquired between 1 January 2004 and 31 December 2016 will be offset by a balancing payment *(soulte)* to the "Article 82" defined contribution plan, paid annually in thirds over three years starting on the first anniversary of his resignation from his employment contract, and subject to his continued presence within the Company at each payment due date. The amount of this balancing payment includes an individual discount from the value of the recorded liability, which was established based on a proposal by external actuaries;

- the value of this balancing payment, as valued by the Company's actuarial advisers, is €3,375,000 (gross) and is subject to social charges and taxes in accordance with the legislation in force at the time of the various payments. This amount reflects a discount of about 20% compared with the value of the liabilities (excluding taxes) at 31 March 2019 in order to take into account the impact of the transformation of rights subject to conditions of continued employment within the Group into a definitively acquired pension capital, *i.e.* savings of more than €1 million for the Company;
- the final closeout of this "Article 39" scheme applies to all its beneficiaries;
- Mr Henri Poupart-Lafarge's commitment, after the payment of the corresponding social and tax contributions, is to keep in this pension plan all the amounts paid, at least until the expiration of his corporate officer term of office.

The payment of the balance relating to Mr Henri Poupart-Lafarge will be made in thirds in three annuities, in July 2020, July 2021, and July 2022, subject to his continued presence within the Company.

Components of compensation paid during or awarded in respect of the 2019/20 fiscal year to the corporate officers

Compensation paid during or awarded in respect of the 2019/20 fiscal year to members of the Board of Directors

TABLE 3 – TABLE ON COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS AS OF 31 MARCH 2020

Gross Amounts(1)	2018/19 fiscal year		2019/20 fiscal year	
Non-executive Directors	Amounts paid during the fiscal year *(in €)*	Amounts awarded in respect of the fiscal year *(in €)*	Amounts paid during the fiscal year *(in €)*	Amounts awarded in respect of the fiscal year *(in €)*
Candace K. Beinecke(2)	64,500	67,781	59,031	22,500
Olivier Bouygues	55,500	67,781	59,781	62,250
Bi Yong Chungunco	58,250	75,750	85,750	87,500
Françoise Colpron(3)	55,500	67,781	59,781	23,250
Yann Delabrière	111,000	124,615	133,115	139,500
Clotilde Delbos(4)	6,250	35,344	59,344	76,250
Gérard Hauser	73,250	92,417	106,917	108,500
Sylvie Kandé de Beaupuy	74,500	86,781	85,281	84,750
Klaus Mangold(5)	46,917	70,281	75,781	30,250
Géraldine Picaud(6)	66,250	25,500	-	-
Baudouin Prot(7)	6,250	51,781	87,031	84,500
Sylvie Rucar(8)	86,250	108,250	122,750	125,000
Bouygues(9)	70,500	85,000	85,750	84,000
TOTAL	**774,917**	**959,062**	**1,020,312**	**928,250**

(1) Gross amounts. The non-executive Directors do not receive any other compensation from the Company or Group companies.
(2) Director whose term of office expired on 10 July 2019.
(3) The Board officially acknowledged this Director's resignation on 16 September 2019.
(4) Director appointed in July 2018.
(5) Director whose term of office expired on 10 July 2019.
(6) Director who resigned on 30 July 2018.
(7) Director appointed on 17 July 2018.
(8) Director who became the chair of the Audit Committee upon the departure of Ms Géraldine Picaud.
(9) Director whose representative was Mr Philippe Marien, and then, commencing 19 February 2020, Mr Pascal Grangé (share of the amount allocated in respect of the 2019/20 fiscal year relating to Mr Philippe Marien: €74,000 and share relating to Mr Pascal Grangé: €10,000).

No other compensation was paid during the 2019/20 fiscal year or awarded in respect of the 2019/20 fiscal year to the Directors.

The Chairman and Chief Executive Officer does not receive any compensation tied to his directorship.

The aggregate amount of compensation paid to the Directors during the 2019/20 fiscal year amounted to €1,020,312 (€774,917 during the previous fiscal year). The aggregate amount of compensation awarded to the Directors in respect of the 2019/20 fiscal year amounted to €928,250 (€959,062 in respect of the prior fiscal year) and represented approximately 71% of the overall amount authorised by the shareholders (approximately 73% for the 2018/19 fiscal year and approximately 65% for the 2017/18 fiscal year). The variable portion of compensation awarded to the Directors in respect of the 2019/20 fiscal year represented close to 61% of the total amount of compensation awarded in respect of such fiscal year (approximately 63% in respect of the 2018/19 fiscal year and approximately 52% in respect of the 2017/18 fiscal year).

The difference between the amounts awarded and paid over a single fiscal year results from the fact that half of the compensation tied to directorships in respect of a fiscal year is paid during that fiscal year (compensation for the first half of the fiscal year) and the balance is paid during the following fiscal year (compensation for the second half of the fiscal year).

Compensation paid during or awarded in respect of the 2019/20 fiscal year to Mr Henri Poupart-Lafarge, Chairman and Chief Executive Officer

Fixed compensation

For the 2019/20 fiscal year, Mr Henri Poupart-Lafarge's total fixed compensation amounted to €825,000, on the basis of a *prorata temporis* calculation that took into account his previous fixed compensation of €750,000 applied up the date of the 2019 Shareholders' Meeting and his new fixed compensation of €850,000 applicable since that Shareholders' Meeting and up until 31 March 2020.

Variable compensation

At its meeting held on 11 May 2020 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,
  - gross margin on orders received,
  - adjusted EBIT,
  - workplace injury frequency rate,
  - attendance rate of managers at Ethics and Compliance training,
  - the result of the Dow Jones Sustainability Index social responsibility survey,

  it was appropriate to evaluate the achievement level at 67.87%. The target was 60% and the cap was 120%.

	Target	Cap	Performance level for the fiscal year	Achievement level for the fiscal year
OVERALL OBJECTIVES	**60%**	**120%**		
Free Cash Flow	20%	40%	€206 million	19.47%
Adjusted EBIT	20%	40%	€592 million	8.40%
Gross margin on orders received	10%	20%	Confidential(1)	20%
Rate of workplace accidents with medical leave	5%	10%	1.0 accident with medical leave per million worked hours	10%
Management attendance rate at Ethics and Compliance training	2.5%	5%	96.1% of eligible managers attended the "Ethics & Compliance" training(2)	5%
Performance in the "Dow Jones Sustainability Index"	2.5%	5%	96th percentile(3)	5%
2019/20 OVERALL ANNUAL PERFORMANCE				**67.87%**

(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 most profitable projects. However, as Alstom is the only pure player among its direct competitors (business focused solely on the rail industry), the Board considered that it would be against the Company's interests to publicly state the Company's objectives and performance as regards margin on orders received, as this would give competitors strategic information.

(2) The Company's target was that at least 90% 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 95% of the eligible population has been trained.

(3) The Company's target is to remain in the DJSI index, *i.e.*, to be one of the 15% of the companies in the comparable group to achieve the best performance. The maximum performance level is reached if the Company is among the 5% of companies in the comparable group which achieve the best performance, which was the case for the third consecutive year in 2019 (96th percentile).

- 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 41.96%. The target was 40% and the cap was 50%.

	Comments	Target	Achievement level for the fiscal year
INDIVIDUAL OBJECTIVES		**40%**	
Launch of Alstom's new strategy	The goal set by the Board of Directors was to define the new strategic positioning of the Group, including the launch of a specific plan for the Signalling activity, ensuring its acceptance by both internal and external stakeholders, and implementing its first steps. Acknowledging the successful launch of the Alstom in Motion plan and its good reception by financial markets, the relaunch of the Signalling activity and its outstanding growth results, the continuation of the digital transformation program and the review of the strategic external growth options of the Group and the decision to initiate the acquisition of Bombardier Transportation, the Board of Directors established that this objective was deemed achieved at its maximum level, at 125%	12%	15%
Teams and organisation	The goal set by the Board of Directors was to partially renew and stabilize the Executive Committee of the Group, to define a succession plan for its members and ensure the creation and development of a talent pool aiming at preparing the succession of the senior management. The Board of Directors has considered, following the several appointments taking place among the Group Executive Committee (five new members during FY 19/20), that the issue of its renewal and stabilization was under control and did not present any short-term risk. The Group capabilities in terms of internal succession for the executive team still having to be reinforced, the Board of Directors established that this objective was deemed achieved at 90%.	12%	10.8%
Sales performance	The goal set by the Board of Directors aimed at maintaining the positive commercial trend of the Group in spite of a reduced number of opportunities, securing several major projects (notably in Argentina, the United Kingdom, Germany, Greece or Colombia) and the order intake for the Signalling activity (with at least one major project). Considering the FY 2019/20 order intake (above €9.9 billions), despite the cancellation or non-award of some of the initially targeted projects (balanced by some other commercial successes), and notably the remarkable commercial performance of the Signalling activity, the Board of Directors established that this objective was deemed achieved at 110%.	8%	8.8%
Operational and financial performance	The operational and financial performance goals set by the Board for the Chairman and Chief Executive Officer are based on nine operational performance indicators, the stabilisation of the Working Capital, the development of the most critical projects (PRASA, Ryadh, e-loco, Amtrack, Dubai, ICNG, Pop) and the delivery of key Signalling projects (Lille, Singapore, Hong-Kong). The Board of Directors, having considered that the operational performance indicators have reached a satisfying level, that the execution of the key projects has improved in a significant manner and that the stakes relating to the improvement of the gross margin and working capital are under control (control of costs remaining an area to be improved), established that this objective was deemed achieved at 92%.	8%	7.36%
2019/20 OVERALL ANNUAL PERFORMANCE			**41.96%**

Therefore, at its meeting held on 11 May 2020, the Board decided that Mr Henri Poupart-Lafarge's variable compensation for fiscal year 2019/20 would amount to €906,015 corresponding to an achievement level of 109.8% of his objectives.

Over the past three years Mr Henri Poupart-Lafarge's annual fixed and variable compensation has changed as follows:

	Awarded with respect of fiscal year 2017/18 *(in €)*	Awarded with respect of fiscal year 2018/19 *(in €)*	Awarded with respect of fiscal year 2019/20 *(in €)*
Annual fixed gross compensation	750,000	750,000	825,000
Annual variable gross compensation(*)	1,072,500	1,020,975	906,015
(%/ fixed)	(143%)	(136.1%)	(109.8%)
TOTAL	**1,822,500**	**1,770,975**	**1,731,015**

(*) Mr Henri Poupart-Lafarge's variable compensation is paid during the fiscal year following the one in respect of which it is awarded. This payment is subject to the shareholders' prior approval.

Grant of performance shares

On 10 March 2020, the Board of Directors, acting under the authority granted by the Shareholders' Meeting held on 10 July 2019, and upon the Nominations and Remuneration Committee's recommendations, adopted a long-term variable compensation plan (the "2020 PSP") benefiting 878 employees, including Alstom's Chairman and Chief Executive Officer.

The grant to the Chairman and Chief Executive Officer relates to a target number of 34,000 shares, which may vary, depending on the achievement level of performance conditions, between 0 to 51,000 shares (in the event of overperformance). The IFRS 2 valuation and the calculation of the cap on awarded performance shares were established on the basis of the maximum number of shares that may be definitively acquired after the expiration of the performance period. Based on the cap on awarded shares, this maximum award represents 0.02% of the share capital.

This plan subjects the vesting of all the shares (1,145,625 shares, *i.e.* 0.51% of the share capital) to meeting four performance conditions:

- three internal performance conditions measured in terms of the degree of success in reaching:
  - the adjusted EBIT margin objective of the Alstom Group (including the share of net income of the CASCO joint-venture) set by the Board and assessed at the end of the 2022/23 fiscal year. This indicator represents 40% of the total of the performance conditions,
  - the net income into free cash flow conversion rate objective set by the Board and assessed at the end of fiscal year 2022/23. This indicator represents 20% of the total of the performance conditions, and
  - the objective of reduction in the energy consumption of the solutions offered to clients (with reduction defined as the average of the reduction percentages) set by the Board and assessed at the end of fiscal year 2022/23. This indicator represents 10% of the total of the performance conditions; and
- one relative performance condition which is based on the performance of the Company's share relative to the performance of the STOXX® Europe TMI Industrial Engineering index and assessed over a period of three years ending at the end of the 2022/23 fiscal year. This indicator represents 30% of the total of the performance conditions.

On the Nominations and Remuneration Committee's recommendation, the Board of Directors decided to:

- reinforce the stringency of the plan's structure, in particular by excluding any vesting of performance shares if the evolution in the Company's TSR does not attain the index's TSR evolution. The Board therefore took into account comments several investors and proxy advisors had made to the Lead Independent Director last fiscal year;
- align the "target" objectives for adjusted EBIT margin and net income into free cash flow conversion rate with those set in the Company's new strategic plan for 2023, "Alstom in Motion", which was disclosed to the market on 24 June 2019, all while maintaining the principle that more performance shares would be acquired in the event of overperformance;
- introduce a new condition allowing the Company's performance in the area of sustainable development to be assessed. Indeed, like several investors and proxy advisors with whom the Lead Independent Director spoke with over the last fiscal year, the Board considers that long-term variable compensation must be notably based on a condition that allows the Company's strategic social and/or environmental challenges to be appraised. For the PSP 2020, the Board therefore selected a performance condition that is based on the reduction in the carbon intensity of the solutions offered by Alstom, which is part of the new "Alstom in Motion" strategic plan. The assessment in 2023 of the reduction in energy consumption of the solutions Alstom offers its clients will be carried out on the basis of the same criteria as those applied for the purposes of monitoring the realisation of the "Alstom in Motion" strategic plan. The percent reduction will be reviewed by the independent third-party organisation which is responsible for verifying extra-financial data at the end of the 2022/23 fiscal year. This independent third-party organisation will report on it in its reasoned opinion on the accuracy of the information presented.

Applying these conditions, the number of performance shares to be delivered will be determined as follows (internal conditions established on the basis of the accounting standards in force at the time of the grant):

At publication date of 2022/23 results		Minimum level required	Target performance	Maximum level considered
2022/23 Adjusted EBIT Margin (weight: 40%)		≤7.5%	= 9%	≥9.7%
		No shares	13,600 shares	20,400 shares
Conversion rate of net income into free cash flow in 2022/23 (weight: 20%)		≤60%	>80%	≥100%
		No shares	6,800 shares	10,200 shares
Reduction in energy consumption of solutions offered to clients in 2022/23 relative to those offered prior to March 2014 (weight: 10%)		≤21% reduction	Reduction = 23%	Reduction ≥25%
		No shares	3,400 shares	5,100 shares
TSR at publication of 2022/23 results vs. Index TSR (weight: 30%)	<100% of the index	= 100% of the index	= 110% of the index	≥120% of the index
	No shares	5,100 shares	10,200 shares	15,300 shares

Between each performance condition threshold, the number of vested shares will be calculated by linear interpolation.
In addition, adjusted EBIT margin will include the share of the net income of the CASCO joint-venture.

In line with the compensation policy applicable to the Chairman and Chief Executive Officer, the IFRS 2 value of the grant, *i.e.*, €1,635,830 (€1,331,153 for the PSP 2019) is lower than the beneficiary's fixed and on-target variable compensation for one year.

Finally, the Board 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 has undertaken not to use hedging instruments in respect of all the performance shares during his entire term of office.

Summary of the evolution of performance share plans whose vesting period is ongoing

The table below shows the achievement level of each of the performance conditions of the performance share plans whose vesting periods are ongoing (PSP 2017, PSP 2018, PSP 2019 and PSP 2020) and the number of confirmed performance shares for Mr Henri Poupart-Lafarge (all unavailable until the end of the related plan):

				FY1			FY2			FY3			Total number of confirmed shares
Plan	Initial grant	Performance condition		Weight	Perfor-mance *(%)*	Confirmed shares	Weight	Perfor-mance *(%)*	Confirmed shares	Weight	Perfor-mance *(%)*	Confirmed shares	
2017 PSP (delivery on 19 May 2020)	45,000	Fiscal year			2017/18			2018/19			2019/20		
		TSR	30%		N/A			N/A		30%	100%	13,500	13,500
		aEBIT Margin	40%	10%	83%	3,750	15%	100%	6,750	15%	100%	6,750	17,250
		Free Cash Flow	30%	10%	88%	3,960	10%	92%	4,140	10%	100%	4,500	12,600
		TOTAL				**7,710**			**10,890**			**24,750**	**43,350**
2018 PSP	45,000	Fiscal year			2018/19			2019/20			2020/21		
		TSR	50%		N/A			N/A		50%	TBD	-	-
		aEBIT Margin	50%		N/A			N/A		50%	TBD	-	-
		TOTAL				-			-			-	-
2019 PSP	52,500	Fiscal year			2019/20			2020/21			2021/22		
		TSR	40%		N/A			N/A		40%	TBD	-	-
		aEBIT Margin	40%		N/A			N/A		40%	TBD	-	-
		Cash conversion ratio	20%		N/A			N/A		20%	TBD	-	-
		TOTAL			-			-			-		-
2020 PSP	51,000	Fiscal year			2020/21			2021/22			2022/23		
		TSR	30%		N/A			N/A		30%	TBD		
		aEBIT Margin	40%		N/A			N/A		40%	TBD		
		Cash conversion ratio	20%		N/A			N/A		20%	TBD		
		Energy consumption reduction	10%		N/A			N/A		10%	TBD		

Multi-year compensation

Not applicable.

Exceptional compensation

Not applicable.

Compensation tied to directorship

Not applicable.

Benefits in-kind

The Chairman and Chief Executive Officer benefits from a Company vehicle corresponding to a benefit in-kind of approximately €4,802 per year as well as supplemental health insurance coverage, a life and disability insurance policy, and a private unemployment insurance contract (corresponding to a benefit valued at €5,964), the costs of which are shared by the Company and the Chairman and Chief Executive Officer.

Supplemental retirement schemes

The Chairman and Chief Executive Officer benefits from a supplemental pension plan based on two separate elements that were not modified during fiscal year 2019/20:

- a defined contribution pension plan ("Article 83" plan under the French Tax Code).
  - The amounts paid under the defined contribution plan for fiscal year 2019/20 amounted to €26,033, of which €24,732 were paid by the Company;
- a defined contribution pension plan ("Article 82" plan under the French Tax Code).
  - The amount paid in November 2019 under this defined contribution pension plan for fiscal year 2018/19 amounted to €274,355 (gross) and corresponds to the acquisition period from 1 April 2018 to 31 March 2019. The corresponding €296,883 provision recorded in 2018/19 was consequently cancelled.
  - Regarding fiscal year 2019/20, a provision for such contribution was recorded, based on on-target variable compensation in a gross amount of €253,649, but no payment will be made before the approval of the 2020 Shareholders' Meeting of the Chairman and Chief Executive Officer's variable compensation in respect of the 2019/20 financial year.

As of 31 March 2020, the total annual pensions under the two defined contribution schemes based on the actual contributions paid since Mr Henri Poupart-Lafarge was appointed as Chairman and Chief Executive Officer amount to approximately €27,000 (not including any potential individual voluntary contributions made by Mr Henri Poupart-Lafarge, which the Company need not be aware of).

Post appointment indemnities or benefits

No compensation paid during or awarded in respect of fiscal year 2019/20.

The Board of Directors considers that the elements described above, paid during fiscal year 2019/20 or awarded in respect of such fiscal year to Mr Henri Poupart-Lafarge, comply with the compensation policy of the Chairman and Chief Executive Officer adopted by shareholders at the 2019 Shareholders' Meeting and contributes to the Company's long-term performance.

Compensation ratios – annual change in compensation, performance and ratios

In accordance with Ordinance No. 2019-1234 of 27 November 2019, disclosed below is the ratios between the Chairman and Chief Executive Officer's compensation level and the average and median compensation of Alstom's employees in France (in respect of the companies Alstom Transport, Alstom TT and Alstom Executive Management, which constitute over 97% of French headcount at the end of 2019), along with their annual change, the change in the Company's performance and in employees' average compensation over the same scope during the five most recent fiscal years.

Compensation ratios (a)

	2015/16	2016/17	2017/18	2018/19	2019/20
Compensation compared to the **average** employee ratio	158	36	45	52	55
Evolution Y/Y-1 *(%)*		-77%	26%	14%	7%
Compensation compared to the **median** employee ratio	186	43	55	63	69
Evolution Y/Y-1 *(%)*		-77%	28%	13%	9%

(a) According to AFEP's guiding principles, compensation includes components that were paid or awarded during the fiscal year in question and includes:

- *for the executive corporate officers and employees:* Fixed compensation, benefits in-kind, variable compensation (paid in respect of the prior fiscal year) and the long-term compensation awarded during the fiscal year (IFRS 2 value);
- *for the employees:* Other individual bonuses, incentive plans, profit-sharing schemes and overtime pay. All elements are on a full-time equivalent basis.

It is noted that the 2015/16 fiscal year presented above corresponds to a fiscal year in which there was a transition between Mr Patrick Kron and Mr Henri Poupart-Lafarge as Chairman and Chief Executive Officer. The compensation that served as a basis for the ratio for this exercise is therefore calculated on the basis of the respective compensation of the two successive executive corporate officers, *prorata temporis* to the term of their appointment. Over the course of that fiscal year, in addition to variable compensation due in respect of the previous fiscal year, Mr Patrick Kron received early payment of the variable compensation due in respect of the 2015/16 fiscal year as he was retiring as well as exceptional compensation that was conditional upon the completion of the General Electric transaction.

Comparative change in compensation and performance

	2015/16 – 2016/17	2016/17 – 2017/18	2017/18 – 2018/19	2018/19 – 2019/20
Chairman & Chief Executive Officer	-76%	32%	17%	11%
Average employee	5%	5%	3%	3%
Adjusted EBIT *(in € million)*(*)	15%	22%	11%	4%

(*) Adjusted EBIT of previous years are those presented in the Registration Document of the concerned year. The 2019/20 adjusted EBIT was adjusted for CASCO contribution.

Over the period in question, the Group's adjusted EBIT increased by 62%. Over the same period, Mr Henri Poupart-Lafarge's annual fixed compensation as Chairman and Chief Executive Officer only increased by 10%. The change in his aggregate compensation over the same period is therefore essentially tied to short- and long-term variable components, which reflected the Group's economic, market and social performance during the years in question.

TABLES RELATING TO THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS ARISING FROM THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE

TABLE 1 – TABLE SUMMARISING COMPENSATION AND PERFORMANCE SHARES GRANTED TO THE EXECUTIVE CORPORATE OFFICER AS OF 31 MARCH 2020

Henri Poupart-Lafarge Chairman & CEO	2018/19 fiscal year *(in €)*	2019/20 fiscal year *(in €)*
Compensation awarded in respect of the fiscal year (described in table 2)	1,775,724	1,741,782
Valuation of the performance shares granted during the fiscal year (detailed in table 6)[*]	1,331,153	1,635,830
TOTAL	**3,106,877**	**3,377,612**

(*) This amount corresponds to the valuation of performance shares on the plan's grant date under IFRS 2 after taking into account a discount tied to the probability of continued employment in the Company but before the spreading effect of the liability.

TABLE 2 – TABLE SUMMARISING THE COMPENSATION OF THE EXECUTIVE CORPORATE OFFICER AS OF 31 MARCH 2020

	2018/19 fiscal year		2019/20 fiscal year	
Henri Poupart-Lafarge Chairman & CEO	Amounts attributed in respect of the financial year *(in €)*	Amounts paid during the financial year *(in €)*	Amounts attributed in respect of the financial year *(in €)*	Amounts paid during the financial year *(in €)*
Fixed gross compensation	750,000	750,000	825,000	825,000
Annual variable gross compensation[(1)]	1,020,975	1,072,500	906,015	1,020,975
Exceptional gross compensation	-	-	-	-
Compensation tied to directorship	-	-	-	-
Benefits in-kind[(2)]	4,749	4,749	10,767	10,767
TOTAL	**1,775,724**	**1,827,249**	**1,741,782**	**1,856,472**
Supplemental retirement schemes ("Article 82" and "Article 83") NB: Progressive implementation of the Article 82 scheme over the period.	245,695 (provision booked)	311,347	339,992 (provision booked)	299,067

(1) The variable compensation in respect of a fiscal year can only be paid in the next fiscal year if it is approved by the Annual Shareholders' Meeting. The criteria pursuant to which the variable compensation was calculated and the methods for setting the amount are described above on page 187.
(2) Company vehicle and private unemployment insurance coverage.

TABLE 4 – SUBSCRIPTION OR PURCHASE OPTIONS GRANTED BY THE ISSUER AND BY ANY GROUP COMPANY TO THE EXECUTIVE OFFICER DURING THE 2019/20 FISCAL YEAR

Not applicable.

TABLE 5 – SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE 2019/20 FISCAL YEAR BY THE EXECUTIVE OFFICER

Mr Henri Poupart-Lafarge did not exercise any option during the 2019/20 fiscal year.

Summary at 11 May 2020 of the total number of options that were granted (in respect of his prior functions only) to Mr Henri Poupart-Lafarge:

	Number of options initially granted[(*)]	Number of options exercisable at 31 March 2020[(*)]	Unit exercise price *(in €)*[(*)]	Option expiration date
2012 plan No. 15 (LTI No. 15)	45,976	22,988	24.10	9 December 2020
2013 plan No. 16 (LTI No. 16)	34,480	34,480	23.44	30 September 2021

(*) Amounts adjusted to take into account the capital decrease of 28 January 2016 subsequent to the public share buy-back offer.

The history of the option plans is described on page 199 of his Universal Registration Document.

TABLE 6 – PERFORMANCE SHARES GRANTED DURING FISCAL YEAR 2019/20 TO THE EXECUTIVE CORPORATE OFFICER BY THE ISSUER OR ANY GROUP COMPANY

51,000 performance shares were granted by the Company to Mr Henri Poupart-Lafarge in fiscal year 2019/20 (PSP 2020 put in place on 10 March 2020).

The total number of performance shares granted to Mr Henri Poupart-Lafarge as of 11 May 2020 is as follows:

Plan	Maximum number of performance shares initially granted(1)	Maximum number of performance shares vesting	Unit value at the time of the grant *(in €)*(2)	Performance share vesting date and availability date
2017 plan (PSP 2017)	45,000	43,350(3)	19.72(4)	19 May 2020
2018 plan (PSP 2018)	45,000	45,000	23.20(5)	Fifth business day following the date the 2020/21 consolidated accounts are published
2019 plan (PSP 2019)	52,500	52,500	25.36(6)	At the latest, on the twentieth business day following the date the 2021/22 consolidated accounts are published
2020 plan (PSP 2020)	51,000	51,000	32.08(7)	At the latest, on the twentieth business day following the date the 2022/23 consolidated accounts are published

(1) Grants entirely conditional and carry the obligation for Mr Henri Poupart-Lafarge to hold a portion of the shares until the expiration of his duties and until a target level of shareholding is reached.
(2) The performance shares are valued on their grant date according to IFRS 2, after taking into account a discount associated with the probability of continued employment within the Company and before taking into account the spreading effect of the liability.
(3) Initial grant of 45,000 performance shares. Pursuant to the performance conditions relating to the results for fiscal years 2017/18, 2018/19 and 2019/20, 1,650 performance shares (*i.e.,* 3.67% of the initial grant) were cancelled and 43,350 performance shares (*i.e.,* 96.33% of the initial grant) have vested. These shares were delivered on 19 May 2020.
(4) 70% are valued at €25.31 and 30% at €13.41 before taking into account a discount linked to probability of continued employment.
(5) 50% are valued at €32.59 and 50% at €18.58 before taking into account a discount linked to probability of continued employment.
(6) 60% are valued at €35.97 and 40% at €18.34 before taking into account a discount linked to probability of continued employment.
(7) 70% are valued at €40.80 and 40% at €26.74 before taking into account a discount linked to probability of continued employment.

TABLE 7 – PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE TO THE EXECUTIVE CORPORATE OFFICER DURING THE 2019/20 FISCAL YEAR

31,296 performance shares under the PSP 2016 put in place on 17 March 2016 were delivered on 15 May 2019.

TABLE 10 – SUMMARY TABLE OF THE MULTI-ANNUAL VARIABLE COMPENSATION PAID TO EACH EXECUTIVE OFFICER

Not applicable.

TABLE 11 – SUMMARY OF THE STATUS AND THE UNDERTAKINGS RELATING TO THE TERMINATION OF THE EXECUTIVE OFFICER'S DUTIES AT 31 MARCH 2020

Executive corporate officers	Employment agreement	Supplemental retirement scheme	Indemnities or benefits owed or potentially owed in case of termination of or change in position	Indemnities related to a non-compete undertaking
Henri Poupart-Lafarge Chairman &CEO	No(*)	Yes	No	Yes

(*) Mr Henri Poupart-Lafarge renounced his employment agreement at the end of the 2019 Annual Shareholders' Meeting.

IMPLEMENTATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE FOR LISTED CORPORATIONS

The Company has elected to refer to the AFEP-MEDEF Code of Corporate Governance for Listed Companies (the "AFEP-MEDEF Code") which, at the time this Universal Registration Document was published, was last updated in January 2020. This document is available on the websites of the AFEP (www.afep.com), the MEDEF (www.medef.com) and the Company.

The Company applies the recommendations of the AFEP-MEDEF Code with the exception of the item set forth in the table below, for which an explanation is provided.

Article of the AFEP-MEDEF Code	Explanation
ARTICLE 14.2 (STAGGERING OF TERMS) The Code recommends: *"Terms of office should be staggered so as to avoid replacement of the entire body and to favour a smooth replacement of Directors".*	No staggering of terms has been formalised in the Articles of Association since, in practice, renewals are spread over four consecutive years.

METHODS OF SHAREHOLDER PARTICIPATION IN SHAREHOLDERS' MEETINGS

The information on these methods, which is an integral part of the Board of Directors' report provided for by article L. 225-37-4 of the French Commercial Code, is set out on page 281 of this Universal Registration Document.

All shareholders have the right to participate in general meetings under the conditions provided for by law and by article 15 of the Company's Articles of Association. The provisions of this article are set out on page 281 of this Universal Registration Document. The Articles of Association themselves are posted in full online on the Company's website. In addition, the members of the Board of Directors are generally present at General Shareholders' Meetings.

ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Information on these factors, which forms an integral part of the Board of Director's report provided for by article L. 225-37-5 of the French Commercial Code, is set out on page 295 of this Universal Registration Document.

SUMMARY TABLE OF DELEGATIONS OF COMPETENCE REGARDING SHARE CAPITAL INCREASES CURRENTLY IN FORCE

This table, which forms an integral part of the Board of Director's report contemplated by article L. 225-37-4 of the French Commercial Code, is set out on page 285 of this Universal Registration Document.

EXECUTIVE COMMITTEE

ROLE

The Executive Committee, which is chaired by the Chairman and Chief Executive Officer, brings together the Directors of each region and the Directors *(Directeurs)* of functions. Finance, Human Resources, Legal and Operations are the functions represented by their respective Directors on the Executive Committee.

The Chairman and Chief Executive Officer ensures that the Executive Committee pursues the Company's performance objectives through the Committee's actions and management decisions.

More specifically, the role of the Executive Committee is to concretely put in place the financial and strategic orientations determined by the Board of Directors. The Executive Committee meets once a month to decide on various matters, and on the following areas in particular:

- strategic matters within the orientations set by the Board;
- industrial footprint and allocation of production efforts;
- capital allocations;
- organisation, professional development and recruitment;
- development of the product portfolio, launch reviews, and rationalisation efforts;
- monitoring and implementation of the procedures that are the most critical for the Company.

The Executive Committee systematically reviews the Group's financial and operational performance, discusses and approves staffing for key positions, reviews the most significant ongoing legal procedures and ensures that legal best practices are implemented.

The Executive Committee approves product, marketing and commercial plans and reviews budget orientations before the Board of Directors approves the budget.

The Internal Audit and Control Department keeps the Executive Committee apprised of the status of the missions entrusted to it by the Audit Committee. The Executive Committee regularly reviews the performance of the platforms and operational functions at dedicated sessions during which the relevant Directors report on the status of their product development plans and on progress made with operational improvement initiatives.

The Executive Committee met 12 times during the 2019/20 fiscal year, as was the case during the 2018/19 and 2017/18 fiscal years.

COMPOSITION

At 11 May 2020, the Executive Committee was composed of the following persons:

	Main function	Executive Committee entry date	Age
Henri Poupart-Lafarge	Chairman and Chief Executive Officer	October 2004	51
Benjamin Fitoussi	Senior Vice President – Operations	January 2020	48
Thierry Best	Senior Vice President – Chief Commercial Director	November 2015	60
Laurent Martinez	Senior Vice President – Chief Financial Officer	July 2018	51
Emmanuelle Petrovic	Senior Vice President – General Counsel	May 2019	47
Anne-Sophie Chauveau-Galas	Senior Vice President – Human Resources & Environment, Health, Safety and Sustainable Development	May 2019	44
Müslüm Yakisan	Senior Vice-President – Middle East and Africa	January 2020	51
Jean-Baptiste Eyméoud	Senior Vice-President – France	November 2015	52
Gian-Luca Erbacci	Senior Vice-President – Europe	November 2015	58
Michel Boccaccio	Senior Vice-President – Latin America	November 2015	59
Jean-François Beaudoin	Senior Vice President – Alstom Digital Mobility	July 2016	42
Jérôme Wallut	Senior Vice-President – North America	November 2015	56
Bruno Marguet	Senior Vice-President – Platforms	June 2019	57
Ling Fang	Senior Vice-President – Asia-Pacific	July 2018	54

On 11 May 2020, the proportion of women on the Executive Committee reached 21.5% (vs. 25% on 7 May 2019 and 8% on 15 May 2018). At the scale of the Group, on 31 March 2020, 16.1% of the positions with the highest responsibilities (*i.e.,* executives and senior managers) and 21.4% of all managers and professionals within the Group were held by women (vs. 16.4% and 20.7%, respectively, on 31 March 2019 and 16.3% and 20.1%, respectively, on 31 March 2018), while women represented 18.8% of the workforce (vs. 18.1% and 17.4% on 31 March 2019 and 31 March 2018, respectively).

The "Alstom in Motion" (AiM) strategy disclosed on 24 June 2019 targets to reach 25% of women in management and professional roles by 2025. This is a global goal which is to be cascaded to each region, applicable both for Executive Committee and other managerial levels.

Several actions, based on a systemic approach, are implemented to reach these goals, for instance:

- training the Top Management (Regions Management Committees and Countries Management Committees) on how to avoid unconscious bias that can prevent to give the same kind of opportunities of promotion to women as men;
- training women of talent on leadership skills to reach roles with more responsibility in the future. Thus, 30% of the seats of our Global Leadership Program is reserved to women;
- providing senior female leaders with the potential to take over roles with more responsibility in the future, *via,* for instance, a more global business knowledge, and giving them more opportunities of exposure to the senior management through a specific mentoring program called WILL (Women In Leadership Level);
- membership to Catalyst, international no profit organization supporting companies on achieving gender balance and building a more inclusive workplace.

Many improvements have already been noticed, for instance:

- from December 2016 to December 2019, the percentage of women in the operational functions increased globally by 14.6%, with biggest increase of women presence in Quality department (38%) and in Project Management department (24.4%);
- from December 2016 to December 2019, the percentage of women in middle management and above positions increased globally of 4.3%, with the biggest increase in Headquarter positions (17.7%);
- in France, where gender equality has been a focus for Alstom for many years, Alstom has reached 94 points (out of 100) in 2019 on the gender equality index.

The bottom line is that such improvements in filling the talent pipelines of these functions constitute a first step, enabling to promote women in senior and executive positions in the coming years.

COMPENSATION OF EXECUTIVE COMMITTEE MEMBERS

The financial elements accounted for in the 2019/20 fiscal year describing the compensation and benefits granted to members of the Executive Committee are described in Note 35.3 to the consolidated financial statements for the 2019/20 fiscal year.

The compensation of the Executive Committee members, *i.e.,* currently 13 persons excluding the Chairman and Chief Executive Officer, is decided annually by the Chairman and Chief Executive Officer and is reviewed by the Nominations and Remuneration Committee. This compensation consists of a fixed component and a variable component tied to the achievement of performance objectives determined at the beginning of the fiscal year and is supplemented by a free grant of performance shares.

For fiscal year 2019/20, variable compensation is tied to:

- on one hand, meeting the Company's overall performance objectives in terms of adjusted EBIT, free cash flow, margin on orders received, and frequency rate of workplace accidents with medical leave, the attendance rate of managers at an Ethics and Compliance training and the result of the Dow Jones Sustainability Index survey; and
- on the other hand, reaching specific individual objectives.

All members of the Executive Committee share the same overall objectives, irrespective of Region or Function. These objectives represent 60% of the target variable compensation of each Executive Committee member, which may vary within a range of 0% to 120%. Specific individual objectives refer to specific priority action plans included in the budgets and strategic plans. These objectives represent 40% of the variable compensation target of each Executive Committee member and can vary within a range of 0% to 50%. The achievement of variable compensation objectives is assessed by the Chairman and Chief Executive Officer and approved by the Nominations and Remuneration Committee.

The level of variable compensation is based on industry practice, compensation surveys and advice from specialised international consulting firms.

The aggregate amount of gross compensation paid between 1 April 2019 to 31 March 2020 to Executive Committee members (excluding the Chairman and Chief Executive Officer, whose remuneration is presented on page 187) by the Company and the companies controlled by the Company within the meaning of article L. 233-16 of the French Commercial Code amounted to €6,306,347.

For fiscal year 2019/20, the fixed portion represented €4,011,207. The variable component tied to the results of fiscal year 2019/20 and paid during such fiscal year represented €2,295,140 (excluding the Chairman and Chief Executive Officer).

Certain members of the Executive Committee benefit from supplementary pension plans (defined contribution plans). Subsequent to the definitive liquidation of the defined benefit plan in 2019 from which certain Executive Committee members benefited, the total amount of the commitments recorded in respect of Executive Committee members (other than the Chairman and Chief Executive Officer) is made up of statutory retirement indemnities and amounts to €58,771 at 31 March 2020. The amounts for which the Group is responsible (paid or recorded) in connection with defined contribution plans (excluding the Chairman and Chief Executive Officer) for the fiscal year was €608,350.

Members of the Executive Committee (other than the Chairman and CEO) were granted 207,000 performance shares in fiscal year 2019/20, for an IFRS 2 value of €6,639,545.

At 31 March 2020, Executive Committee members collectively held 55,837 shares of the Company.

OFFICER AND EMPLOYEE SHAREHOLDING

STOCK OPTIONS AND PERFORMANCE SHARES PLANS

Grant policy

The Company sets up, generally every year, a long-term incentive plan in France and outside France within the framework of the authorisations granted by the Shareholders' Meeting and articles L. 225-177 *et seq.* and articles L. 225-197 *et seq.* of the French Commercial Code. The Board of Directors approves these plans on the proposal of the Nominations and Remuneration Committee, which reviews all terms, including the award criteria. Grants are made with regular frequency. Since 2016, the Board of Directors decided to change the grant period during the fiscal year in order to move the grant date closer to the beginning of the fiscal year. Thus, a plan was put in place on 10 March 2020 ("PSP 2020"). In the context of the long-term incentive plans that were put in place starting in the 2007/08 fiscal year, the Board of Directors wanted to combine the allocation of stock options with the grant of free shares. Since 2016, the Board no longer plans to use stock options in connection with these plans and subjects delivery of all shares to internal and relative performance conditions and continued employment requirements (please refer to the characteristics of these plans in the following pages).

The grants of performance shares vary according to beneficiaries' level of responsibility and performance, with their number increasing as responsibility and performance levels increase. Beneficiaries of performance shares are generally selected from among the Directors of profit centres, functional Directors, country presidents, managers of large projects and, more generally, holders of key salaried positions at Alstom and its subsidiaries who have made a significant contribution to the Group's results.

Since 2004, the number of beneficiaries totals approximately 2% of total Group employees.

Individual grants to members of the Executive Committee are based on the level of responsibilities and are in line with market practice. They are granted under the terms of the plan put in place each year; the characteristics of the performance shares granted to members of the Executive Committee are identical to those of all the other awards.

PSP 2020, which was put in place on 10 March 2020, covered a number of performance shares representing 0.51% of the share capital at the grant date. For information on the grants awarded to the Chairman and Chief Executive Officer in prior fiscal years, please refer to the section on the compensation of Executive Officers in the Board of Directors' report (see page 189).

Main characteristics of the performance shares

- Frequency: Annual grant. Since 2016, the allocation is put in place in March in order to occur more closely to the beginning of the following fiscal year.
- Performance conditions: Yes. For the plans granted until 2017, the vesting of all performance shares is subject to the achievement of internal Group performance conditions to be met over a period of three fiscal years following the grant of the performance shares and an external performance requirement to be met at the end of three fiscal years following the grant date of the performance shares. Since the 2018 grant, both internal and/or relative performance conditions are assessed at the end of the third fiscal year following the grant.
- Delivery date: In a single instalment at the end of a period of approximately three years for all beneficiaries.
- Holding requirement: None (except below section).
- Specific holding requirement for Executive Committee members: Yes, since fiscal year 2007/08.

For all beneficiaries, the shares are allocated after a vesting period of approximately three years following the date on which the Board of Directors granted the performance shares, subject to satisfying the Company's internal performance condition(s) and, since 2016, a relative performance condition based on the performance of the Company's share price.

Vesting is also subject to conditions of continued employment within the Group, except in exceptional cases as provided for in the plan.

Requirement to hold the shares applicable to Executive Committee members – Rules of conduct

For each plan since the 2007 plan (LTI No. 10), the Board of Directors has set holding requirements applicable to beneficiaries who are members of the Executive Committee.

Such individuals must hold in registered form, for the entire period of time during which they serve on the Executive Committee, a number of shares resulting from the free allocation granted under these plans corresponding to 25% of the vested performance shares and have undertaken not to use hedging instruments in respect of all the performance shares.

Moreover, Group's rules of conduct seeking to prevent insider trading prohibit, in particular, any sale of shares during periods preceding the approval of the Group's results and more generally when inside information is held. In addition to this blackout requirements which applies to insiders only, specific legal obligations also apply to all beneficiaries of performance shares, irrespective of whether they are insiders. These obligations prohibit those beneficiaries from selling any performance shares during certain periods determined by law.

Summary of the main characteristics of the stock options plans outstanding at the end of fiscal year 2019/20

The total number of options that can be exercised under existing plans represents 0.10% of the share capital at 31 March 2020. The main characteristics of all stock option plans put in place by the Company and outstanding at 31 March 2020 are summarised in the table below. No other Group company has implemented stock option plans granting rights to the Company's shares.

TABLE 8 – HISTORY OF STOCK SUBSCRIPTION AND PURCHASE OPTIONS AS OF 31 MARCH 2020

	Plan No. 15 included in plan LTI No. 15 (conditional options)	Plan No. 16 included in plan LTI No. 16 (conditional options)
Date of Shareholders' Meeting	22 June 2010	2 July 2013
Date of Board meeting	6 November 2012	1 October 2013
Initial exercise price	€27.70	€26.94
Adjusted post-share buyback exercise price	€24.10	€23.44
Beginning of stock options exercise period	10 December 2015	3 October 2016
Expiration date	9 December 2020	30 September 2021
Initial number of beneficiaries	538	292
Initial number of options	1,508,777	771,997
including to Henri Poupart-Lafarge	45,976	34,480
Total number of options exercised as of 31 March 2020	590,726	575,246
Total number of cancelled or lapsed options	806,630	72,625
Number of options remaining exercisable at 31 March 2012	111,421	124,126
Percentage of capital at 31 March 2020 that may be created	0.05%	0.05%
Number of shares that may be subscribed at 31 March 2020 by members of the Executive Committee	22,988	38,503
of which number of shares that may be subscribed by Mr Henri Poupart-Lafarge at 31 March 2020	22,988	34,480

TERMS OF EXERCISE/PERFORMANCE CONDITIONS(*)

Plan No. 15 included in plan LTI No. 15 (conditional options)

- The percentage of options which can be exercised from 10 December 2015 varies according to predetermined Group operating margin levels for the 2012/13, 2013/14 and 2014/15 fiscal years (the "Margins") and requires free cash flow ("FCF") above or equal to zero for each fiscal year.
- 100% of options can be exercised if the Margins are equal to or above predetermined levels and FCF is above or equal to zero for each fiscal year.
- No option can be exercised if the Margins are below 7% or if FCF is negative.
- The performance conditions relating to the 2014/15 fiscal year are deemed to have been met as a result of the completion of the transaction with General Electric.
- For more details, refer to Note 23 to the consolidated financial statements for the 2014/15 fiscal year.

Achievement of performance conditions: 50% of the options initially granted are exercisable since 10 December 2015.

Plan No. 16 included in plan LTI No. 16 (conditional options)

- The percentage of options which can be exercised varies according to predetermined Group operating margin levels for the 2014/15 and 2015/16 fiscal years (the "Margins") and requires free cash flow ("FCF") above or equal to zero for each fiscal year.
- 100% of options can be exercised if the Margins are equal to or above predetermined levels and FCF is above or equal to zero for each fiscal year.
- No option can be exercised if the Margins are below 7.2% for fiscal year 2014/15 or 7.4% for fiscal year 2015/16 or if FCF is negative.
- The performance conditions relating to the 2014/15 and 2015/16 fiscal years are deemed to have been met as a result of the completion of the transaction with General Electric.

Achievement of performance conditions: 100% of the options initially granted are exercisable since 3 October 2016.

(*) Exercise is also subject to continued employment within the Group except as provided for in the plan.

Only 50% of the stock options granted under LTI No. 15 became exercisable after the application of the performance conditions provided for in such plan.

Following the completion of the transaction with General Electric, 100% of the options granted under LTI plan No. 16 became exercisable.

LTI plan No. 14 expired on 3 October 2019. A total of 886,393 options were exercised under this plan.

Conditional stock options granted to Alstom's corporate officers during fiscal year 2019/20 and options exercised by such executive corporate officer

In fiscal year 2019/20, no option was granted by the Company to Mr Henri Poupart-Lafarge, the Chairman and Chief Executive Officer and Alstom's only executive corporate officer.

The Company did not grant any stock options to other corporate officers during the 2019/20 fiscal year.

No option was exercised by Mr Henri Poupart-Lafarge in fiscal year 2019/20.

Conditional stock options granted during fiscal year 2019/20 to the ten employees who are not corporate officers of Alstom and who received the largest number of options

Not applicable.

Stock options exercised during fiscal year 2019/20 by the ten employees who are not corporate officers of Alstom and who exercised the largest number of options

	Number of shares subscribed(*)	Average weighted share price(*)
Total number of options exercised during the fiscal year by the ten employees who are not corporate officers and who exercised the largest number of options	38,967	€23.40

(*) Related to exercise of options under LTI plan Nos. 14, 15 and 16. Data includes the adjustment tied to the share capital reduction following the public share buy-back offer.

Summary of the main characteristics of the outstanding plans of free grants of performance shares as of the end of fiscal year 2019/20

The total number of performance shares that could be created under the free allocation of performance shares that have not yet been definitively delivered represents 1.77% of the share capital at 31 March 2020 (subject to the satisfaction of the performance conditions, assessed in view of the results approved by the Board of Directors' meeting held on 11 May 2020).

TABLE 9 – GRANT OF PERFORMANCE SHARES AS OF 31 MARCH 2020

	2017 plan (2017 PSP) (performance shares)	2018 plan (2018 PSP) (performance shares)	2019 plan (2017 PSP) (performance shares)	2020 plan (2020 PSP) (performance shares)
Date of General Meeting	18 December 2015		17 July 2018	10 July 2019
Date of Board meeting	17 March 2017	13 March 2018	12 March 2019	10 March 2020
Initial number of beneficiaries	755	732	820	878
Initial number of performance shares granted	1,022,400(4)	1,016,025	1,080,150	1,145,625
of which to Henri Poupart-Lafarge	45,000	45,000	52,500	51,000
Cumulative number of shares cancelled or lapsed	155,132	71,100	31,875	-
Number of performance shares remaining at 31 March 2020	866,763	944,625	1,047,750	1,145,625
Definitive delivery date of the shares (subject to performance conditions)	19 May 2020	Fifth business day following the date the 2020/21 consolidated financial statements are published	At the latest, the twentieth business day following the date the 2021/22 consolidated financial statements are published	At the latest, the twentieth business day following the date the 2022/23 consolidated financial statements are published
Percentage of the capital liable to be created (calculated based on the capital at 31 March 2020)	0.38%	0.42%	0.46%	0.51%

	2017 plan (2017 PSP) (performance shares)	2018 plan (2018 PSP) (performance shares)	2019 plan (2017 PSP) (performance shares)	2020 plan (2020 PSP) (performance shares)
Number of shares that may be delivered to Executive Committee members as of March 2020[(1)(3)]	151,725	182,625	235,500	258,000
of which to Henri Poupart-Lafarge	43,350	45,000	52,500	51,000
Performance conditions[(2)]	The percentage of shares definitively delivered varies based on: • two internal performance conditions: Group adjusted EBIT margin and FCF. These two conditions will be assessed at the end of FYs 2017/18, 2018/19 and 2019/20. In order for 70% of the shares to be delivered, the adjusted EBIT margin and FCF must be more than or equal to levels predetermined for each fiscal year; • an external performance condition, assessed on the date of the financial results for FY 2019/20 are published, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the publication date, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return" or "TSR"), compared with the performance of the STOXX® Europe TMI Industrial Engineering Index (hereinafter the "Index") during the same periods. In order for 30% of the shares to be delivered, the share performance must exceed the Index price by a predetermined number of points.	The percentage of shares definitively delivered varies based on: • one internal performance condition: Group adjusted EBIT margin. This condition will be assessed as of the end FY 2020/21. In order for 50% of the shares to be delivered, the adjusted EBIT margin must be more than or equal to predetermined levels for such financial year; • an external performance condition, assessed on the date the financial results for FY 2020/21 are published, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the publication date, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return"), compared with the performance of the STOXX® Europe TMI Industrial Engineering Index (hereinafter the "Index") during the same periods. In order for 50% of the shares to be delivered, the share performance must exceed or be equal to a predetermined percentage of the Index price.	The percentage of shares definitively delivered varies based on: • two internal performance conditions: Group adjusted EBIT margin and net result to cash conversion rate. These two conditions will be assessed at the end of FY 2021/22. In order for 60% of the shares to be delivered, the adjusted EBIT margin and conversion rate must be more than or equal to levels predetermined for such year; • a relative performance condition, assessed on 31 March 2022, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the end of FY 2021/22, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return" or "TSR"), compared with the performance of the STOXX® Europe TMI Industrial Engineering Index (hereinafter the "Index") during the same periods. In order for 40% of the shares to be delivered, the share performance must exceed or be equal to a predefined percentage of the Index price.	The percentage of shares definitively delivered varies based on: • three internal performance conditions: Group adjusted EBIT margin, net result to cash conversion rate, and reduction of the energy consumption in solutions offered to customers. These three conditions will be assessed at the end of FY 2022/23. In order for 70% of the shares to be delivered, the adjusted EBIT margin, conversion rate and energy consumption reduction must be more than or equal to levels predetermined for such fiscal year; • a relative performance condition, assessed on 31 March 2023, based on the performance of the Company's shares, calculated as the percent change between the share price at the grant date and the share price at the end of FY 2022/23, corrected to reflect any dividends paid out during the vesting period ("Total Shareholder Return" or "TSR"), compared with the performance of the STOXX® Europe TMI Industrial Engineering Index (hereinafter the "Index") during the same periods. In order for 30% of the shares to be delivered, the share performance must exceed or be equal to a predefined percentage of the Index price.

	2017 plan (2017 PSP) (performance shares)	2018 plan (2018 PSP) (performance shares)	2019 plan (2017 PSP) (performance shares)	2020 plan (2020 PSP) (performance shares)
Performance conditions(2) (continued)	**Performance condition achievement rate:** Delivery of 17.13% of the initially granted shares (subject, however, to continued employment until the end of the entire vesting period) and 2.87% of the initially granted shares were cancelled pursuant to the performance conditions tied to the results of FY 2017/18. Delivery of 24.20% of the initially granted shares (subject, however, to continued employment until the end of the entire vesting period) and 0.80% of the initially granted shares were cancelled pursuant to the performance conditions tied to the results of FY 2018/19. Delivery of 55% of the initially granted shares (subject, however, to continued employment until the end of the entire vesting period) and no initially granted share was cancelled pursuant to the performance conditions tied to the results of FY 2019/20.			
Share holding period	None(3)	None(3)	None(3)	None(3)

(1) Refers to the Executive Committee as composed on 31 March 2020. The number of rights benefitting Mr Henri Poupart-Lafarge is presented in the section of the Board of Directors' report on the compensation of Executive Officers (see page 194).
(2) Vesting is also subject to a condition of continued employment within the Group, except as provided for under the plan.
(3) A specific holding requirement applies to plan beneficiaries who are Executive Committee members (see page 184 in respect of the Chairman and Chief Executive Officer and see page 198 regarding the other members of the Executive Committee).
(4) Pursuant to the application of the performance conditions related to the results of FYs 2017/18, 2018/19 and 2019/20 approved by the Board of Directors on 11 May 2020, 3.67% of the performance shares initially granted under the PSP 2017 were cancelled and 96.33% of the initial grant vested. They were delivered on 19 May 2019.

Free grants of performance shares to Alstom's executive corporate officers during fiscal year 2019/20 and performance shares acquired by such executive corporate officers

Over the course of the 2019/20 fiscal year, 51,000 performance shares were granted to Mr Henri Poupart-Lafarge, the Chairman and Chief Executive Officer and the only executive corporate officer of the Company on 31 March 2020.

31,296 performance shares under the PSP 2016 granted March 2016 were delivered to Mr Henri Poupart-Lafarge during the 2019/20 fiscal year.

Free grants of performance shares during fiscal year 2019/20 to the ten employees who are not executive officers and who received the largest grants

Over the course of the 2019/20 fiscal year, the ten largest grants of performance shares represented a total amount of 171,000 performance shares.

The ten largest acquisitions in the 2019/20 fiscal year represented 104,320 performance shares under the 2016 PSP granted March 2016.

FREE SHARES GRANT

No free shares have been granted over the course of the 2019/20 fiscal year.

As a reminder, in accordance with the authorisation granted by the General Shareholders' Meeting held on 18 December 2015 (second resolution), on the recommendation of the Nominations and Remuneration Committee, on 23 September 2016 the Board of Directors approved an equal grant of 30 free shares to all of the Group's employees under the "We are Alstom" plan.

It was also decided that, in countries where, for tax and/or legal reasons, a grant of free shares would be difficult or even impossible, the cash equivalent of such thirty shares would be paid in the future to the employees.

In accordance with applicable law, the shares vested at the end of two years, *i.e.,* on 23 September 2018.

A total of approximately 21,300 people in the Group in 16 countries received these free shares on 25 September 2018, or 638,430 shares created upon vesting by drawing on reserves. Approximately 3,400 people in 45 countries received the cash equivalent of those 30 shares, *i.e.,* €1,170.30, as valuated on the date the shares were delivered.

PROFIT SHARING, INCENTIVE PLANS AND SAVINGS PLAN

Profit sharing

All the French subsidiaries of the Group to which the French law of 7 November 1990 applies have entered into profit sharing agreements. An exceptional profit-sharing scheme *(accord de participation dérogatoire)* benefiting at least 90% of the employees of the Group's French companies took effect on 30 September 2011. No amounts were paid under the French statutory employee profit sharing arrangements over the past three years.

Incentive agreements

More than 98% of the employees of the Group's French subsidiaries benefit from an incentive agreement *(accord d'intéressement)*. The amounts paid under such plan in respect of fiscal year 2019/20 are not yet known as of the date hereof, since such amounts depend on a series of criteria defined in agreements specific to each subsidiary whose results will be known within six months of the end of fiscal year, *i.e.,* 30 September of each year, at the latest. The amounts paid in under incentive agreements over the past three fiscal years are as follows:

Fiscal year ended 31 March *(in € million)*	**2017**	**2018**	**2019**
Employee incentive plans	16.1	16.6	18.1

Employee savings plan and retirement savings plan

Alstom's French employees can invest their savings from profit-sharing plans, incentive plans, or voluntary savings in the Group savings plan (which is not invested in the Company's securities) or in a collective savings and retirement plan ("PERCO"). In respect of the PERCO savings plan, the Company pays matching contributions of a maximum amount of €500 for €1,500 paid-in during the year. In 2018, this maximum amount was increased to €800 per €1,500 paid-in for non-executive employees. Engineers benefit from a Company retirement savings plan (Article 83).

In 2019, French employees contributed €7 million to the Group savings plan and €4.4 million to the PERCO savings plan. These contributions to the PERCO plan triggered an employer matching contribution of €4 million paid by Alstom.

Employee shareholdings within the framework or the Group savings plan

Within the Group savings plan, employee savings can also be invested in the Company's securities.

Since its initial public offering, the Company has carried out six share capital increases reserved for employees participating in the Company savings plan.

In December 2019, WE SHARE ALSTOM was launched. WE SHARE ALSTOM was a new share offering reserved for employees in France and abroad proposed to more than 28,000 employees in 10 countries: Belgium, Brazil, France, Germany, India, Italy, Poland, Spain, the United Kingdom and the United States.

This employee share purchase scheme enables employees to increase their involvement in the future of the Company by subscribing for Alstom shares under preferential terms.

In the framework of WE SHARE ALSTOM, Alstom proposed two formulas to its employees:

- a "classic" formula with a discount, offered only in France and in which the subscriber is exposed to variations in the share price;
- a "Multiple" formula (through a swap contract with a structuring bank) with 50% matching of the personal investment, under which the subscriber receives, at the end of the lock-in period, the amount of his/her personal investment (limited to €500) and of the matching contribution, plus a multiple of the protected average increase in Alstom's share price over the lock-in period. In the United States, Italy and Poland, the multiple formula was adapted in light of local laws and was proposed through an alternate mechanism involving stock appreciation rights.

The shares were subscribed, either directly or through a company mutual fund (*fonds commun de placement d'entreprise* (FCPE)) depending on the countries.

Subscribers must hold their shares or units for five years, unless an early release event occurs. The subscription price is equal to 80% of the volume-weighted average share price of Alstom's shares on Euronext Paris during the 20 trading days preceding the date the subscription price was set up. The subscription price was €37.88.

The transaction, which definitively closed on 26 March 2020 was successfully completed: 8,051 employees from the 10 participating countries subscribed, *i.e.*, a subscription rate of 28.7%. The employees' contribution amounted to approximately €6 million and the matching contribution paid amounted to approximately €1.7 million. 1,448,638 new shares were issued.

At 31 March 2020, the Group's employees and former employees hold 1.69% of the Company's share capital, either directly or through a Company mutual fund *(fonds commun de placement)* (see page 290).

SUMMARY OF TRANSACTIONS OF EXECUTIVE OFFICERS AND THE PERSONS MENTIONED IN ARTICLE L. 621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE RELATING TO SECURITIES OF THE COMPANY CARRIED OUT IN FISCAL YEAR 2019/20

On 11 May 2020, the following transactions were reported to the AMF:

Reporting person	Number and date of the decision / AMF report	Security	Type of transaction	Transaction date	Report receipt date	Place of transaction	Unit price *(in €)*	Transaction amount *(in €)*
Henri Poupart-Lafarge	2019DD607632	Shares	Delivery of 31,296 performance shares	15 May 2019	16 May 2019	Outside a trading platform	-	-
Baudouin Prot	2019DD608033 / 20 May 2019	Shares	Purchase	20 May 2019	20 May 2019	Euronext Paris	39.35	57,057.50
						Equiduct	39.35	5,902.50
Bouygues S.A.	2019DD641672 / 13 September 2019	Shares	Disposal	11 September 2019	13 September 2019	Outside a trading platform	37.00	1,078,550,000
Clotilde Delbos	2019DD644550 / 7 October 2019	Shares	Purchase	2 October 2019	7 October 2019	Euronext Paris	37.37	66,144.90
Henri Poupart-Lafarge	2020DD673112 / 11 March 2020	Shares	Disposal	10 March 2020	11 March 2020	Euronext Paris	43.5297	1,741,188

In addition, Mr Pascal Grangé acquired 25 shares of the Company in April 2020 for the purposes of complying with the Company's Articles of Association.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS

Annual General Meeting for the approval of the financial statements for the year ended 31 March 2020

This is a free translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Alstom, we hereby present to you our special report on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements authorized during the year

In accordance with article L. 225-40 of the French Commercial Code, we were informed of the following agreement signed during the year, which have been subject to prior authorization by your Board of Directors.

- **Bouygues SA letter of agreement related to the acquisition by Alstom of 100% of Bombardier Transportation from Bombardier and the Caisse de Dépôts et Placements du Québec**

Persons concerned:

Mr. Olivier Bouygues, Deputy Chief Executive Officer of Bouygues SA and Director of the company Bouygues SA, shareholder with more than 10%,

Mr. Philippe Marien, permanent representative of Bouygues SA and Director of the company

Nature and purpose:

During its meeting of 17 February 2020, your Board of Directors authorized the signature of the letter of agreement related to the acquisition by Alstom of 100% of Bombardier Transportation from Bombardier and the Caisse de Dépôts et Placements du Québec.

Under this agreement, Bouygues undertakes in particular to:

- remain a shareholder of Alstom and not transfer, without the consent of Alstom, any of the securities held by Bouygues SA as of the date of signature of the letter until the ealier of : (i) the general shareholders' meeting deliberating on the resolutions related to the acquisition by Alstom of 100% of Bombardier Transportation and (ii) 31 October 2020,
- vote in favor of the resolutions proposed to the shareholders to approve the acquisition of 100% of Bombardier Transportation by Alstom and,
- subject to compliance with applicable laws and fiduciary duties, cause its permanent representative to vote at the Alstom board of directors in favor of any decision necessary for the implementation of the acquisition of 100% of Bombardier Transport by Alstom.

Alstom reiterated its agreement to cooperate and consult with Bouygues SA.

Motivations justifying the interest of the letter of agreement for the Company:

The Board of Directors, at its meeting of 17 February 2020, confirmed that this letter of agreement providing the support of Bouygues SA to the acquisition of 100% of Bombardier Transportation by Alstom is in the interest of Alstom, its shareholders and its stakeholders.

AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements approved by the annual general meeting in previous years

We inform you that we have not been given notice of any agreement already approved by the general meeting, the execution of which would have continued during the past financial year.

Neuilly-sur-Seine and Paris La Défense, 14 May 2020
The Statutory Auditors

PricewaterhouseCoopers Audit
Édouard Demarcq

Mazars
Jean-Luc Barlet

STATUTORY AUDITORS

PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

represented by Mr Édouard Demarcq

63, rue de Villiers

92200 Neuilly-sur-Seine, France

Mazars

represented by Mr Jean-Luc Barlet

61, rue Henri-Regnault

92400 Paris La Défense, France

The Statutory Auditors were appointed by the Ordinary General Meeting held on 30 June 2015 for a term of six fiscal years expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for fiscal year 2020/21.

PricewaterhouseCoopers Audit and Mazars belong to the *"Compagnie régionale des Commissaires aux comptes de Versailles"*.

ALTERNATE STATUTORY AUDITORS

Mr Jean-Christophe Georghiou

Alternate of PricewaterhouseCoopers Audit

63, rue de Villiers

92200 Neuilly-sur-Seine, France

Mr Jean-Maurice El Nouchi

Alternate of Mazars

61, rue Henri-Regnault

92400 Paris La Défense, France

The alternate Statutory Auditors were appointed by the Ordinary General Meeting held on 30 June 2015 for a term of six fiscal years expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for fiscal year 2020/21.

STATUTORY AUDITORS' FEES FOR FISCAL YEAR 2019/20

The Statutory Auditors' fees for fiscal year 2019/20 are described in Note 34 to the consolidated financial statements for fiscal year 2019/20.

STATUTORY AUDIT CHARTER

In May 2016, following the Audit Committee's approval, Alstom and its Statutory Auditors formalised the new Audit Charter applicable until 31 March 2021, *i.e.,* when the current Statutory Auditors' engagement comes to an end.

This charter defines the Group's external audit process under the various applicable laws and rules. By formalising this charter, the parties officially committed themselves to complying with the charter and to achieving more transparency and efficiency.

The main defined rules apply to the following areas:

- principles of allocating audit assignments and fees between both auditing firms;
- work process between the two audit firms and relations with Alstom, notably with the Internal Audit function;
- relationship between the Statutory Auditors and the Audit Committee;
- principles for awarding assignments in addition to the audit assignment;
- reminder of the procedure for pre-approval of these assignments and of pre-approved assignments;
- reminder of prohibited assignments.

This Charter was updated after it was approved by the Audit Committee.

6 SUSTAINABLE DEVELOPMENT: CORPORATE SOCIAL RESPONSIBILITY AFR

VP The content relating to the Vigilance plan is identified in the summary table and in the text with the help of this pictogram.

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

EXTRA-FINANCIAL PERFORMANCE DECLARATION

This section is part of Alstom's management report and presents the Company's sustainable development strategy, action plans and achievements as well as its environmental, social and societal information, as requested by the ordinance No. 2017-1180 of 19 July 2017 implementing the directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on the publication of non-financial information, as well as by its implementing decree No. 2017-1265 of 9 August 2017 on the publication of non-financial information.

A PROACTIVE POLICY OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

Global and local challenges bringing strategic opportunities

The world is facing strong, rapidly evolving demographic, environmental and economic dynamics, resulting in growing environmental and social challenges. Integrating these challenges in the Company strategy and related Sustainability & Corporate Social Responsibility programme is increasingly becoming an essential factor of development, resilience and long-term success.

Mobility growth and global environmental impacts

- The latest United Nations projections estimate that the world's population is growing rapidly and it is expected to reach more than 9.7 billion people in 2050 [1]. Due to demographic and economic growth, mobility needs will increase. The International Transport Forum (ITF) forecasts that global demand for passenger traffic could more than double between 2015 and 2050, generating a significant rise for all transport modes.
- Therefore, it is essential to succeed in decoupling the increase in mobility from carbon emissions by favouring the modes with the lowest carbon footprints, *i.e.* shared modes and electric transport. In application of the Paris Agreement on Climate Change, states are currently reviewing their national contributions in which transport should play a significant role. In the context of uncertainty resulting from the Covid-19 crisis, the extent to which countries will decide to raise their level of ambition in the short-term and aim for carbon neutrality by 2050 as many had planned, is largely unknown. Some of the initiatives planned within the ambitious European Green Deal which targets climate neutrality in 2050 and transport carbon emission reduction by 90% by 2050 could be delayed. The transport decarbonisation trajectory remains complex to implement. However, over the last years, the precursor countries have begun their energy transition, as in Norway, where the share of electric and hybrid vehicles now stands at over 75% in sales. In parallel, hydrogen has emerged as an increasingly credible long-term alternative to fossil fuels for applications requiring a high degree of autonomy.
- In addition, the focus of public authorities on air quality and its potential health impacts has never been so high, while over 90% of the world's population now lives in locations where pollution levels exceed the limits set by the World Health Organisation [2]. Air emissions from road transport – especially fine particles resulting from diesel combustion – contribute significantly to the poor air quality in big cities. The pursuit of environmental objectives should lead to the development of regulatory and normative constraints in many countries such as legislation on the long-term stop of sales of combustion vehicles (*e.g.* France, UK or Taiwan) even if post-crisis management could delay the implementation of some of these policies.

Cities at the forefront of sustainable development

- Cities alone account for about two thirds of energy consumption and more than 70% of CO_2 emissions worldwide [3]. They are now emerging as major players in environmental policies. The most advanced ones are showing their ambitions in terms of carbon neutrality, setting up restricted or low-emission traffic zones, encouraging the use of shared mobility solutions or the transition to electric power. For example, the Fossil-fuel free streets initiative of the C40 Cities Climate Leadership Group [4] now brings together 34 cities committed to zero emission mobility to promote the development of soft and shared modes and the procurement of zero-emissions vehicles (*e.g.* Los Angeles, Cape Town, Mexico City, Paris, London or Milan).

Clients and investors increasingly care about Sustainability and Corporate Social Responsibility practices

- In many sectors, including mobility and public procurement, an increasing number of clients are integrating sustainability-related criteria in their tender processes. The environmental and social performance of products and services is more and more taken into account in addition to their technical performance or competitiveness. The extra-financial performance takes on additional significance for large transport projects, which have a long-term environmental, social and economic impact on territories. In order to answer mobility needs of territories while also addressing their engagement in favour of sustainable development and sometimes even climate neutrality, transport systems providers must be able to offer innovative, competitive and sustainable solutions. With the ever growing consideration given to CSR criteria, it is key for companies today to demonstrate to their clients that their offer can help them reach their own climate-related targets, and that contribute to the social and economic growth of territories in an inclusive way.

(1) United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019: Highlights (ST/ESA/SER.A/423).
(2) World Health Organisation, *Ambient Air Pollution: A Global Assessment of Exposure and Burden of Disease, September 2016.*
(3) UN-Habitat, *Urbanization and Development: Emerging Futures,* World cities report 2016.
(4) C40 Cities, C40 Fossil-Fuel-Free Streets Declaration.

- In parallel, finance has been one of the most active sectors over the last couple of years to promote and support the in-depth transformation of the economy. Launched in September 2019 at the UN Secretary General's Climate Summit, the Net-Zero Asset Owner Alliance brings together insurers, institutional investors, and pension funds who have committed to transitioning investment portfolios to net zero greenhouse gas emissions by 2050. This alliance represented more than US$ 2.4 trillion in assets under management in September 2019 when it was launched, and now brings together a portfolio worth US$ 4.6 trillion [(1)]. This illustrates the broader trend towards a better integration of environmental, social and governance criteria in investments. This move comes with the development of new standards and classification tools such as the European taxonomy for sustainable activities that will allow sustainable finance to be impactful. It should also drive companies to identify more clearly their contribution to a low carbon economy and a sustainable development model.
- In the specific context of the Covid-19 pandemic, which poses significant operational risks to companies, investors are likely to believe that those with strong governance credentials show greater resilience. In times of crisis, political scrutiny and reputational risk increase the influence of non-financial considerations on capital allocation decisions [(2)]. The global Covid-19 crisis might foster the rise of stakeholder value approaches.
- This sustainability focus from the finance sector represents an opportunity for companies to get funding for sustainable and innovative projects. The European Green Deal should mobilise at least €1 trillion in sustainable investments over the next decade, with the aim of attracting private sector funding particularly in the fields of renewable energy and transport.

Evolving social expectations

- The social gaps remain high, both in cities subject to unprecedented urban sprawl and in rural areas where poverty is still largely concentrated and where populations are isolated. In France, the average distance travelled per day increased from less than 6 km in 1950 to 25.5 km in 2012 [(3)] and about 20% of the working population has difficulty accessing transport [(4)], while in emerging countries this percentage can be higher than 80% [(5)]. Socio-economic development strategies must encompass the improvement of fundamental service delivery, including transport systems.
- The global "School strike for climate" movement launched in August 2018 spread globally in 2019. By inviting world economic and political leaders to take concrete steps to fight global warming, it echoes expectations of a whole generation increasingly mobilized around climate change issues. More generally, citizens from many countries, particularly western countries, are realizing the importance of climate change, the protection of the environment and of the role they can play individually *via* their lifestyle, consumer and employer choices. This is leading to changes in their food and transport habits with knock on effects on the economic growth of these sectors. This move which started before the Covid-19 crisis could amplify as voices rise to demand that recovery plans target green growth and energy transition rather than back to normal economy.
- The growing implication of civil society in sustainability debates is leading to the evolution of legal tools available and the extension of the reach of the law. For example, the French Corporate Duty of Vigilance Law from 27 March 2017 establishes a legally binding obligation for companies to identify and prevent key extra-financial risks including adverse human rights safety and environmental impacts. Other legal mechanisms to fight climate change have also been created abroad. For example, on Thursday 27 February 2020 the UK's High Court ruled the Heathrow extension was "unlawful". It is the first legal decision to cancel an airport extension based on climate urgency.
- In 2015, 17 Sustainable Development Goals (SDGs) defined by the United Nations, established a "blueprint to achieve a better and more sustainable future for all". They list the challenges which the world faces today, including poverty, inequality, climate change, environmental decline, peace and justice. Transport is an essential pillar for several SDGs. Indeed, it contributes to economic development, including through small and medium size businesses. It also contributes to promoting employment and well-being and reducing inequality and exclusion. While progress has been made in some key areas, many goals still require urgent collective attention. With only 10 years left to reach these SGDs, the private sector's role is essential to meet this challenge and companies must clarify their contribution. Alstom's commitment is detailed below.

Alstom's sustainable development strategy fully integrates these trends and challenges.

The Covid-19 pandemic risk and how it could affect the Group as a whole, is covered in chapter 4.

Alstom's mission: contribute to the transition towards sustainable transport systems

As a historical player in the field of sustainable mobility, Alstom considers that access to transport is an essential factor of social progress and economic development and that it is its mission to support the transition to sustainable transport systems that are inclusive, environmentally-friendly, safe and efficient.

Indeed, Alstom offers innovative capacitive solutions that are attractive throughout their entire life cycle, based on electric and shared mobility, and responsive to social expectations.

(1) More information available on the website: https://www.unepfi.org/net-zero-alliance.
(2) JP Morgan Cazenove – Stay safe and think long term: COVID-19 likely to be a long-term catalyst for more balanced ESG investing March 2020.
(3) *Repenser les villes dans la société post carbone*, Jacques Theys et Éric Vidalenc (dir.), *Ministère de l'Écologie*-Ademe, 2013.
(4) *Laboratoire de la Mobilité Inclusive*, 2017.
(5) FIT, Highlights of the International Transport Forum 2011: Transport for Society, OECD, 2011.

Every day, everywhere in the world, Alstom's trains transport more than 40 million passengers, making it possible for each of them to access work, medical services, education, culture and leisure activities.

- For daily journeys within expanding urban and suburban areas, Alstom's trains offer comfortable and reliable high-capacity public transport solutions. Regional trains provide efficient daily commuting services between new urban areas. Intercity and high-speed trains link the very hearts of cities while providing an unrivalled level of comfort. By connecting urban and interurban territories, Alstom's rail solutions thereby contribute to their economic growth.
- Urban projects, where the Group is involved actively, contribute to the sustainable development of cities by providing access to transport to all and optimising transport capacity in dense areas with solutions ready to accommodate their future growth. These projects often provide an opportunity to enhance the urban landscape promoting soft mobility modes for an increased attractivity of the territory.
- The advantages in terms of air quality, use of space, safety, energy efficiency and CO_2 emissions of rail systems, the core of Alstom's portfolio, as well as other shared modes like electrical buses no longer need to be demonstrated. The potential for electrical mobility to curb CO_2 emissions and air pollution should still improve in the future with the development of clean and renewable energy sources.
- Major transport projects are also an opportunity to develop territories through the implementation of new industrial sites, the development of local supply-chains and the creation over the mid-term of a qualified labour employment market. This is the case, for example, in India, South Africa, Australia or more recently the USA.

Sustainability and Corporate Social Responsibility is fully integrated in Alstom's new ambitious strategy

Our value creation model

All information related to the Company and its business model, the markets in which it operates and its positioning, as well as its competitive and regulatory environment, are available in chapter 1 describing the Group's activity (page 8). Additional elements concerning risk factors are provided in chapter 4 (page 133), corporate governance in chapter 5 (page 155), and finally the Company's history and organisation chart in chapter 7 (page 280).

Alstom's Sustainability and Corporate Social Responsibility policy and strategy

Alstom's Sustainability strategy primarily reflects its ambition to facilitate the transition towards global sustainable transport systems. The Group is also convinced that anticipating environmental and social challenges and managing the risks and opportunities they entail is important for operational efficiency in the short-term and will deliver its long-term growth whilst contributing to the development of its employees and society as a whole.

Alstom's Sustainability and CSR policy last updated in November 2019 is the over-arching Policy of the Company, linking the five other policies (Quality & Railway Safety, EHS, Ecodesign, Ethics & Compliance, Security). Sustainability is now fully integrated in Company strategy and key processes.

The efficiency of Alstom's sustainable development actions depends on the integration of the expectations of its main stakeholders: customers, employees, public authorities, shareholders and potential investors, civil society, etc.

In order to clarify these expectations and to assess the relevance of Alstom's Sustainability and CSR policy, the Company updated in 2016 its materiality matrix.

The evaluation of the different challenges classified in five areas (Governance, People, Operations, Products and Services, and Society) was based on interviews conducted by a consultant with internal and external stakeholders. It allowed the identification of the priority issues for stakeholders.

More details on Alstom's sustainable development materiality matrix are available on www.alstom.com.

Alstom plans to reinforce its activities on stakeholder dialog in the future including reviewing the materiality matrix.

In FY 2019/20, Alstom realigned its non-financial risk mapping exercise to global risk mapping processes (cf. page 144) focusing on the evaluation of the main environmental, social and societal risks for the Company.

Launched in June 2020, the Group's new strategic plan AiM "Alstom in Motion" has set a reinforced and clear ambition: to be the leading global innovative player for a sustainable and smart mobility. To meet this goal, the Company relies on an agile, inclusive and responsible corporate culture placing Alstom's Sustainability and Corporate Social Responsibility policy at the heart of this new strategic plan.

A new set of quantified and assessed objectives have been issued and cascaded to Alstom's operations, through a set of action plans, which are outlined throughout the different sections of the chapter.

The risk mapping, along with the materiality matrix before it, fed in to the 2025 Sustainability and CSR plan, which has been built around four pillars:

- Enabling the decarbonisation of mobility;
- Caring for people;
- Creating a positive impact on society;
- Acting as a responsible business partner.

Alstom's contribution to the United Nations Sustainable Development Goals

As a signatory member of the United Nations Global Compact, Alstom supports the Sustainable Development Goals (SDGs) that aim at ending extreme poverty, protecting the planet and ensuring prosperity for all. Alstom bases its value system and business approach on the 10 principles of the Global Compact and submits its Communication of progress (COP) each year [(1)].

Considering that its sustainable development policy is a lever for the SDGs implementation, Alstom has identified the SDGs to which its Sustainability and Corporate Social Responsibility policy has a direct contribution through Alstom's daily activities, core business and initiatives.

(1) More information available on the website: www.unglobalcompact.org.

As a result, Alstom considers that three objectives in particular are at the heart of Alstom's mission: *Industry, innovation and infrastructure* (SDG 9), *Sustainable cities and communities* (SDG 11), and *Climate action* (SDG 13). In addition, the Company's activities also contribute to nine other objectives, illustrated below.

Strategic pillar	Extra-financial reporting chapter	Main targets and indicators	SDG
Enabling the decarbonisation of mobility	• Low carbon solutions • Climate resilient assets • Ecodesign and circular economy • Energy performance of our operations	• -25% energy consumption in solutions by 2025 *versus* 2014 • 100% main solutions covered by ecodesign approach by 2025 • 100% electricity from renewable sources by 2025	7, 9, 11, 12, 13, 17
Caring for people	• Health and Safety • Recruitment, Engagement and retention • People Development	• IFR1 at 1 by 2020 and TRIR at 2.0 in 2025 (*) • Global Top Employer certification • 25% of women in manager & professional roles by 2025	5,3
Creating a positive impact on society	• Encouraging local development • Relationships with local communities	• Deployment of localisation plans in the context of major orders • 100,000 beneficiaries from Community Investment programs and Alstom Foundation activities in 2025	4, 10, 11
Acting as a responsible business partner	• Ethics and Compliance • Sustainable sourcing • Respect of Human Rights • Customer relationship • Railway accidents • Tax evasion	• ISO 37001 certification • 80% purchase value with potentially high-risk suppliers covered by assessment by 2020 • Monitoring of incident regarding child labour, forced labour or freedom of association through the alert procedure & social survey • Audits on the living and working conditions of Alstom subcontractors • Tailor-made offer and customer satisfaction index at 8	8, 16

(*) IFR = lost-time Injury Frequency Rate and TRIR = Total Recordable Injury Rate.

Governance and implementation of Alstom's Sustainability and CSR policy

The implementation of Alstom's Sustainability and CSR policy is monitored by the Sustainability and CSR team. This Department is under the responsibility of the Senior Vice-President Human Resources on the one hand and of the Senior Vice-President Platforms in charge of Product portfolio on the other hand, placing sustainable development at the heart of the organisation. Sustainable Sourcing, Ecodesign, Social, Environment Health and Safety, and the Integrity programmes are deployed in the corresponding functions of the organisation and are consistent with the global sustainable development approach.

Within the Board of Directors, the Ethics, Compliance and Sustainability (ECS) Committee reviews and assesses the Company's strategy, policies and procedures on topics related to sustainable development and CSR. This Committee meets four times a year (see also page 173).

The internal Sustainability & CSR three-year action plan is submitted and reviewed twice a year by the management.

The Sustainability and CSR Steering Committee, comprised of members from Human Resources, Sourcing, Marketing, Sustainability & CSR, Engineering, Environment Health and Safety, Communication and Ethics and Compliance Departments, meets on a quarterly basis to oversee and monitor progress on the initiatives, and coordinate deployment of transverse activities.

Alstom's sustainable development approach is implemented through a set of programmes that combine general and specific objectives, whilst leaving room for local initiatives. Implementation of the CSR policy in regions is deployed by the local network. Its role is to implement locally Alstom policies and processes; to represent the Company and to develop relations with local organisations and communities. In all the Company's main countries of operation (29 countries) the Country Managing Director is assisted by a CSR champion.

As the central CSR contact point in each country, CSR Champions manage some local CSR initiatives; develop and maintain the Country Community Action Plan; and contribute to report and communicate on CSR initiatives, good practices and the Foundation.

Moreover, since 2018, Alstom raises its employees' awareness of sustainable development topics thanks to the deployment of a Sustainability and CSR e-learning in English and in French. This e-learning is mandatory for all newcomers and recommended for specific teams: Engineering, CSR & Sustainability, EHS, Communication, Sales & Marketing and Sourcing. 10,514 people have been trained so far.

Evaluation of the Company's Sustainability & CSR performance by independent third parties

Alstom's Corporate Social Responsibility performance is regularly measured by various rating agencies with different methods and criteria. These evaluations help to identify and analyse areas of improvement.

- In September 2019, Alstom was selected to be part of the Dow Jones Sustainability Index (DJSI) World and Europe for the ninth consecutive year. The rating agency attributed the rating of 79 out of 100 to the Group's sustainability performance, a score well above the average of the global Machinery and Electrical Equipment sector. Alstom has improved its ranking amongst the 4,500 companies invited to participate to the assessment, now being part of the top 4% assessed companies in its industry. This year Alstom demonstrated improvement on risk and crisis management as well as on environmental reporting thanks to an extended coverage worldwide.
- The sustainable development performance of Alstom was last assessed by EcoVadis in 2018. The Company obtained a score of 73 and a "Gold" status. It was among the top 3% rated companies on the platform.
- In January 2020, Alstom maintained its score of "A-" in the 2019 CDP climate change questionnaire. This consistency demonstrates Alstom's commitment to sustainable mobility and underlines the Company's policy and strategic structure aiming to reduce negative impacts in terms of climate change.
- At the beginning of 2020, the Group was also named in the Clean 200 list of publicly traded companies that are leading the way with solutions for the transition to a clean energy future by Corporate Knights, demonstrating Alstom's commitment to sustainable mobility.
- Alstom also received an AA grade in the MSCI ranking in December 2019 and obtained a score of 81/100 in its Sustainalytics assessment reaching fourth place in the "Industry leader" category.
- Alstom also positioned itself as an employer of choice by obtaining a Top Employer Europe 2020 certification in six countries: France, Spain, Italy, Poland, Belgium and the United Kingdom.
- Through local community activities and those of the Alstom Foundation, Alstom seeks to act and to be recognised locally as a responsible company. For instance, in 2019 Alstom received a Golden Peacock Award in India in the "Global Sustainability" category. For the sixth year running, the Company received the Distintivo ESR® 2019 – Socially Responsible Company award from the Mexican Centre for Philanthropy (CEMEFI) and the alliance for corporate social responsibility in Mexico (AliaRSE). Alstom Hong Kong was also awarded the "Caring Company" award by the Hong Kong Council of Social Service (HKCSS) for the second year in a row.

ALSTOM SUSTAINABILITY AND CSR RISK AND OPPORTUNITY MAPPING

As part of French legal and regulatory provisions related to the disclosure of extra-financial information (law No. 2017-1180 of 19 July 2017, called "Extra-financial Performance Declaration" and its application decree No. 2017-1265 of 9 August 2017), the following sections detail Alstom's main Sustainability and CSR risks and how they are managed.

Updating Alstom's Sustainability and CSR risk universe

To ensure that the sustainability and CSR risk mapping is kept up to date, the Sustainability and Corporate Social Responsibility Steering Committee revised the list of 31 risks established last year, taking into account emerging trends and external factors. As a result of this review, a new risk was included in this year's risk universe: "Inclusive Mobility" issue. Other risk definitions were amended to improve their relevance to the business.

Risks are formulated as challenges and cover both the risks as such and the opportunities, while the inability to seize an opportunity is considered as a risk.

Methodology and consistency with internal processes

For the FY 2019/20 exercise, focus was placed on global alignment between the different Company risk mapping exercises. As a result, the Sustainability and CSR risk mapping is now fully aligned with the Group's global risk management methodology and tool (see chapter 4, "Risk Factors, Internal Control and Risk Management").

The two criteria used to asses risk criticality remain the same:

- risk likelihood – four levels from "Improbable" to "Probable";
- impacts – profit and loss, operational, human and environmental, image and reputation impacts. This year, "health and safety" has been added as a category of impact.

Risks and opportunities are assessed by the teams in charge of the management of each risk in the Sustainability and Corporate Social Responsibility Steering Committee: Sustainability and CSR, Sourcing, Human Resources, Marketing, Environment Health and Safety, Ecodesign, Communication, Ethics and Compliance as well as by the Internal Audit and Risk Management Department. It is worth noting that the assessment of "Impact" now takes into account the highest value for the different types of impacts rather than the average value, which was taken into account last year. This change is part of a broader alignment exercise with the Group's global risk management methodology.

Consolidated results are discussed during a specific workshop including all functions to ensure consistency of understanding and validate final results. The risk and opportunity mapping is then presented to and commented by the Ethics, Compliance and Sustainability Committee.

The Internal Audit and Risk Management Department is involved throughout the process to ensure alignment with the Group's global risk management methodology.

Selecting main non-financial risks and opportunities

The non-financial risks and opportunities considered as material are those which come out with the highest criticality based on the Probability and Impact matrix (within the 2 top criticality levels).

14 main risks or opportunities have been identified as a result. These 14 risks are detailed in this chapter and arranged around the four pillars of Alstom's Sustainability and CSR action plan: 1) Enabling the decarbonisation of mobility; 2) Caring for people; 3) Creating a positive impact on society; 4) Acting as a responsible business partner.

The following risks are common between chapters 4 and 6: Railway accidents ("Accidents" in Chapter 4), Recruitment, Engagement, Retention and Compliance. This indicates these risks are considered material to the Group's activity and results, as well as its internal and external stakeholders. Particular care was taken to ensure consistency between the two risk universes, including definitions and assessments. Additionally, for environmental indicators, Alstom also ensures consistency with its ISO 14001 environmental risk mapping.

The main policies, action plans, results and performance indicators associated to these risks are presented in the following sections.

Information related to other risks

The Tax Evasion risk is included in the Sustainability and CSR risk mapping and does not stand out as one of the Company's material risks. However, in order to comply with French law requirements (*Loi n° 2018-898 du 23 octobre 2018 relative à la lutte contre la fraude*), tax evasion has been included as an additional section on page 256.

Risks related to management of the COVID-19 pandemics are presented in Chapter 4.

Alstom considers that the information regarding the fight against food waste and food insecurity, respect for animal welfare and responsible, fair and sustainable food is not relevant with regard to the main activities of the Company. Since the Company's food waste is only linked to meals taken in the canteens, it is part of non-hazardous waste and is not specifically monitored.

Information related to collective agreements, employees' are available page 270.

Actions against discriminations and promoting diversity, also integrated in the Company's risk mapping, as well as measures taken in favour of people with disabilities are included in the section "Recruitment, Engagement, Retention", page 228.

Finally, additional information on other risks and issues of interest to stakeholders is presented on page 261.

1. ENABLING THE DECARBONISATION OF MOBILITY

Green and smart mobility, encouraged by customers' and passengers' expectations, is leading to a transformation of the market. Already recognized as an industrial reference in this domain, Alstom's mission is to support the transition towards sustainable transport systems by offering innovative solutions that are efficient throughout their entire life cycle.

This involves developing low carbon solutions (page 214); integrating ecodesign and concepts of circular economy (page 220); making sure our operations are energy efficient (page 222); and that our assets are climate resilient (page 218).

Elements described in the present chapter cover some essential aspects of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Additional information is disclosed through the CDP platform www.cdp.net

Low Carbon Solutions

CO_2 emissions are one of the main drivers of Climate Change. Despite the efforts made to reduce them worldwide, CO_2 emissions from energy combustion have further increased worldwide since 2017, and just flattened in 2019. Transport sector is a key contributor: with 8 Gt emitted annually, it represents nearly 25% of world-wide emissions from fuel combustion [(1)]. It is one of the only sectors where emissions are still growing, even in developed countries.

In this context, the implications of the United Nations Paris Agreement on Climate Change (2015) are clear: in order to limit temperature rise to well below 2°C by the end of the century and achieve carbon neutrality by 2050, a major transition is needed in the transport sector. In this sense, some important ambitions have been set at the political level. Several countries already announced a halt to sales of new cars equipped with combustion engines *e.g.* Norway (2025), Sweden (2030), Denmark (2030), Taiwan (2040), France (2040), United Kingdom (2040), Spain (2040). Cities are also taking up the challenge and planning a ban of diesel or fossil-fuel vehicles at local level (*e.g.* Madrid, Paris, Amsterdam, Athens, Mexico, Munich). Civil society is also changing. The "flygskam" citizens' movement born in Sweden ("shame to fly") and evolving in Europe and the United States is an illustration of this trend and pushes to reduce travelling and choose modes of transport with the lowest carbon footprint.

To drive transformation in transport, most international actors acknowledge that the "Avoid Shift Improve" approach, which defines the priorities for action, should be the way to decouple mobility needs from CO_2 emissions generated by transport. With an already largely electrified network and some of the lowest CO_2 emissions per passenger-kilometre generated by motorised transport [(2)], the rail sector is a key player in the fight to reduce greenhouse gas (GHG) emissions.

Alstom strongly believes that carbon neutrality in transport will be achieved through the transfer of significant flows to cleaner modes (electrical and shared transport), enhanced energy efficiency and optimised multimodality supported by smarter transport systems. The Group is a world leader in sustainable mobility solutions and is globally well prepared to benefit from new opportunities arising from the reinforcement of public policies around Climate Change.

(1) IEA – UIC, Energy Consumption and CO_2 Emissions: focus on passenger rail services, Railway Handbook 2017.
(2) IEA, The Future of Rail: Opportunities for energy and the environment, 2019.

The reinforced need to decarbonise transport and to favour low carbon emission modes through public policies, regulations and increased financing capacities is an important market driver pushing the demand for electrical rail solutions. Therefore, the main risks and opportunities the Company could face in relation to demand for low carbon solutions would be the following:

- major business opportunities to provide customers with competitive sustainable and low-carbon solutions to mitigate and/or adapt to Climate Change (less GHG, extreme weather adaptability);
- reduced orders for diesel regional trains, as countries progressively phase-out diesel;
- the inability of customers to decarbonise their energy mix which would ultimately impact the good environmental performance of electrical rail.

Strategy and policies

Alstom acknowledges its responsibility to decarbonise both its operations and its product and service offerings.

The Company is committed to supporting carbon neutrality in transport and has defined its Corporate Climate and Energy Transition strategy covering all its activities along three axes, based on its analysis of the sector and the Company's challenges:

- placing energy-efficient electrical rail solutions at the heart of its portfolio – Alstom has set a target to reduce the energy consumption of its portfolio of solutions by 20% by 2020 and by 25% by 2025 compared to 2014 (see "Ecodesign and circular economy section, page 220);
- enabling energy transition for sustainable mobility solutions; in this context, Alstom intends to limit the development of diesel solutions and to focus on the environmental performance of its existing trains or alternative solutions to diesel;
- decarbonising its operations, with the goal of achieving 100% renewable energy in its operations by 2025 (see the section on Energy performance of operations, page 222).

This strategy is fully integrated in the Company's Sustainability and CSR policy. The Sustainability & CSR function coordinates the transversal deployment of the Climate and Energy Transition Strategy. It is deployed operationally through a large number of internal actors involving Engineering, Innovation, Ecodesign, Marketing, Strategy, Energy Efficiency, Environment Health and Safety teams.

In order to reinforce the relevance of its commitments to limit the effects of climate change and ensure their consistency with the Paris agreements, Alstom has joined the "Science-Based Targets" ("SBTi") initiative in November 2019 and has committed to setting a carbon emissions reduction target consistent with the framework proposed by the initiative. The methodology for calculating the level of emissions to be achieved in the long run, based on internationally accepted scenarios for the transport sector, is being finalised and will be submitted to the SBTi next year for validation. The SBTi's contribution and recommendations will strengthen Alstom's strategy further with regards to its compatibility with a low-carbon economy, through new directions for defining and achieving energy efficiency objectives in line with current climate science.

Processes and action plans

Alstom strives to deploy the best available technologies across its entire portfolio where relevant and innovation is a key driver for improving the energy efficiency of solutions. The "Green mobility" pillar of Alstom's new innovation strategy focuses on ecodesign and eco-manufacturing solutions, green traction and road electromobility.

Placing energy-efficient electrical rail solutions at the heart of the portfolio

Alstom's customers often rank amongst the top electricity consumers in their respective countries and therefore energy efficiency is a key market differentiator. This is the reason why Alstom's design activities are strategically focused on delivering energy-efficient solutions that can be improved for even greater efficiency.

Alstom's ecodesign approach integrates the energy efficiency of rail systems into its priorities (see "Ecodesign and circular economy section", page 220). Standardised methods to determine energy consumption of solutions have been defined whilst the consolidated performance of the solutions portfolio is regularly assessed through a specific KPI. Thanks to its permanent focus on innovation, Alstom is pursuing its objectives to enhance efficiency through improved traction systems, weight reduction, improved aerodynamics and heating/air conditioning systems, ecodriving, braking energy recovery and storage, and optimisation at system level.

In terms of energy efficiency, innovation is managed under the Company's R&D and Innovation processes and is positioned as a System approach in order to ensure the performance of the entire network instead of "only" one sub-system alone. This activity is structured around four axes:

- "Design, lifecycle and impacts", looking to improve intrinsic behaviour, performance and impact of products and solutions. This includes mass reduction programmes using composite materials and re-designed parts; the optimisation of aerodynamics; improved efficiency of electric or diesel traction systems (permanent magnet motors, optimised engine block control systems, new traction chains, powerful traction auxiliaries); and low consumption auxiliary comfort equipment (lighting, heating, and air conditioning). This systematic and systemic approach to energy balance analysis in the design phase applies to all rolling stock in the portfolio;
- "Energy sources and renewables", looking at the optimisation of sources, conversions, transformations and transport of energy. The objectives here include identification and selection of the most adequate energy sources; reduction of losses and wasted energy;
- "Operations, recovery and storage", focusing on the efficiency at point of use and optimised operations. Here the focus is on operations' optimisation, such as timetable synchronisation, running profile modifications, braking efforts, line receptivity that will generate energy savings while maintaining the performance of the network. Efforts are made to minimise energy losses and maximise its reuse through electric braking until full stop in order to capture the available energy locally (*e.g.* through photovoltaic panels) thus avoiding the need to transport it over substantial distances, which usually results in losses and lower efficiency. A key factor of optimum energy use is the maximisation of braking energy recovery and its use. Finally, storage, autonomy and hybridation subjects for rolling stock and the entire system will support specific missions and improve further energy efficiency;
- "Smart grid & smart charging" exploring benefits from mutualisation of several networks, looks at energy flows beyond a single network and optimises energy and power of multiple systems using the same energy resource.

This year, Alstom received the "Efficient Solution" label from the Solar Impulse Foundation for its intelligent and non-intrusive solution for measuring the energy efficiency of rail systems on board trains and at the level of the electrical infrastructure.

The search for energy efficiency is also reflected in all of Alstom's solutions and portfolio, for example:

- the new TGV [1] Avelia Horizon™, or TGV of the future, whose first order for 100 trains will be delivered from 2023, consumes 20% less energy for a 20% increase in capacity;
- the Urbalis™ 400 and Urbalis Fluence™ solutions are innovative signalling solutions enabling energy consumption to be reduced by up to 30% by optimising the intervals between trains, while making it possible to increase average capacity by 30%, using the same infrastructure. This year, the Urbalis™ 400 solution has been ordered by the city of Marseille, France;
- the Hesop™ reversible substation is a turnkey solution developed by Alstom for urban and suburban networks. It makes it possible to achieve significant energy savings. Indeed, 99% of the available electrical energy can be recovered on trains equipped with a regenerative braking system and can be reinjected into the network. Hesop™ reduces heat dispersion and therefore the associated ventilation requirements in underground operations. To date, 126 Hesop™ converters have been ordered or delivered for projects such as the Riyadh subway (Saudi Arabia) and the Dubaï metro (United Arab Emirates) as well as for the Sydney tramway (Australia) and the Panama metro which are now in commercial service. The Hamburg metro also signed a letter of intent to test Hesop™ substation on its network with a first unit ordered and installed during this fiscal year.

Enabling the energy transition towards sustainable mobility solutions

Moving away from diesel in rail

In the rail sector, about 55% of electricity consumption is dedicated to passenger services, and most of the diesel (85%) consumption is for freight services but diesel-powered passenger services still represent 25% of the worldwide total [2]. More and more operators are taking measures to reduce the environmental impact of diesel operations by specifying stringent emissions requirements for motors, favouring diesel-electric traction that provides more flexibility and efficiency, or by using hybrid solutions (such as diesel and batteries) and alternative fuels.

Considering the reinforced pressure on diesel for environmental and public health reasons, Alstom expects to see a progressive phasing out of diesel on the markets it is serving in this segment, mainly in Europe, in the medium term, and aims to accompany its customers to phase out diesel by 2035. Today electrical rail solutions and systems represent most of the Company's orders. The supply of diesel rolling stock (locomotives or trains, including bimode) represented less than 5% of Alstom's orders over the last three years. This includes trains and locomotives, 50% of which were for France including orders for bi-mode regional trains and the rest for Germany and Switzerland. Ultimately, decarbonisation will involve electrical traction, which is the core of the Company's expertise.

The Group is ready to accompany its clients in this major transition by offering efficient alternatives to diesel trains, such as: electrification, hybrid traction and fully autonomous zero-emissions trains:

- Electrification: Alstom has developed the knowledge and the expertise to deliver a full range of electrification services. For instance, the Company is currently providing the electrification system for the 343-kilometer-long Eastern portion of the Dedicated Freight Corridor in India.
- Bi-mode/Hybrid: the Company has developed a large range of hybrid and bi-mode solutions and continues to expand its portfolio. Prima H™ shunting locomotives exist in versions using different sources of energy: hybrid (combining the advantages of a battery and a diesel engine) for manœuvre on closed site or for light freight, dual-mode diesel (catenary power and diesel engine) for manœuvre, work trains or freight trains on lines with or without catenaries, and dual-battery mode incorporating the additional advantages of battery power. This year, Alstom delivered the first Prima H4™ locomotives ordered by SBB Infrastructure in Switzerland, designed for shunting and track work operations and for which approval was granted in October 2019. To date, Alstom also delivered 32 hybrid Prima H3™ shunting locomotives in commercial service in Germany and Switzerland, representing the largest fleet of hybrid locomotives in service in the world.
- Autonomous zero emissions solutions: to fully decarbonise operations on non-electrified lines and after being the first manufacturer in the world to offer regional trains powered by hydrogen fuel cells, Alstom has now developed a full range of solutions. Battery solutions are generally more suitable for short and medium-length non-electrified sections, while hydrogen-based solutions are preferable for long-range needs. In November 2017, Alstom signed its first contract to provide 14 Coradia iLint™ trains to the region of Lower Saxony, Germany. The first pre-series trains homologated by the German Federal Railway Association entered the commercial service in September 2018. A new contract was signed this year in partnership with Infraserv GmbH & Co. Höchst KG for the supply of 27 trains for the public transport network of the Frankfurt metropolis. The contract includes hydrogen supply, maintenance and provision of reserve capacity for the next 25 years. Early 2020, Alstom also received an order for 11 battery-powered electric regional trains for Zweckverband Verkehrsverbund Mittelsachsen (VMS) in Germany. These are the first battery-powered regional trains ordered from Alstom. The trains have a range of 120 km and operate on both electrified and non-electrified sections.

The Group continues to monitor closely the market for trains operating on non-electrified lines in order to determine the development needs for alternatives to diesel.

For example, the dutch railway network includes about 1,000 kilometers of unelectrified lines. Alstom and the Province of Groningen, the local operator Arriva, the national infrastructure manager ProRail and the company Engie have signed a plan for a pilot project to test the Coradia iLint™. In France, Alstom collaborates with SNCF to deploy hydrogen traction on about 15 regional trains.

(1) TGV is an SNCF brand.
(2) IEA, The Future of Rail: Opportunities for energy and the environment, 2019.

Expanding the range of solutions for low carbon mobility

Beyond rail, Alstom, as a worldwide leader in electrical traction and complex transport systems, seeks to position itself as a global provider of sustainable mobility solutions in the following fields:

- smart cities – as public authorities and transport operators henceforth target clean mobility services and ensure coordination between several mobility services (*e.g.* public transport, car-sharing, urban logistics, bike renting), Alstom is developing systems to analyse and manage multi-modal flows of transport such as its Mastria™ platform. This platform facilitates the supervision and optimisation of public transport flows in real time whilst allowing a quick reaction to incidents. Since September 2018, the Mastria™ solution has been deployed through pilot projects to establish traffic forecasts for multimodal operations and manage incidents in Tuscany, Italy, in Panama and in the Saragossa region of Spain;
- road transport: Alstom offers new mobility solutions to support the energy transition to electrical and shared mobility. The Aptis™ solution combines the flexibility of a bus with a level of comfort similar to that of a tram for an improved passenger experience with excellent operational efficiency. Alstom signed its first contract to deliver 12 buses to the city of Strasbourg in March 2019, and the first bus was delivered in February 2020. 86 electric buses have already been sold to five cities in France (Paris, La Rochelle, Toulon, Strasbourg and Grenoble) and in Aranjuez in Spain. While in Strasbourg the vehicles supplied are designed for slow charging at night at the depot, Aptis™ is also available for occasional charging at the end of each line using a ground-based charging system (SRS) or pantograph recharging solutions;
- long-distance road transport – long-distance transport for freight is likely to be the most difficult segment to decarbonise in the future as the power requirements and distances involved for this segment imply a high level of energy supply. Alstom is developing an innovative infrastructure solution for dynamic charging (e-highways), based on its proven APS (ground level power supply) technology, that has been adapted with Volvo and was tested with success at Volvo's test site in Sweden. The next stage will be to implement demonstrator projects and then full-scale pilot projects. This technology will enable electricity to be supplied to any type of vehicle, no matter what its height may be, which is a key differentiator.

Decarbonising operations

Alstom has been driving the reduction of the environmental footprint of its operations over the last 10 years with significant progress made. The Group aims to reach carbon neutrality through a step by step approach. Indeed, Alstom committed to reduce the CO_2 emissions intensity of its operations by 10% by 2020 *vs.* 2014 and has already delivered this objective as early as 2019. The Company has also set a target to switch to 100% electricity supply from renewable sources by 2025. (see section "Energy performance of operations", page 222).

Other sources of emissions (gas consumption, logistics or business travelling) are reported and action plans will be considered at a later stage to progress towards decarbonisation (see page 264).

Joining the public debate and common initiatives

Alstom fully supports the deployment of the United Nations Paris Agreement on Climate Change (2015) and the strategy of the Global Climate Action Agenda on Transport. Therefore, the Company follows closely the United Nations Framework Convention on Climate Change (UNFCCC) negotiation process. Alstom has also participated in the UNFCCC's Conferences of the Parties (COPs) since 2015 in Paris (France) including, most recently, in Katowice (Poland) in 2018 and in Madrid in 2019. In particular, the Company has contributed to the visibility of transportation issues and the promotion of sustainable mobility through its support to the Paris Process on Mobility and Climate (PPMC). Alstom also promotes its contribution to the transition towards sustainable and low-carbon transport systems through its efficient, environment-friendly and attractive solutions and initiatives.

Currently, almost 75% of the Nationally Determined Contributions (NDCs) established by countries under the Paris Agreement already identify transport as a key mitigation source and 19% make a specific reference to rail. Alstom plans to continue contributing to the public debate in order to support a larger focus on transport emissions targets, on roadmaps integration in the process of updating the NDCs as well as on the desired level of ambition.

Moreover, since 2014, the Group has been a member of the Sustainable Low Carbon Transport Partnership (SLoCaT), which promotes the integration of sustainable transport in global policies on sustainable development and Climate Change. Since 2017, Alstom has also been active as a founder member of the Transport Decarbonisation Alliance (TDA) which gathers countries, cities, regions and companies into an eco-system of frontrunners to deploy roadmaps for the decarbonisation of transport.

The Company also continues to support sectorial initiatives such as the Low Carbon Rail Transport Challenge presented by the International Railway Union (UIC) which targets, *inter alia*, to reduce average CO_2 emissions from train operations by 50% by 2030 and by 75% by 2050, compared to 1990 as a baseline year. To date, specific CO_2 emissions from passenger rail traffic are showing a decrease of about 40% compared to 1990 levels.

In order to support its strategy, the Group was part of a study, between 2018 and 2019, assessing long-term carbon scenarios available in the market (IEA, IPCC or IDDRI) and determining good practices in the use of such scenarios for strategic planning and reporting [(1)], as requested by the Task Force for Climate Disclosure (TCFD). This study was commissioned by the French Organisation AFEP (Private French Companies Association – *Association Française des Entreprises Privées*) in partnership with the "Shift Project" think tank and involved about 15 companies. The final report was published in November 2019. This year, Alstom is also participating in the development of an ACT (Assessing Low Carbon Transition) methodology for the transport sector, which assesses how ready an organisation is to transition to a low-carbon world.

Main results and performance indicators

GHG emissions related to products and services sold (Indirect GHG emissions – Scope 3)

In order to identify priorities for action, the Company conducted several assessments of its carbon footprint considering direct and indirect emissions. Three years ago, Alstom also established a method to assess CO_2 emissions from the use of its products and services, which represent the largest share of the Group's carbon footprint, as well as emissions related to the materials needed for their construction. These emissions are evaluated annually for all products and services sold during the year, over their whole lifetime, and taking into account normalised conditions of use (*e.g.* nominal capacity of transport, energy mix in the country of operation). A detailed analysis of the expected evolution of emission factors for electricity was also completed for countries where Alstom has developed projects, based on the national commitments under the Paris Agreement (NDCs).

(1) "Energy-Climate Scenarios: Evaluation and Guidance": new report by The Shift Project with Afep, November 2019.

In the fiscal year 2019/20, the carbon footprint of products and services sold by the Company was estimated at approximately 25 million tons of CO_2 over an average lifespan of 30 to 40 years.

A significant part of these emissions is related to the Locomotives activity which provides transport solutions for heavy freight. Moreover, Alstom provides electrical solutions all over the world, including in countries where energy mixes are still largely carbon-based (India, Kazakhstan or South Africa). In this context, Alstom's first priority is to reduce these emissions by continuing its efforts to improve the energy performance of its solutions. Opening the dialogue with its clients concerning the options for supplying trains with electricity from renewable energy sources is another potential area of development.

Regarding passenger transport solutions, emissions amount to an average of 5.5 g CO_2/passenger-km for a total transport capacity of around 20,000 billion passengers-km, compared to an average of 6.5 g in 2018/19. It is estimated that half of this decrease is due to an update of the emission factors used for the calculation of the emissions. This confirms that Alstom's solutions rank amongst the most efficient in the transport sector for low-carbon mobility.

Emissions from freight solutions amount to an average of 8.0 g CO_2/t.km.

Percentage energy consumption reduction

Alstom has set a key performance indicator to monitor its solutions' energy efficiency. The indicator consolidates the global energy reduction of its portfolio based on an average of the percentages of consumption reduction from free for tenders trains, systems and signaling solutions compared with a baseline of 2014 to the exclusion of "legacy products" only subject to repeat and option orders.

Today, Alstom is able to offer to its clients electrical rail solutions that are 20% more energy efficient on average than in 2014 in line with its target for 2020.

	2018/19	2019/20	Objective
CO_2 emissions of Alstom passenger transport solutions sold during the fiscal year *(gCO_2/pass.km)* (1)	6.5	5.5	-
% reduction of energy consumption in Alstom solutions	17%	20% (2)	25% in 2025

(1) Passenger transport solutions of Alstom rolling stock.
Calculation based on IEA emission factors 2017 for 2018/19 and IEA emission factors 2019 for 2019/20. Transport solutions include light rail, metro and suburban, mainline and e-bus solutions.

(2) Methodology and scope to calculate the energy reduction KPI have been slightly adjusted this year to simplify and strengthen the reporting process with no significant impact on figures (Portfolio of solutions covered established and updated based on marketing process and KPI calculated based on simple average rather than weighted average).

Green and smart innovation

Following the publication of the six axes of Alstom's "green & smart" new innovation strategy, the Company plans to consolidate a new indicator next year, relating to investment efforts in research and development dedicated to these axes of future growth and allowing to reflect the evolution of the balance between the protection and the expansion of the attractiveness of existing solutions and services as well as the creation of new growth drivers.

Climate resilient assets

With the average temperature of the earth having risen by about +1°C since the 1960s, climate change is starting to generate an increasing number of exceptional climatic events such as floods, heat waves or typhoons. Despite efforts made by countries, companies and civil society under the Paris Agreement, it is estimated that the number of events will continue to increase in the future.

The main risks to Alstom's business resulting from climate change include:

- the risk of destruction of installations and supply chain and/or the inability to perform if Alstom's assets are not adapted to new weather conditions resulting from climate change;
- the risk of product damage on site during the execution of contracts in the context of exceptional events;
- liability risks in projects if solutions are unable to withstand future evolving weather conditions.

Strategy and policies

Protection of assets from natural disasters is part of the Sustainability & CSR policy and is under the responsibility of the Environment Health and Safety Department for prevention measures and the Legal Department for insurance.

The objective is to anticipate risks by taking prevention measures in order to avoid severe impacts from such extreme natural events. Initially the approach covered mainly permanent facilities but it is now expanded to cover construction project sites.

Prevention and protection measures are integrated in the environmental management system which is certified ISO 14001.

Adaptation of the solutions to specific climate conditions is integrated in their design. Alstom ensures solutions delivered to customers are able to meet specifications as per requirements in compliance with the Alstom Quality & Railway Safety policy.

Processes and action plans

Alstom manages the adaptation of assets and the adaptation of solutions to Climate Change separately.

Ensuring the resilience of operations

A Group annual risk assessment review is performed as part of the annual budgeting and three-year plan process to identify, analyse and anticipate the significant internal and external risks to the Company. Over the past several years, this risk mapping has specifically integrated a review of Climate Change risks. The risk is assessed by taking into account the potential impact of extreme weather conditions – such as tropical cyclones, extra-tropical cyclones, hail storms, storm surges, flash floods and tsunamis – on the manufacturing activities, sites and buildings of the Company. It also takes into account geographical risk indices and probability ratios provided by insurance companies in order to identify the most exposed company facilities.

In fiscal year 2017/18, Alstom mandated its insurance company Allianz to complete a specific analysis of its exposure to natural disaster risks, taking into account the evolution of climate data and its activity perimeter. This analysis allowed to identify which events generate the highest risk for the Company, such as flooding in the United Kingdom or large storms in Europe.

Moreover, on-site inspections are performed as part of an annual programme by Allianz to ensure that appropriate prevention and protection measures are in place. Nine sites have been audited this year. Based on the results, improvement actions are deployed as necessary. For example, the Savigliano site in Italy prepared a flooding plan as part of its business continuity plan followed by a specific external analysis leading to the proposal of further mitigation measures. Similarly, the Warrensburg site in the United States, which is exposed to tornado risks, is equipped with an alert system to trigger specific protection measures (*e.g.* the use of a storm shelter) when facing exceptional weather conditions.

In order to expand the perimeter of activities covered by the review process, Alstom evaluated the exposure of its main project sites to natural risks in 2019. The results will be used for permanent sites to support improvement in the future.

The priority for the years to come will be to ensure that all appropriate prevention measures are in place at the most exposed sites and start to integrate climate impact risk analysis in the assessment of the Company's supply-chain and investment strategy. Alstom plans to integrate "exposure to natural risks" as a criterium in its supplier risk assessment starting in 2020/21.

Developing resilient solutions

Finally, in terms of adaptation, Alstom is able to propose resilient solutions to climate change. Indeed, it is an important topic for the rail industry. According to recent research, the mean Expected Annual Damages (EAD) due to natural disasters for transport infrastructure assets could amount to $14.6 billion per year. Approximately 73% of the global EAD is caused by surface and river flooding, followed by coastal floods (15%), earthquakes (7%), and tropical cyclones (4%) [(1)].

Having years of experience in demanding projects on many sites exposed to exceptional weather conditions, Alstom has the ability to supply trains and systems that are resilient to climate change.

This year, in order to strengthen its own requirements, Alstom decided to reinforce existing practices in this field by drafting a new instruction on "Environment & Climatic Adaptation". Drafted by a group of experts in environmental and climatic design, this instruction is based on requirements from the European norm EN 50125, which covers environmental conditions for rolling stock and on-board equipment including high temperatures, humidity, air movement, rain, snow and hail, ice, solar radiation. The document integrates additional requirements to better cover environmental considerations and goes beyond European requirements for certain criteria such as corrosion from saline atmospheres. It is currently under finalisation and its requirements are integrated in every new project. Alstom suggested this year to revise the European standard and is in charge of coordinating revision works in order to better integrate the effects of climate change, in agreement with the European Committee for Electrotechnical Standardization (Cenelec) and the French Office for Railway Standardisation (BNF).

Alstom already supplies rail solutions operating in very different conditions from the desert in Dubai to the steppes of Kazakhstan and considers that technical solutions exist to operate in potentially more stringent environmental conditions. This expertise includes, *inter alia*, enhanced heating/ventilation/air conditioning functions, power supply sub-stations resilient to high temperatures and equipment designed to resist important volumes of snow and corrosion from saline atmospheres. For example, for the Montreal Metro, Alstom demonstrated the trains' capacity to function under vast amounts of snow. Alstom is also able to undertake a complete assessment of the resistance capacity of its transport system when faced with extreme weather conditions, to validate its resilience to climate change, as was done for the Sydney tramway project entered into service this year.

Main results and performance indicators

The main Key Performance Indicator followed is the number of natural catastrophes generating more than €2 million in product damage and business interruption. In FY 2019/20, one event was recorded in Kochi (India) on a project site as a result of exceptional flooding.

	2017/18	2018/19	2019/20
Number of natural disasters generating damages and operating losses of more than €2 million	0	1	1

(1) Rozenberg, J., X. Espinet Alegre, P. Avner, C. Fox, S. Hallegatte, E. Koks, J.Rentschler, M. Tariverdi. 2019. "From A Rocky Road to Smooth Sailing: Building Transport Resilience to Natural Disasters." Background paper for Lifelines;. World Bank, Washington, DC. © World Bank.

Ecodesign & Circular Economy

Alstom consistently applies a life-cycle approach to its products and services in order to maximise the environmental and economic benefits over time. This approach allows the Company to limit the ecodesign and circular economy risks and to benefit from new opportunities, such as:

- the commercial opportunities relating to Alstom's capability to provide its customers with ecodesigned and low environmental footprint solutions;
- the commercial opportunities linked to the reuse and recovery of materials through products and services integrating circular economy processes;
- the risk related to the non-compliance of products and solutions, especially relating to REACH [(1)], F-Gases [(2)] and similar existing provisions (TSCA [(3)] in the United States or China REACH in China [(4)]).

This approach is particularly relevant in a context of rising client expectations in terms of ecodesign and the acceleration of associated regulation such as the European Green Deal which should erect Circular Economy as a top priority.

Strategy and policies

In terms of products and services, Alstom favours a life cycle approach to select the main levers of environmental performance and ensure an effective way to control and reduce the footprint of its solutions. This approach covers the different aspects of the solutions, including environmental aspects related to circular economy principles, *i.e.* those related to resources and their efficient management.

Alstom's ecodesign approach is based on three essential elements: life-cycle thinking, consideration of customer and stakeholder expectations, and continuous improvement.

The priorities set in Alstom's ecodesign policy focus on the:

- energy efficiency of rail transport systems;
- reduction of noise and vibrations;
- use of greener, recyclable, and natural materials;
- reduction of air emissions;
- circular economy and end of life management.

This policy, applicable to the whole Group, is embedded in its design activities as well as in its environmental management system (ISO 14001). It is promoted by the Chief Technology Officer (CTO) and the Vice President Engineering, and is aligned with the ecodesign referential, supported by a network of more than 100 experts (ecodesigners, acoustics experts, materials experts and energy engineers).

Processes and action plans

In order to deploy its policy, Alstom has set up and maintains:

- a three-year work plan which is updated every six months and approved by the top management;
- a referential defining the ecodesign process along with instructions, standards, and competency assessment.

Ecodesign work plan

The Alstom ecodesign work plan is based on the principle of continuous improvement. This work plan is also integrated in the Alstom environmental program and is part of the ISO 14001 environmental management system. Updated regularly, it addresses eight strategic axes:

- the energy consumption reduction trajectory 2025;
- the coverage of the solutions portfolio and trajectory 2025. This year, Alstom covered its "convergence" signalling solution; its hydrogen regional train; and its 2X25kV & 1X25 kV electrification for high speed lines;
- the circular economy scheme development and solution performance improvement. Several workshops have been organised with services units in the UK and in Italy;
- the operational performance. This year, an IT tool was developed to capitalise on and fluidify environmental data management, such as recyclability, material composition and emissivity. In particular, it ensures consistency with other tools such as PLM (Product Life Management);
- the environmental assessment. To this end, a dedicated road map for life-cycle analysis is maintained and implemented;
- the environmental risks and opportunities linked to solutions and products;
- the standards and regulations. Alstom is a member of the UNIFE [(5)] "Chemical Risks" group and has prepared upcoming challenges linked to lead as a candidate substance (REACH);
- the human resources and competencies. In 2019, the ecodesign assessment grid was updated. All ecodesign engineers and experts were assessed.

Each Alstom site with development and design activities is required to define its yearly ecodesign objectives. At solutions level, specific and relevant objectives are captured in the ecodesign dashboard.

Processes and way of working

Alstom's ecodesign process is based on a set of management practices. It is gradually being deployed to all solutions for which the approach is relevant.

The referential ensures the coverage of different needs, including:

- enrolling ecodesign and the circular economy philosophy in the Company's DNA. General trainings "Ecodesign for All" are progressively deployed. This year, this training was delivered at Rochester, Saint-Ouen, Oxley and Charleroi sites. New ecodesigners have been trained on modules such as "Recyclability and End of life", "Life Cycle Assessment", "Regulations on dangerous substances" and "Emissions and air quality";
- integrating the environmental dimension in the development of solutions and delivering products that meet customer expectations and requirements. For all new developments, performance and market elements are assessed in order to determine how best to implement the ecodesign concept. Besides, during the year, six new instructions and standards were released (for example an engineering instruction on the way to limit Volatil Organic Compounds was deployed);

(1) Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals.
(2) Regulation (EU) No. 517/2014 of the European Parliament and of the Council of 16 April 2014 on fluorinated greenhouse gases.
(3) Toxic Substances Control Act, codified as 15 U.S.C. 2601-2671.
(4) China MEP Order 7 – Measures for Environmental Administration of New Chemical Substances issued in January 2010 by the Chinese Ministry of Environmental Protection, known as China REACH.
(5) The Union of European Railway Industries.

- ensuring compliance with standards and regulations;
- promoting responsible solutions and communicating on environmental performance through Environmental Product Declarations. Such publications offer an extended view of environmental impacts along the life cycle. In 2019/20, Alstom published five Environmental Product Declarations including Trackside Atlas™ 200, NetBox and Electrification for mainlines.

Within this framework, Alstom is continuously improving its competencies, practices and performance in respect of:

- the circular economy, lifetime, end-of-life management, and recyclability of systems and subsystems. With a complete portfolio of renovation and modernisation solutions, Alstom offers customers the ability to extend the lifetime of their systems whilst allowing for an upgrade of comfort and services. Alstom also delivers end of life manuals geared to optimised and safe recycling. The Metros now contain 28% (average value) of materials made from waste (recycled). For example, the floors of the new generation of regional trains Coradia Stream™ contain recycled PET (Polyethylene terephthalate) made from waste plastics bottles. The dismantling manual for X'trapolis™ suburban trains specifies how the 240 tons of train should be dismantled in order to achieve 93% of recyclability and 99% of recoverability. Moreover, the Sydney Metro has a recyclability rate of 95% while the recoverability rate is of 98.5%;
- the efficient use of resources. the components used for trains are progressively improved; The seats for new high speed trains are lighter (-6 kg than the previous generation) and made of less impacting materials (on average, environmental impacts have been reduced by 35%). A comparative Life-Cycle Analysis has been performed between signaling equipment NetBox V2 and the previous generation. The results show a global environmental impact reduced by more than 25% on average on all the indicators. Alstom also offers, for the rolling stock parts such as seats, the ability to repair them instead of scrapping them;
- limitation of hazardous substances (in particular the so-called Substances of Very High Concern "SVHC" according to the REACH Regulation). This pro-active approach has allowed for a lot of components containing candidate substances to be detected and secured. By this means, 100% of the cases concerned by Annex XIV are substituted before legal deadlines;
- greener, responsible and renewable materials. Materials and parts with recognized ecolabels (FSC; European ecolabel, Blue Angel; PEFC...) are now progressively offered for trains and infrastructure solutions and implemented. KAJO BIO (EU Ecolabel) grease has already been used on our Coradia™ Polyvalent trains in Algeria for example; floor panels for the Sydney metro are certified PEFC and FSC; and FSC and UL Greenguard certified panels are used on the trains supplied to Amtrak;
- energy efficiency. With its new X'trapolis™ trains, Alstom has reached a 30% energy reduction;
- emissions and air quality. Optimised electrical braking allows several tons of emissions per year and per fleet to be avoided;
- noise emission reduction for new and for modernised rolling stocks. The traction motors and auxiliary converters have been improved decreasing noise levels by 12 dB and 10 dB respectively. For example, the Sydney Metro achieved -2 dB compared to standard performance for interior and exterior noise;
- life-cycle and environmental assessment (LCA). Two years ago, an internal verification panel was set up in order to improve accuracy and standardise Group practices. Through this, the most important studies are reviewed critically before any use or publication. During the fiscal year, seven of these key studies were submitted to internal critical review. As an example, the LCA of mainline electrification solution 25kV and motors underwent this process this year.

Main results and performance indicators

Based on environmental assessments including life cycle assessments, Alstom identified its environmental priorities and decided to follow the deployment of its ecodesign activities on its solutions using two key performance indicators:

- the energy consumption reduction of its solutions (refer to the section on Low Carbon Solutions, page 214);
- the ecodesign coverage of its solutions, including circular economy aspects.

	2019/20	2025 objective
% of newly developed solutions with ecodesign	25%	100%

Newly developed solutions are classified as "ecodesigned" when environmental footprint reduction targets have been submitted, and a follow up of environmental performance is in place. This year, hybrid and H2 regional trains were covered, as well as Convergence for signalling and electrification mainlines for infrastructure.

Energy performance of operations

The Company can be exposed to different environmental risks, including pollution or the loss of environmental certifications and operating permits. However, Alstom considers that one of its main challenges is related to the consumption of electricity, because of the risk of an important increase in energy costs depending on the evolution of electricity prices and energy performance.

Moreover, the goal of reducing the intensity of greenhouse gases is directly linked to the goal of reducing energy intensity.

Strategy and policies

Environmental commitments are made at the highest level of the Company and are implemented in an Environment, Health and Safety (EHS) policy signed by the Vice-President EHS. The scope of application of the policy is described in an internal standard that also defines the applicability criteria. It includes the main activities, such as manufacturing sites for rolling stock and components, infrastructure and systems projects, service activities and permanent offices. Consequently, Alstom has made a commitment to:

- cause no harm to the environment;
- continually improve its environmental performance;
- maintain an environmental management system;
- strengthen the environmental culture of its employees and subcontractors;
- maintain high levels of environmental skills and offer training at every level of the organisation.

This policy is reviewed on a regular basis and is distributed to all parties concerned. It is displayed on every Alstom site and published on the Company's website.

Environmental management, including energy, is based on an environmental programme, which encompasses the Energy Plan covering the following aspects:

- consideration given to environmental issues at all levels of the Company;
- definition of environmental objectives in the organisation and periodical results reviews at the same frequency and in the same internal governance committees as for financial results reviews;
- implementation of an environmental programme: development and deployment of internal standards, assessment tools, targeted training actions that involve employees, communication and awareness-raising actions;
- an EHS ("Environment, Health & Safety") organisation managed in the Regions and coordinated centrally.

The Alstom Management System includes the requirements of ISO 14001, which contribute to the process of environmental improvement of the sites.

A new plan for 2025 in connection with the new Alstom strategy AiM (Alstom in Motion) will follow the 2020 plan, the results of which are presented in this document.

Processes and action plans

On the basis of its environmental risk mapping, Alstom has set three main goals to improve the energy performance of its sites, namely:

- reduce energy intensity by 10% compared to the baseline year 2014 by 2020;
- reduce the intensity of GHG emissions by 10% compared to the baseline year 2014 by 2020;
- use 100% of electricity from renewable energy sources by 2025.

Energy intensity

Energy intensity is defined by the quantity of energy consumed related to Alstom's activity. Activity is measured in hours worked. The quantity of energy consumed is recalculated in order to integrate the climate factor. Consequently, the share of energy used for heating is retreated to take into account the impact of winter temperatures on heating energy consumption. This retreatment is made on a monthly basis using the "Unified Degree Day" factor that estimates on a daily basis the difference (by geographical zone) between a baseline temperature and the average of the measured temperatures.

The Group's gross energy consumption increased slightly over the last year. For instance, gross consumption of natural gas (which is the main source of heating and energy for the painting booths) increased by 4.8% and consumption of electricity by 2.7% in line with the evolution of manufacturing activities.

However, at the end of 2019, energy intensity (integrating the realignment through the climate factor) had dropped by 4.1% compared to 2018 and by 16% compared to the baseline year (2014). Therefore, Alstom has reached its 2020 target, as a result of its energy-saving plan.

Indeed, in 2016, a five-year energy plan was launched, targeting the 20 largest consumers. The deployment and monitoring of action plans as well as the sharing of best practices are overseen by a three-level governance structure (central, regional, site). This initiative has generated a strong dynamic to make progress and to share best practices. For instance, the LED lighting deployment initiative continues at Group level. Cogeneration plants, which consist in the use of a single heat engine or power station to generate electricity and useful heat at the same time and from the same source, are developing on Alstom sites: Savigliano in Italy installed a plant that covers 94% of the site's needs in electricity; in Valenciennes the heat recovered from the cogeneration plant allows to replace 30% of the natural gas heating. Following these positive achievements, the Salzgitter plant in Germany is also considering the installation of a cogeneration plant.

Greenhouse gases emissions related to operations (Scopes 1 & 2)

As stated above, the intensity of greenhouse (GHG) gases is directly linked to the goal of reducing energy intensity. Indeed, the intensity of greenhouse gas emissions is defined by the quantity of greenhouse gases released by energy consumption, expressed in kilogrammes CO_2 equivalent, in relation with Alstom's activity, which is measured in hours worked. The goal of reducing the intensity of greenhouse gases is directly linked to the goal of reducing energy intensity. The quantity of greenhouse gases produced by energy consumption takes into account the climate factor.

Greenhouse gases produced by energy consumption make up the vast majority of GHG in this area and therefore the Group measures them separately from fugitive emissions of hydrofluorocarbons (HFCs). Consequently, only the greenhouse gases produced by energy consumption are included in the intensity indicator.

At the end of 2019, the intensity of GHG emissions from energy consumption is stable compared to 2018 and showed a 27% decrease compared to 2014. The share of green electricity in energy supply was taken into account for the first time in 2018, thus reducing equivalent net CO_2 emissions (for the share of electricity from renewable sources, a zero-emission factor is taken into account).

Use of renewable energies

The Group has made an ambitious commitment to use 100% of electricity from renewable energy sources by 2025, as part of its global initiative for the environment.

In this sense, the Company has signed contracts for the supply of electricity from renewable energy sources where it was economically viable. For example, all of Alstom's electricity supplies come from green sources in Belgium, the Netherlands, the United Kingdom, Spain and on the Canadian site Sorel-Tracy. In France, the share of electricity from renewable energy sources in 2019 has risen from 50 to 60%, (excluding the Belfort site where Alstom does not manage the electricity contract directly). Finally, the Hornell and Rochester sites in the United States are supplied with green electricity through the purchase of green certificates.

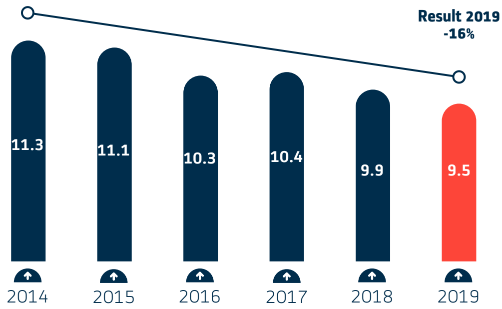
Besides, initiatives to install solar PV panels to self-consume green electricity have been launched in Italy (1 MWp on Nola depot) and India (power purchase agreement in the process of being finalized to install 1 MWp on Sri City site). The Group set a new target: to produce 10% of its electricity from renewables by 2025.

This year, efforts also focused on defining and assessing potential scenarios including the assessment of Power Purchase Agreement options.

Main results and performance indicators

ENERGY INTENSITY *(in kWh/hours worked)*

2020 Goal: Reduce the energy intensity by 10% compared to 2014 as a baseline year.



DETAILS OF ENERGY CONSUMPTION

	Alstom			
(in GWh – raw values)	2016	2017	2018	2019
Natural gas	231	223	231	243
Butane or propane and other gases	8	8	8	8
Domestic fuel	6	5	6	6
Steam/heat	42	41	42	42
Electricity	181	184	187	192
Coal, heavy fuels and other fuels	0	1	1	0
TOTAL ENERGY CONSUMPTION	**468**	**462**	**475**	**491**

Source: Alstom Teranga.

	2018	2019
Share of electricity from renewable sources	36%(*)	36%

(*) Following revision of the methodology to calculate KPI on RE100 technical guidance, data for 2018 has been recalculated to be comparable with 2019.

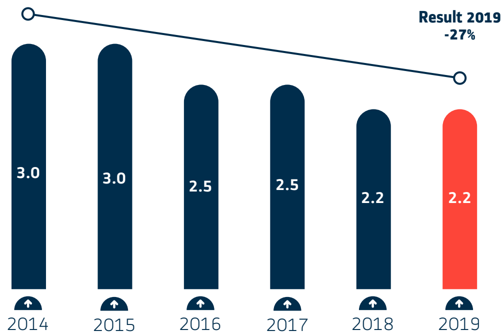
In total, in 2019, 36% of electricity supplies were green.

Despite efforts made to raise the supply of electricity from renewable sources to sites, the global percentage remains stable. This results from the inclusion of the Indian production site of Madhepura as well as increased energy consumption on sites having not yet access to renewables (Germany, Poland, Italy) and reduced consumption on sites supplied with green electricity (France, US, Spain, Belgium). Contracts renewal starting in 2020 integrate the partial supply of green electricity for the Polish site, which should favor progress towards the target.

GREENHOUSE GASES EMISSIONS INTENSITY

(in kg CO_2 equivalent/hours worked)

2020 Goal: Reduce the intensity of GHG emissions by 10% compared to 2014 as a baseline year.



GREENHOUSE GASES EMISSIONS DETAILS

	Alstom			
(in kilotonnes CO_2 equivalent – gross value)	2016	2017	2018	2019
Direct CO_2 emissions related to the consumption of natural gas, butane, propane, coal and oil [(1)]	50	48	50	52
Indirect CO_2 emissions related to the consumption of steam, heat network and electricity [(2)]	62	65	65	70
Gross total CO_2 emissions related to energy consumption	**112**	**113**	**115**	**122**
Avoided emissions thanks to the supply of green electricity [(3)]			14	12
Net total CO_2 emissions related to energy consumption [(4)]	**112**	**113**	**101**	**110**
Other direct CO_2 emissions related to fugitive emissions of HFC	1	1	1	1
TOTAL CO_2 EMISSIONS RELATED TO ENERGY CONSUMPTION AND OTHER DIRECT EMISSIONS	**113**	**114**	**102**	**111**

Source: Alstom Teranga.
(1) Source: as regards natural gas, butane, propane, CO_2 emissions factors come from "IPCC Guidelines for National Greenhouse Gas Inventories" (2006).
(2) Source: as regards electricity, for the years 2014 et 2015, CO_2 emissions factors come from the study "The Climate Registry Default Emission Factors" while for the years 2016 to 2019, data comes from the International Energy Agency (2017 data for 2019).
(3) The CO_2 emission factors for electricity from renewable sources are considered to be zero.
(4) Including the use of renewable energy.

Alstom CO_2 emissions linked to energy consumption slightly increased in 2019, which follows the evolution of energy consumption. In particular, countries such as India, Poland, South Africa and Australia, have seen their electrical consumption increase in 2019, which partially explains the evolution of the indirect CO_2 emissions.

2. CARING FOR PEOPLE

Wherever it operates around the world, Health and Safety (page 225) remains an utmost priority for the entire Company, its employees and its contractors. Alstom deploys ambitious programmes to reach a clear target: prevent accidents and eliminate all severe accidents.

Caring for people also means providing employees with the best working environment and employee experience. Making sure the Company attracts, engages, and retains the right people (page 228) is key to ensuring the Company's success. The value Alstom adds to its customers strongly relies on the skills and competencies of its workforce and its ability to develop them (page 235).

Employee health and safety[VP]

Alstom operates in various working environments:

- in its own production and testing facilities;
- in customer premises where Alstom teams are working on maintenance, commissioning or testing activities;
- on project/construction sites with strong interactions with clients and partners.

Due to the nature of Alstom activities, its employees and subcontractors are exposed to health and safety risks: anything that can cause harm to a worker in the working environment, such as mechanical, electrical or chemical hazards, inappropriate employee behaviour, or other factors, is regarded as a risk factor.

The level of risk is impacted by several parameters such as:

- geographical footprint – the Environment, Health and Safety (EHS) knowledge and culture are not at the same level across all countries of the world;
- the level of Health and Safety culture and knowledge of the Company's Partners (consortia & JVs);
- customer EHS policies – as some Alstom activities take place on its customers' sites, the Group is impacted by the way they address the EHS topic;
- the performance of contractors – Alstom sub-contracts certain activities; as a consequence, the EHS performance of its contractors directly impacts the Company itself.

Safety is considered to be a critical success factor for the performance of projects.

Strategy and policies

Alstom's EHS policy, updated in November 2019, highlights its strong leadership and commitment in this area. It covers all Alstom entities and applies to all employees, temporary workers and contractors. As expressed in the policy, the Group aims to be recognised as the best EHS player in the Railway sector.

By implementing its "Alstom Zero Deviation Plan" (AZDP), Alstom aims to create a safer environment by controlling its High Risk Activities. Moreover, through the Health and Wellbeing Program, the Company pays particular attention to the health and wellbeing of employees. The Company's Agile, Inclusive and Responsible corporate values help to meet the collective EHS challenge and to leverage the EHS culture throughout the organisation.

The Health and Safety commitments are:

- zero severe accident;
- particular attention to people's Safety and Health.

As part of the Alstom 2020 plan, the target in terms of lost-time injury frequency rate has been set at 1.0 for March 2020.

In the context of the new Alstom in Motion strategic plan, a new KPI will be tracked: the Total Recordable Injury Rate (TRIR) which will include Lost-Time Injury and other work-related recordable events such as injury resulting in restricted work or transfer to light duty tasks. By expanding the coverage of its KPI, Alstom will consolidate and further develop its prevention program on a larger basis of cases and align with industry best practices and Sustainability Accounting Standards Board (SASB) standards.

The Health and Safety strategy supports a pro-active approach based on:

- visible and active EHS Leadership under the responsibility of the EHS operational management;
- driving continuous improvement of EHS Performance through measurable objectives;
- an EHS Management System which uses internal processes to ensure compliance with applicable standards and regulations;
- the assessment of EHS risks and taking proactive measures for the prevention of incidents and occupational diseases as well as for continuous improvement through return of experience;
- workforce engagement (a reinforced EHS culture for both employees and contractors);
- a network of competent and shared EHS professionals acting locally and supported by region and activities expertise which ensures a high level of EHS competency and training at all levels of the organisation.

Process and action plans

Main Identified risks[VP]

High-risk activities

Based on the analysis of main safety risks, Alstom has identified the high-risk activities related to the broad spectrum of work that it performs. These activities are defined in the "Alstom Zero Deviation Plan" (AZDP), whether executed directly by Alstom or indirectly by a subcontractor.

The high-risk activities are as follows:

- works for which Lockout Tagout must be performed;
- works involving a risk of interference from moving vehicles, whether on site or on rail;
- lone working;
- working at height;
- lifting operations;
- hot working;
- working in an explosive atmosphere;
- work exposed to electrical risks;
- working in a confined space;
- erection, modification and dismounting of scaffolds;
- excavation works;
- work with exposure to radiation (ionising or non-ionising);
- installing, servicing and operating machines.

Exposition to hazardous chemical substances

Concerning hazardous chemical substances, one of the main risks for health is linked with carcinogenic, mutagenic or reproductive effects on persons who are, or have been, exposed (so called "CMR"). Asbestos has been identified as the chemical substance which presents the highest risk of serious and irreversible consequences on the health of Alstom's employees and subcontractors.

Assessment, mitigation and prevention measures, follow-up and monitoring system[VP]

AZDP plan

The AZDP plan is applied to all Alstom employees and subcontractors. This plan includes risk assessment and the application of mitigation and prevention measures to all high-risk activities. It is based on 12 directives which describe mandatory requirements to be applied to the whole scope of Alstom. These requirements are related to activities defined as high risk and help to mitigate and prevent serious and irreversible occurrences. In order to support the plan, Alstom implemented a "zero deviation tolerance" policy.

Each Alstom entity regularly undertakes a self-assessment of its compliance with the directives and manages its continuous improvement plans.

A three-year centrally-managed audit program is deployed in the Group, both at large industrial sites and at smaller locations such as depots or construction sites, with the target of carrying out more than 60 audits per fiscal year. Due to COVID-19 travel restrictions, the number of formal audits for the 2019/20 fiscal year is only 48.

Safety Training

In addition to the training required by the various regulations, Alstom designs and deploys safety training modules to meet its specific needs and continuously adapts its internal training offer.

A dedicated training course has been created for employees at construction sites in order for them to have a better understanding of all the risks inherent in working in such a complex railway environment. More than 780 persons have been trained so far and training will continue next year.

There are seven training programs delivered by Alstom University, two of which are e-learning programs (EHS Fundamentals and High-Risk Activities).

Notification system and Return on Experience

All Alstom managers have access to an EHS app to immediately report hazardous situations or deviations. Through geolocalisation, the system automatically pushes the report to the local EHS contact to prompt action.

An immediate (24 hour) notification process is in place when a lost time accident or a severe or potentially severe accident, occurs in the Company. Each severe or potentially severe accident is analysed to identify the root causes of its occurrence and to take preventive and corrective measures. Lessons learned are shared within the EHS Community through return of experience sessions. 96 return of experience sessions, following severe or potentially severe accidents, were recorded during the year.

Exposition to hazardous chemical substances

The use of asbestos and material containing asbestos is strictly prohibited in Alstom's products. Risk management of asbestos exposure on operational sites has been an integral part of the Group's policy for many years, even in countries where asbestos is permitted: this includes such aspects as asbestos diagnosis of buildings (rented or purchased) and equipment and the implementation of risk-based asset retirement plans. Alstom also applies instructions to frame the monitoring process and workers' protection; they are updated and improved regularly. Within this framework, the Company retains the ambition to eradicate asbestos in its buildings as far as is reasonably and economically practicable.

Health and occupational disease

Alstom aims to reduce the risk of occurrence of occupational diseases. On top of preventive or protective measures resulting from work place risk assessments, Alstom seeks to take full account of ergonomics in the design of workstations: each year Alstom industrial teams conduct audits in accordance with the APSYS ("Alstom Performance SYStem") referential in production sites to measure the progress made in respect of Alstom's operational requirements. The ergonomics of workstations is one of the assessed criteria in these audits. In fiscal year 2019/20, 16 APSY audits were conducted.

In addition, a global well-being at work roadmap has been defined in 2019 with the aim of reinforcing well-being awareness within the Company *via* trainings and webinars and creating an engaging environment by supporting mental health.

Main results

AZDP plan

	2016/17	2017/18	2018/19	2019/20
Number of formal AZDP audits conducted during the fiscal year	62	66	64	48

Source: Alstom (EHS Library).

Safety training on High Risk Activities

	2017	2018	2019
% of Alstom employees trained using the e-learning module on High Risk Activities(*)	81%	77%	77%

Source: Alstom HRIS.

(*) Alstom deploys an e-learning programme about high risk activities targeting all employees. The table gives the percentage of employees present in the Group who have followed the training course as at the end of the calendar year.

Health and occupational diseases

	2017/18	2018/19	2019/20
Number of recognised occupational diseases during the calendar year for the Alstom perimeter	39	37	45

Source: Alstom Teranga.

Key Performance Indicators[VP]

	2017/18	2018/19	2019/20
Number of fatalities at work (Alstom employees and contractors) (1)	1	3	0
Number of travel fatalities (Alstom employees) (2)	0	1	1
Number of occupational severe accidents (3)	8	9	6
Lost time injury frequency rate (employees and contractors) – IFR1 (4)	1.0	1.1	1.0

Source: Alstom Teranga.

(1) Includes all accidental fatalities at the workplace and on the way between two workplaces.

(2) Includes all accidental fatalities on the way from home to work or work to home. Before 2018/19, only accidental fatalities on the way from home to work or from work to home, when Alstom was directly or indirectly involved in the travel organisation were counted. Starting with 2018/19, all accidental fatalities on the way from home to work or from work to home are calculated, whether Alstom participated in the travel organisation or not.

(3) Occupational severe accident: fatal accident and any accident resulting in permanent consequences (either in permanent disfigurement, or permanent disability such as amputation of any digit or part of a digit) whatever the length of the medical leave, as well as any accident causing fracture requiring surgery, whatever the length of the medical leave. Severe accidents between two workplaces are included, severe accidents on the way from home to work or from work to home are excluded.

(4) IFR1: Number of work-related injuries, which prevents the injured person from carrying out work for a period of at least one full day, per million of hours worked. Accidents on the way from home to work or from work to home are excluded from the calculation of the indicator.

Frequency rate of occupational injuries of employees and contractors

As a result of Alstom's EHS policy, the frequency rate of occupational injuries (per millions hours worked) has been divided by three since 2012.

The frequency rate is stable at 1.0, aligned with the ambition set for 2020 of 1.0.

Recruitment, engagement and retention

"Recruitment, Engagement and Retention" relates to the section "Recruitment and retention" in chapter 4.

Alstom's Human Resources (HR) strategy aims to provide a unique Employee Experience to further engage the Group's employees towards the Group's success. Our new values (Agile, Inclusive and Responsible) are embedded in the Group's Strategy. Recruiting, engaging, developing and retaining talented people are key elements to maintain the Group's leadership in global markets and to grow its business in the future.

Alstom's commitment is to ensure consistency and fairness for all employees. These values bring all Alstom employees together in a shared culture and aim to create a strong feeling of belonging to a single unified organisation working towards success collaboratively.

The value Alstom adds to its customers strongly relies on the skills and competencies of its workforce, through aligning the needs and priorities of the business with the workforce to meet the organisation's objectives, both at the Engineering and Execution phases of projects.

Developing the workforce is a strategic objective of the Company (for more information see the section on People development, page 235). Therefore, the attraction, engagement and retention of the right people are essential to ensure the Company's success. Alstom acts to guarantee:

- an Employer of choice image, with a diverse and inclusive environment in the current and planned future Employment markets in which it operates;
- an attractive workplace and working conditions;
- a competitive compensation, benefits and reward programmes;
- a reasonable resignation rate to avoid a degradation of key competencies, an increase in cost of employment (including cost to hire), and ultimately a diminished ability to serve customers (quality and on-time delivery).

Strategy and policies

In order to properly support the Company on its strategic success, the HR organisation is built around two central teams, namely Talent Management & Organisation Development and Total Reward & HR Operations. These teams are working together with Regional HR teams.

The Talent Management & Organisation Development team aims at enabling Alstom to attract, develop and grow diverse and inclusive leaders and a sustainable talent pool for now and the future. The team facilitates the acquisition and the management of talent pipelines, the anticipation of successions, the management of performance, the development of organisation, competencies and leadership through continuous learning embedded in the People Management Cycle processes (for more information see the section on People development, page 235).

Total Reward & HR Operations aims to design and implement compliant, fair, motivating and efficient HR policies, processes, tools and practices, and provide powerful HR data to support the development of Alstom business and teams.

HR teams in Regions are in charge of supporting business operations by:

- ensuring workforce planning and adequate staffing, project mobilisation and demobilisation activities;
- driving the people management cycle;
- ensuring people development and career management initiatives;
- supporting organisation design and change management.

Talent Acquisition & Employer Branding

With 38,879 employees at end of fiscal year 2019/20, effective Talent Management is at the heart of Alstom's identity. Alstom identified the need to better know and develop its people to fill vacancies internally, motivate, engage and retain talent. The global Talent Acquisition Strategy is deployed through a roadmap which is focused on key pillars and supported by solid partnerships with key stakeholders such as Employer Brand, Diversity & Inclusion and Talent development. The development of internal talent pools to support ongoing and future business requirements enables Alstom to effectively execute projects.

In the global context of skills shortage and restricted talent pools, leading to stiff competition for these talents and skills, Alstom acknowledges the challenges and needs of providing the best candidate and employee experience, as well as the necessity to differentiate itself from other actors on the talent market. Therefore, a global Employer Branding strategy and an associated roadmap have been developed this year, where the global Top Employers Institute Certification is among the key strategic objectives, as well as the development of a robust university relations strategy. To reinforce Alstom's employer brand, a special working group had been set up which structured and rolled out the new Company's Employer Value Proposition (EVP), reflecting the key benefits of Alstom as an employer. Given the importance of social media in the current global context, one of the key priorities of Alstom's Employer Branding strategy is to reinforce its presence on social media channels, with a strong focus on digital storytelling while sharing real employee stories, experiences, and career achievements, as well as showcasing Alstom's culture and values.

The People Management Cycle, through its "People review" process, as well as internal mobility management, helps the Company manage collectively and share talent across Units, Businesses and Functions to put the right person in the right place at the right time.

In this perspective, the mission of Alstom Talent Acquisition and Employer Branding teams is to enable business success using efficient processes, effective tools, robust governance and a solid Employer value proposition.

Through its Talent Acquisition and Employer Branding initiatives Alstom intends to:

- reinforce Alstom's employer value proposition and employer brand, ensure its internal employee appropriation throughout the organisation, and external recognition outside of the organisation;
- maintain a globally attractive and locally relevant employer brand leveraging the best channels to engage talent for a career at Alstom, encouraging employees to become Alstom brand ambassadors;
- develop and foster strategic collaborations with universities through innovation and education programs;
- find and cultivate the right talent through strong internal and external talent pipeline strategies;
- establish Alstom as an employer of choice and a great place to work, attracting diverse candidates that reflect the markets we serve;
- secure global Top Employer certification to accelerate Alstom's Human Resources strategy by benchmarking it with proven HR best practices around the world and to strengthen Alstom's employer brand globally.

Diversity and inclusion

Inclusion is a key element of the Alstom in Motion Strategy (see the section "Strategy" on chapter 1 describing the Group activities, page 10). Alstom aims to create an inclusive culture in which diversity is recognized and valued. Common objectives and Key Performance Indicators have been set for the whole Group around gender and multicultural diversity. By 2025, Alstom is targeting to reach 25% of women amongst managers & professionals (compared with 21.4% today and 20.7% in last year) and to ensure that the nationality of management and the talent pool reflect Alstom's business worldwide.

Alstom's Diversity Charter is available on the Company's website: https://www.alstom.com/commitments/diversity-and-inclusion.

Compensation and benefits

Alstom has designed global Compensation and Benefits policies to ensure that a consistent approach is used across the whole Company.

Therefore, the remuneration structure and the related reward programs should encourage and reward individual performance and commitment to Alstom on a fair and equitable manner across regions, trades and levels of responsibilities. In this sense, they should be designed to meet business needs taking into consideration market prevalence while complying with local regulations. Their design should embed the following principles:

- respect fairness of treatment;
- ensure a competitive level of compensation;
- keep a long-term view;
- share the success of the Company;
- allow individual differentiation;
- base reward decisions on a structured position grading approach;
- acknowledge Alstom's commitment towards Corporate Social Responsibility.

Regarding benefits, Alstom policies state that Benefits programs should be competitive in each specific market enabling the Company to attract and retain key required talented employees. Benefits should be designed taking into account the total compensation package. The Company acknowledges that the lifestyle of employees is continuously evolving and strongly encourages countries to implement adaptable and flexible programs after consideration of any increased administrative costs or risk of significant evolution of costs over the long-term. Therefore, the Company pushes for limited Defined Benefits obligation and strictly controls any evolution of an existing Defined Benefit plan.

Engagement

Engagement is one of the pillars of the Alstom Human Resources strategy. In order to foster the employees' involvement, Alstom's previous practice involved conducting global engagement surveys every two years aiming to measure employee opinion and assess employee engagement in respect of the Company's vision, roadmap and strategy, to subsequently implement appropriate actions. The last engagement survey or the global Employee Opinion Survey covering all Alstom employees was conducted in November 2016 with a 61% response rate.

Due to the specific context of the expected merger with Siemens Mobility, no global engagement survey was performed in 2018, however, targeted pulse surveys have been conducted on various populations worldwide.

In the context of Alstom's new strategy "Alstom in Motion" and the deployment of new upgraded values, which have been rolled out in 2019, Alstom plans to move to a holistic approach of measuring and assessing employee engagement using internal and external channels and tools, while also moving to a more continuous listening mode. The new global engagement survey will be conducted in 2020.

Engaging its employees is Alstom's common practice, and this year was no exception – a special campaign to identify the Company's new brand identity was launched whereby all employees were invited to share their ideas and come up with the new brand tagline. Following an internal poll in which more than 2,500 employees made proposals for expressing Alstom's vision, "mobility by nature" was picked to become the new brand signature as of October 2019.

Process and action plans

Talent Acquisition & Employer Branding

Global Talent Acquisition Procedure

To further ensure consistency and effectiveness in Alstom Talent Acquisition, the Alstom Talent Acquisition Procedure was updated in 2019. The objective is to continue to provide a global framework for the recruitment and candidate selection process. The procedure update is focused on improving candidate experience and selection of the right talent, through the whole journey from the pre-boarding selection, to the recruitment and interview process, to onboarding, to becoming a member of the Alstom team. It is based on the principle that all recruitment and selection processes must reflect Alstom's commitment to offering equal employment opportunities to all qualified applications based solely on job-relevant qualifications. The Alstom recruitment and selection process shall comply with all laws and regulations forbidding any discrimination with respect to age, race, gender, ethnic origin, nationality, religion, health, disability, marital status, sexual orientation, political or philosophical opinions, trade union membership or other legal provisions.

Alstom's talent attraction strategy has constantly evolved to adapt to business needs. With the increasing impact and influence of social media, a number of social media trainings and a social media guidelines handbook are made available and accessible to all 38,879 Alstom employees worldwide, with the objective to leverage their professional networks and share positions in order to increase the talent pipeline and to boost the Employer Brand. To showcase Alstom's employer value proposition through real employee stories, reflecting its culture and values, Alstom regularly releases employee testimonials to be used on various internal and external channels. Alstom has also deployed a new and improved employee referral incentive programs to attract talent referrals coming from its employees.

In addition, Alstom has updated its external career web pages to create a more attractive channel for both experienced and early career candidates. Alstom has improved its social media messages for talent attraction, highlighting corporate social responsibility initiatives. At the same time, the Company has invested in the improvement of the candidate relationship management system, including the ability to integrate job advertisements on various channels both globally and in local-specific markets, and video interviewing tools. Alstom has a followership of ~650,000 on LinkedIn and substantial followership on Facebook, Twitter and other social media channels.

Developing active relationships with universities and a young talent value proposition

Alstom's strategy aims for a more diverse workforce, representative of its organisation, values, territorial demographics, societal views and customer base. As the diverse workforce must also include young talents, this is being accomplished globally through several initiatives, such as:

- in India, the Young Engineering Graduate (YEG) Program was implemented in 2015 to hire graduate engineering trainees from engineering colleges across the country. YEGs benefit from a detailed introduction to the Organisation, its activities and functions to help them better understand the Company and successfully transition from campus to business life. In addition, YEGs have the opportunity to interact with the senior management of the Company, to learn and be inspired by them. The program ends with the participation of YEGs in an innovation workshop and a presentation to the senior leadership team on the last day. In 2019, in India, 98 Engineering graduates joined the program and it is planned to have 196 engineering graduates (out of which 60% women) joining the program in 2020;
- in France, Alstom also continues to focus on early career talent through the engagement of apprentices and trainees. 15 Engineering schools have been identified and partnerships have been set up in order to develop close relationships: participation in R&D programs, targeted presentations to the students, priority access to trainee positions at Alstom. A close partnership with ESTACA (*École supérieure des techniques aéronautiques et de construction automobile*) has been established this year with projects selected by students and supervised by our employees on transport innovations, new railway programs delivered by our experts to offer a large range of courses to students. This year Alstom also partnered with ECE (*École centrale d'électronique*) Lyon University to host a hackathon: eight teams competed in a 24 h innovation challenge in multidisciplinary teams;
- in Italy, Alstom launched a graduate program that involves 24 months of job rotations in three different jobs, different businesses, different functions, different sites, in order to give a broader understanding of the Company, through a multi-step selection process: online recruitment with an alternate reality game and a project management game. For the best candidates, the following steps take place at our premises as a further stage in the recruitment process: collaborative business game, interviews, meeting with Alstom "junior" ambassadors, visit of the control room. In addition, partnerships with Universities for development, deployment, teaching and internships have been initiated in the following Masters and advanced professional schools: Master Train4Me (*Politecnico di Torino*); Advanced Professional Schools in *Ingegneria dei Sistemi per la Mobilità Integrata*: ICT, Big Data, *Segnalamento, Infrastrutture e Gestione dei progetti* (*Università di Bologna*, Engineering Faculty); Master in *Ingegneria delle Infrastrutture e dei Sistemi Ferroviari* (*Università La Sapienza Roma* – Engineering Faculty); "Mobility Infrastructure and Services" course with *Politecnico di Milano*. Partnerships with local vocational schools were launched in Bari, Maddaloni, Sesto San Giovanni and ELIS/Roma for the railway post diploma master. Various initiatives dedicated to raise awareness of youth, and particularly young girls, to STEM[1] disciplines and to erode gender stereotypes were also launched: "STEM in the City", initiative organized by Milano Municipality in April-May 2019 (Project Management Role Playing with University Students), "Inspiring Girls" and "Sistema Scuola Impresa" (Alstom women STEM role models speaking at intermediate and high schools). Volunteers deliver vocational trainings to members of the local community; these people receive job offers after obtaining their specialisation in aluminium welding and painting. In addition, new graduates have been selected throughout Italy for testing technician positions and, before being hired by Alstom, have received specialized technician training;
- in North America, all businesses have expanded upon the LEAD (Leadership Excellence and Development) program for new university graduates. There are 18 LEAD positions in the USA and two in Canada. Additionally, Talent Management has been reaching out to universities to provide information sessions about Alstom and the rail industry to influence curriculum, as well as interviewing skills and resume writing workshops. Lastly, the region has also incorporated virtual recruitment and online interviews targeted at young talents and universities, in order to reach a broader candidate pool.

Integrating new employees

Welcoming new employees within Alstom is a key priority for the Group's talent strategy. Its goal is to create a climate of trust that encourages new employees to develop a sense of belonging to the Corporation's organisation and culture, and to provide them with the tools and training they need to succeed in their new roles. Onboarding and induction processes are in place on all Alstom sites, which include a globally consistent framework that can then be added on locally based on business needs and site-specific elements. The global framework includes orientation (facilities, tools, team, business strategy and goals), Health and Safety, Ethics and Compliance, details of Alstom's organisation, solutions, culture and values, a clear outline of the job requirements and performance expectations, and awareness of critical site, or regulatory policies and requirements. During 2019/20 more than 7,330 onboarding and induction processes took place.

Global training requirements for new professionals include amongst others' Ethics and Compliance with the Alstom Alert Procedure, High Risk Activities, Railway Safety and AIR Values (Agile, Inclusive, Responsible).

Internal mobility

At Alstom, employees are encouraged to take ownership of their development and to manage their career in collaboration with their managers and Human Resources. Employees are treated equally on the basis of their skills, especially with regard to employment, recruitment, talent identification, mobility, training, remuneration, health and safety, through the implementation of consistent processes and common policies across Alstom.

To enhance internal mobility and stimulate employee applications, Alstom provides a platform where employees can view vacant internal positions and apply for them. In addition, Alstom organises periodically, through the talent network, various local and central forums to match available competencies with business needs and to facilitate cross-functional and cross-regional moves.

Being in an environment where international careers are sought and encouraged, and given the international nature of the Group, international mobility plays an important part in meeting Alstom's business and customer needs. Indeed, on 31 March 2020, Alstom had over 740 employees on international assignments and over 580 employees had moved to international locations permanently. Following the workload decrease and the demobilisation of big projects in the Latin America and Africa/Middle-East/Central Asia Regions, employees have been offered jobs in France, Europe and Asia. Also, thanks to this long and successful experience in internal mobility, Alstom is able to maintain key competencies fostering, at the same time, a truly international and diverse company culture. Alstom also encourages cross-function mobility with 4.1% of its employees having undertaken a role outside of their functional domain (around 1,573 employees). Over 85% of Senior Management positions in Alstom are filled internally.

(1) STEM : Science Technology Engineering Mathematics.

Diversity and inclusion

Equal opportunity

Country-specific diversity action plans are being implemented, integrating nationality or gender and others such as: age/generations, educational background, social status and ability/disability are also included in local action plans.

The global initiatives to promote a more diverse and inclusive workplace in 2019/20 have been:

- the IMclusive Campaign, the definition of Inclusion has been developed with all Alstom employees in the countries. The employees have provided their understanding and definition of Inclusion. These contributions have been used to define Inclusive Behaviour according to Alstom;
- the We Are All Differently Abled Week (WADA Week,) that aims to raise awareness around the disability topic, set up a challenge between the countries to identify and to reward the three best practices to promote the most differently abled workplace;
- workshops on unconscious bias for the Regions Management Committees and Countries Management Committees;
- membership to Catalyst, international non-profit organisation supporting companies on achieving gender balance and building a more inclusive workplace.

The question of professional equality between women and men has been part of Alstom's Social and Human Resources policy for many years. Nevertheless, it should be noted that the Education path leading to the skills required for most Alstom positions primarily attracts men. The proportion of women in those education courses is about 15% to 20%, which prevents meaningful quantitative comparison. Therefore, Alstom focuses particularly on optimising the integration of women in its activities and offering them career opportunities.

In France, where gender equality has been a focus for the Group, Alstom has reached 94 points (out of 100) in 2019 on the gender equality index.

Supporting initiatives dedicated to the promotion of women

Worldwide, Alstom has put in place a mentoring program called "WILL" (Women In Leadership Levels). The Executive Committee members become, for six months, mentors of a selected number of women with the potential to grow in senior leadership roles in the future.

At country or regional level the support to women is mainly implemented through the existence of Alstom Women Network (to name some: in North America AWE – Alstom Women of Excellence, in Italy *Valore D* Community, in Brazil *"Mulheres em foco"*, in the UK "Women in Rail", and in India AWE). Belonging to these networks provides training opportunities around women leadership, work effectiveness, personal branding. The Mentoring is another development initiative widely implemented to support Alstom's women in their career advancement (in some countries cross company mentoring is organised as well to offer a broader knowledge of leadership styles).

Most of the women working for Alstom are involved in initiatives concerning STEM (Science, Technology, Engineering, Mathematics) studies for girls. Many countries organise visits in schools (in Italy and in the UK initiatives called "Inspiring Girls") or visits for girl students in Alstom factories and participate in external dedicated events (for example, with the association *Elles Bougent*) or welcome young girl students for a training period (as in Australia the "Lucy Mentoring Program").

Some countries such as France and the UK have implemented leadership development programs addressed to women, others as Italy have put in place a life-based digital learning program that transforms parenting skills into capabilities for the business.

Promoting cultural diversity

Alstom is fully aware of the strength resulting from the large number of nationalities, cultures and approaches that its employees represent. Specific action plans have been developed at local level to take advantage of this asset.

The Alstom In Motion strategy wants to promote a more international Headquarter to represent the multicultural footprint of the Company. The target set for 2025 in terms of cultural diversity is to reach 30% of middle and senior management coming from countries outside of the location of Headquarters. On 31 December 2019 the percentage of employees with a different country of birth compared to the Alstom Headquarter location was 26%.

Employment and inclusion of disabled people

It has been a continuous guideline within Alstom to develop and support the integration and employment of disabled people. This enables those employees to work in a challenging environment while following the Alstom Code of Ethics – which strictly prohibits any discrimination based on health or disability – and the local regulations.

Regarding disability, Alstom focuses on five complementary areas: job access, maintaining employment, raising awareness, accessibility to premises and information, and partnership with the sheltered work sector. Each entity is encouraged to integrate them into its process. Each year, Alstom organises internal training sessions to help Human Resources team members better understand the various situations relating to disability and to help prepare job interviews and the integration of people with disabilities.

Regulations regarding the employment of disabled people are very different from one country to another. Action plans to promote the integration of people with disabilities in the Company are therefore conducted at local level.

Last year, for the second time the Disability Employment topic took a global dimension at Alstom. With the organisation of the "We Are All Differently Abled Week" (WADA), sites were encouraged to promote the professional integration of people with disabilities and report their good practices. Four of them received an award from the Diversity & Inclusion (D&I) Steering Committee:

- Spain: Fundación ONCE (partnership to design accessible transport systems and to hire more people with special needs);
- UK: Disability Passport (individual work adjustment follow the employee avoiding barriers to internal mobility);
- India: We Are Your Voice Hiring (successful hiring from dedicated job fairs).

In the "Collaboration with the sheltered work sector" category, the winner was:

- France: Tarbes & EPAS 65 (collaboration with an industrial subcontracting company consisting of 20 employees with special needs).

In France, the percentage of people with disabilities has been stable above 7% over the past years (7.4% in 2016, 7.8% in 2017, 7.9% in 2018 and 7.8% in 2019)[1].

(1) See DOETH – French mandatory declaration of disabled workers.

Compensation and benefits

Remuneration schemes

Remuneration evolution

Due to Alstom's presence in numerous countries, the influence of local inflation or other economic factors, no comprehensive indicator can be developed. Alstom's policy is to review the employees' base salaries every year, with a specific attention given to gender equity, and to have open negotiations with employee representatives where they exist. In each country in which Alstom operates, remuneration surveys are conducted through dedicated external providers in order to ensure that remuneration evolves according to local market practices.

Experts and Inventors' remuneration

The Company uses a worldwide Inventors' Remuneration policy which was renewed in 2018 based on a structured recognitions process, under the leadership of a dedicated Intellectual Property Committee. It aims at encouraging employees, especially from Engineering Departments, to propose innovation for patents and recognise each step of the patenting process.

Regarding Experts, recognised in Engineering and Manufacturing by a solid governance process, a specific monitoring of their remuneration is put in place, both on base pay and long-term incentive.

Performance linked to remuneration schemes

Short-term incentive scheme

Alstom's annual short-term incentive scheme is based on two performance factors: collective performance (60% of the incentive target) and individual performance (40% of the incentive target). The target incentive is the incentive payment that is received when 100% of the financial goals and individual objectives are met. If the financial results and/or the employee performance exceed the goals, the incentive paid out may exceed the target incentive.

Eligibility and incentive target rates are linked to the job grading and influenced by local market practice in each country. More than 12,000 employees were eligible for this remuneration scheme on 31 December 2019.

Several indicators based on Corporate Social Responsibility are used in this Short-Term Incentive program based on the Group performance in line with the Alstom strategy:

- Safety at work – the individual performance targets of a number of the top management teams also include related indicators; moreover, the Total Recordable Incident Rate is considered as one of the top collective performance indicators of the Company and is part of the collective targets of the Short-Term Incentive (applicable for 2020/21 and in replacement of the Injury Frequency Rate used in 2019/20);
- Ethics & Compliance – in 2019/20, a collective objective was based on the attendance of Managers and Professionals to the Conflict of Interest learning module, implemented throughout the Group. For 2020/21, this objective has been updated in order to track the attendance of Managers and Professionals to the newly designed Code of Ethics learning module;
- Dow Jones Sustainability Index – in 2019/20, Alstom included in the Group global performance objectives to remain in the DJSI World Index. This objective has been renewed and confirmed with more ambitious targets for 2020/21.

Profit-sharing

Alstom's policy aims to recognise collective performance. Profit-sharing schemes are in place in various countries (such as France, Brazil, Egypt, Germany, Mexico, Chile, South Africa and Italy) covering more than 14,000 members of the Group headcount.

The profit-sharing schemes are often calculated on agreed criteria, including the injury frequency rate reduction or other safety-related indicators. These schemes may also include business-related indicators such as the reduction of waste or quality-related points.

Employee shareholding & long-term incentive scheme

The Extraordinary General Meeting held on 10 July 2019 renewed the principle of an allocation dedicated to employees of up to 5,000,000 shares (existing or newly issued shares) over a period of 24 months, including up to 2,000,000 shares to be dedicated to democratic free share distribution plans.

Subsequent to this authorisation, the Board of Directors approves every year, during its March meeting, new performance share plans. Accordingly, over the past five years, 957,975; 1,022,400; 1,016,025; 1,080,150 and 1,145,625 performance shares have been granted to around 800 employees around the world, with a vesting period of three years and based on internal and external performance conditions, thereby allowing the alignment of shareholders' and employee's interests.

The latest performance share plan integrates a performance condition based on the achievement of objectives in terms of energy consumption reduction from solutions (see details page 190).

After the implementation of the democratic plan "We are Alstom" attributed in 2016 and delivered in 2018, the Company launched in 2019 an Employee Share Purchase Scheme ("WE SHARE ALSTOM") covering 10 countries (representing around 80% of the Group workforce) allowing employees to purchase Alstom shares with a 20% discount on the reference price, and assorted with a 5-year lock in period, through two possible investment schemes. One of them – limited at €500 of investment – offers capital guarantee, the matching of 50% of the employee's investment and a multiple of the protected average increase of the share during the lock-in period. The corresponding capital increase (26 March 2020) totals 1,448,638 shares, for a total of 8,051 participating employees.

On 31 March 2020, current and former employees held 1.69% of the Alstom share capital, either directly or through the Alstom employee shareholding scheme (FCPE).

Health and life insurance

According to the Global Benefit and Corporate Social Responsibility policies and guidelines of the Company, a minimum level of benefits shall be provided to all employees in terms of:

- life insurance coverage, particularly for accidents at work;
- health coverage.

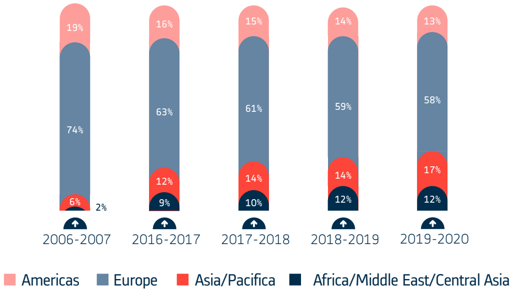
In terms of life insurance, the aim is that all employees should be covered by a life insurance in case of accidental death amounting to at least one year of salary.

In some countries, such as Poland, where headcount has increased significantly over last years, employer contributions to insurance policies are considered as a taxable benefit, leading some employees to decline this offer.

Alstom's Global Benefit policy states that, in countries where the statutory health coverage does not provide adequate benefits or where there are long waiting-lists for treatment, a supplementary healthcare plan can be implemented, or at least a Group plan is negotiated with a local provider as an option for employees to join on a voluntary basis. Preventive care should be encouraged. In countries where inadequate statutory health benefits are provided, then all employees must be covered by a supplementary scheme.

Main results

Total headcount: Workforce breakdown by region (employees)



Source: Alstom HRIS.

Retention Indicators

Resignation rate

The resignation rate, which also reflects the general employment situation in each geographical area where the Company operates, is one of the criteria used to determine the level of satisfaction of the Group's employees. The rates are closely monitored at both global and regional levels.

The Group is closely monitoring this indicator and has put in place action plans to retain at risk employees. Retention schemes are selectively put in place in volatile countries or in specific projects to ensure the retention of key and critical staff.

Resignation rate for employees on permanent contracts in each Region

Region	2017/18	2018/19	2019/20
Europe	4.0%	3.2%	2.8%
Africa/Middle East/Central Asia	6.4%	5.0%	8.9%
Asia/Pacific	10.5%	9.1%	8.0%
Americas	5.6%	5.6%	5.8%
ALSTOM	**5.2%**	**4.5%**	**4.7%**

Source: Alstom HRIS.

Absenteeism

The absenteeism indicator allows the monitoring of Alstom's ability to provide an appropriate working environment for its employees, as part of its well-being policy.

This is the third year that the absenteeism rate has been gathered at Group level. The data shows that "Medical or sick absence due to personal injury and disease" accounts for 88% of total number of absence hours. This indicator is monitored and analysed at local level, and local initiatives around well-being are implemented to reduce the absenteeism rate.

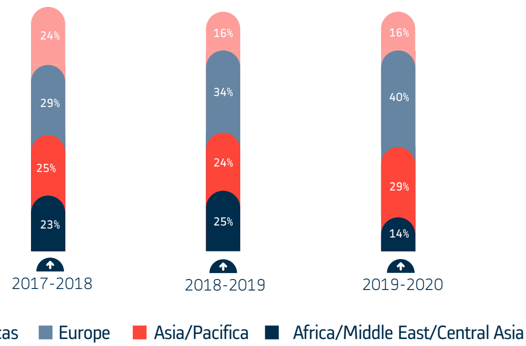
Absenteeism Rate

Region	2017	2018	2019
Europe	3.3%	3.5%	3.4%
Africa/Middle East/Central Asia	2.4% (*)	1.9%(*)	2.5%
Asia/Pacific	2.4%	2.3%	2.0%
Americas	1.9%	1.8%	1.9%
ALSTOM	**2.9%**	**2.8%**	**2.8%**

Source: Social survey conducted in 28 countries representing 97.1% of the Company's total headcount.
2018 data covered 28 countries representing 94.1% of Alstom's headcount and 2017 data 27 countries (93.9% of headcount).
(*) South Africa absenteeism reporting only covers Ubunye site (South Africa Gibela site excluded).

Talent acquisition indicators

Recruitment by region in 2019/20 (permanent contracts)



Source: Alstom HRIS.

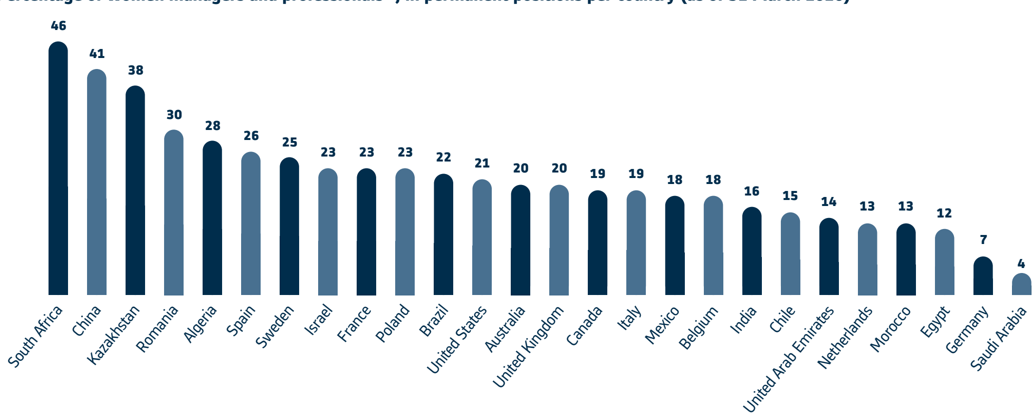
Diversity indicators

Indicators related to women by category

	2017/18	2018/19	2019/20
Percentage of women in the workforce	17.4%	18.1%	18.8%
Percentage of women: managers & professionals	20.1%	20.7%	21.4%
Percentage of women: executives & senior managers	16.3%	16.4%	16.1%
Percentage of women trained in training sessions(*)	17.3%	17.5%	19.3%

Sources: Alstom HRIS. As of 31 March 2020.
(*) 2019 Social survey conducted in 28 countries representing 97.1% of Alstom's total headcount.
2018 survey conducted in 28 countries representing 96.3% of Alstom's total headcount and 2017 survey in 27 countries (95.6% of Alstom's headcount).

Percentage of women managers and professionals(*), in permanent positions per country (as of 31 March 2020)



Source: Alstom HRIS.
(*) Managers, Engineers and Professionals.

Percentage of employees with disabilities

Percentage of employees with disabilities	2017	2018	2019
Alstom	2.8%	2.7%	2.5%
Europe only	4.2%	4.3%	4.1%

Source: 2019 Social survey conducted in 28 countries representing 97.1% of Alstom's total headcount.
2018 survey conducted in 28 countries representing 96.3% of Alstom's headcount and 2017 survey in 27 countries (95.6% of Alstom's headcount).

Compensation and benefits indicator

Health and life insurance coverage indicators

	2017	2018	2019
Ratio of employees covered by a life insurance in case of accidental death or total and permanent disability during calendar year	97.3%	96.9%	97.3%
Ratio of employees covered by a life insurance giving one-year salary in case of accidental death or total and permanent disability during calendar year	90.0%	90.4%	88.7%

Source: 2019 Social survey conducted in 28 countries representing 97.1% of Alstom's total headcount.
2018 survey conducted in 28 countries representing 96.3% of Alstom's headcount and 2017 survey in 27 countries (95.6% of Alstom's headcount).

Key performance indicator

	Top Employer 2019	Top Employer 2020	Objective 2025
Top Employer Certification	1 country (Spain)	6 countries (France, Spain, Poland, the United Kingdom, Belgium and Italy)	Global Top Employer certification

People development

Our Human Resources Strategy aims at providing "a unique Employee Experience to further Engage our People towards Alstom success". This unique employee experience includes not just attracting, rewarding and retaining employees but also leveraging the management ability to develop all talents, so as to have the right people at the right time. The Alstom Human Resources function works closely with people leaders to facilitate the development of the competencies needed to perform our activities in order to ensure:

- on time delivery and quality of projects – proper competency management allows Alstom to have the relevant managerial/leadership and technical competencies, which are necessary in order to deliver projects to its customers on time and of high-quality;
- employee retention – a lack of career development could lead to an increase in attrition rate (see the section on Recruitment, Engagement and Retention, page 228). This could result in a lack of skilled people or lack of manpower therefore having consequences on the timely progress and quality of projects Alstom executes;
- learning culture – maintaining a culture where keeping oneself updated with business needed skills is critical in the changing context of worldwide markets. In order to maintain our strong business competitiveness and address technological developments it is important to have a solid learning culture which is a priority for Alstom.

Strategy and policies

Effective Talent Management is at the heart of Alstom's identity. Developing talented people is one of the keys to maintain the Group's leadership in our global markets and to grow its business in the future. Alstom seeks more and more local talented resources in new markets (Asia Pacific, North America) while relying on strong skilled resources in more mature countries (Europe) and while retaining skills (Africa/Middle East/Central Asia & Latin America). Competency development therefore has been identified as a key risk for the business to mitigate.

The internal human resources strategy is deployed within the Group by the team in charge of Talent Management and Organisational Development. Its goal is to enable Alstom to attract and develop leaders in its areas of activity as well as to develop a sustainable talent pool for the present and the future. Moreover, the Talent Management and Organisational Development team facilitate the recruitment and management of talent pipelines (including their skills and performance) through continuous learning embedded in the People Management Cycle process (see the section on Recruitment, Engagement and Retention, page 228). Its main tools for efficient talent management are the following:

- Performance and Talent Management – the People Management Cycle in Alstom aims at aligning individual contribution to the organisation's goals by setting reliable objectives and reviewing on a continuous basis their achievement progress. As part of the assessment, competencies assessments are also being implemented to better guide the development plans;
- Learning solutions and learning culture – for Alstom, learning is a key priority in order to develop its employees and maintain their competencies at a high level. The main goal is to ensure the sustainable success of the Company and to better address competition. Training is also a key lever for employee development, representing an enormous source of motivation;
- Global HR Business Partnership – the new HR operating model which defines the Global Business Partnership of functions, Operations Excellence and Platforms mirroring the Alstom Operating Model (AOM) adds to the global facilitation of skills development for each Function/Business;
- Learning Academies – Alstom has also initiated the creation of learning academies within each business/function (Project Management, Industrial, Finance, Quality, etc.) to add critical focus on the development of skills and competencies of employees. These academies work in close cooperation with Alstom University so as to develop business critical Technical/Functional/Techno commercial curriculum so that employees in the respective businesses can access these training curriculums as per their individual development plans.

Processes and action plans

Performance and talent management

Career path management relies on the combination of three processes articulated in the People Management Cycle launched each year on 1 March:

- Objective setting and annual performance evaluation – all employees participate in an annual objective setting meeting and performance evaluation with their managers. The aim is to discuss and agree on specific individual objectives at the beginning of each fiscal year. At the end of the fiscal year, during the annual performance evaluation, the manager and the employee review the achievement of these objectives. All managers, engineers and professionals participate in the objective setting and performance evaluation process. At the end of May 2019, 94% of managers, engineers and professionals had had a performance interview (15,458 out of 16,397);
- People Review and Succession Planning – this is a key management engagement event, conducted on a yearly basis by both HR and managers with the objective of putting the right person in the right place at the right time. It aims to build a collective and shared vision on the potential of employees and their evolution within the Organisation as well as to prepare the next steps of their careers taking into account their career aspirations and the needs of the Company. This staff review allows management to handle employees on the basis of performance, potential for change and the wishes expressed by employees as well as to develop succession plans for key positions. Decisions taken during the People Reviews are communicated by the manager to his/her direct reports during an individual meeting, called the People Review Feedback, which is part of the People Management Cycle. People reviews are carried out at sites, Regions, functions and Group level as a whole and cover systematically about 18,500 people;
- Assessment and evaluation of competencies – each year, during the competency assessment exercise, the employee carries out a self-assessment; the manager evaluates the employee and then; during the meeting held together, they discuss the assessments and decide, if needed, on development actions (training or other). In each function a business leader defines the competency matrix frame with support of Central HR. This matrix is reviewed on yearly basis to be in line with business needs and to take into consideration feedback from the previous campaign assessment. These assessments allow for a better allocation of resources, a better identification of training needs and the implementation of more relevant individual development programs. This also provides key inputs for collective development and new programs;

The new values "Agile", "Inclusive" and "Responsible" are now embedded in the People Management Cycle ensuring that the behavioral competencies are aligned with our Company core values. An e-learning is also available to all employees to boost the development of these soft skills.

Alstom encourages managers and employees to follow a training module on Performance Management & Talent Development, which enables managers to master basic people management skills, including how to effectively evaluate their performance, setting "SMART" objectives, structuring development plans, or providing feedback.

Learning Solutions

Alstom University

Learning is the cornerstone of Alstom's people development strategy. The corporate University – Alstom University – proposes relevant and customized programmes. Carefully chosen expert partners – universities, external consultants, companies specialized in training design and delivery, as well as internal specialists – collaborate on these programmes. In addition, a wide range of training methods is used (including classroom-based learning, workshops, virtual classrooms, e-learning, blended learning, virtual reality modules). Today, the existing global catalogue proposes more than 400 different courses (face to face and virtual classrooms) and online content comprised of more than 1,000 in-house and more than 6,000 off-the-shelf learning elements (e-learning, tutorials, testimonials, MOOCs) in many languages in order to support self-development. All of the core business topics are addressed: Security, Environment, Health and Safety, Cybersecurity, Manufacturing, Engineering, Railway Security, Innovation, Industrial, Project Management, Signaling, Supply Chain, Sourcing, Finance, Legal, HR, Communication, Leadership and Management, Ethics & Compliance, Sustainability and CSR.

The main missions of the Alstom University team include:

- to define and share annual learning orientations in line with business strategy;
- to design, build and manage a central and global learning offer and deploy it worldwide;
- to benchmark and detect innovative training methods and tools;
- to animate and facilitate the sharing of best practices and networking within the Learning community;
- to identify, train and reward internal trainers across the organisation.

The core component of the Digital Learning ecosystem is the i-Learn portal: a web platform available from any device (computer, tablet, smartphone) that offers highly interactive digital learning, within and outside of Alstom's universe. People can explore a broad range of topics, find relevant content and learn at their own pace. They are also able to create and share content in their area of expertise in a variety of formats. This award-winning corporate university has been granted with the 2019 U-Spring Silver Award for best Strategic Transformation and Gold Award jury's prize as well as the 2019 Brandon Hall Gold Award for the Best Launch of a Corporate University. It provides a learning offering that enables Alstom's people development and thus reduces risks related to the need for re-skilling and upskilling at scale.

The global learning orientations established for the fiscal year 2019/20 and shared with all the regions focused on:

- keeping ethics and compliance at the heart of Alstom ways of working;
- having security and safety at the top of Alstom priorities;
- reinforcing technical expertise and the capacity to innovate;
- targeting excellence in execution of Alstom products and projects;
- leading and motivating diverse teams.

The percentage of employees trained is 90.2% and the average number of training hours per employee is at 20.1 hours on average. During the fiscal year 2019/20, two main topics were approached by Alstom University:

- the development of needed competencies for the regions and countries with business growth (main development regions – Asia-Pacific, Africa/Middle East/Central Asia and North America);
- the deployment of a large training program regarding the new Alstom Strategy and the new AIR Values called the "Challenge Accepted Programme". It has generated more than 37,600 of hours of Learning by leveraging the Digital Learning Ecosystem put in place. It combines a challenge by countries and donations to NGOs based on the learning of employees: the more they learn the better off their country is and the more they can donate to charitable causes.

Knowledge management and transfer

Alstom believes that there is a positive and significant relationship between motivation and performance, and that having opportunities to learn is part of this motivation. Developing all employees is part of the Company's "People Management Cycle", which guides managers in empowering their teams. For each employee a training plan is designed annually together with his/her manager and the Human Resources partner and put into action during the year. In addition to the training planned, Alstom employees have access to an increased learning offer thanks to free access to a range of Digital Learning content. The digital portal also has the virtue of connecting experts and learners. Moreover, Alstom University supports local experts, Knowledge Centers as well as Technical Training Centers within the Company by bringing educational methods and tools to them.

Alstom University supports and animates the identification and training of internal trainers. Indeed, Alstom believes that being able to design and deliver training is a real managerial competency that needs to be valued but also that internal training helps develop and keep the expertise within the Company (being taught by colleagues facilitates the knowledge transfer).

In 2019/20, more than 530 internal trainers have been running training courses of the Alstom University Catalogue and more than 84% of the training sessions have been delivered by internal trainers. In this context, an internal training policy has been implemented in response to the constant increase in training volume. This policy explains how Alstom recruits new trainers but also how they are rewarded in order to keep them engaged in this role. This network of internal trainers is animated on a regular basis by Alstom University which also manages the implementation of the Internal Trainer Policy.

Finally, Alstom focuses on coaching and mentorship based on individual development needs. This kind of engagement is implemented globally and regionally to address people development areas and to support the sharing of knowledge and learning from each other.

In order to manage the Company's core competencies, Human Resources have developed different programmes to address the management of key competencies across functions, such as: technical experts, project managers, and employees with management and leadership roles (people management).

Technical experts' development programmes

Alstom manages the development of technical experts through programmes adapted to their specific needs and environment. In particular, the World Class Engineering and World Class manufacturing programmes are important yearly processes meant to identify all technical experts, and to provide them with appropriate personal development opportunities ensuring that technical expertise supports the evolution of the market and Alstom's strategy. Today, Alstom benefits from a global network of around 420 Senior Experts and 117 Master Experts. Their main missions are:

- to use their technical expertise to support the teams in charge of the operational performance of bids and projects, both through design reviews and the resolution of problems arising during commercial service;
- to develop Alstom's knowledge in their field and to transmit their knowhow internally, thereby acting as trainers;
- to develop their influence in their area of competence and get recognition, not only within their entity or within the Company, but also outside the Company (in particular for Master Experts).

Specific skills-transfer programs are implemented for Senior & Master Experts in order to develop technical expertise in the organisation.

Project Management development programmes

Since 2016, Alstom has run a certification programme for its project manager community aimed at bringing a recognised external vision to the assessment and development of the Company's project management skills. This certification is provided by the International Project Management Association (IPMA), an independent certification body. Since April 2018, 107 employees had been certified as Project Managers (PM) or Bid Managers (BM) for the 2 first years. The full programme will be gradually rolled out to the broader Project and Bid community, with 82 new applicants for the next enrollment.

Management development programmes

Management development programmes are mainly intended to develop management and leadership skills:

- At central level, Alstom developed the "Accelerated Leadership Programme" (ALP) that has been in place for several years and which has been enriched and fine-tuned each year based on return of experience. It is a Learning Journey on Personal Leadership Development organised in three modules and held in various international locations. It aims to develop mid-level managerial executives, with diverse backgrounds, with the potential to grow towards roles with more responsibility and more complexity. The career progression of the participants is centrally monitored. In 2019/20, 15 different nationalities were represented among the 24 participants whilst 30% were women.
- The WILL (Women in Leadership Levels) program targets women leaders to be developed into Senior Management positions with a unique mentoring and sponsorship directly by the Alstom Executive Committee. The program is now running successfully for the second consecutive year and has been widely appreciated by employees and management. We have also seen the benefits of this program with some women leaders who were enrolled into the program already nominated to Senior Management Positions.

- At central level, the Talent Groups Program brings together 40 employees from all around the world every year. These employees are selected and split in project groups to work on several innovative projects led by a Sponsor and Facilitator from the Top Management. The groups work together for 6 months to prepare a final presentation that will be evaluated by a Top Management Jury.
- Another program managed at central level is "Leading with Expertise" that involves every year around 20 Senior or Master Experts. This program, organised in three modules, aims to develop the leadership skills of our experts and provide tools to better manage their knowledge transfer capabilities and to better build and develop experts network.
- Alstom also provides 360° feedback as a development tool to help managers at different levels to improve their leadership and managerial skills. In 2019, more than 80 managers participated in the 360° feedback programs and received debriefing from certified coaches or HR professionals.
- At local level, other management development programmes are organised to address local needs. To mention some of these programs currently running: "M3 program" in the Africa/Middle East/Central Asia Region designed with HEC business school (Paris); and for Asia-Pacific the "FMP – Future Managers Program" designed with Nanyang business school (Singapore). In 2019, the France Region developed a France Leadership Program with HEC business school.

Main results and performance indicators

Training indicator

	2017	2018	2019	Target
Percentage of employees who have had training	86.3%	87.2%	90.2%	N/A
Average number of training hours/employee	19.6	20.4	20.1	20
Total number of training hours	621,042	677,762	724,240	N/A

Source: 2019 Social survey conducted in 28 countries representing 97.1% of Alstom's total headcount.
2018 survey conducted in 28 countries representing 96.3% of Alstom's headcount and 2017 survey in 27 countries (95.6% of the Group's headcount).
N.B: Data do not include apprenticeship training except for Germany

Training assessment

	2018/19	2019/20	Target
Net Promoter Score = Willingness of trainees to recommend the training they have received	42	43	42

Source: HRIS.
"Net Promoter score" is a ratio ranging from -100 to 100 that measures the willingness of interviewees to recommend a service to others.
It is calculated as "Number of people who say they strongly agree on recommending the content to their colleagues" divided by the "number of people who either Strongly or Mostly Disagree to recommend".

3. CREATING A POSITIVE IMPACT ON SOCIETY

As a global group with operations in many countries around the globe, Alstom can play a key role in encouraging local development (page 238), by working with local supply chains and contributing to the economic development of regions. Alstom's commitment to community investment also includes ongoing engagement with communities local to its sites demonstrating its long-term commitment to those locations (page 240).

Encouraging local development

As an international company working for public authorities, Alstom develops and anchors its projects in the local economies where it operates. The Group's economic performance depends on its ability to respond to the different types of contractual location requirements that are often very important in public procurement and to adapt to the country's regulatory requirements. Its contribution to local development includes a number of schemes: employment at the local level or collaboration with small, medium and large local companies, competitive clusters, associations, academic institutions such as universities, for example, but also more broadly the development of relations with local economic players.

Strategy and policies

On a global scale, the development of local businesses is one of the axis of Alstom's community investment policy. The Group's main objective is to support innovative local institutions and companies, to participate to the growth of the local supply chain and to contribute directly or indirectly to the development of the territories in which the Group operates (see Sustainable Sourcing policy, page 248).

Wherever Alstom extends its industrial footprint, new ecosystems emerge. Indeed the Company works in collaboration with a large number of suppliers and wherever it operates secures that a suppliers ecosystem develops itself to support its projects while complying with contract requirements on localisation. The construction of Alstom plants in India, South Africa and Canada and the installation of plants close to companies benefiting from this long-term presence are the best recent illustrations of this.

Furthermore, as part of its open innovation policy, Alstom contributes to local development by participating in technology and research programmes and promoting the most promising key technologies through various instruments such as competitiveness clusters.

Procedures and action plans

Alstom's contribution to local economic development lies in its ability to provide a tailored response to the varied challenges specific to each customer and each country.

As such, Alstom's local supply chain footprint and development is carried out in compliance with national laws and regulations and in line with customer requirements. In this context, Alstom's expert international teams draw on their knowledge of the ecosystems in each region and are able to propose solutions that respond specifically to local economic development projects.

Ahead of projects, Alstom teams contact economic organisations, local and international companies already established in the country and coordinate the implementation of complementary structures (*e.g.* offices, maintenance depots, industrial sites) when necessary, according to the contractual scheme chosen by the customer.

Alstom's purchasing activity is one of the major pillars of the Group's successful international development, reinforced by a network of local suppliers and subcontractors in 85 countries.

Alstom thus takes responsibility for accompanying and supporting both small and medium-sized enterprises (SMEs) and start-ups through sponsorship and, in some cases, financial support. Particular emphasis is placed on strengthening supplier skills and addressing the prerequisites to become an Alstom supplier, notably in terms of quality standards, working practices, ethics and compliance or human rights.

Alstom continues its growth and international expansion by further strengthening its relationships with suppliers and subcontractors through various support programmes.

Examples of support for local companies:

- support for local start-ups:
  - provision of venture capital,
  - sponsoring hackathons;
- support of local supply chains:
  - development of the local supplier base to meet future needs,
  - training to meet Alstom's requirements (quality, standards, etc.) to reinforce suppliers capabilities.

Main results

Alstom's current international presence in 60 countries demonstrates, on the one hand, the Group's ability to adapt its organisation to strengthen its international coverage and thus to guarantee an almost exclusive proximity to its customers, which is key to establish privileged relationships. Established in 85 countries, the very large geographical footprint of Alstom's suppliers and subcontractors is, on the other hand, indicative of Alstom's impact on local economic activity on a global scale.

In this respect, Alstom's Purchasing organisation demonstrates a great deal of expertise enabling it to meet the various contractual and regulatory requirements: whether it is the "Buy American Act", "Make-in-India" requirements or the localisation of subcontracting activities in Vietnam and the Philippines through a network of local suppliers.

Some Group's recent actions illustrate its local development policy at the global level:

- Alstom supports innovative companies through the venture capital funds Aster II and VI in which €50 million have been committed. Investments are targeting early-stage startups in the field of industry (digital factory, engineering 4.0, computing…) and mobility (new usages, sustainable mobility, multi-modality, connected and autonomous vehicles). Aster offices in Paris, Cambridge, Tel-Aviv and San Francisco enable Alstom to identify the best opportunities in the main innovation hubs. The latest newcomer in the portfolio is PacketAI: this French company founded in 2018 is developing solution based on artificial intelligence that aims at predicting and preventing IT related incidents (bugs, connectivity issues, service disruption).
- In Australia, Alstom has signed a contract with the Public Transport Authority of Western Australia (PTA) to manufacture and maintain the next generation of C-series trains for Perth's growing rail network. The project sees the transfer of the latest railway technologies and manufacturing processes to Western Australia, establishing the most technologically advanced train manufacturing and maintenance sites in Australia. Alstom provides fast-tracked training and skills development programmes through dedicated partnerships with local Technical and Further Education "TAFE" and training organisations, creating a new generation of skilled railway manufacturing professionals.
- In India, Alstom is actively implementing the national Make-in-India policy notably *via* the development of local vendors. For instance, Alstom is sponsoring supplier development programs for 47 suppliers with the objective to develop and improve their maturity. In just six years since its commencement, the Sricity facility in India has cemented its position as a manufacturing hub for Alstom's domestic and international clients. The supply chain is close to being 75% domestic to ensure localised manufacturing. Locally, it is also a preferred workplace due to the regular employee development and inclusive programmes.
- In South Africa, Alstom is now present through two joint-ventures: Gibela which builds passenger trains for the national railway agency PRASA and Alstom Ubunye which produces train components primarly for Gibela. Alstom's footprint comprises two manufacturing facilities near Johannesburg. The 78-hectare Gibela Dunnottar plant is a world-class hub for train manufacturing excellence in the African continent and was built at an investment of more than €50 million. The Alstom Ubunye facility has been fully modernised since its acquisition by Alstom and was inaugurated in october 2019. Both JVs are well established South African companies, with local partners, and more than 95% of the 1,500 strong workforce are local employees. With a 65% local content contractual commitment, Gibela is heavily invested in developing local supply-chains and sourcing components from local companies. The company currently relies on 79 South-African suppliers to supply critical components for its trains such as cables, sub-systems or interiors. The company hosts Supplier Days to showcase procurement requirements to local businesses and has adjusted its sourcing processes to enable entry into its supply chain. As part of efforts to develop a strong, sustainable South African supplier base, Gibela has also deployed a robust supplier development programme which now hosts 40 companies and focuses on technology transfer, capacity ramp-up and compliance to international standards. Alstom is committed to boosting the economy and industry by creating jobs and developing skills. The company is providing technical solutions with local partners – developing expertise, local suppliers and unique technology. This also includes bringing international suppliers to South Africa to build local capacity. The first Socio-Economic Impact Report completed in 2016 showed that the total contribution of the PRASA project to South Africa's GDP, in addition to the value of the 600 new trains built, will be around €5 billion between 2017 and 2028 [1].

(1) Gibela, *Socio-economic impact report*, 2016.

- In the United States, Alstom is building the next generation of high-speed trainsets for Amtrak in full compliance with the Buy America Act. The first two trainsets have been manufactured in New York State and are undergoing testing at U.S. facilities. Alstom is using parts manufactured by nearly 250 suppliers in 27 states, with 95% of the components produced domestically. More than 1,300 new jobs will be generated in nearly 90 communities across the United States to support production, including the creation of new, sustainable, high-tech, engineering and manufacturing jobs. Alstom is a committed partner of women and minority groups, as well as Disadvantaged Business Enterprises "DBE" supporting disadvantaged and disabled people. The Group has contributed to the development of DBEs qualified for the strictest standards in the rail industry, thereby developing new high-tech, local skill sets. This strong commitment extends not only to direct contracts between Alstom and suppliers, but also between contracted suppliers and companies that supply them.
- In France, Alstom is a member of several organisations and develops projects with SMEs:
  - The Group has been a member of the Pacte PME Association since its inception in 2010. This association brings together 53 companies (public and large private companies) and 35 professional organisations whose common ambition is to facilitate and strengthen cooperation between large groups and SMEs in order to lead to the emergence of new leading companies. Within this association, the Alstom Group conducts support actions for its SMEs in three areas: innovation, mutualisation and international development. In October 2019, the second edition of the "Destination ETI" program was launched. This program, which aims to support 35 SME leaders so that they can grow their businesses, meets a great success. For the second consecutive year, Alstom is part of the main partners sponsoring the project, dedicated this year to the development of "Smart cities". In addition, Alstom is one of the eight founding members of the "Pacte International" platform which aims to help SMEs to export.
  - Alstom is also a member of the Alliance et Territoires Association, which was founded to develop employability in Rhône-Alpes by creating a secure dynamic in employment and skills development. Its main activities concern the development of initiatives, pathways and programmes for the enhancement of skills, by contributing to social innovation or by developing new management, human resources and social responsibility practices.
  - Alstom develops joint projects with SMEs and academics under the Investments for the Future programme. This is the case, for example, of the Technological Research Institute of Saclay (Systemx) and in northern France (Railenium) as well as the Institut de Transition énergétique de Villeurbanne (Supergrid). In order to develop ecosystems around innovation, Alstom is also present in many competitiveness poles, such as: the I-Trans and Medea poles (in the north of France), the Vehicle of the Future pole in Belfort, the Aerospace Valley hub in Toulouse or the Systematic hub in Paris. More information is available at www.alstom.com.

Social impact assessments

Two Social Impact Assessments (SIAs) were conducted over the last years on the Company's activity in the United Kingdom and on the activity of the Gibela joint venture in South Africa. The aim was to assess the economic value of these activities and their contribution to the local economy. The assessment looked at the value of the entities as suppliers of products and services, as major employers and skills developers, and as drivers of local supply chains and economic development of local communities. The assessment also looked at their ecological footprint, their role as corporate citizens and their overall contribution to national development. An updated social impact assessment will be published for Gibela in 2020.

In the future, Alstom plans to measure more broadly the social benefit of its activities and its contribution to the development of its territories in its various countries of operations.

Relationship with local communities

The legitimacy of a company like Alstom, which is operating in many countries around the globe, stands not just on its ability to satisfy its customers, partners, investors and employees, but also on the acceptance of its presence by the communities amongst which it is located. The lack of open and regular engagement with these local communities could impact a company's reputation thereby challenging this legitimacy – its "Licence to operate" – potentially giving rise to dispute with its neighbours.

Establishing itself locally and demonstrating positive impact are essential to the preservation of a company's ability to perform its day to day business. Through dialogue with these communities and contribution to local initiatives, Alstom strives to be a good corporate citizen, the success of which is good for the broader community.

Strategy and policies

Alstom recognises that, whilst it is a global player, it also has the obligation to act as a local player wherever it is operating. This requires engagement with communities local to its sites and offices in order to nurture good relationships, ensure an acceptance of its presence and demonstrate its long-term commitment to those locations. The Company's various stakeholders – its customers; investors; employees; local authorities; and the local communities themselves – increasingly expect such engagement to lead to measurable material benefit for the communities; indeed, in some countries (*e.g.* India) there is a legal requirement for companies to undertake such activities.

This strategy is fully integrated in the Company's Sustainability and CSR policy. The Sustainability & CSR function coordinates the transversal deployment of the related Community Investment and Volunteering policies through a network of CSR Champions located in all countries or clusters in which Alstom has a significant presence. A key measure of the effectiveness of these policies, addressed under Alstom In Motion strategy – Our commitment to society, is the number of beneficiaries each year from the various activities undertaken.

Community investment

Alstom first defined its global Community Investment Policy – which is published on the Company's website – in 2013. Since then it has consistently applied this policy, engaging with local stakeholders in order to develop and implement local action plans (the Country Community Action Plans or CCAPs) which address their expectations and needs.

The Community Investment Policy has three priorities:

- responding to local social needs;
- supporting development through education;
- encouraging the development of local enterprises (see the section on Local Development, page 238).

Responding to local social needs

Alstom seeks to make a positive impact on disadvantaged local communities, improving their living conditions and their socio-economic standing through pragmatic dialogue and by encouraging employee awareness and employee involvement in various volunteering activities.

Alstom is involved in charitable activities and fund-raising in most of the countries in which it has a major presence. The Company encourages initiatives amongst its employees to raise money or make other forms of donation in support of local charities and often contributes to them in some way, such as through sponsorship, the "matching" of employee donations, the provision of logistical support, the provision of food or refreshments, by allowing the use of company property or by giving employees the time to participate.

Most usually Alstom's employees get involved in fund-raising events such as charity runs, sponsored bicycle rides, golf tournaments, coffee mornings and barbecues. They also frequently engage in collecting or donating clothes, toys, books or food. In France, an agreement with the charity Emmaus has led to a van being made available twice a year at the Company's Headquarters into which employees may put items which could be of value to disadvantaged individuals or saleable to raise money. Other countries, such as Belgium, Italy, Poland, Brazil and USA, have similar initiatives but more geared to a specific calendar event such as Christmas time, Ramadan or Chinese New Year.

Overall, Alstom addresses social needs through its support to charities and through community project support. Emergency relief in the wake of natural disasters is in the remit of the Alstom Foundation.

Examples of charitable support include:

- donations of cash, products (food; toys, clothes…), services or equipment to local, national and international charitable appeals;
- membership of, and subscriptions to, charitable organisations that help to deliver the community engagement strategy;
- company-matching of employee donations and fundraising;
- employee volunteering during working hours.

Examples of community support include:

- the provision of expertise in such areas as the environment; diversity; human rights; STEM (Science, Technology, Engineering, Mathematics);
- general manpower and financial support to disadvantaged communities;
- grants, donations (cash, product, services or equipment) to community partner organisations;
- support to individuals of the community who are struggling, by such actions as God-fathering jobseekers and targeted recruitment of local people from disadvantaged backgrounds or without qualifications.

Supporting development through education

Alstom promotes education among young people through four primary activities: the development of individual skills and employability, the raising of awareness on key topics linked to Alstom values (*e.g.* the environment, diversity, health and safety, human rights, STEM), support to schools and partnerships with colleges and universities. The Company has created a core group of STEM Ambassadors with the expertise, experience, training and will to collaborate with educational establishments to promote STEM topics and to mentor individual students.

Alstom's sites around the world often have strong links, either formal or informal, to local schools, supporting them by organising familiarisation visits to its sites, by participating in Governing or Examining Boards, by deploying its STEM Ambassadors to encourage the children to contemplate careers in these areas, by facilitating internships and by fulfilling other needs such as equipment provision or the renovation of school infrastructure.

Alstom has a broad array of technical partnerships in place with Universities/Higher Education establishments in Europe and beyond. The objective of these is to enhance the Company's Research and Development (R&D) capability by using local talent. A list of these partners by country can be found on the Alstom website.

The Company has targeted relationships with selected educational establishments around the world aimed at facilitating internships and encouraging students into the railway industry. This has the double benefit of allowing alumni to secure good jobs at the end of their course, whilst allowing Alstom to identify strong candidates for recruitment.

Beyond this, the Company frequently supports educational establishments by making its experts available as lecturers, examiners and mentors, by participating in job/career fairs, and by organising workshops and site visits.

Further examples of education-related activities include:

- developing employability – encouraging individuals *e.g.* In-house training and placements of local people and mentoring of apprentices;
- support to schools *e.g.* Organisation of Alstom site visits; General manpower and financial support;
- partnerships with and support to Colleges and Universities:
  - providing lecturers on engineering-related topics,
  - establishment of Alstom Scholarships/Chairs,
  - sponsoring engineering fairs, innovation competitions and hackathons.

Volunteering

In order to support its Community Investment Policy, Alstom has developed a Volunteering Policy which seeks to encourage volunteering amongst its workforce. It is estimated that a significant proportion of the Alstom workforce (between 15-25%) engages in some sort of philanthropic activity in support of good causes. This they do of their own volition, giving freely of their time, money and expertise. Alstom seeks to leverage this, adding value where it can consistent with its Community Investment Policy. Local management teams are authorised to allow Alstom employees to spend one paid day per year to undertake a volunteering activity. Whilst activities can be undertaken at individual level, it has been found that team activities give the best results for the beneficiaries whilst promoting team-building amongst Alstom colleagues.

Processes and action plans

Under the banner of "Alstom in the Community" there are two arms to the Company's local community activities. One arm is the Alstom Foundation which is a centrally managed entity, with its own unique budget and branding, which selects, finances and monitors the progress of community-related projects around the world on a once-a-year cycle. These projects are generally of a duration of between six months and three years. The second arm involves the management teams, in all countries in which Alstom has a significant employee headcount, in the development of their own annual Country Community Action Plans (CCAPs). 29 countries or country clusters, representing over 96% of the Alstom workforce, established CCAPs during the year, encompassing more than 550 separate activities. This compares with 27 countries/clusters and just under 500 activities during the previous fiscal year. These plans are developed, funded, managed and implemented locally in line with the Company's Community Investment Policy. The actions under each plan are decided based upon a local perspective of how the Company can have maximum impact in addressing local needs, whilst taking account of local culture and sensitivities. Such actions are normally performed in the name of the local Alstom entity.

The Alstom Foundation

The Alstom Foundation was created in 2007 in order to share Alstom's success with disadvantaged communities situated in countries where Alstom is active, thereby enhancing the relationships with such communities whilst encouraging the citizenship and engagement of Alstom's employees. Working with international and local partners, the Foundation seeks to improve the living conditions of local communities by providing finance for a variety of concrete initiatives which support socio-economic development and sustainability. With its budget of €1.5 million per year, the Foundation has supported 210 projects to date, including the 25 projects selected in 2019/20. These projects, all of which were submitted by Alstom employees working hand-in-hand with partner entities with proven local expertise, span 58 countries across six of the world's continents. The Alstom Foundation also makes donations on a selective basis to expert Non-Governmental Organisations actively involved in supporting communities in the aftermath of natural disasters. During the Fiscal Year, it acted in the aftermath of the earthquake which hit the Mindanao area of the Philippines in October 2019 and the widespread forest fires which impacted several states of Australia in December 2019 and January 2020.

Whilst its focus in the past has been, and will remain, predominantly developing economies, the Foundation also supports worthy community projects located in developed countries, which recognises the fact that Alstom has a major presence in several developed countries and that disadvantaged communities also exist in these countries.

The projects of the Foundation generally address one or more of the following four challenges:

- supporting communities facing social and economic difficulties;
- protecting or preserving the natural environment;
- addressing energy and/or water supply insecurity;
- assisting communities which suffer from a lack of access to mobility.

In the light of the steadily increasing number of submissions received by the Alstom Foundation each year, it was decided that from 2018/19 the dominant socio-economic category will be refined to address exclusively (i) skills development and employability of disadvantaged young adults and women (ii) care and protection, shelters and homes for children in a precarious position such as street children and orphans.

The Foundation's Board of Directors includes eight members, five of whom are internal to Alstom and three of whom are external experts. All eight members are volunteers. The Board is supported by a Secretariat which undertakes the day-to-day running of the Foundation and implements the Board's decisions. The Secretariat oversees the implementation of the agreements with the selected partners and the progress of the projects that the Foundation is supporting.

32 projects were active in April 2019; of these, 11 remained active at the end of the fiscal year (March 2020) and 25 new ones were added in September 2019, all of which were still active at the fiscal year end. Several of these projects (notably those in Panama; Morocco; Chile; India; Turkey; Hong Kong and South Africa) were the subject of focused volunteering activity by teams of Alstom employees who gave freely of their time and expertise to give on the ground support to local NGO partners.

Country Community Action Plans

In all the countries in which Alstom has a substantial headcount (typically greater than 200 employees) a CSR Champion has been appointed to lead the local implementation of the Company's Community Investment Policy. CSR Champions have also been appointed at Region level to coordinate such activities across countries in a Region and to facilitate approvals where required. With the exception of those in the UK and France, the Champions are not full time in this role, but are considered, on average, to dedicate 15% of their time to it. This equates to roughly six man-years per year in total. Global coordination at headquarters is undertaken by the Director, Community Investment, who ensures the overall consistency of activities and the transfer of best practice from one Region to another.

Alstom has put in place a philanthropy and community engagement strategy spanning all the countries in which it has a major presence. This strategy is consistent with the Community Investment Policy and its priorities are aligned with Alstom's business drivers. Such alignment allows the Company to leverage its strengths, its brand and its employees to have the maximum impact on the beneficiaries. The strategy is underpinned by a process, drawn up in 2018 and lodged formally in the Alstom Management System, which sets out the rules and methodology for the production and implementation of Country Community Action Plans.

A common tool, the CCAP Template, is used by the CSR Champions to support this process, allowing the actions to be planned, monitored, recorded and assessed. It also facilitates consolidation to give an overall global picture of the Company's community actions during the year.

CCAP initiatives must be aligned with the Community Investment Policy with its three axes: meeting social needs; supporting education; cultivating local enterprises.

A global cash budget of €1 million per year has been established to support the implementation of CCAP activities, this money being used as leverage to achieve benefits of greater value to the supported communities. The non-cash costs of such activities, amounting to a cash equivalent of €2.75 million are borne by country or project budgets. In addition, Alstom's Joint Venture in South Africa – Gibela – spent during the year over €10.8 million on Broad-Based Black Economic Empowerment-related skills development and local enterprise development.

Main results and performance indicators

Alstom follows the impact of its community investment policy by monitoring the number of people who benefit from Alstom Foundation projects and local country actions every year:

NUMBER OF BENEFICIARIES FROM SOCIAL PROGRAMMES (*1,000)

	2018/19	2019/20	Target 2025
Alstom Foundation	22	41	30
Actions in support to communities from Country Community Action Plans (CCAP)	54	88	70
TOTAL	**76**	**129**	**100**

The Alstom Foundation

At its meeting in September 2019 the Board of Directors selected 25 projects for support from the 2019/20 budget. These are presented in an Annex on page 272 by geographical region. The relevant local Alstom facility, be it a factory site, an office or some other entity, is identified.

The nature of the projects supported by the Alstom Foundation is such that it is sometimes quite difficult to assess the number of direct beneficiaries of a project. For certain projects the benefits are felt during the implementation phase, whereas for others the benefits can only be realized after the project has been completed. The Foundation has decided to place a special focus on this issue with the goal of positively impacting through its projects at least 30,000 direct beneficiaries per year by 2025. An analysis of the 57 projects that were active during the Fiscal Year 2019/20 across 27 countries indicates that over 41,000 individuals will benefit, or will have benefitted, directly from them once they are completed. Several hundred more have benefitted from the Natural Disaster Fund donations of the Foundation mentioned earlier.

More information about the Alstom Foundation and its projects can be found on the Foundation's website: www.foundation.alstom.com.

Country Community Action Plans (CCAPs)

At the end of the fiscal year, 29 Country Community Action plans had been implemented.

Effective from this year, it has been decided to place special focus on assessing the number of direct beneficiaries of these various actions and on understanding how they benefit – as the ways in which they benefit can vary enormously. Guidelines for assessing the number of direct beneficiaries have been established. Overall, it is estimated that around 88,000 people have benefitted in some way from Alstom's CCAP activities during the year (this number being in addition to the beneficiaries of the Alstom Foundation activities mentioned above).

The following paragraphs highlight the inputs and outcomes of a selection of activities from the list of over 540 undertaken during the Fiscal Year pertinent to each category of the Community Investment Policy. Overall, over 8,400 person-days of Alstom time were committed to these activities.

Responding to local social needs

- Community project support:
  - in various countries (*e.g.* Singapore, Panama, China) Alstom teams have engaged in clearing waste from open areas like beaches, riverbanks and parks. In other countries (*e.g.* Chile, Romania) the Company has participated in reforestation/tree planting activities. Sometimes organised by the Company, sometimes by national or even global movements, the Company often provides the time, the transportation and the equipment for such engagement in the interest of the environment;
  - in Australia, staff from the Ballarat factory provided manpower to support the relocation of the Ballarat Community Health Centre and to help to fit out offices and build a retaining wall.
- Supporting disadvantaged individuals:
  - in several countries (*e.g.* Australia, Belgium, Germany) Alstom encourages its employees to give blood by arranging for the blood transfusion services to come to Alstom premises and by allowing employees to donate during working time. In the case of Spain, Alstom staff fitted out a tram with the necessary equipment and facilities for it to be used as a travelling blood donation facility;
  - in France, the Company provides volunteer and financial support for the NGO "Sport dans la Ville" which seeks to engage with youth from disadvantaged areas through sport, encouraging them through mentorships, internships and other means to move down a pathway towards meaningful careers. The Company is also in partnership at a national level with the NGO "Nos Quartiers ont du Talent" (NQT) in order to help youth with a high degree level, but from disadvantaged backgrounds, to find a job.
- Support to charities:
  - in most countries Alstom engages in activities to raise money and/or to gather items (*e.g.* food, toys, clothes) for donation to charities, often incentivising employee involvement through a matching policy. Frequently, money raising is focused around sporting events such as charity runs (*e.g.* Italy, UAE, Mexico) or golf competitions (*e.g.* USA), but can also include on-site coffee mornings (*e.g.* UK). In Poland, in a scheme to encourage active mobility amongst Alstom

employees, kilometres walked, run, cycled during a specific period and measured using a specially designed application were converted into cash for donation to local charities. Overall around €450,000 was spent in money and time on such activities during the year (not counting the financial contributions from individual Alstom staff);
- Alstom's Modern Workplace programme involves the replacement of many thousands of laptop personal computers used by Alstom staff. Replaced computers that are still usable are cleaned up and then made available to suitable charities, NGOs and schools in disadvantaged areas. After pilots in six countries, the scheme went live in February 2019. During the fiscal year several hundred computers were handed over (*e.g.* Chile; Poland; Norway).

Supporting development through education

- Developing individual skills and employability:
  - Alstom has apprentice, internship and mentoring programmes in place in several countries which are often (as is the case in Brazil, France, Spain and the UK) focused on young people from disadvantaged or marginalised backgrounds. This frequently involves partnerships with local institutions, the training of internal mentors, and the development and implementation of a training plan. The aim is for apprentices to learn a trade as leverage to future employment – whether in Alstom or elsewhere. Training can be full or part time and of different durations;
  - the Charleroi site in Belgium is involved in supporting youngsters suffering from 'school burn-out' who drop out of school before obtaining any qualification. In order to motivate them to finish school, whilst preparing them for later employment, the site participates in a program called "Alternance training" which gives the students a part-time labour contract for 1 or 2 years, allowing them to earn money and be trained whilst completing the school curriculum.
- Raising awareness on key topics:
  - this year has seen a particular focus on the topic of the development of women in business. In France and Spain, for example, Alstom acts in partnership with the Association *"Elles Bougent"* in order to develop mindsets on diversity and promote engineering as a career for women. The Company contributes to a broad range of events – both external (*e.g.* Engineering Day for Women, Industrial week at INSA – the National Institute of Applied Sciences) and internal (*e.g.* hosting site visits);
  - in many countries (*e.g.* Israel, France, Spain) Alstom has an obligation to support people with disabilities. This can take several forms including the creation of meaningful employment; support to supplier organisations that employ a majority disabled workforce; and in involving disabled people in the design of its products and services in order to ensure that their needs are taken into account. In Spain, the Company has in place a frame agreement with *Fundacion ONCE* (an Association for the Blind) aimed at improving vision-impaired people's passenger experience and to promote their employment in Alstom.
- Supporting local schools:
  - in several countries (*e.g.* Chile, Morocco, UK) Alstom holds open days at, or receives organised visits to, its factories and work sites so that school children may gain a perception of life in industry in general, and in the transport sector in particular. Several others provide short term internships to allow children to gain work experience and exposure to different corporate departments. Support is also provided by Alstom Ambassadors giving lessons on STEM topics or acting as school governors;
  - in South Africa, a volunteer team from the local Alstom entity Ubunye supported the renovation of the washrooms at the local Thakalang Primary school in Dudusa. Meanwhile, the joint venture Gibela funded the provision of mobile libraries which circulate among 10 schools in the area to develop the culture of reading in order to have a positive impact on the learners' academic performance.
- Supporting Colleges and Universities:
  - support to Universities can take many forms, ranging from the sponsorship of particular courses (such as the Master in Railway systems infrastructure in Rome, Italy) and individual students, to the funding of the creation of an electrical design laboratory in Saudi Arabia; the provision of computers and other material; the organisation of hackathons; the provision of lecturers on specialist topics and participation at careers fairs;
  - Alstom has in place relationships with more than 20 universities in seven countries, primarily in Europe and the USA, for Research and Development purposes. The list of these, and those of other research establishments with which the Company is working, can be found on the Alstom website www.alstom.com.

Encouraging the development of local enterprises

Please see the section on Encouraging Local Development (page 238).

Covid-19-related actions

Alstom teams have been committed throughout the world to support the fight against the Covid-19 pandemic, for example by donating masks and other protective equipment to hospitals, local communities and partners, leveraging 3D technology to produce face shields and valves for respirators, donating laptops for use by students and isolated people, and organising volunteering in support of affected populations. So far, more than 140,000 masks of various types and protective materials have been donated, along with more than €180,000 in financial donations (mostly for medical equipment, protective clothing, laptops and food banks). Alstom Foundation's budget will also increase from €1.5 to €1.9 million euros in 2020/21, partially funded by a decrease of the Chief Executive Officer and executive committee members' remuneration first quarter of FY2021 to address Covid-19-related priorities.

4. ACTING AS A RESPONSIBLE BUSINESS PARTNER

Alstom aims to be a responsible business partner in every aspect of its activity. This involves:

- Ethics and Compliance (page 245);
- Sustainable sourcing (page 248);
- Respect of human rights (page 251);
- Customer Relationship (page 253);
- Railway Accidents (page 254);
- Tax Evasion (page 256).

Ethics and Compliance[VP]

"Ethics and Compliance" relates to the section "Compliance" in chapter 4.

The respect of the highest standards of integrity is essential for Alstom. Alstom's reputation can only be built through the continuous strengthening of its ethical rules and procedures, as well as the adhesion of all managers and employees, who must know and rigorously apply the principles of Alstom's Code of Ethics and its Ethics & Compliance instructions.

The Alstom Ethics & Compliance (E&C) programme covers the areas of anti-corruption efforts, anti-trust compliance, export controls and trade sanctions, and data privacy. The risks that many of these areas address are potential criminal liability which can result in important criminal penalties and imprisonment for Alstom managers, exclusion from national or international markets in the framework of debarments by public or private authorities and damage to Alstom's reputation in the eyes of its stakeholders in all aspects of its activities (employees, business partners, shareholders, among others).

The regulatory environment in which Alstom operates is becoming more and more complex. One area where this is evidenced is in the field of export control where the types of products that Alstom exports, the customers to whom it exports and the countries to which it exports or from which it imports products and in which it operates are subject to high levels of regulations in many jurisdictions, including the United States of America and the European Union as well as other jurisdictions. More specifically, each aspect of the Alstom E&C programme covers the following topics:

- the Anti-corruption risk is present in Alstom's business activities due to the nature of the activity in the field of public works financed by taxes and other government funding;
- for Anti-trust, there is a risk of anti-competitive practices such as collusion or price fixing due to the structure of Alstom's markets which involve a small number of competitors;
- for export control and sanctions regimes, Alstom's activities are governed by European Union sanction and dual use regimes, OFAC[1] sanctions lists and BIS[2] export regimes in the United States as well as United Nations sanctions lists and other such lists in multiple jurisdictions. The fact that many of these regulations carry an extraterritorial impact make compliance activities even more challenging;
- for data privacy, the main non-compliance risks for Alstom are (i) an unauthorised disclosure of a person's personal data ("data breach"), (ii) an unjustified collection or usage of personal data, and (iii) the inability of Alstom to comply with the rights under law of data subjects (right to be forgotten, right of access, right to object, right of correction, right of transfer).

Strategy and policies

The Alstom Ethics & Compliance Policy, signed by the Chief Compliance Officer, sets forth the values and guiding of the Group. It is fully integrated into the Alstom Group Sustainability and Corporate Social Responsibility policy, which is endorsed by the CEO.

The fundamental rules are included in the Alstom Code of Ethics which prescribes fundamental principles of conduct: respect of laws and regulations, respect of all Alstom rules and policies, prevention of corruption and bribery, compliance with competition laws and the importance for everyone to play his/her role in internal control and the disclosure of information.

Published for the first time in 2001, this document applies to every Alstom manager and employee and is regularly updated. A new version of the Alstom Code of Ethics has been published in 2020 in French and English and considerable efforts are being deployed to meet the objective of having a local language version of the new Alstom Code of Ethics available to all employees. Currently, the updated Code of Ethics is available in 8 languages. The E&C Central team continuously works with local teams to understand the needs of employees and provide further local language versions as required.

The Code of Ethics presents the Alstom Integrity Programme and gives specific instructions and requirements on the level of ethical behaviour expected from each Alstom employee or manager. It also provides contact points so that everyone can raise any question or concern.

The Code of Ethics and related internal rules and instructions cover the way Alstom manages its relations with Customers, Suppliers and Contractors, Sales Partners and Government Procurement in respect of Compliance with Laws and Regulations, Prevention of Corruption and Bribery, Compliance with Competition Laws, the Export Controls and Trade Sanctions, Anti-money Laundering, Conflicts of Interests, Gifts and Hospitality, Environmental Protection, Community Relations, Political Contributions and Activity, Charitable Contributions, Sponsorship, Respect of Human Rights, Relationships with Employees, Career Management for employees, Equal Opportunity Inclusiveness and Non-Discrimination, Health and Safety, Security of Employees, Data Privacy, Respect for Confidential Information, Intellectual Property, Insider Dealing, Communication with Analysts and Investors, Communication with the Media and Use of Social Networks.

The E&C Instructions specify the principles expressed in the Code of Ethics, in particular regarding prevention of Corruption and Bribery with Suppliers and Contractors and in joint ventures and consortia, Gifts and Hospitality, Political Contributions, Charitable Contributions, Sponsorship, dealing with Sales Partners or Consulting Companies, Conflicts of Interest, Facilitation Payments. The E&C Instructions are regularly updated based on the experience of employees, external reviews (lawyers, companies specialised in the questions of ethics and compliance, etc.) and recommendations emanating from the World Bank and the other public entities.

(1) Office of Foreign Assets Control.
(2) Bureau of Industry and Security.

The E&C activities are the responsibility of all Alstom employees and are implemented at all management levels of the organisation. The culture must permeate the whole organisation, the "tone from the top" being relayed by each level of the management to each and every employee.

Within the Board of Directors, the Ethics, Compliance and Sustainability (ECS) Committee, created in 2010, reviews the Ethics & Compliance policy of the Company and the processes in place, and monitors their implementation by providing its advice to the Board of Directors.

The Chief Compliance Officer leads a dedicated team and reports to the General Counsel of Alstom who is a member of the Executive Committee, as well as to the Chairman and Chief Executive Officer and to the Board of Directors. To avoid any conflict of interests, he has autonomy and independence to define and implement rules and adequate processes.

The Ethics and Compliance Department (E&C), managed by the Chief Compliance Officer, includes a central team and a regional network. This team is composed of compliance experts who ensure the implementation of, and the harmonised approach to, the compliance rules of Alstom and its processes. It provides a support for the application of the policies and the current rules.

The regional network is composed of seven regional compliance officers, each reporting hierarchically to the VP Legal & Compliance of the region, and functionally to the Chief Compliance Officer. The regional compliance officers work as closely as possible to the management to provide the support necessary for the operational activities of their region.

In order to increase the awareness of managers and employees, the E&C Department relies on a community of 323 E&C ambassadors, all volunteers, who come from all the functions. These ambassadors agree to devote part of their time to ethics and compliance matters and have no specific responsibility for the implementation of Alstom Integrity Programme. Their main role is to promote the culture of integrity through E&C awareness sessions and participation in any action of communication organised in their region and to be a contact point for questions about ethics and compliance.

Certification

Alstom ensures that its efforts systematically reflect best practices in terms of compliance and ethical standards and regularly reviews and audits its Integrity Programme. Since 2009, Alstom has been engaged in a process of certification of its anti-corruption policy.

Alstom obtained, in June 2017, the ISO 37001 certification for its anti-bribery management system on a European scale. Awarded by AFNOR Certification, this certification confirms Alstom's commitment to fight corruption and marks the start of the Alstom certification campaign that will be followed by further audits in other regions in which the Group operates. The international standard ISO 37001, introduced in October 2016, advocates a series of measures to help organisations of all types, both private and public, to prevent, detect and tackle bribery through the implementation of an anti-bribery management system. The audit focused on the adequacy of Alstom's anti-bribery system according to the standard ISO 37001, in particular its Ethics & Compliance policy, the Code of Ethics, and the various instructions relating to existing anti-corruption procedures and numerous associated training tools.

In 2018, an initial audit took place in the Asia-Pacific Region and this new region obtained the certification. An audit campaign was also launched for the remaining regions between September-December 2018 and Alstom is since 2019 certified ISO 37001 for all the six operational regions.

Processes and action plans

Risk based approach

Alstom deploys its E&C programme to address the risks of its activities and the requirements of its employees and business partners. The E&C Department conducts an annual risk assessment and develops an action plan to mitigate the identified risks. This risk assessment is then conducted on various levels of the organisation to adapt the evaluation of risks locally according to the operational activities and the geographical zone and to adapt corrective actions to every type of risk.

In addition, a compliance assessment is made on each project during the pre-tender preparation phase prior to bidding on the project. Approximately 300 projects were evaluated during the fiscal year. In larger, more complex projects involving consortium partners and joint ventures, specific risk assessments are conducted on the project partners. A mitigation plan is elaborated according to the importance of the project and the risks identified before any answer to a tender, which is then transferred to the Project teams to ensure its execution.

In all projects and activities, the use of commercial agents is also subject to a specific risk review exercise as part of the due diligence and "on boarding" process of the commercial agent.

Finally, at the discretion of the compliance team, specific risk assessments have been implemented for long term projects which involve a significant investment in the country of activity.

Training and communication[VP]

Communication, awareness and training of the managers and employees are essential to explain Alstom's Ethics & Compliance policy. These actions are available on multiple media: on-line modules, class-room sessions and specialist interventions on the questions of ethics and compliance.

The e-Ethics module related to the Code of Ethics targets managers, engineers and professionals for whom it is compulsory upon joining Alstom. This module has been completed by over 18200 employees, which represents 94% of the targeted population.

A targeted three hour class-room "E&C" class goes deeper on the subject of the fight against corruption, the legal environment in which Alstom operates and the Company's rules on this subject. A two-year learning campaign was launched in 2017 with the definition of a new target population, considered as more exposed to the risks of corruption, according to the function and the grading. 80% of the target audience has been trained to date (5,000 employees trained). A new two-year learning campaign is launched in 2020 to renew the learning campaign for the target population considered as more exposed to risks of corruption depending on function and grading.

Finally, as part of our continuous improvement approach, following last year's annual micro-learning on the Alstom Alert Procedure, the second annual micro-learning (10 minutes interactive e-learning refresher) was developed and implemented for this fiscal year with a focus on Conflicts of Interest. The target population for this class is the same as for the e-Ethics, meaning all managers, engineers and professionals. In addition to the objective of raising awareness about Conflicts of Interest, the Executive Committee decided to make this E&C exercise part of the bonus scheme for the second time in Alstom history and, as a result, a Group objective for the Company. The module was completed by over 19,000 employees (97% of the target audience) during the fiscal year.

A number of communication tools were adopted as part of a detailed communication plan in order to increase the visibility of the compliance activities:

- regular news on Alstom's internal communication tools (intranet, social network of Alstom "Chatter", TEAMS magazine);
- an updated E&C educational video addressing the issue of corruption prevention, available in both English and French on the intranet site as well as on www.alstom.com;
- a campaign of posters to give visibility to E&C on sites "10 E&C Golden Rules";
- the "E&C Days", an all-day or half-day compliance event which can be deployed remotely on each Alstom site to raise awareness and adherence to the Alstom Integrity Programme. These sessions are organised to introduce local teams to the E&C team, to highlight the importance of compliance activities in the Region and also to help fully integrate the E&C ambassadors into the program and raise their visibility. The E&C days are an interactive and informal way to reinforce the Company's expectations and promote an ethical culture, demonstrating that everyone is concerned through various role-playing scenarios where the participant is placed in practical situations. More than 25 E&C Days were organised around the world during this fiscal year;
- the celebration of the International Anti-Corruption Day in December with various actions among which were site events.

The E&C team works continuously with the E&C ambassador community to fully integrate them into the Integrity Programme. All training sessions reference the names and contact information of the local ambassadors and are conducted with their involvement when logistics allow. Also, the Regions circulate regular communication messages showcasing the ambassadors in order to publicise them as a point of contact for E&C issues.

A dedicated training course of one and a half days was implemented to strengthen their knowledge of the ethics and compliance subjects and various tools available to the employees of the Company such as the Alstom Alert Procedure. All E&C ambassadors have been trained since the pilot session in February 2017.

Alert Procedure[VP]

The Alstom Alert Procedure allows any employee or any third party in relationship with Alstom to report, according to the applicable legislation, a violation of the Code of Ethics or Alstom rules and policies.

The Alert Procedure offers several means of reporting:

- a secure website (www.alstom.ethicspoint.com);
- an icon for a direct access on every Company computer;
- a toll-free hotline,

all reachable 24 hours a day, seven days a week.

The scope of the Alstom Alert Procedure covers all the values and principles of the Alstom Code of Ethics, according to the applicable legislation in each country including corruption, anti-competitive practices, conflicts of interest; discrimination and harassment at the workplace, health, safety and security at the workplace; environmental issues; other violations of Alstom rules, policies and internal controls, human rights and IT frauds. In 2019, in order to improve granularity, five new categories were added: Accounting Banking, Employee Relations, Insider dealing, Supplier & Customer Relations, Workplace security and theft.

A new online training package was launched in January 2018 with a focus on the Alert Procedure (see section above).

Alstom ensures that every measure is taken to respect reporter confidentiality and make the commitment that no employee will suffer from retaliation, such as a change of status, harassment or any other form of discrimination as a result of using the Alert Procedure or disclosing information in good faith. Alstom also allows the anonymity of the reporter in the respect of applicable legislation.

All cases reported through the Alert Procedure were investigated, measures were taken and sanctions imposed by the Disciplinary Committee in all substantiated cases when judged necessary (oral warning, reminder letter, dismissal).

Disciplinary Committee

Alstom has implemented a Disciplinary Committee as the management body with authority to review cases of non-compliance with the Code of Ethics and Alstom rules and decide on appropriate and uniform disciplinary actions throughout the Company. In order to reinforce the importance of this Committee and the Alstom commitment to discipline, the Committee is made up of the Chief Executive Officer, the General Counsel, the Senior Vice-President of Human Resources and the Chief Compliance Officer.

This Committee adopted a charter which governs its activities and holds reports of meetings and a register of all the disciplinary decisions taken to assure uniformity and equity. If the accused person is an employee, he/she has the right to be heard and any disciplinary action is presented to the employee by the Chief Compliance Officer or by the Human Resources Department and, in certain cases, directly by the General Management, to assure a complete understanding of the measures taken and their justification.

Furthermore, the E&C Central team deploys an annual communication plan to increase awareness regarding the disciplinary measures taken within the Group and publishes regularly anonymous examples of concrete cases.

Continuous improvement

The Company remains committed to the highest level of integrity in its activities and will continue the development of its compliance program.

To control the relevance, the adequacy and the efficiency of the Alstom Integrity Programme, an internal audit plan dedicated to the E&C processes is established every year and a resource of the Internal Audit Department is dedicated to these audits.

To monitor the performance of the Alstom Integrity Programme, the E&C Department launched in 2012 the Yearly Integrity Review to gather feedback on the performance of the Alstom Integrity Programme during the year. The managers requested to complete the questionnaires were identified by Human Resources and the list is reviewed with the Chief Compliance Officer (approximately 400 managers). The managers have also signed a representation letter confirming the commitment to the Alstom Integrity Programme. The ninth exercise will be launched in June 2020 in order to collect the feedback.

Based on the responses, the E&C Department provides to the Chief Executive Officer and the Ethics, Compliance & Sustainability Committee members a summary of feedbacks and statistics on the responses to the online survey. Then, the E&C Department prepares an action plan to meet the perceived points of attention.

Regulation of lobbying activity

In December 2016, France modified its legal framework to reinforce its anti-corruption initiatives and promote transparency in public affairs. In this framework, a register of lobbyists was created by the High Authority for Transparency in Public Life *(Haute Autorité pour la transparence de la vie publique)* for concerned French companies to identify themselves and join the register. This registration was completed by Alstom which is currently identifying and training employees and related parties which are subject to the reporting requirement and since last year, Alstom has submitted the required annual report to the French authorities.

Main results and performance indicators[VP]

The E&C Department uses various indicators to monitor the performance of the Alstom Integrity Program.

	2018/19	2019/20	2021/22 targets
Number of E&C Ambassadors	330	323	
ISO 37001 certification	All regions certified	All regions certified	**Renewal of certification for the Alstom Group**
% of people trained in E&C class (vs targeted population)	83%	80%	**90%**

Sustainable sourcing[VP]

With a presence in 60 countries, spanning 105 sites, Alstom is both a local and international player. Sourcing activities account for nearly 60% of sales and the Group interacts with a wide range of suppliers: start-ups, small, medium and large companies, as well as companies employing people with disabilities.

Sourcing, a source of both opportunities and risks, is therefore a major challenge for the Company. On the one hand, it has a direct impact on the Company's performance. On the other hand, the management of ethical, social and environmental issues (including eco-design, health and safety) in the Sourcing process is fundamental and involves the Group's reputation and the very sustainability of its activities. Knowledge and mastery of these issues can only be established through collaborative and balanced relationships.

The Corporate Social Responsibility (CSR) of Alstom, its suppliers and subcontractors is based on reciprocal commitments and represents an additional opportunity to strengthen these relationships.

Strategy and policies

Fully integrated to the Sourcing Department, the Sustainable Sourcing Department is centralised at Alstom headquarters and relies on a network of more than 850 people worldwide. Sustainable Sourcing is also represented on the Company's Sustainable Development and CSR Steering Committee.

Alstom's Sourcing organisation is structured by domain (Sourcing families) and by region covering the global scope. Sourcing managers are responsible for a defined panel of global strategic product families and are in direct contact, according to a key account management mode, with the suppliers and subcontractors in their portfolio. Local Sourcing is managed by Sourcing teams based on Alstom sites around the world.

Corporate Social Responsibility is the first pillar of Alstom's Sourcing strategy. The main axes, described in the "Sustainable Sourcing Policy", signed by Alstom's Sourcing Director and available on www.alstom.com, are as follows:

- ensure that suppliers and subcontractors commit to respecting the "Alstom Supplier and Subcontractor Ethics and Sustainable Development Charter";
- assess, develop and support suppliers and subcontractors on their performance with a focus on CSR;
- provide eco-designed, environmentally friendly and socially responsible products and services in the context of safe working conditions;
- develop close and balanced relationships with start-ups, small, medium and large companies and companies employing people with disabilities, in both a local and global context;
- work in a continuous improvement approach with appropriate indicators.

Procedures and action plans

Risk mapping[VP]

Each year, the supplier and subcontractor risk map is updated. Due to the number, geographic footprint and diversity of suppliers and subcontractors, it is necessary to evaluate, as a matter of priority, those that present the highest levels of environmental, social and ethical risks.

The priority list is drawn up according to three criteria:

- the product family;
- the supplier's country;
- the volume of purchases made from the supplier.

The level of risk per product family is established according to the level of energy consumption, the risk of chemical pollution and health and safety issues. The risk level for the country takes into account corruption, political instability, respect for human rights and consideration of environmental stakes. These are assessed by an external service provider.

Risk assessment, mitigation and prevention procedures, monitoring system for measures[VP]

Supplier engagement and qualification

Alstom ensures that its suppliers and sub-contractors commit to a social approach and respect environmental, ethical, health and safety requirements through the signature of the "Ethics and Sustainable Development Charter for Alstom Suppliers and Subcontractors".

By signing the charter, published for the first time in 2007, Alstom's suppliers undertake to respect the principles of the United Nations Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organisation (ILO), the OECD Guidelines for Multinational Enterprises, the rules of conduct of the International Chamber of Commerce (ICC) and the values defined by Alstom's Code of Ethics.

In accordance with the ISO 37001 standard on anti-corruption management systems, the fifth edition of Alstom's Charter, (published in October 2017), includes a paragraph on Alstom's whistle-blowing procedure. Suppliers and sub-contractors can use this procedure 24/7 to report possible illicit practices, including those related to business ethics and human rights violations, on a nominative or anonymous basis.

Following the implementation in France of the European General Data Protection Regulation (EU GDPR) of May 2018, a paragraph on data confidentiality has also been included. This states that all suppliers undertake to collect and process all personal data in accordance with Alstom's policy and with the applicable data protection laws and regulations in force in the specific jurisdiction where the services are provided.

Sourcing teams request the signature of this charter prior to the procurement phase, taking preventive measures as early as possible in the negotiation process. Compliance with the charter has been integrated into Alstom's general Sourcing terms and conditions.

As of 31 March 2020, more than 92% of key suppliers[1] (representing 99% of Sourcing volume) had signed the charter. The objective of covering at least 98% of annual expenditure with these key suppliers by 2020 has been achieved.

Evaluation and audit of suppliers

The CSR activities of Alstom's suppliers are assessed according to environmental, social and ethical criteria and how they apply these criteria to their own suppliers.

Two main assessment methods are used:

- online assessments, carried out by the external company, EcoVadis;
- and on-site audits, called "Generic Process Audits", conducted by Alstom's quality teams.

Conducted by EcoVadis, the online assessments are carried out by a team of CSR experts who analyse supplier responses and downloaded documentary evidence. The assessment system is in line with the UN Global Compact guidelines, ISO 26000 and the Global Reporting Initiative. When the results of the assessment do not comply with Alstom's requirements, suppliers are required to establish and implement an action plan to address the identified areas for improvement. To do so, they can benefit from the support of Alstom's Sourcing Managers who are trained to accompany them in their improvement process.

Once the corrective action plans have been implemented, suppliers are reassessed. If a non-compliant supplier refuses to implement corrective actions or to commit to progress, Alstom may decide to terminate the business relationship.

On 31 March 2020, 782 suppliers had a valid assessment from Ecovadis, less than three years old.

As part of the qualification process, preliminary audits called "Quick Industrial Assessment" are carried out on site by buyers. These audits include questions related to suppliers' CSR activities. If the results are satisfactory, a more extensive "Generic Process Audit" is carried out by the quality team. This second audit includes questions aimed at minimising CSR risks. They include the signing of the Ethics and Sustainable Development Charter, compliance with a minimum level of social practices and more specific questions concerning waste management, recycling processes and measures related to the reduction of greenhouse gas emissions.

In fiscal year 2019/20, 344 generic process audits were conducted by Alstom's quality teams.

Within the framework of the application of its Ethics & Compliance policy in accordance with the measures laid down by the Sapin II law, Alstom has set up "Due Diligence" procedures to verify the situation of its commercial agents, consortium partners and/or Joint Venture partners. Alstom's suppliers and subcontractors have also been examined in an *ad-hoc* manner, resulting in recommendations made by the Ethics and Compliance Department.

In September 2019, Alstom introduced a screening tool for suppliers and subcontractors. This tool allows the Company to check their situation, both before and during the business relationship with Alstom (through a continuous monitoring system), to communicate the risks identified and related remediation measures.

The tool also allows, through media filtering, to identify negative quotes against these suppliers and subcontractors on ethical, social and environmental issues. AIM's objective is to monitor or evaluate 100% of suppliers according to social responsibility or ethical and compliance standards by April 2025.

In total, EcoVadis online assessments and on-site Generic Process Audits cover 84.5% of the volume of purchases made from suppliers identified as being at risk. Alstom's objective to increase this rate to at least 80% by 2020 has therefore been achieved.

Finally, cases of non-compliance are subject to corrective action plans and follow-up to ensure that the required levels are achieved. In March 2018, a supplier CSR Risk Management Committee was created to deal with unresolved cases of non-compliance. Depending on the seriousness of the situation, the Committee can decide to launch a second assessment or an on-site audit, to suspend the business relationship with the supplier, or to terminate the business relationship. Three sessions were organised over the fiscal year 2019/20 with purchasing managers.

Sector initiative: Railsponsible[VP]

In order to extend sustainable development actions to the entire rail supply chain, Alstom has joined forces with other players in the rail sector and in March 2015 founded "Railsponsible", a collaborative sector initiative on sustainable Sourcing with SNCF, Nederlandse Spoorwegen (NS), Deutsche Bahn, Bombardier and Knorr-Bremse.

The initiative now has 15 members and aims to improve CSR practices throughout the supply chain through a common approach, field collaboration and the sharing of best tools, practices and processes.

Within this framework, members use the same evaluation platform – EcoVadis – to measure the CSR performance of their suppliers. This initiative has many benefits, for both suppliers and members. Once the evaluation is carried out, the score becomes available for the rest of the members of the initiative. By having access to supplier assessments that are not necessarily derived from the risk mapping, Alstom benefits from a better overview of the CSR performance of its supplier panel, while saving time and efficiency. For more information, please visit: www.railsponsible.org.

In January 2017, "Railsponsible" joined the Sustainable Public Procurement Programme of the United Nations Environment Programme (UNEP). This partnership enabled Railsponsible to join a network of private and public players whose actions are part of the global movement dedicated to achieving the Sustainable Development Objectives set by the United Nations.

(1) Suppliers with whom Alstom has a spending exceeding €100,000, excluding the charters included in the general conditions of purchase.

The 2025 strategy of the "Railsponsible" Committee is structured around three main pillars:

- Climate Action (CO_2 efficiency of products/services; Low carbon procurement; Circular economy);
- Responsible procurement (Skills development; Business process and transparency; Supplier development);
- Social Responsibility (Local development and inclusion; Human rights).

On 31 March 2020, 1,299 suppliers, representing all rail industry professions, have been evaluated on this common platform as part of the "Railsponsible" initiative.

In order to align with a common path forward, the Railsponsible Committee published a position paper on climate change in April 2018.

Buyer training and procurement of sustainable products and services

Alstom's entire approach aims to integrate sustainable development as a key element of the Sourcing culture. Beyond simple awareness raising, Alstom has developed a mandatory training programme adapted to the Sourcing and Supplier Quality communities to encourage the strong involvement of all buyers.

The main objective of this training is to anchor CSR issues at every stage of the sourcing process, in addition to the challenges that responsible sourcing represents for Alstom, the monitoring of supplier evaluations and support for implementing corrective action plans.

Two levels of training have been proposed for the 2019/20 period:

- the complete training module initially dedicated to Sourcing managers and now open to buyers (253 buyers attended this training in 2019/20);
- an introduction to sustainable procurement in the form of a short presentation for new buyers (50 new members of the Sourcing network have taken this introductory module).

As of 31 March 2020, just under 90% of sourcing managers (representing the priority target) have been trained.

In addition, each year, a portion of Alstom's Sourcing managers must respond to an internal audit (SMART), the objective of which is to verify the maturity of the Sourcing function through the strict application of processes. CSR management of suppliers and sub-contractors is one of the subjects that the auditors check for effectiveness. A minimum score for this audit is part of the individual objectives of the Sourcing managers.

In addition, teams of eco-design and EHS experts advise buyers on the criteria for determining the best sustainable solutions.

This year, strategic suppliers of the Alliance program have been invited to participate in the "eco-design days". These sessions provided an opportunity to share the Group's sustainable sourcing and eco-design policies with its partners. The objective of these working sessions was to review these suppliers' current programs and ambitions in terms of eco-design in order to identify avenues for collaboration on innovative solutions that are more economical in terms of energy resources and materials.

As an example, cooperation with one of our seat suppliers has resulted in significant gains compared to previous design. Indeed, the seats of the new TGV [(1)] have been lightened by 6 kg per seat and allow a reduction of the environmental footprint over the life cycle of almost 40%.

Developing privileged and balanced relationships

To strengthen its global and local presence, Alstom is developing and strengthening its relationships with its suppliers and subcontractors through various local and global programmes and platforms (see also "Local development", page 238).

An excellent illustration of one such programme is "Alliance", a premium partnership programme that Alstom has developed with its strategic suppliers. It aims to develop a collaborative approach with strategic suppliers in three main areas: Business Development, Industrial Excellence, Products & Innovation. To date, 25 suppliers have signed the charter defining concrete objectives: supplier differentiation is a key factor in achieving "strategic" status. The governance of the program evaluates annually the mutual interest, achievements and common benefits. As a result of this evaluation, the renewal or termination of the relationship can be considered as well as the possible entry of new companies.

Other collaborative programs can be highlighted, such as those aimed at relations with small and medium-sized enterprises (SMEs) proposed by the French association "Pacte PME". This association, of which Alstom has been a member since its creation, brings together 53 companies (public and large private) and 35 professional organisations whose common ambition is to facilitate and strengthen collaboration between small and large companies (more details on page 240).

In addition, in order to find out the level of satisfaction of its suppliers and subcontractors as well as areas for improvement, Alstom participates in the annual "Supplier Barometer" of the SME Pact, which measures the quality of relations with SMEs.

In order to strengthen collaboration with suppliers and subcontractors employing people with disabilities, the Sourcing Department, in collaboration with the Human Resources Department, has strengthened its processes to systematically include these companies in its selection tools for eligible contracts.

In November 2019, in order to reward and highlight collaboration practices with these companies, Alstom organised the 2nd annual "We Are All Differently Abled" (WADA) event during the European Disability Week (more details on this event on page 231). On 19 November 2019, an internal award was presented to the Purchasing team of the Tarbes site to highlight its exemplary collaboration, for more than 10 years, with a social entreprise for employees with special needs specialising in industrial services. A forum was also organised on 21 November 2019 with the presence of seven social entreprises for employees with special needs from various sectors that came to present the projects they are carrying out alongside Alstom.

Finally, "Supplier Days" and other forums bringing together suppliers and subcontractors are organised throughout the year by Alstom. These events are opportunities to establish privileged communication with these partners at site, country, or region level. They provide an opportunity to discuss Alstom's global strategy, to give suppliers and subcontractors a voice and to highlight the latest innovations, particularly those resulting from co-development.

(1) TGV is a SNCF brand.

Main results and performance indicators[VP]

	2017/18	2018/19	2019/20
% of purchase amount covered by the referenced suppliers having signed the Ethics and Sustainable Development Charter (*)	94%	98%	99%
% of purchase volume from potentially high-risk suppliers covered by online assessments or on-site audits	65%	75%	85%
% of total purchase volume covered by online assessments, on-site audits or screening	35%	51%	60%
% of sourcing managers who have attended sustainable sourcing training	87%	91%	90%

(*) Suppliers with whom Alstom has a spending exceeding €100,000, excluding the charters included in the general conditions of purchase.

Respect of human rights[VP]

The respect for, and adherence to, human rights is at the heart of Alstom's social responsibility. The consideration of fundamental human rights concerns the entire value chain. Third parties may nonetheless oppose some of Alstom's projects or activities because of their immediate environmental or social impact. This type of issue can lead to delays in projects or their suspension. In the context of global and complex value chains, Alstom is also exposed to a reputational risk through its value chain, the sourcing of some materials or potential low ethical standards from its commercial partners. The past year also saw the first legal cases resulting from the French law on companies' Duty of Vigilance. In this context of increased pressure from civil society, investors and legislators, Alstom's ability to take human rights into account in its strategy and operations, to control associated risks and report transparently may affect its stakeholders, its operational effectiveness and its reputation.

This chapter illustrates Alstom's global approach to the identification and mitigation of human right risks resulting from the Group's activity. The "Sustainable Sourcing" strategy from the Sourcing Department, described on page 248 completes this approach.

Strategy and policies

Alstom's human rights policy is part of the Sustainability and CSR policy and is defined in the Group's Code of Ethics. This Code of Ethics was updated in 2020, and now integrates a series of case studies to make it easier to understand and more accessible for employees.

Alstom's human rights policy aims to comply with the Guiding Principles on Business and Human Rights set out by the United Nations Human Rights Council and to respect internationally recognised human rights in all countries where Alstom operates. Alstom is particularly respectful of the laws governing, *inter alia*, human rights and labour, health and safety standards, and the protection of the environment. Alstom's policy is to comply fully with the fundamental conventions of the International Labour Organisation (ILO). Alstom supports the elimination of all forms of illegal, forced or compulsory labour, including child labour. Illegal, forced or compulsory labour is strictly prohibited for Alstom's suppliers and subcontractors. Alstom also complies with the Guidelines for multinational enterprises of the OECD and the United Nations Universal Declaration of Human Rights.

Alstom is a member of the United Nations Global Compact (UNGC), promoting the respect of human rights within its sphere of influence. In May 2019, the Group's Chairman and Chief Executive Officer renewed his commitment to the 10 principles of the United Nations Global Compact (see Alstom's website www.alstom.com).

Alstom's objective is to identify risks and prevent serious violations of human rights and fundamental freedom in its activities and supply chain.

Respect for human rights is managed transversely according to the topics addressed. The Human Resources function, Sustainable Sourcing, Health and Safety, Sustainable Development and CSR, and the Legal Department are all involved in Human Rights processes.

Process and action plans

Risk mapping[VP]

The analysis and prioritisation of human rights related risks were established at different levels:

- a global risk mapping for human rights was done to determine and prioritise human rights that were most likely to be affected by Alstom's activity. The methodology for this risk mapping exercise is detailed below;
- a risk mapping per country was established by external consultants on the basis of different indexes by international organisations and NGOs such as the United Nations, the International Labour Organisation (ILO), the European Union, the World Bank, International Trade Union Confederation and Transparency International;
- a risk mapping of our suppliers (see chapter "Sustainable Sourcing page 248).

The global risk mapping for human rights was established on the basis of the list of Human Rights as presented in Annex A of the UN Guiding Principles Reporting Framework: "Table: Internationally Recognised Human Rights and Examples Of How Business Might Impact Them". The assessment by the transverse working group of the risks posed to each Human Right by each of Alstom's functions and macro-processes then allowed for the prioritisation of these risks in the context of the Group's activity. In 2019, the methodology and results for this risk mapping exercise were reviewed by an external consultancy who validated the approach.

This assessment led to the identification of the main risks based on the potential severity and probability of impacts in the fields of Human Rights standards applied by business partners, both in projects where Alstom is involved and those where Alstom is an investor. It addressed the safety of solutions and safety at work; the prevention of discrimination and harassment; social dialogue and the protection of labour rights; supply-chain management; and data protection for Alstom employees and passengers.

The risk mapping, prioritisation of issues and analysis of corresponding procedures is reviewed annually by the Sustainable Development and Sustainability and CSR Steering Committee.

Assessment, mitigation and prevention measures, follow-up and monitoring system[VP]

Following the completion of the Human Rights risk mapping, the existing mitigation measures in place were assessed and additional actions were launched to drive continuous improvement in the following areas:

- the assessment of living conditions on construction sites where workers are provided with accommodation is integrated in AZDP audits (see the section "Employees Health and Safety, page 225) and is systematically deployed since the beginning of the 2019/20 fiscal year in identified high-stakes projects. The evaluation grid was developed in collaboration with local stakeholders, including human resources representatives and workers. A specific instruction has been developed for its implementation jointly by the Sustainable Development and CSR, Sustainable Sourcing and EHS teams. The questionnaire covers such issues as the general level of comfort and cleanliness of the facilities and the existence of communication means and medical care facilities. A score below 80% leads to the implementation of an appropriate action plan by the subcontractor within three months and a subsequent reassessment. The assessment grid can be adapted in the countries to take into account local standards in terms of worker welfare. Unsatisfactory results are reported to the internal CSR and Supplier Financial Risk Management Committee, which is responsible for taking appropriate measures, up to and including the ending of a business relationship. In total nine sites were audited over 2019/20 as the initial audit schedule was interrupted by the outbreak of Covid-19 and resulting travel restrictions. The first audits rolled out generally yielded satisfactory results;
- the assessment of working conditions (work intensity, payment…) for contractors' workers completes the above-mentioned questionnaire on living conditions. Under the combined action of the Human Resources, Sourcing and EHS Departments, other Human Rights requirements, such as the freedom of movement or resignation and fairness in wages, are now assessed. Alstom has set four golden rules that must be followed by its subcontractors and workers: having an employment contract signed and understood by both parties, ensuring a minimum wage, offering decent and regular working hours (in accordance with local labour laws), and ensuring social protection (health insurance, free exit from a country).

  This year, several audits were carried out in certain geographical areas that are sensitive in terms of human rights, and where Alstom operates with subcontractors for construction projects. Subcontractors to be audited are selected according to the number of workers on site.

  A total of nine audits were carried out in the fiscal year 2019/20 in the Middle East. When results were unsatisfactory, the audits were followed by discussions with suppliers in order to put in place improvement plans with deadlines and comply with Alstom requirements;
- in addition, a pluriannual audit programme was launched in 2020 with external consultants in order to roll out additional evaluations of the living and working conditions of Alstom subcontractors and suppliers. The objective is to finalise the assessment process for Alstom projects and sites, strengthen expertise and broaden the coverage of our audits;
- a human rights risk scorecard for new tenders and projects was developed taking into account country risk mapping, type of activity and project structure amongst others. The objective is to identify potential risks related to projects and define mitigation measures ahead of bid submissions, including the undertaking of specific Human Rights due diligence assessments when relevant. To this end, the human rights scorecard has been integrated in the Ethics and Compliance assessment process. Implementation is currently in pilot phase.

In order to further strengthen Alstom's programs and initiatives on human rights, a Corporate Social Responsibility (CSR) and Human Rights manager has been appointed in December 2019.

Every year, Alstom conducts a social survey to ensure the absence of any incident regarding child labour, forced labour or freedom of association and monitors human rights alerts reported through its alert procedure. Alerts are recorded and investigated as per alert procedure rules (see page 247).

When potential issues related to the working or living conditions in relation to suppliers or contractors have been brought to Alstom attention through other sources (like NGO contacts, screening etc.), they have been properly investigated through suppliers inquiry and site visits.

The efficient deployment of Alstom's Human Rights programme also relies on raising employee awareness on this issue. Two training modules are planned to be rolled out in 2020: an e-learning for all staff which aims to introduce key concepts around human rights and a more in-depth webinar for project teams directly exposed to these issues. The goal is to ensure Human Rights considerations are integrated in all the Group's activities and that employees are trained globally to represent Alstom's commitment on this topic.

In the day-to-day management of its activities Alstom strives to strictly comply with its commitments through its policies on Health and Safety (see section on Employee Health and Safety, page 225), product safety (see section on Railway accidents, page 254), prevention of discrimination and harassment (see section on Ethics and Compliance, page 245), social dialogue and protection of labour laws (see section on Recruitment, Engagement and Retention, page 228), supply chain management (see section on Sustainable Sourcing, page 248) and data protection for its employees and passengers (see section on Data privacy, page 272).

Main results and performance indicators[VP]

	2017/18	2018/19	2019/20
Number of evaluations carried out on living conditions of our subcontractors	New indicator	5	9
Number of evaluations carried out on working conditions of our subcontractors	New indicator	4	9
Number of incidents reported in the areas of child exploitation, forced labour, freedom of association from alert procedure and social survey	0	0	0

Main results and performance indicators linked to sustainable sourcing are detailed in the Sustainable Sourcing chapter on page 248.

Customer relationship

Alstom provides public and private transportation services owners and operators mobility solutions all around the world. The Company offers its customers a wide range of products, systems and services, adapted, configurated and integrated by Alstom into its customer environment. The potential risk Alstom could face is not being able to establish a relationship of trust with its customers and not being in phase with their expectations, whether they are new customers or historic ones. This could lead Alstom to lose calls for tenders or to not satisfy its ongoing project customers, ultimately leading to a decrease in orders.

Strategy and policies

The first pillar of the new AiM strategy "Alstom in Motion" is dedicated to its customers: *Growth by offering greater value to our customers*. To be closer to mobility actors, Alstom has a regionalized organisation. This local geographical presence allows for a permanent contact with its customers and to capture their needs locally. These field teams benefit from the know-how of central functions which bring a more transversal vision while offering their technical experience.

In a fast-evolving legal and technological context, the mobility market reflects society evolutions and must be updated permanently. Alstom is structured to match these evolutions.

For example, the Passenger Experience Department, which studies traveler expectations of today and tomorrow, participates in solution research whose purpose is to improve air quality and accessibility.

Developed in a co-creative way with engineering, design and marketing teams, these innovations progressively enrich the solutions catalog: the Citadis X05™ dedicated to Tram line T9 for Île-de-France Mobilités, nicknamed "the tram of lights", is based on signature lighting throughout the entire vehicle, both inside and out, notably for better visualisation of the opening and closing of the doors.

In 2020, Alstom reinforced its central commercial direction to optimise its customer relationships, through process, methods and tools dedicated to sales teams.

Processes and action plans

Integrate customers into innovation processes

Since 2013, Alstom has been running an annual process – called the Marketing Carousel – which aims at adapting solutions to customer needs. Customer needs are collected from regional sales and marketing teams and are consolidated per product line. Then, each product line analyzes demands and decides whether to integrate them into its three-year plan, or not. Requirements potentially leading to the development of a new product range are subject to a more detailed analysis with a group of representative customers. Customer needs reported between two Marketing Carousels are analysed on a case-by-case basis.

Innovation also comes from Alstom's engineering teams. These internal innovation ideas are tested with customers though proof of concepts before deciding to include them in Alstom's product plans. Examples include the "Coradia™ Lint™" regional hydrogen train. This is the first passenger train worldwide powered by a hydrogen fuel cell, which produces electrical power for the traction. This zero-emission train is silent and only emits steam and condensed water. This train operates in commercial service in Germany. Another example is the ETCS (European Train Control System) level 2 baseline 3. This secured and stable technology improves passenger experience, thanks to better reliability. It also permits to increase transport capacity and cost reduction. This solution has been tested and implemented in commercial service in Denmark.

Alstom invests 3.7% of its annual turnover in its Research & Development (R&D) Department. Innovation is at the heart of Alstom's entrepreneurial culture and has led to applications for 7,300 patents and the establishment of many key partnerships. The partnership between startup Cosmotech and Alstom on the Railway System Simulator (RSS) illustrates this: RSS provides operators with a global vision of their railway operations. Thanks to this solution, they can conceive more efficient transport networks and reach superior levels of performance and service quality. In the cybersecurity field, Airbus and Alstom signed a strategic cooperation agreement. To face cyberattack risks, the two transport specialists develop together new vulnerability analysis systems and protection and reaction technologies. Besides, Alstom is ranked in the Top 100 Global Innovators established by Derwent for the third year in a row.

Measure customer satisfaction

To support customer satisfaction, Alstom has set up a certified management system in accordance with applicable standards (ISO 9001 – IRIS ISO/TS 22163 and CMMI for Quality, ISO 14001 for Environment, ISO 37001 for Anti-Corruption). In August 2019, Alstom received the ISO 26000 (Corporate Social Responsibility) Label from AFNOR for its activities in France. This recognition should be progressively extended to other countries of the Group over the next few years. At the same time, the risk management approach is deployed throughout the Company, in accordance with ISO 31000 recommendations.

Since 2013, Alstom has run periodic customer satisfaction surveys (CSS) to measure customer satisfaction on the way projects are executed.

The targeted projects are defined according to contract value and criticality for Alstom and selected each year by regional commercial teams. CSS is under the responsibility of Alstom Account Directors who sit within the teams of each Region. It is also supported by Alstom Quality organisation both at Region and Central level. Answers are analysed in respect to the ongoing project. Actions and appropriate actors are assigned to handle any issue and to inform customer of corrective actions.

Some projects are subject to several surveys, performed on different project phases, and in some cases, after the implementation of corrective actions consequent to a previous survey. This process is an effective element of Alstom continuous improvement. Survey answers are now integrated in our customer relationship management tool to record and track action plans.

The principal measure of a customer's satisfaction is the Net Promoter Score (NPS), *i.e.* their propensity to recommend Alstom as a supplier. The Group's set objective is to achieve an annual average NPS of eight, through to 2020. More than one hundred projects are subject to NPS measurement every year. In FY 2019/20, 161 projects were identified for conduct of the CSS. At the end of the fiscal year, 173 projects had been surveyed, with an average NPS of 8.2.

A NPS inferior to four (over a scale of 10) triggers an alert to the Region responsible, to the Quality direction and to the Alstom General direction. This alert generates an action plan to regain customer satisfaction.

Technical complaints impacting performance or safety are consolidated and analyzed by Alstom Quality Department. The Top 10 resolutions are monitored on a monthly basis by Alstom's general direction.

Staying close to our customers

Alstom relies on digital services to provide its customers with support and expertise wherever and whenever needed, even when the contractual relationship has terminated.

The customer portal dedicated to services strengthens Alstom proximity with its customers simplifying daily exchanges. This unique digital platform serves as a privileged entry point. This online portal (http://services.transport.alstom.com/) and its different applications such as PartsFolio (https://www.partsfolio.transport.alstom.com/PartsOnline/jsp/login.jsp) save customer time. User-friendly, the portal offers online technical assistance, instant experience share, and components, parts or repair services procurement. Alstom also proposes trainings and customized services linked to the life cycle of products. For example, for fleet management, Alstom offers its customers online documentation, constantly updated and available on mobiles and tablets. In addition, 60 illustrated catalogs provide workshops with the latest information on parts and components while significantly reducing data access costs.

Maintenance companies can also benefit from valuable assistance in monitoring and managing obsolescence through a notification system.

Alstom also provides a digital learning ecosystem "i-Learn" which offers technical (hard skills) and behavioral (soft skills) trainings to improve competitiveness of partner organisations as well as customers. Operational staff, management and/or any designated organisation member can be trained through a variety of teaching methods (face to face sessions, e-learning, on-the-job coaching, augmented reality, virtual reality, driving simulators, etc.); all is accessible by computer, mobile phone or tablet at any time and even without connection. Technical staff who are trained, can learn and improve their knowledge in 50 scientific different domains covering all rolling stock and railway system topics, driving, maintenance, signaling and train control, infrastructure and depot management. Alstom can deploy its resources, including 100 experimented training consultants, on customer sites and on its transport training center networks located in Europe, Asia, North and South America.

Main results and performance indicators

	2017/18	2018/19	2019/20	Objective
Average Net Promoter Score (NPS)	8	8.1	8.2	8 each year until 2020

Railway accidents

Railway safety can be defined as the ability of the Railway System to operate without leading to injuries or human casualties. This ability is defined as the absence of unacceptable risk [(1)].

The unsafe condition of a railway system can impact human health. The resulting risks for Alstom's activities could be the following:

- worldwide recall of products that are suspected to be unsafe and retrofit of fixes on all products that could be defective;
- the need to stop all or part of operations in the event that a safety issue has occurred or is suspected on a product, system or service provided to a customer by Alstom, with a further risk of penalties or a legal suit from this customer against the Company;
- liquidated damages related to the consequences of an accident on a railway network;
- legal impact with suits under Civil and/or Criminal law against the Company and/or its Employees;
- image damage, impacting the whole Company and its relationships with stakeholders and customers.

The evolution of Alstom activities in new mobilities (*e.g.* in the urban environment with electrical buses and autonomous shuttles) results in an increase of the risk due to the novelty aspect and the lack of experience (*e.g.* no regulation or standards in place for some mobilities such as autonomous vehicles).

Strategy and policies

Product safety is a real concern for the railway industry and a major driver for Alstom's business.

The Alstom Quality and Railway Safety policy, updated in July 2019, highlights the strong commitment of Alstom in this area. Indeed, Alstom is committed to develop and deliver, for its clients and their customers, a range of products & services with a high safety level:

- based on railway safety regulations, and internal processes compliant with standards and codes of practices;
- formally demonstrated and assessed with impartiality;
- maintained and continuously improved through return of experience.

The implication of the top management has led to the implementation of a Safety Management System, which is defined in a Railway Safety Manual.

Applicable requirements for Quality and Railway Safety are also included in our Management System. It is regularly audited and certified following ISO 9001 and ISO/TS22163 (IRIS) standards.

Management and action plans

The Quality and Railway Safety policy is deployed, regarding Railway Safety, through:

- the processes and way of working set in place in the different businesses and deployed in the Regions;
- dedicated annual action plans to enable the continuous improvement of Railway safety.

In addition, Alstom's products, core framework, sub-systems and systems all integrate cybersecurity arrangements and related good practices (see chapter 4 "Risk Factors, Internal Control and Risk Management").

(1) IEC62278 or EN50126-1: Railway applications – Specification and demonstration of reliability, availability, maintainability and safety (RAMS) – Part 1: Generic RAMS process.

Processes and way of working

Dedicated railway safety processes exist and cover several needs:

- to ensure that safety is implemented and demonstrated in the systems/products delivered to customers, a systematic process (including safety risk analysis and safety demonstration) is applied. This process is in line with the European Regulation EU402/2013 [(1)] and the Railway standards such as EN 50126 [(2)]. On certain projects, specific adaptations can be put in place to meet specific local requirements;
- to maintain safety during the operation and maintenance phase with adequate safety management of maintenance activities when performed by Alstom (Alstom is certified as the Entity in Charge of Maintenance of a project as per regulation [(3)] when applicable);
- to report and manage any potential safety issues occurring or having the potential to have an impact on Safety in revenue service, through a specific methodology and company tool.

These processes are deployed and followed per activity in all Regions. The safety resources are managed with the appropriate level of independence and are allocated to projects either centrally or in the Regions.

Alstom is constantly improving the efficiency of the management of safety aspects by anticipating the inclusion of safety requirements as early as possible in the project management processes. It is followed through Safety reviews all along the project with an indicator "% of safety reviews OK".

Dedicated action plan

An annual action plan is defined and managed on a monthly base by a dedicated Railway Safety Core team. This action plan has five axes:

- reinforcement of the safety process and governance;
- strengthening of product safety (reduce safety issues) through actions on our way of working in implementing safety on projects and products;
- improvement of the reactivity to safety issues;
- deployment of the safety culture;
- actions of communication and lobbying/networking.

In particular, return on experience is taken into account to improve safety at the design phase.

To illustrate this action plan, two actions done in 2019 can be highlighted:

- assessment of compliance of Alstom processes with newly updated standards related to railway safety as EN 50126 (2017) and EN 50129 (2018) and identification/implementation of few adjustment measures of Alstom's way of working;
- update of the process for management of safety issues "Management of Railway safety issues and alerts" in October 2019 (in order to clarify some frequent questions, and to re-enforce the risk-based approach at Company level) and development of a dedicated training.

Specific focus on safety culture

The railway safety culture within Alstom is reinforced with a training campaign applied at different levels, targeting all employees through different sessions:

- the Top Management: – three-hour mandatory sessions (around 10 sessions per year and 100 trainees);
- the Quality & Safety populations – three courses of one week deployed on an as-needed basis;
- the Project Management – one-day awareness (around 15 to 20 sessions per year and 250 trainees);
- any new Manager/Engineer/Professional – a mandatory E-learning session of 40 minutes.

Moreover, for blue collar workers (technicians and operators) on sites, dedicated awareness sessions are performed according to the specificities of the sites.

Main results and performance indicators

The Railway Safety is monitored though different indicators:

	2017	2018	2019	Target
% of Safety review OK (measures the capacity to anticipate safety concerns in projects execution) (*)	60.2%	66.1%	61.7%	75% in 2020

(*) Calculated over 12 months. During calendar year 2019, the number of safety reviews performed and registered is 555.

During the year 2019, a decrease appeared, and an analysis is ongoing to identify possible causes of this trend and react. Two actions were launched:

- adapt the management of safety reviews to the rules applied on project management by considering, for the KPI, a time slot for the realisation of the safety review prior to Gate Reviews milestones;
- perform a deep dive per business to identify any deeper technical root causes and possible improvement actions.

	March 2018	March 2019	March 2020	Target
Participation in Railway Safety E-training *(% of the targeted population trained)*	60%	71.4%	77.3%	95% by 2021/22

Actions to boost results were identified when in September 2019 the % fell to 68%. The trend is reverted, and the target for 2021/22 is maintained.

(1) Regulation (EU) No. 402/2013 of 30 April 2013 on the common safety method for risk evaluation and assessment.
(2) EN50126: Railway applications – Specification and demonstration of reliability, availability, maintainability and safety (RAMS).
(3) Regulation (EU) 2019/779 of 16 May 2019 laying down detailed provisions on a system of certification of entities in charge of maintenance of vehicles pursuant to Directive (EU) 2016/798 of the European Parliament and of the Council and repealing Commission Regulation (EU) No. 445/2011.

Tax evasion

The tax evasion risk can be defined through three aspects:

- a financial risk: risk of tax re-assessment by tax authorities, based on a matter related to tax avoidance, artificial tax scheme or lack of substance. For instance, the risk would materialise if Alstom was in breach of an anti-avoidance rule or tax transparency rule;
- a business risk: for example an aggressive tax behaviour would jeopardise the Company's ability to win new projects, since a significant percentage of Alstom revenue is from direct or indirect government and public sector entities;
- a reputation risk: risk of deterioration of the public image of Alstom if it was suspected of participating in tax evasion.

Based on this analysis, it is estimated that Alstom's exposure to the tax evasion risk is low.

Strategy and policies

Alstom is committed to comply with tax laws in a responsible and ethical manner and to have collaborative and transparent relationships with tax authorities. Tax obligations, and therefore tax contribution, are aligned with the commercial and economic activity of Alstom's operations.

The Chief Tax Officer is responsible for ensuring that policies and procedures are in place, maintained and used consistently around the world, and that the global tax team has the skills and experience to implement them. He/she also leads an in-house team of tax analysts who provide advice where required. Alstom's tax policy is closely monitored to ensure a consistent application across all territories and is updated on an annual basis or when required.

Processes and action plans

Each country where Alstom has got a footprint is under the responsibility of a Tax Director. Monthly risk reviews are undertaken between the central and local teams.

External service providers are used on a selective basis, for example when the Company needs additional resource or expertise.

The Internal Audit team independently monitors and tests Alstom's key financial controls, including those for tax, and reports on their effectiveness to the Audit Committee.

Alstom is highly engaged in determining the correct tax treatment across all its business transactions, to ensure it pays the right amount of tax at the right time, in accordance with the tax laws of the territories in which the Group operates. Concerning the uncertainty related to the application of tax law, Alstom engages discussion with the relevant tax authority to achieve certainty for Alstom and the tax authority concerned.

Alstom has a low-risk approach to tax and does not engage in artificial tax arrangements.

The Group seeks to conduct transactions between Alstom companies in accordance with the OECD principles, and fulfills transparency requirements set out in the updated OECD guidelines resulting from the Base Erosion and Profit Shifting "BEPS" project. Alstom files to the French tax Authorities the Country By Country Report that is available to foreign tax Authorities upon request to the French Tax Authorities.

Main results and performance indicators

Over the last years and in the course of Tax audits that were performed worldwide, the authorities have not reported any tax evasion or lack of substance.

For instance, Panama is a country where Alstom operates, and which could still be viewed as a tax haven even if it has been removed from the EU and the OECD's lists of uncooperative countries. In this country, Alstom is the leader of the consortium which has been granted with the Panama City metro construction project. For this consistent project, Alstom has set up a business subsidiary in Panama, which employs less than 200 people.

The United Arab Emirates is also a low-tax country where Alstom operates. In this country, Alstom is leading the consortium that has been granted the "Route 2020" Dubai Metro project: the extension of a metro line as well as the delivery of rolling stock for the "2020 Exhibition", one of the Company's most important projects.

For FY 2019/20, the effective Tax Rate amounts to 25%.

For more information on Alstom's taxes related to FY 2019/20 refer to Note 8. Taxation on page 57.

METHODOLOGY

Introduction

The content of this chapter dedicated to Alstom's Sustainable Development and Corporate Social Responsibility (CSR) has been prepared by the Sustainable Development and CSR central team of Alstom with the collaboration of many support functions such as Sourcing, Human Resources, Risk Control, Ethics & Compliance, Environment Health & Safety (EHS), Ecodesign, Innovation, country representatives and Product platforms.

The collection and consolidation of all information was the subject of a dedicated process between January and April 2020. The whole chapter has been reviewed by PricewaterhouseCoopers as an independent third party in respect of the order of 19 July 2017 (order No. 2017-1180) and of the Decree No. 2017-1265 of 9 August 2017.

Reporting principles

All the data reported (indicators) come from different Alstom internal reporting systems, detailed in the respective sub-sections. Indicators considered relevant are defined with reference to the Global Reporting Initiative (GRI). However, some indicators are not yet available on a consolidated basis or have been considered irrelevant for Alstom reporting. In such cases, they are not mentioned or are limited in scope, which is then specified. A synthesis of indicators/key figures is available in a dedicated section at the end of this chapter. It includes information as per the Order of 19 July 2017 (Order No. 2017-1180) transposing Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on the publication of non-financial information.

As for the Sustainability Accounting Standards Board reporting guideline (SASB), Alstom already reports on part of the KPIs requested by SASB for Industrial Machinery Goods (albeit with slightly different definitions or units) for example on energy consumption in factories or safety results.

In the future, Alstom should be in capacity to disclose additional SASB indicators where relevant or develop equivalent KPIs to be applicable to its activities and portfolio of solutions.

Environmental performance and health and safety results

Data covering these topics are gathered within the reporting and consolidation system "Teranga", which is also used for financial reporting purposes.

On the reporting scope, Health and Safety results cover almost 100% of Alstom's employees and contractors working for Alstom. As regards the environmental performance, all production sites, all depots operated and managed by Alstom in the context of a contract duration of five years or more, all permanent offices occupied and managed by Alstom and all permanent sites of more than 200 persons are consolidated in the environmental reporting. Due to different possible configurations and partnerships that could occur in projects, only the waste environmental performance of temporary construction sites covered by an ISO 14001 certification is recorded. Temporary construction sites not covered by a certification as well as activities conducted in sites of less than 200 persons on which the utilities are not managed by Alstom are not recorded. The new indian site of Madhepura has been consolidated in reporting in 2019. Environmental results cover 78% of Alstom employees.

Newly acquired activities start to report after a full calendar month of presence in the Group in the case of safety results and after a full calendar quarter of presence in the case of environmental results. The environmental results of newly acquired sites are consolidated after a full calendar year of reporting. Data of the baseline year is then recalculated to take into account the new sites and allow the performance to be measured on a constant scope.

Concerning health and safety reporting, this is done on a monthly basis from around 170 elementary reporting units with 12 basic indicators. On environment, the reporting is done on a quarterly basis from around 78 reporting units with 27 basic indicators. Intensities (energy, greenhouse gases and water) are calculated from the hours worked within the units that report on environment. Monthly and quarterly reporting is completed by a yearly reporting campaign with 18 additional indicators.

The definition of indicators is described in a Group document – the EHS reporting manual, which is completed by a reporting procedure. The process is under the responsibility of the EHS Vice President.

Except when specified differently, health and safety data are presented over a fiscal year, *i.e.* from April 2019 to March 2020, while environmental data is consolidated in a calendar year, *i.e.* from January to December 2019.

Social report and actions on local communities

The sources for social reporting indicators are:

- the Alstom Human Resources Information System (HRIS), which is based on the Success Factor software and covers all Alstom facilities;
- a social survey, conducted in 28 countries, on the figures of calendar year 2019 – Algeria, Australia, Belgium, Brazil, Canada, Chile, China, Egypt, France, Germany, Israel, India, Italy, Kazakhstan, Mexico, Morocco, The Netherlands, Panama, Poland, Qatar, Romania, Saudi Arabia, South Africa, Spain, Sweden, United Arab Emirates (UAE), United Kingdom (UK) and United States of America (USA) –, representing 97.1% of Alstom's workforce.

HRIS data is presented over the fiscal year, *i.e.* from April 2019 to March 2020, while data from the Social Survey is consolidated over the calendar year, *i.e.* from January to December 2019.

In addition, and in order to illustrate the different sections with examples of initiatives, the following actions are conducted by the Sustainability and CSR central team:

- a collection and summarisation of the local community activities conducted in the 29 countries of more than 200 employees, with the support of the network of CSR Champions and local management teams;
- a collection of information among the Product platforms regarding achievements of the year and ongoing developments;
- a collection of all news related to Sustainability and CSR, published internally through internal communication tools and externally through press releases.

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE MANAGEMENT REPORT.

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended March 31st, 2020

To Alstom S.A. annual general meeting,

In our capacity as Statutory Auditor of your of Alstom S.A. (hereinafter the "entity), appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement for the year ended… (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal nonfinancial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available online or on request the company's head office.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- The compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements , as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the entity's activities, the description of the social and environmental risks associated with their activities and, where applicable, the impact of these activities on compliance with human rights and anticorruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 2251021 III, as well as information regarding compliance with human rights and anticorruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2;

- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities : Reichshoffen, Valenciennes, CSY and HQ at Saint Ouen in France, Lecco in Italia, Ottawa, Toronto RS and Project, Sorel Tracy and Montreal in Canada, Doha in Qatar, Riyadh in Saudi Arabia, Charleroi in Belgium, Katowice in Poland, Glasgow, Midlands and Widnes in UK. Alstom S.A. head office was also audited for all information consolidated at Group level and covers between 21% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 6 people between October 2019 and April 2020 and took a total of 8 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted one hundred interviews with the people responsible for preparing the Statement representing Sustainability and CSR, Marketing, Compliance, Quality, Human resources, Health and safety, Environment and Purchasing departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine, the 12th of May 2019

One of the Statutory Auditors

PricewaterhouseCoopers Audit

French original signed	*French original signed*
Édouard Demarcq	Pascal Baranger
Partner	Sustainable Development Director

ADDITIONAL INFORMATION FOR STAKEHOLDERS

VIGILANCE PLAN[VP]

In compliance with the French law on the corporate duty of vigilance for parent and instructing companies of 27 March 2017 (Law No. 2017-399 published in the Official Journal on 28 March 2018, referred to in this document as the "duty of vigilance law"), the Company established its first Vigilance plan (the "Vigilance plan") during the fiscal year 2017/18. It is updated every year to report on the measures implemented and assess the efficiency of the Group's actions regarding human rights, health, safety and environmental issues.

As required, the Vigilance plan targets risks that could have severe adverse impacts. As defined in the United Nations Guiding Principles on Business and Human rights, the severity of adverse impacts is judged by their scale, scope and irremediable character.

Alstom is particularly respectful of the laws governing, *inter alia*, human rights and labour, health and safety standards, as well as the protection of the environment. Alstom's policy is to comply fully with the fundamental conventions of the International Labour Organisation (ILO) as specified in the Code of Ethics of the Company. Alstom also complies with the Guidelines for multinational enterprises of the OECD and the United Nations Universal Declaration of Human Rights.

Alstom is a member of the United Nations Global Compact (UNGC), promoting the respect of human rights within its sphere of influence. In May 2019, the Alstom Chairman and CEO renewed the Company's commitment to the 10 principles of the UNGC (see Alstom website).

The Vigilance plan was established by a transverse working group composed of members of the following Departments: Human Resources, Environment Health and Safety, Legal, Ethics and Compliance, Sourcing, Internal Audit and Risk Management, Governance and Sustainability and CSR.

Risk mapping process for the Vigilance Plan

At Alstom, a general risk mapping procedure is implemented by the Internal Audit and Risk Management Department, as described in chapter 4 of this document (see page 148). Every year, the risks related to Alstom's activities, its contractors' and its suppliers' are reassessed by the Internal Audit & Risk Management Department.

The Sustainability and Corporate Social Responsibility (CSR) Department is responsible for the analysis of the Group's extrafinancial risks. This risk mapping is reviewed every year by the Sustainability and CSR Steering Committee.

In addition to these two transversal and consolidated risk mapping exercises, the Group's risk management structure includes sector-specific risk analyses, which aim to facilitate the management of risk programmes.

- The Sustainability and CSR Department proceeds with the mapping and ranking of risks related to Human rights.
- The Sourcing Department is responsible for the risk mapping and management processes specific to the value chain and which apply to suppliers and subcontractors.
- The Environment, Health and Safety (EHS) team identifies major risks in terms of Safety at work and the Environment.

Risk mappings, assessment, mitigation and prevention procedures and monitoring of measures taken are detailed in the chapters on the Extra-Financial Performance Declaration and on the Information published for stakeholders. This information is identified in the chapter by a VP logo and are summarised in the table below.

The deployment of the plan is under supervision of the Sustainability and CSR Steering Committee.

Global risk management procedure	**p. 149**
Risk management covering the activities of Alstom and its contractors	
Human rights	p. 251
Health and safety	p. 225
Environment	p. 263
Risk management covering Alstom's supply chain	**p. 248**
Alert procedure	**p. 247**

	Risk mapping	Regular assessment of the situation	Alert procedure and whistleblowing system	Mitigation and prevention measures	Monitoring system, deployment and impact assessment
Human Rights (p. 251)	Risk mapping Priorisation of issues Country-based risk mapping Analysis of corresponding procedures	Annual review by the Sustainability and CSR Steering Committee	Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom Potential Human Rights-related incidents reported *via* Alstom's social survey	Scorecard established for bid submissions defining mitigation measures (pilot) Human Rights training for operations teams (in development)	Assessment of the living conditions of subcontractors integrated in the AZDP audit programme (see Health and Safety, page 225) Assessment of the working conditions of subcontractors Pluriannual independent audit program of suppliers and subcontractors currently being developed
Health and Safety (p. 225)	Identification of high-risk activities whether executed directly by Alstom or indirectly by a subcontractor Analysis of hazardous chemical substances	Self-assessment of entities and continuous improvement plans Central EHS team for the management of transversal programs	Dedicated app with notification system Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom	Alstom Zero Deviation Plan (AZDP) and its 12 directives Dedicated training course for employees on construction sites Seven training programs, two of which are e-learning programs (EHS Fundamentals and High-Risk Activities).	Three-year centrally-managed audit program Audits on production sites in accordance with the APSYS ("Alstom Production SYStem") referential
Environment (p. 263)	Risk mapping established on every site	Local management measures Specific follow-up at central level in three areas: 1) Waterborne discharge; 2) Airborne emissions; 3) Historical pollution control EHS ("Environment, Health & Safety") organisation managed in the Regions and coordinated centrally	Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom	Deployment of internal standards integrated in Alstom Management System and compliant with ISO 14001 Training, communication and awareness-raising activities for employees	ISO 14001 audit and certification Assessment tools Environmental objectives and periodical result reviews
Risk management covering Alstom's supply chain (p. 248)	Annual supplier risk mapping according to three criteria: • product family; • supplier's country; • volume of purchases by Alstom	Annual review of risk mapping Quarterly meetings of the internal Management Committee focused on suppliers' CSR risk management, created in 2018	Alert procedure open to any Alstom employee or third party bearing a relationship with Alstom	"Sustainable Sourcing Policy" "Ethics and Sustainable Development Charter for Alstom's Suppliers and Contractors" Instruction "Sustainable sourcing and hazardous substances regulation" integrated in Alstom management system Compulsory training programme for buyers	On-line assessments undertaken by external company, EcoVadis On-site audits: "Quick Industrial Assessment" done by the buyers and "Generic Process Audits" done by quality teams Internal Audit (SMART) of a selected number of sourcing managers every year, which includes the CSR management of suppliers' and contractors Online screening tool for subcontractors and suppliers

ENVIRONMENTAL DATA[VP]

Data for this section are based on the same methodology as the Extra-Financial Performance Declaration. Selected environmental indicators were reviewed by PricewaterhouseCoopers. Their report is available on www.alstom.com.

Alstom's environmental management is based on:

- consideration given to environmental issues at all levels of the Company;
- deployment of environmental objectives in the organisation and periodical results reviews at the same frequency and in the same internal Governance Committees as for financial results reviews;
- implementation of an environmental programme: development and deployment of internal standards, assessment tools, targeted training actions that involve employees, communication and awareness-raising actions;
- an EHS ("Environment, Health & Safety") organisation managed in the Regions and coordinated centrally.

The Company has established operational and environmental excellence as one of its five strategic pillars. In this context, Alstom has set environmental targets for 2020 (compared to 2014 as a baseline year) and defined the scope of its environmental results as described in the methodology.

The main environmental indicators for monitoring Alstom's progress in this area are the following:

- energy consumption and greenhouse gas emissions (GHG) related to its activity (intensities) (see page 222);
- the share of recovered waste;
- water consumption related to activity (intensity);
- volatile organic compounds (VOC) emissions related to activity (intensity).

In this section, environmental results are presented in calendar year. ISO 14001 certification results are presented in fiscal year.

Risk mapping[VP]

In terms of environmental risks, Alstom favours an environmental management based on the continuous improvement principle, as described in the Environmental Management System Manual. The procedures address the management of all the sites, and is also applied to the new sites, a lease agreement, or a service contract (or on every existing site when such an assessment has never been done before).

An environmental risk mapping is established for each site. Globally, for all the sites, lease agreements or service contracts, the EHS manager assesses the potential environmental impacts related to the activities, such as: release of substances onto/into the ground; release of substances to the water; release of substances to the air; waste resulting from an activity, product or service; waste disposal; and use of resources.

Once the impacts are identified, the EHS manager assesses the likelihood of severe damages to the environment.

Assessment, mitigation and prevention measures, follow-up and monitoring system[VP]

Certification of units

All manufacturing sites and regional centers with more than 200 employees have maintained their ISO 14001 certification this year, which guarantees the implementation of appropriate control measures for the risks identified on each site. Almost 90% of Alstom employees work on certified sites or projects, which means that Alstom is aligned with its target to be 100% ISO 14001 certified by 2025.

Moreover, the requirements of the ISO 14001 standard are integrated in the Alstom Management System and contribute to the environmental performance improvement process of our sites.

Site specific procedures

Within the framework of ISO 14001, control measures of the environmental risk are being implemented at each site level. These measures are established on the results of the risk mapping on each site. An evaluation team is in charge of determining appropriate control measures and identifying the persons responsible for their implementation.

Measures taken for Alstom's general activity

In addition to local management measures, Alstom performs a specific follow-up at central level in three areas likely to generate potentially severe impacts at the Group level.

Waterborne discharge

In 2019, 58% of sites had the obligation to monitor the quantity and the quality of waterborne discharges. The diversity of obligations in terms of nature and limits of the discharges do not allow the consolidation of those figures at Alstom level. Nevertheless, Alstom ensures, through an indicator measuring the regulatory compliance of the waterborne discharges created in 2015, that regulatory monitoring is done and the authorised thresholds are respected.

Airborne emissions

In 2019, 46% of Alstom's sites had the obligation to monitor the quantity or the quality of their air emissions. The diversity of obligations in terms of nature and limits of the emissions do not allow those figures to be consolidated at Alstom level. Nevertheless, Alstom ensures, through an indicator measuring the regulatory compliance of the air emissions created in 2015, that regulatory monitoring is done and the authorised thresholds respected.

Historical pollution control

Alstom's current and standard activities do not generate soil releases. Nevertheless, some accidental leakage prevention devices are deployed on each site.

On old sites potentially contaminated as a result of past activities, Alstom implements a monitoring and management program and ensures compliance with local regulations. This five-year plan must be applied on each site. On this basis, the sites conduct surveys in order to assess the environmental and health risks due to contamination in soils and groundwater. They also have an action plan according to the priority level defined for the site (from 1 – immediate risk to 4 – absence of risk).

The progress of the plan is monitored centrally. Besides the scope of the duty of vigilance and severe environmental risks, Alstom has also committed to reduce the environmental footprint of its sites as part of its 2020 strategy (see the section on Energy performance of operations and data mentioned below).

GHG emissions related to business travels

	Alstom		
(in kilotonnes CO_2 eq.)	2017	2018	2019
CO_2 emissions from air travels[(*)] (Scope 3)	21	24	25
CO_2 emissions from train travels[(*)] (Scope 3)	1	1	1
CO_2 emissions from Company cars using gasoline (Scope 1)	1	1	1
CO_2 emissions from Company cars using diesel oil (Scope 1)	3	3	4

Source: Alstom Teranga.

(*) Source: CWT (ALSTOM global business travel agency). The calculation only takes into account the air and train travels followed by CWT. In 2019, CWT updated its methodology by dynamically taking into account the annual evolution of the weighting coefficients used in the guide "GHG DEFRA/DECC conversion factors". The evolution is specifically linked to the evolution of aircraft energy efficiency. Thus, the data for year N are now presented on the basis of the weighting coefficients for year N-1.

In 2019, although Alstom maintained strict control over air travel, encouraging as much as possible the use of trains and telepresence meetings, the number of trips increased in line with the increase of the headcount and the diversity of activities spread throughout the world. As a result, CO_2 emissions from air travel increased (+4%). Emissions from other travel remained stable.

Other indirect GHG emissions – Scope 3

CO_2 emissions related to logistics

Since 2016, Alstom has been assessing the carbon footprint of logistics transport under its control (between its sites; to customers; and a limited part of deliveries from suppliers). The Company has also launched several action plans to reduce CO_2 emissions from all its sites around the world. In this sense, one of the main actions taken is to increase sea shipments using logistics platforms to consolidate shipments. Moreover, the usage of reusable packaging was implemented within several sites and some training sessions to increase the knowledge of its employees were performed.

CO_2 emissions related to logistics *(in kilotonnes CO_2 eq.)*	2017	2018	2019
Standard Transport (SMC)	19	17	18
Exceptional Transport	4	6	11

Source: Alstom/Logistics Department.

Due to the increase in business activities, emissions in 2019 increased significantly, especially in regards of special transportation (delivery of trains to end customers). Moreover, Alstom international flows are focused especially between Europe and Asia, aligned with Alstom sourcing strategy.

Nonetheless, at the same time, Alstom continues to monitor the main CO_2 emissions from logistics flows especially by working closely with major contributors in this area as well as by deepening partnerships with its service providers. The Company aims to reduce the CO_2 impact of its freight transport by anticipating and consolidating shipments appropriately and by improving their coordination and management. Regarding overseas transportation, the Company favours the mode of transport with the lowest environmental impact (rail, shipping, or a combination of both) over air freight. The actual loading rate of containers is also optimised by pooling shipments.

GHG emissions related to products and services sold

Alstom regularly carries out life cycle assessments of its solutions to assess their environmental footprint.

Data related to products and services sold by Alstom are described in the section "Low carbon solutions", page 214.

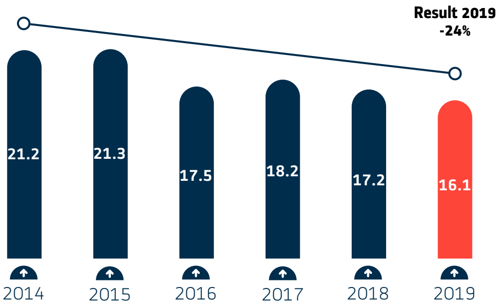
Water consumption

2020 Goal: Reduce water consumption by 10% compared to 2014 as a baseline year.

This indicator is monitored because of the sensitivity of the water resource, particularly in water-stressed regions, and more generally in emerging countries where Alstom is developing its business.

Results: Since 2017, Alstom has decided to monitor water intensity instead of water gross consumption. This monitoring is more relevant, as it is defined by the volume of water consumed related to its activity, which is measured in hours worked. Water intensity reduction is largely in line with the 2020 target (having achieved -24% compared to 2014 baseline year) and has decreased compared to 2018 (-6.2%).

WATER INTENSITY *(in l/hours worked)*



Details of water consumption

(in thousands of cubic metres)	Alstom 2014	2017	2018	2019
Public network	633	612	667	654
Ground water(*)	238	149	116	142
Surface water	0	0	0	0
TOTAL WATER CONSUMPTION	**871**	**761**	**783**	**796**

Source: Alstom Teranga.
(*) This figure doesn't take into account the groundwater pumped for geothermal purpose, considering that the water is rejected in the ground without any impact.

Most of the consumption is for domestic use. The Company experienced a slight increase of its water consumption from groundwater.

Waste management

2020 Goal: Maintain the percentage of recovered waste at 80%.

The Company is pursuing its target of recovering 80% of waste, particularly in countries where waste recovery is not developed. Waste intensity is defined as the amount of waste produced in relation to Alstom's activity. The activity is measured in hours worked.

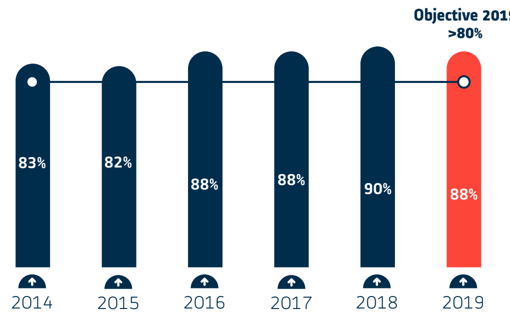
Results: At the end of 2019, the waste recovery target was largely exceeded with a rate of 88%.

This objective is increased to 85% in 2020 then 90% from 2021.

The Group has also decided to put in place a new objective from 2020: the recycling rate. It will be 70% in 2020 then it will progressively increase to 80% in 2022.

The Hornell site has undergone a major modification of its facilities following the launch of a new project. This exceptional event is treated in parallel with the follow-up of the normal indicator to allow a follow-up with a constant scope.

PERCENTAGE OF RECOVERED WASTE



Waste production

(in metric tons)	Alstom 2017	Alstom 2018	Alstom 2019
Hazardous waste	2,633	2,994	3,009
of which ISO 14001 projects(*)		*155*	*128*
of which recovered	*1,600*	*1,685*	*1,758*
Non-hazardous waste	27,880	32,756	31,450
of which ISO 14001 projects(*)		*3,335*	*3,019*
of which recovered	*25,267*	*29,465*	*28,207*
TOTAL WASTE PRODUCTION	**30,513**	**35,750**	**34,459**
OF WHICH ISO 14001 PROJECTS(*)		***3,490***	***3,147***

Source: Alstom Teranga.
(*) Waste produced by projects certified ISO 14001 related to infrastructure and signalling.
Excluding Hornell site waste due to an exceptional production linked to the extension of the site.

In 2018, waste generated by ISO 14001-certified infrastructure and signalling projects was integrated into the raw data, increasing overall volumes. Exceptional waste from the Hornell site in the United States is treated separately from other waste because it corresponds to soil excavated as part of a site extension project (5995 tons in 2019).

Food waste

The Company's food waste is only related to meals taken in the canteens. Being part of non-hazardous waste, it is not specifically monitored.

Air emissions of non-methane volatile organic compounds (VOC)

VOC are the main air pollutants emitted by Alstom operations. Painting operations are the main source of VOC. By implementing paint substitution initiatives (*e.g.* replacement of solvent-containing paints by aqueous paints), Alstom has divided by two its VOC emissions between 2010 and 2016. The Company continues to pay particular attention to these emissions with the aim of reducing their intensity.

Detail of non-methane VOC emissions

	Alstom		
(in metric tons)	2017	2018	2019
VOC emissions	163	175	131

Source: Alstom Teranga.

The VOC emissions globally decreased compared to last year. In terms of gross VOC emissions, the Barcelona site has divided its emissions by four. This is due to the fact that in 2019 the part of tramways produced on site is higher than in 2018 when metros and regional trains represented the major part of the production. The metros and regional trains require more painting (the surface of the tram is smaller than a metro or a regional train's one; moreover, a part of the tram is received already painted by the supplier). The site that emitted the most VOCs (31 tonnes) is La Rochelle.

The VOC intensity corresponds to the quantity of VOC emitted related to the painting activity (11 sites are concerned). The activity is measured in number of units painted (one unit can be a locomotive or a coach).

In 2019, the VOC intensity is 57 kg/painted unit, a decrease compared to last year (71 kg).

Employee awareness and recognition for best practices

The Group carries out communication and awareness-raising activities for its employees on best environmental practices, in particular as part of its ISO 14001 certification program. These actions are supplemented by mobilisation programs often coupled with those for health and safety.

In 2019/20, the following aspects related to employee awareness and the recognition for best practices should be highlighted:

- The sustainable Mobility Day was widely celebrated with Alstom on 17 September. As an example, on Coimbatore site, the employees were encouraged to come at work by bus, carpooling or bicycle. The site managing director personally committed to reduce his CO_2 emissions by favouring sustainable mobility modes. Alstom Brazil was also strongly involved and organised activities on Sao Paulo, Rio and Taubaté sites, in collaboration with the Enginery Traffic Department (CET) of Sao Paulo city.
- Alstom Netherlands continues CO_2 Performance Standard certification at the highest level (5). This is a Dutch specific standard with the objective to reduce Carbon dioxide emissions and energy consumption during all phases from supplier to customer (scope 1, 2 and 3) and has several maturity levels from 1 to 5.
- Alstom UK&Ireland have been awarded the Workplace Wellbeing Charter. The award demonstrates their commitment to improving health and wellbeing and is segmented into 8 categories: Leadership, Absence Management, Health and Safety, Mental Health, Smoking, Physical Activity, Healthy Eating and Alcohol & Substance misuse.
- Alstom India observed the National Road Safety Week between 11 to 17 January 2020. The EHS team conducted a series of activities across all Alstom locations in line with the objective of the week.

SOCIAL DATA

Data for this section are based on the same methodology as the Extra-Financial Performance Declaration. Selected social indicators were reviewed by PricewaterhouseCoopers. Their report is available on www.alstom.com.

Group Headcount

Breakdown by region

	At 31 March 2019					At 31 March 2020				
	Africa/ Middle East/ Central Asia	Asia/ Pacific	Europe	Americas	Total	Africa/ Middle East/ Central Asia	Asia/ Pacific	Europe	Americas	Total
Employees	4,450	5,175	21,427	5,218	36,270	4,642	6,752	22,501	4,984	38,879
% of employees	12.3%	14.3%	59.1%	14.4%	100.0%	11.9%	17.4%	57.9%	12.8%	100.0%
Out of which long-term absentees (LTA)	16	11	475	47	549	59	12	464	49	584

Source: Alstom HRIS.

Breakdown by type of contract

At 31 March 2019				At 31 March 2020			
Permanent contracts	Fixed-Term contracts	Interns	Total employees	Permanent contracts	Fixed-term contracts	Interns	Total employees
32,789	2,768	713	36,270	35,317	2,778	784	38,879

Source: Alstom HRIS.

Breakdown by category

At 31 March 2019				At 31 March 2020			
Managers and professionals		Other employees		Managers and professionals		Other employees	
Total	% of total employees	Total	% of total employees	Total	% of total employees	Total	% of total employees
19,022	52.4%	17,248	47.6%	20,791	53.5%	18,088	46.5%

Source: Alstom HRIS.

Workforce changes during fiscal year

At 31 March 2019						At 31 March 2020					
Hiring on permanent contracts	Hiring on fixed-term contracts	Resignations (1)	Redundancies (1)	Dismissals (1)	Other departures (2)	Hiring on permanent contracts	Hiring on fixed-term contracts	Resignations (1)	Redundancies (1)	Dismissals (1)	Other departures (2)
4,814	1,910	1,418	554	350	815	5,703	1,990	1,594	140	632	2,353

Source: Alstom HRIS.
Not including acquisitions and disposals.
(1) Calculated on permanent headcount only.
(2) Including retirement and end of Fixed Term Contract (FTC).

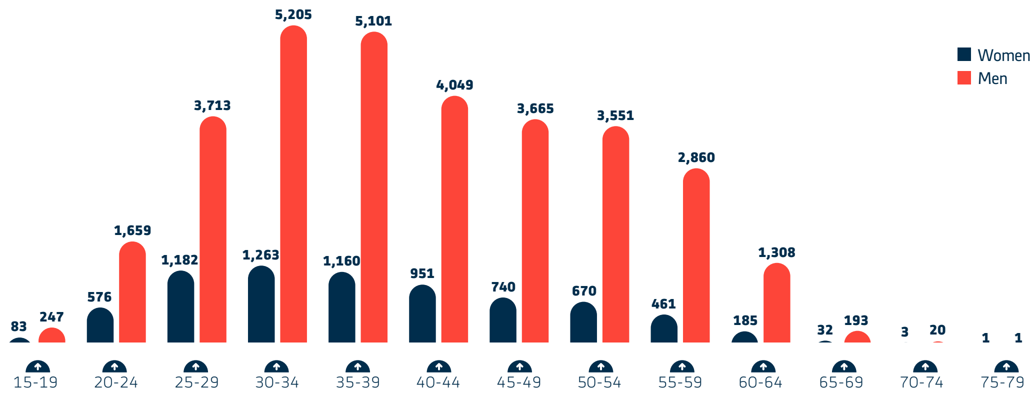
Diversity indicators

Breakdown by gender

At 31 March 2019				At 31 March 2020			
Men		Women		Men		Women	
Total	Total	Total	Total	Total	% of total employees	Total	% of total employees
29,696	81.9%	6,574	18.1%	31,572	81.2%	7,307	18.8%

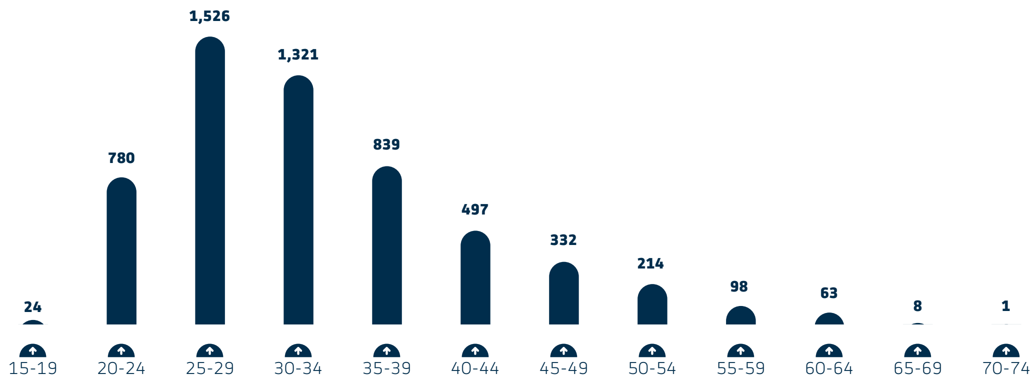
Source: Alstom HRIS.

Age pyramid by gender as of 31 March 2020



Source: Alstom HRIS.

Age pyramid of new hires 2019/20 – Permanent contracts



Source: Alstom HRIS.

Well-being

In the frame of new strategic plan AiM (Alstom In Motion), Employee Experience has been placed at the center of the Human Resources Strategy. Employee well-being at work has been considered as an essential part of Employee Experience. A global well-being at work roadmap has been defined in 2019 with the following objectives:

- reinforcing well-being awareness within the Company *via* trainings and webinars;
- creating an engaging environment by supporting mental health;
- improving work-life balance by promoting flexibility at work.

At global level, many actions such as new well-being at work training for managers, best practices handbook, well-being webinars, well-being e-learning playlist etc. have been initiated to improve employee well-being at work within the Company.

At country and site level, specific programs are in place to improve employee health and well-being and work-life balance. For example, Alstom has been awarded the "Top Employers 2020" certification in six countries across Europe, notably France, Spain, Poland, the United Kingdom, Belgium and Italy, which testifies to the quality of working conditions. This certification was awarded following the achievement of the fulfilled requirements and an in-depth research survey conducted by the Top Employers Institute, while benchmarking them with HR best practices in the respective countries.

Employee relations

An internal survey (named the Social Survey), conducted in 28 countries and representing 97.1% of Alstom's total headcount, showed that 60.2% of employees are covered by a national or legal entity collective bargaining agreement. The percentage of employees covered by a national or a legal entity collective bargaining agreement decreased slightly compared to last year. This is mainly due to the increase of Alstom's headcount in India (+30%) where there is no agreement. However, Alstom maintains an open communication with employees to ensure a positive impact in their working conditions and benefits.

Collective bargaining agreements

Alstom's management and employee representatives work closely together at all levels within Alstom (European, countries, sites…).

The European Works Forum (EWF) meets on a regular basis in various formats:

- three regular select committees were held during 2019;
- four regular plenary sessions were held during 2019.

In December 2019 the renewal of EWF agreements were signed.

The regular exchanges allow the business situation and its impact on the workforce to be reviewed. Most meetings focused on Business strategy and Market updates and the impact on workload, Product and Solutions strategy and Innovation.

On top of those regular select and plenary sessions, extraordinary meetings are organised.

In 2019, four extraordinary meetings of the EWF took place: one select and three plenary sessions. Two meetings at the beginning of the year still concerned the Siemens Alstom Project; later meetings were dedicated to the presentation of the new Alstom strategy (defined Alstom in Motion). As usual, information was shared subsequently in the different countries.

During one of these meetings, information about the appointment process of two Employee Representatives at Alstom's Board of Directors was shared.

In 2019, 116 agreements were signed in Alstom's most important countries. These agreements were signed either at site, at Country, or legal entity level. Most of them were related to the following topics:

- Health, Medical & Retirement;
- Working time & Organisation;
- Work Life balance/Well-being;
- Total Compensation;
- Union's Rights.

One objective of the new agreements or addenda is to continue to provide more benefits/coverage and the harmonisation of Alstom benefits offered at country level; Work-life balance/Well-being/Diversity & Inclusion were a strong focus again this year, as well as flexibility agreements regarding working time & organisation to manage workload and gain agility.

RELATIONS WITH GOVERNMENTS, INTERNATIONAL ORGANISATIONS AND THINK TANKS

Contribution to the public debate on sustainable development policies

Alstom contributes to the public debate around sustainable mobility and rail transport, engaging with governments and international organisations in the development of policies.

The Group is actively involved in the dialogue with governments and international organisations, exchanges regularly with other actors of influence and participates in some initiatives of which it shares the vision.

In addition, and in line with the proximity strategy appreciated by its customers, Alstom's geographical presence, its industrial presence and its commitment to the territories are major assets to contribute to the public debate with local authorities.

The messages through which Alstom contributes to the policy debate focus on the following:

- the role of open markets and of fair competition to support a sustainable growth, across:
  - fair competition and reciprocity of public procurement,
  - consistent application of high international standards for ethics and compliance,
  - protection of intellectual property rights (IPR) as a major driver of innovation and of investment in Research and Deployment (R&D),
  - evaluation of requests for proposals for transport systems on the basis of the most economically advantageous tender criteria, taking into account the duration of these investments,
  - uniform implementation and mutual recognition of standards and norms between different jurisdictions (certification and approval), in order to reduce cost;
- the need for continued investment in sustainable technologies in the public and private sectors, particularly through:
  - public support and collaboration to accelerate R&D and the demonstration of sustainable technologies and services,
  - public funding for the piloting and demonstration of pre-commercial technologies,
  - implementation of mid- to long-term financial mechanisms to spread on a large scale the solutions of sustainable mobility,
  - necessity of the support of policies aiming to internalise external costs, particularly with regards to a consistent pricing for CO_2,
  - the contribution of international financial institutions to finance the large infrastructure projects in developing countries,
  - the use of innovative financial mechanisms by financial institutions to mobilise private investments, particularly by sharing risks, as well as through governments which support and facilitate their actions;

- the importance of long-term, transparent and stable policy frameworks to support investment in sustainable development, particularly through:
  - the promotion of sustainable transport and zero carbon emission strategies, based on shared, electrical mobility and hydrogen, rather than on individual transport and the use of fossil fuels,
  - the definition of a network of pan-European infrastructures enabling the deployment of rail transportation and zero-emission mobility solutions for all citizens and companies,
  - the definition and the effective application of balanced regulations to support a wide portfolio of low carbon and high efficiency solutions,
  - the increased resilience of transport infrastructure, to address the impacts of climate change.

Participation in organisations and high-level initiatives

Convinced that Sustainable Development goals will only be reached if all relevant stakeholders are actively involved, Alstom participates in a number of leading organisations.

At international level

- Since 2008, Alstom adheres to the United Nations Global Compact Initiative, which seeks to encourage companies to commit to a set of values such as human rights, the respect for labour conditions, the protection of the environment, and ethics in business. Alstom is actively involved in this initiative and promotes the ten principles that summarise its key values.
- Besides, the Group supported UNFCCC forums (United Nations Framework Convention on Climate Change), by participating in COP 25, which was held in Spain in December 2019, to show how its technologies support the transition towards a low carbon emissions society.
- Alstom is a member of the "Sustainable Low Carbon Transport Partnership" (SLoCaT) initiative that brings together international players committed to sustainable mobility, and a sponsor of the "Paris Process on Mobility and Climate" (PPMC), an open and inclusive platform created to reinforce the position of actors in favour of sustainable transport.
- Alstom is a founding member of the Transport Decarbonisation Alliance, which gathers States, local authorities and industrialists eager to accelerate the transformation of the transport sector into a sector with zero net CO_2 emissions by 2050.
- In 2019, the Company renewed its support to the International Union of Railroads (UIC) Low Carbon Rail Transport Challenge, a commitment to deliver railway solutions which are ever more energy efficient and attractive such as: high-performance electrical, battery, fuel-cell, diesel and hybrid trains, smart railway systems and modernisation services.
- As a member of the International Union of Public transits (UITP), Alstom signed its Charter of sustainable development.
- Alstom is a founding member of the Hydrogen Council, which gathers 39 companies sharing the same vision on hydrogen as a key driver of the energy transition.
- Finally, Alstom is a member of the Corporate Partnership Board of the International Transport Forum (ITF), an intergovernmental organisation of the OECD, which gathers of the Ministers of Transport at global level.

At regional/local level

- Alstom is a member of the European Railway Industries Union (UNIFE) which represents the sector within European institutions. It promotes, among other things, the establishment of a European railway equipment market through interoperability and implementation of the fourth rail package, as well as the role of rail in the achievement of greenhouse gas reduction objectives at the European Union (EU) level.
- The Company contributes to the Platform for Electro-Mobility, a voluntary group of 39 companies, NGO and European sectorial associations, which encourages a wider use of electric vehicles in order to control emissions due to the transport sector.
- Alstom is also a founding member of "Shift2Rail", the European Union joint venture for railway research. "Shift2Rail" aims to respond to the evolving transport needs of the European Union, through research and innovation, in order to develop advanced and innovative technologies.
- Alstom is a member of "Hydrogen Europe", an industrial member association of the joint company "Fuel Cell Hydrogen", which represents more than 162 companies and national associations, and supports research in the field of hydrogen and fuel cells while promoting this type of energy as being an efficient and clean technology.
- Alstom is a member of several expert groups of the European Commission such as: Sustainable Transport, the Competitiveness of the European Rail Industry and the implementation of a Taxonomy on Sustainable Investments. In 2019, Alstom pursued its commitment within different institutions and contributed to the debate on the rail sector.
- The Group also contributes to many local initiatives. For example, in France, Alstom participates in activities of many industrial associations, such as CS2F (Comité stratégique de la filière ferroviaire, for which Henri Poupart-Lafarge is the President), MEDEF (Mouvement des Entreprises de France), France Industrie, AFEP (Association Française des Entreprises Privées), Fer de France, FIF (Fédération des Industries Ferroviaires), etc. This active participation allows the Group to better include the demands of public authorities, strengthen its proposals and anticipate the evolution of regulations.

DATA PRIVACY

Alstom respects the privacy of all individual stakeholders with whom it interacts. Alstom's Code of Ethics and the Alstom Data Privacy Charter provide the fundamental rules of the Company in this regard as well as protection to all employees, business partners and other third parties whose personal data Alstom processes. In addition, Alstom has implemented a data privacy compliance program centered around the three fundamental principles of its approach: Transparency, Proportionality and Necessity. The Alstom website provides an overview of the data privacy compliance program, copies of the corporate policies including the Data Privacy Charter and various data privacy notices covering the categories of individuals whose personal data is processed.

Alstom is fully transparent on all types of personal data collected, why it collects the data and the type of processing it undertakes on it. The Group collects only personal data that requires for its business purposes, primarily legal obligations and legitimate interests, and does not allow any additional further processing of the data. Alstom has a dedicated email address, which is available to all Alstom employees and any third party who have queries about the nature of personal data collected, the type of processing it undertakes and the exercise of their rights under applicable legislation. Employees who breach data privacy rules and internal policies are subject to disciplinary measures in the framework of Alstom's disciplinary policies and the Alstom Disciplinary Committee.

DETAILS ON THE PROJECTS OF THE ALSTOM FOUNDATION

At its meeting in September 2019 the Board of Directors selected 25 projects for support from the 2019/20 budget. These are presented by geographical region. The relevant local Alstom facility, be it a factory site, an office or some other entity, is identified.

ALSTOM FOUNDATION PROJETCS SELECTED DURING 2019 BOARD

Region	Country	Local site	Project title	Partner
Asia-Pacific	China	Hong Kong office	Make it work HK - empowering low-income women workers by providing training and better job opportunities and lifting them out of the poverty cycle	French Chamber Foundation
Asia-Pacific	India	Sri City factory site	Enabling access to secondary education through the provision of bicycles to 899 students from the Anantapur district	Fundación Vicente Ferrer
Asia-Pacific	India	Coimbatore factory site	Water for Life - Integrated Water Management Program encompassing the rehabilitation of infrastructure to allow the local population access to water for agriculture and sanitation purposes	Gramium with SEVAI and Objectif France Inde
Asia-Pacific	India	Bangalore office	Facilitation services to rural women-led nano and micro enterprises to help grow their businesses	Technology Informatics Design Endeavour (TIDE)
Asia-Pacific	India	Madhepura factory site	A Mobile Solution to Welfare Gaps – Welfare Initiatives in Madhepura District in Bihar - Phase 2	Pragya
Asia-Pacific	Philippines	Manila project site	Empowering street children and families and bringing about lasting improvements in the living conditions of people living on the streets and their social integration	Asmae - Association Soeur Emmanuelle;
Europe	France	Saint-Ouen Headquarters	Eco-colleges of Seine-Saint-Denis, supporting an environmental education programme implemented in 50 educational establishments across the Department	Teragir Association
Europe	France	Saint-Ouen Headquarters	Fleurs d'Halage - Growing flowers to create jobs and biodiversity	Halage
Europe	Greece	Athens office	Human Rights Awareness and Skills Development for Unaccompanied Minors (UAMs) amongst the migrants and asylum seekers	ARSIS Association for the Social Support of Youth
Europe	Italy	Rome office	Train of integration - promoting the integration of refugees and asylum seekers into Italian society and building a stronger connection with the local community	Associazione Centro Astalli

Region	Country	Local site	Project title	Partner
Europe	Spain	Madrid office and Barcelona factory site	Plastic Beings: Addressing the accumulation of plastics in the Mediterranean – raising awareness and reduction plastic use	Fundación Vivo Sano
Europe	United Kingdom	Widnes depot site	Providing Support to Children in Crisis	Railway Children
Europe	United Kingdom	Liverpool office	Improving Social Mobility for Young People in Liverpool Phase 3	Social Mobility Foundation
Americas	Colombia	Bogota office	Bicycles for Educational Empowerment Program (BEEP)	World Bicycle Relief
Americas	Mexico	Guadalajara project site	Attending to the educational backwardness of boys and girls living in vulnerability; restoring their right to education so they can construct a dignified future	Movimiento de Apoyo a Menores Abandonados, MAMA A.C
Americas	Panama	Panama City project site	Soft and Technical Skills Training for Women in social vulnerability (CAPTA)	Fundación Calicanto
Americas	Peru	Lima office	Vocational training for the disabled - behavioral improvement and skills development	Evanik
Americas	Peru	Lima office	Construction of green spaces in a shanty town by single mothers of the township, for the promotion of social inclusion and prevention of natural disasters Phase 4	Association Mano a Mano Perú
Africa / Middle East / Central Asia	Israel	Jerusalem office	Mifne – Skills Development, Employment Advancement and Economic Empowerment for Underprivileged Women in Jerusalem	Be-Atzmi
Africa / Middle East / Central Asia	Israel	Tel Aviv office	Talking the Future - Improving Hebrew Literacy Among Asylum Seeking Preschool Children	The Yehuda Tribitch memorial fund for social engagement, Unitaf
Africa / Middle East / Central Asia	Kazakhstan	Nur Sultan office	Building Future Technicians Phase 2. Equipping a welding laboratory and building teachers capacity	Eurasia Foundation of Central Asia
Africa / Middle East / Central Asia	Senegal	Dakar project site	A quality education, locally, for secondary school children in Lompoul through the provision of electricity	Electriciens sans frontières (Electricians without borders)
Africa / Middle East / Central Asia	South Africa	Ubunye factory site	After School and Life Skills Project Phase 2. Helping 200 vulnerable children affected by AIDS to improve their performance in school and acquire basic life skills.	Association François-Xavier Bagnoud – FXB;
Africa / Middle East / Central Asia	Tunisia	Tunis office	Providing transport for young students at El Mnasria Primary School	FACE Tunisia
Africa / Middle East / Central Asia	Turkey	Istanbul office	+BiDown Independent Life and Career Academy. A training project for youth with Downs Syndrome seeking autonomy and job skills.	Down Sendromu Dernegi

SYNTHESIS OF INDICATORS/KEY FIGURES 2019/20

Indicators	2018/19	2019/20*	GRI 2016 reference	Page
ENVIRONMENTAL INDICATORS				
Energy				
Energy consumption from natural gas [1] *(in GWh)*	231	243	302.1	223
Energy consumption from butane/propane and other gases [1] *(in GWh)*	8	8	302.1	223
Energy consumption from domestic fuel [1] *(in GWh)*	6	6	302.1	223
Energy consumption from steam/heat [1] *(in GWh)*	42	42	302.1	223
Energy consumption from electricity [1] *(in GWh)*	187	192	302.1	223
Energy consumption from coal, heavy fuels and other fuels [1] *(in GWh)*	1	0	302.1	223
Total in energy consumption [1] *(in GWh)*	475	491	302.1	223
Energy intensity [1] *(in kWh/hours worked)*	9.9	9.5	302.3	223
Share of electricity from renewable sources [1] [2] *(in %)*	36	36		223
Direct CO_2 emissions from natural gas, butane, propane, coal and oil consumption [1] *(in kilotonnes CO_2 eq.)*	50	52	305.1	224
Indirect CO_2 emissions from steam, heat and electricity consumption [1] *(in kilotonnes CO2 eq.)*	65	70	305.2	224
Total gross CO_2 emissions from energy consumption [1] *(in kilotonnes CO_2 eq.)*	115	122	305.1/2	224
Avoided emissions due to the supply of green electricity [1] *(in kilotonnes CO_2 eq.)*	14	12		224
Total net CO_2 emissions related to energy consumption [1] [3] *(in kilotonnes CO_2 eq.)*	101	110		224
Other direct CO_2 emissions from HFC [1] *(in kilotonnes CO_2 eq.)*	1	1	305.3	224
Total CO_2 emissions from energy consumption and other direct emissions [1] *(in kilotonnes CO_2 eq.)*	102	111	305.1/2/3	224
GHG emissions intensity [1] *(in kilotonnes CO_2 eq./hours worked)*	2.2	2.2	305.4	224
CO_2 emissions from air travels [1] *(in kilotonnes CO_2 eq.)*	24	25	305.3	264
CO_2 emissions from train travels [1] *(in kilotonnes CO_2 eq.)*	1	1	305.3	264
Company cars CO_2 emissions from gasoline [1] *(in kilotonnes CO_2 eq.)*	1	1	305.1	264
Company cars CO_2 emissions from diesel oil [1] *(in kilotonnes CO_2 eq.)*	3	4	305.1	264
CO_2 emissions from standard transport of goods [1] *(in kilotonnes CO_2 eq.)*	17	18	305.3	264
CO_2 emissions from exceptional transport of goods [1] *(in kilotonnes CO_2 eq.)*	6	11	305.3	264
CO_2 emissions from trains sold for passenger transport *(average in g CO_2 eq. per pass* km)*	6.5	5.5	305.3	218
Reduction of solutions energy consumption *(in %)*	17	20		218
Share of newly developed solutions covered by an ecodesigned process *(in %)*		25		221
Natural disasters generating more than €2 million in damages for products and operating losses *(in numbers)*	1	1		219
Water and releases				
Water consumption from public network [1] *(in thousands of m^3)*	667	654	303.1	265
Water consumption pumped from groundwater [1] *(in thousands of m^3)*	116	142	303.1	265
Water consumption pumped from surface water [1] *(in thousands of m^3)*	0	0	303.1	265
Total water consumption [1] *(in thousands of m^3)*	783	796	303.1	265
Water intensity *(in thousands of m^3)*	17.2	16.1		265
Airborne emissions				
Non-methane volatile organic compounds (VOCs) emissions [1] *(in tonnes)*	175	131	305.7	267

Indicators	2018/19	2019/20*	GRI 2016 reference	Page
Waste management				
Hazardous waste [(1)] *(in tonnes)*	2,994	3,009	306.2	266
Recovered hazardous waste [(1)] *(in tonnes)*	1,685	1,758	306.2	266
Non-hazardous waste [(1)] *(in tonnes)*	32,756	31,450	306.2	266
Recovered non-hazardous waste [(1)] *(in tonnes)*	29,465	28,207	306.2	266
Total waste production [(1)] *(in tonnes)*	35,750	34,459	306.2	266
Percentage of recovered waste [(1)] *(in %)*	90	88	306.2	266
Management system				
Proportion of employees working in sites or projects certified ISO 14001 *(in %)*	88	90	103	263
SOCIAL INDICATORS				
Occupational Health and Safety				
Number of fatalities at work (Alstom employees and contractors) *(in numbers)*	3	0	403.9	227
Number of travel fatalities (Alstom employees) *(in numbers)*	1	1	403.9	227
Number of occupational severe accidents (incl. fatal accidents) *(in numbers)*	9	6	403.9	227
Lost time injury frequency rate (employees and contractors) – IFR1	1.1	1.0	403.9	227
Number of Alstom Zero Deviation Plan audits conducted in a fiscal year *(in numbers)*	64	48		226
Proportion of Alstom employees trained to e-learning module on High Risk Activities [(1)] *(in %)*	77	77	403.5	226
Number of recognised occupational diseases for the entire Alstom scope	37	45	403.10	227
Ratio of employees covered by a life insurance in case of accidental death or total and permanent disability [(1)] *(in %)*	96.9	97.3	401.2	235
Ratio of employees covered by a life insurance giving one-year salary in case of accidents [(1)] *(in %)*	90.4	88.7	401.2	235
Workforce and organisation				
Number of countries covered by a Top Employer Certification	1	6		235
Distribution of employees by type of contract *(in numbers)*			**102.8**	**268**
Permanent contracts (CDI)	32,789	35,317		268
Fixed-term contracts (CDD)	2,768	2,778		268
Interns	713	784		268
Total employees	**36,270**	**38,879**	**102.7**	**268**
Distribution of employees by region *(in %)*			**102.8**	**268**
Africa/Middle East/Central Asia	12.3	11.9		268
Asia/Pacific	14.3	17.4		268
Europe	59.1	57.9		268
Americas	14.4	12.8		268
Distribution of employees by category				**268**
Managers and professionals *(in %)*	52.4	53.5		268
Other employees *(in %)*	47.6	46.5		268
Employees' movements in a fiscal year			**401.1**	**268**
Hires on permanent contracts *(in numbers)*	4,814	5,703		268
Hires on fixed-term contract *(in numbers)*	1,910	1,990		268
Resignations *(in numbers)*	1,418	1,594		268
Share of resignations *(in %)*	4.5	4.7		233
Economic redundancies *(in numbers)*	554	140		268
Non-economic redundancies (permanent staff)	350	632		268
Other (incl. retirements, excluding disposals and acquisitions) *(in numbers)*	815	2,353		268

Indicators	2018/19	2019/20*	GRI 2016 reference	Page
Recruitments per Region (permanent contracts) *(in %)*			**401.1**	**234**
Africa/Middle East/Central Asia	25	14		234
Asia/Pacific	24	29		234
Europe	34	40		234
Americas	16	16		234
Resignation rate for employees on permanent contracts by region *(in %)*			**401.1**	**233**
Africa/Middle East/Central Asia	5.0	8.9		233
Asia/Pacific	9.1	8.0		233
Europe	3.2	2.8		233
Americas	5.6	5.8		233
Absenteeism rate [1] *(in %)*	**2.8**	**2.8**		**233**
Africa/Middle East/Central Asia	1.9 [4]	2.5		233
Asia/Pacific	2.3	2.0		233
Europe	3.5	3.4		233
Americas	1.8	1.9		233
Competencies and careers				
Proportion of trained employees [1] *(in %)*	87.2	90.2		238
Average training hours per employee [1] *(in hours/employee)*	20.4	20.1	404.1	238
Total number of training hours [1] *(in hours)*	677,762	724,240	404.1	238
Diversity and equal opportunity *(in %)*				
Proportion of women in the workforce	18.1	18.8	405.1	234
Proportion of female managers or professionals	20.7	21.4	405.1	234
Proportion of women as senior managers and executives	16.4	16.1	405.1	234
Proportion of women trained [1]	17.5	19.3	405.1	234
Proportion of employees with disabilities [1] – Alstom	2.7	2.5	405.1	234
Proportion of employees with disabilities [1] – Europe	4.3	4.1		234
Social dialogue				
Share of employees covered by a national collective agreement or a company agreement [1] *(in %)*	65.1	60.2		270
INDICATORS RELATED TO ETHICS AND COMPLIANCE				
Ethics and Compliance ambassadors *(in numbers)*	330	323		248
Certification ISO 37001 *(in % of regions included)*	100	100		248
Employees having received an "E&C class" training *(in %)*	83	80		248
INDICATORS RELATED TO HUMAN RIGHTS				
Evaluations made on the living conditions of our contractors *(in numbers)*	5	9		252
Evaluations made on the working conditions of our contractors *(in numbers)*	4	9		252
Cases recorded in the field of child exploitation, forced labour, freedom of association through alert procedure and social survey *(in numbers)*	0	0		252
SOCIETAL INDICATORS				
Product safety				
Safety review OK (measure the ability to anticipate safety issues in project execution) [1] *(in %)*	66.1	61.7		255
Ratio of participations to online trainings *(in %)*	71.4	77.3		255
Relationships with customers				
Net Promoter Score (out of 10)	8.1	8.2		254

Indicators	2018/19	2019/20*	GRI 2016 reference	Page
Relationships with local communities				
Country Community Action Plans implemented *(in number)*	27	29		243
Number of beneficiaries from social programmes *(in thousands of people)*	76	129		243
Responsible sourcing				**251**
Proportion of purchase amount covered by the referenced suppliers having signed the Ethics and Sustainable Development Charter *(in %)*	98	99		251
Share of purchase volume from potentially high-risk suppliers covered by online assessments or on-site audits *(in %)*	75	85		251
Share of total purchase volume covered by online assessments, on-site audits or screening *(in %)*	51	60	414.2	
Proportion of sourcing managers who have attended sustainable sourcing trainings *(in %)*	91	90		251

(1) Indicators reported on the calendar years 2018 and 2019.
(2) Modified scope or methodology.
(3) Including the use of electricity from renewable sources.
(4) The calculation of the absenteeism rate in South Africa covers only the Ubunye site. Data from the Gibela site are not reported.
* Figures in red font represent key performance indicators for the Company.

7 ADDITIONAL INFORMATION

AFR The Content of the Annual Financial Report is identified in the summary table with the help of this pictogram.

INFORMATION ON THE GROUP AND THE PARENT COMPANY

BACKGROUND

The Group was created in 1989 by The General Electric Company plc ("GEC") and Alcatel, its 50-50 shareholders, with the aim of consolidating within a single group businesses that had up to then been operated by certain of their respective subsidiaries. The joint venture was a holding company incorporated under Dutch law, GEC ALSTHOM NV. This venture, which was carried out during a time of consolidation in the energy sector, sought to benefit from complementarities in Alcatel's and GEC's respective products and markets.

At the end of 1997, the two shareholders decided to list the Company on the Paris, New York and London Stock Exchanges and to sell some of their shares on the market. They chose Paris as the main listing exchange and decided to transfer all the activities that had until then been carried out by GEC ALSTHOM NV to a French public limited company *(société anonyme)* named Alstom (previously Jotelec). Before Alstom's (or the "Company") IPO, almost all the assets directly or indirectly held by GEC ALSTHOM NV were transferred to one of its French subsidiaries, Alstom France S.A., which was fully owned by Alstom. This company, which is now named Alstom Holdings, is the sub-holding company of the Group which holds the Group's operating subsidiaries (see below "Simplified Group Organisation Chart at 31 March 2020").

Since Alstom's listing in 1998, the Group's scope of activities has changed significantly. One of the most significant transactions was the acquisition of ABB's power generation activities in two phases: first, the formation of a joint venture in July 1999, followed by the Alstom's purchase of ABB's stake in the joint venture in May 2000. In parallel, the Group re-focused on its core business, notably by selling its Contracting activities in July 2001.

The Group sold its Transmission & Distribution and Marine Sectors in 2004 and 2006, respectively. In June 2010, Alstom acquired AREVA's Transmission activities, now the Group's Grid Sector.

Since July 2011, the Group's operational activities have been organised around four Sectors: Thermal Power, Renewable Power, Grid and Transport.

On 4 November 2014, Alstom's Board of Directors approved the execution of an agreement with General Electric to sell Alstom's Energy businesses, namely Power (electricity generation) and Grid, as well as Alstom's shared and central services. This transaction was accompanied by Alstom's reinvestment of some of the sale proceeds in three joint ventures with General Electric: in Nuclear, the company GEAST (20% minus one share); in Grid, the company GE Grid Alliance BV (50% minus one share) and in Renewable, the company GE Renewable Holdings BV (50% minus one share). Alstom also acquired General Electric's Signalling business and entered into a global alliance in the rail sector.

The transaction was completed on 2 November 2015 after finalising the carve-out transactions relating to the Energy and Transport businesses and obtaining antitrust and regulatory authorisations.

For each of these joint ventures, Alstom had a put option (exercisable in September 2018 or in September 2019 for the Grid and Renewable joint ventures, and in the first quarter of 2021 and 2022 for the nuclear joint venture) at a price calculated using a formula related to results. This price could not be lower than purchase price paid by Alstom for the shares of the relevant joint venture plus 2% or 3% per year, as applicable, since the completion of the sale of the Energy businesses to General Electric.

On 2 October 2018, Alstom sold all its holdings in the three Energy joint ventures (Renewable, Grid and Nuclear) to General Electric for a total of €2.594 billion.

IDENTITY OF THE COMPANY

LEI

10716939/10717179

Company name and registered office

Alstom

48, rue Albert-Dhalenne, 93400 Saint-Ouen-sur-Seine

Tel.: + 33 1 57 06 90 00

Legal form

French limited company *(société anonyme)* with a Board of Directors, governed in particular by the French Commercial Code.

Term

Alstom was formed on 17 November 1992 as a limited company *(société anonyme)* named "Jotelec". The Company's term will expire on 17 November 2091, unless it the Company is dissolved early or its term is extended.

Registration number

389 058 447 RCS Bobigny.

Code APE

6619 A.

SPECIAL PROVISIONS OF THE ARTICLES OF ASSOCIATION

Company object

(Article 3 of the Articles of Association)

The objects of the Company are, directly or indirectly:

- the conduct of all industrial, commercial, shipping, financial, real property and asset transactions in France and abroad, notably in the following fields:
  - energy,
  - transmission and distribution of energy,
  - transport,
  - industrial equipment,
  - naval construction and repair work,
  - engineering and consultancy, design and/or production studies and general contracting associated with public or private works and construction, and
  - more generally activities related or incidental to the above;
- participation, by every means, directly or indirectly, in any operations which may be associated with its objects, by the creation of new companies, capital contributions, subscription or purchase of stocks or rights, merger with such companies or otherwise; the creation, acquisition, lease or takeover of business goodwill or businesses; the adoption, acquisition, operation or sale of any processes and patents concerning such activities; and
- generally undertaking all industrial, commercial, financial and civil operations and real property and asset transactions that may be directly or indirectly associated with the Company's objects or with any similar or related object.

Furthermore, the Company can take an interest, of whatever form, in any French or foreign business or organisation.

Fiscal year

(Article 19 of the Articles of Association)

The fiscal year starts on 1 April and ends on 31 March of each year.

Shareholders' Meetings

(Article 15 of the Articles of Association)

Convening and proceedings – Agenda

Ordinary and Extraordinary General Meetings, satisfying the legal conditions for quorum and majority voting, exercise the powers respectively attributed to them by the law.

They are convened in accordance with the rules and the terms laid down by law.

Meetings are held at the registered office of the Company or at any other place determined by the Board, either within the *"département"* in which the registered office is located or in any other French territory. The agenda of the Meeting is drawn up by the Board of Directors if the Board has called the Meeting and, if not, by the person calling the Meeting.

However, one or more shareholders satisfying the conditions laid down by law may request the inclusion of draft resolutions on the agenda.

Questions not appearing on the agenda may not be considered.

Admission and representation

Ordinary and Extraordinary General Meetings are made up of all shareholders without distinction who are admitted and may be represented under the conditions provided for by applicable regulations; provided, however, that the Company allows shareholders to vote electronically by correspondence and that the Board of Directors can also organise, under the conditions contemplated by law, shareholder participation and voting at General Meetings *via* videoconference or any means of telecommunication that allow the shareholders to be identified.

These admission and representation arrangements are described in Article 15 of the Articles of Association. Article 15 will be subject to modifications that are being submitted to the vote of the 2020 General Meeting for the purpose of making drafting adjustments aimed at, in particular, taking into account that Article R. 225-85 of the French Commercial Code (as amended by the decree of 8 December 2014) shortened the time limit for establishing the record date for listed companies from three business days before the General Meeting to two business days before such Meeting. This time limit is mandatory as a matter of public policy.

Voting rights

Each member of the Meeting is entitled to as many votes as the number of shares which he holds or represents.

At all Ordinary, Extraordinary or Special General Meetings, the voting right on shares shall, in cases where such shares are subject to usufruct, be exercisable by the usufructuary.

Following the French law "aimed at recapturing the real economy" (known as the "Florange" law) enacted on 29 March 2014, double voting rights are automatically applied to shares held for at least two years in registered form in any company whose shares are admitted for trading on a regulated market, absent a contrary provision in the Company's Articles of Association adopted after the effective date of the Florange law. As the calculation period started on 1 April 2014 and in the absence of a contrary provision in the Company's Articles of Association, double voting rights have applied automatically since 31 March 2016. It is noted that the Combined Shareholders' Meeting held on 1 July 2014 rejected the 20th resolution, which proposed to introduce a new provision in Alstom's Articles of Association maintaining simple voting rights.

Notification of holdings exceeding certain percentages

(Article 7 of the Articles of Association)

In addition to the legal obligation to notify the Company of certain shareholding levels or voting rights, any individual or legal entity who holds directly or indirectly, alone or in concert pursuant to Articles L. 233-10 *et seq.* of the French Commercial Code a number of shares in the Company giving a shareholding equal to or in excess of 0.5% of the total number of shares or voting rights issued must notify the Company by recorded letter with proof of receipt within five trading days of this threshold being exceeded. Notification is to be repeated under the same conditions whenever a new threshold of a multiple of 0.5% of the total number of shares or voting rights is exceeded, up to and including the threshold of 50%.

To determine these thresholds, shares equivalent to the shares owned as defined by the legislative and regulatory provisions of Article L. 233-7 *et seq.* of the French Commercial Code, will be taken into account.

In each of the above-mentioned notifications, the declaring person must certify that the notification includes all stock held or owned in the sense of the preceding paragraph. Such notification must also state: the declarer's identity as well as that of individuals or legal entities acting in concert with him, the total number of shares or voting rights that he holds directly or indirectly, alone or in concert, the date and the source of crossing the threshold and, where applicable, the information mentioned in the third paragraph I of Article L. 233-7 of the French Commercial Code.

Any shareholder whose participation in the shareholding or in voting rights falls below one of the above-mentioned thresholds is also required to notify the Company within the same length of time of five trading days and by the same means.

In the event of non-observance of the above provisions and in accordance with the conditions and levels established by law, a shareholder shall lose the voting rights relating to the shares in excess of the thresholds which should have been notified, if one or more shareholders holding at least 3% of the share capital or voting rights so requires.

Identification of holders of bearer shares

(Article 7 of the Articles of Association)

The Company may, under the conditions laid down by the law from time to time, request any officially authorised organisation or intermediary to pass on all information concerning its shareholders or holders of its stock conferring an immediate or subsequent right to vote, their identity and the number of shares that they hold.

Appropriation of income

(Article 21 of the Articles of Association)

The profits for the fiscal year consist of the revenues relating to the preceding fiscal year, less overheads and other Company expenditure including provisions and depreciation allowances.

At least 5% is set aside from the profits, less any previous losses, if appropriate, to form the legal reserve fund. This provision ceases to be mandatory once the value of the fund reaches one-tenth of the share capital.

The remainder (less the above deductions) of the retained earnings and withdrawals from the reserves which the General Meeting has at its disposal shall, if the General Meeting so desires, be distributed among the shares, once the sums carried forward by the said Meeting or transferred by it to one or more reserve funds have been deducted.

After the General Meeting has approved the accounts, any losses are carried forward to be charged against the profits of subsequent financial years until they are cancelled out.

Each shareholder may be granted, at the General Meeting, for all or part of the dividend or interim dividend to be distributed, an option to be paid the dividend or interim dividends in cash or in shares of the Company, under the current legal and regulatory conditions.

The Articles of Association do not contain any provision which may delay, postpone or prevent a change of control.

DOCUMENTS ACCESSIBLE TO THE PUBLIC

The legal documents relating to the Company and the Group that must be made available to shareholders according to applicable law may be consulted at the Company's registered office. Some of them, including the Articles of Association, are available on the Group's website (http://www.alstom.com/), in particular in the "Investors" sections, pursuant to Article L. 451-1-2 of the French Monetary and Financial Code. The Group's Annual Reports for the last ten fiscal years are also available on the website.

ACTIVITY OF THE PARENT COMPANY

Alstom is the holding company of the Group, and only holds the shares of Alstom Holdings. Alstom centralises a very large share of the Group's external financing and advances the funds thus obtained to its subsidiary Alstom Holdings through loan agreements and a current account.

Fees from its indirect subsidiaries for the use of the Alstom name make up Alstom's other source of revenues. For more information, see "Financial information – Statutory accounts – Comments on the statutory accounts".

INTELLECTUAL PROPERTY

The Group owns or benefits from licenses allowing it to use of various trademarks, patents and other intellectual property rights. All these rights contribute to the smooth running of the business. However, as of the date hereof, no single license is materially important to the Group's activities.

REAL PROPERTY

Within the framework of its activities, the Group possesses real estate over which it holds various types of rights. The Group has full ownership of most of its main industrial sites.

The Group set up a leasing strategy for its office buildings, which is notably the case with the Group's headquarters.

The gross value of land and buildings fully owned at 31 March 2020 amounted to €1,071 million. The related depreciation amounted to €508 million. These amounts include neither operating leases nor rights of use leased buildings and lands.

The Group's tangible assets are subject to costs for general maintenance and repairs required for their proper operation, and meeting legal and quality standards, including with respect to environmental, health and safety matters.

MAIN SITES (NON EXHAUSTIVE LIST)

Country	Site
South Africa	Johannesburg (Gibela)
	Johannesburg (Ubunye)
Germany	Braunschweig (Lease)
	Salzgitter
Algeria	Algiers (Lease)
Australia	Ballarat
	Sydney (Lease)
Belgium	Charleroi
Brazil	Taubate
Canada	Sorel-Tracy (Lease)
	Toronto – Brampton (Lease)
Egypt	Cairo (Lease)
Spain	Barcelona – Santa Perpetua
	Madrid (Lease)
USA	Hornell (NY) (Lease)
	Rochester (NY) (Lease)
	Grain Valley (MI)
	Warrensburg (MI)
	Melbourne (FL) (Lease)
France	Aix-en-Provence
	Aytré – La Rochelle
	Belfort
	Le Creusot
	Ornans
	Petit-Quevilly (Lease)
	Reichshoffen
	Saint-Ouen-sur-Seine (Lease)
	Tarbes
	Valenciennes
	Villeurbanne (Lease)
	Vitrolles
Kazakhstan	Nur Sultan
India	Bangalore (Lease)
	Madhepura
	Chennai – SriCity
	Coimbatore (Lease)
Italy	Bologna (Lease)
	Florence (Lease)
	Lecco (Lease)
	Nola
	Savigliano
	Sesto
Morocco	Fes (Lease)
Mexico	Mexico (Lease)
Netherlands	Ridderkerk (Lease)
	Utrecht (Lease)
Poland	Katowice

Country	Site
United Kingdom	Manchester (Lease)
	Radlett (Lease)
	Widnes
Singapore	Singapore (Lease)
Sweden	Motala (Lease)
Turkey	Istanbul (Lease)

AGREEMENTS BETWEEN EXECUTIVE OFFICERS OR MAJOR SHAREHOLDERS OF THE COMPANY AND A COMPANY CONTROLLED BY THE COMPANY

(Disclosure pursuant to Article L. 225-37-4 of the French Commercial Code)

None.

MATERIAL CONTRACTS

The main acquisitions, disposals, partnerships, joint ventures and changes in scope of consolidation are identified in Chapter 2 "Main events of year ended 31 March 2020" of this Universal Registration Document.

DETAILS OF SHAREHOLDINGS ACQUIRED DURING FISCAL YEAR 2019/20

(Section including disclosure pursuant to Article L. 233-6 of the French Commercial Code)

The equity investments described below reflect those which are in Alstom's scope of consolidation at 31 March 2020:

- On 30 March 2020, Alstom Transport S.A. increased its equity investment in the share capital of Centre d'Essais Ferroviaires from 91.84% to 95.04% through the acquisition of 384 shares of that company from Agence de Certification Ferroviaire.

SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING SITUATION

To the Company's knowledge and as of the date of this Universal Registration Document, no significant change in the Group's financial or trading situation has occurred since 11 May 2020, the closing date of the latest published statutory and consolidated financial statements.

FINANCIAL RATINGS

Alstom is rated by Moody's Investors Services ratings agency since May 2008. On 23 September 2016, Alstom requested Standard & Poors to withdraw all of its ratings of the Group and to cease rating it.

Agency	May 2020	May 2019	May 2018
Moody's Investors Services(*)			
Short-term rating	P-2	P-2	P-2
Long-term rating	Baa2 (stable outlook)	Baa2 (stable outlook)	Baa2 (stable outlook)

(*) Moody's Investors Services revised the long-term credit rating from Baa3 to Baa2 (stable outlook) on 10 June 2016. Outlook was changed to positive on 4 September 2019 and back to stable on 19 February 2020.

LEGAL PROCEEDINGS AND ARBITRATION

The reader is invited to refer to the Note 33 of the consolidated financial statements as of 31 March 2020 for a description of the main Group's legal proceedings. There are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware and which are pending or threatening, which might have, or have had during the last twelve months, a significant impact on the financial situation or profitability of the Group.

INFORMATION ON THE SHARE CAPITAL

On 7 July 2008, following the decision of the Combined General Meeting of 24 June 2008 in its 16th resolution, the nominal value of the Company's shares was split in half, *i.e.* from €14 to €7. Each share of a nominal value of €14 which made up the share capital on the splitting date was automatically exchanged for two shares of a nominal value of €7 per share and entitled to the same rights as the former shares.

In accordance with the French law "aimed at recapturing the real economy" (known as the "Florange law") enacted in on 29 March 2014, double voting rights are automatically applied to shares held for at least two years in registered form in any company whose shares are listed for trading on a regulated market, absent a provision to the contrary in the Company's Articles of Association adopted after the Florange law.

As the calculation period started on 1 April 2014 and in the absence of a contrary provision in the Company's Articles of Association, double voting rights have been automatic since 31 March 2016.

At 31 March 2020, the Company's share capital thus amounted to €1,581,816,474 divided into 225,973,782 shares of a nominal amount of €7 per share, each of the same category and fully paid up, subsequent to the transactions carried out in the 2019/20 financial year (which are detailed in the table set on page 287, under the section "Changes in share capital"). At 31 March 2020 there were 260,717,136 voting rights.

At the date hereof, the Company is not aware of pledges recorded over its securities or those of its significant subsidiaries.

FINANCIAL AUTHORISATIONS

(Section including disclosure pursuant to Article L. 225-37-4 of the French Commercial Code)

The table below summarises the financial authorisations that are in force as of 11 May 2020 and their use during fiscal year:

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during the 2019/20 fiscal year	Available amount	Expiration of the authorisation/ Term
ISSUES OF EQUITY SECURITIES				
Delegation of competence to issue shares and securities granting access to the share capital (with preferential subscription rights maintained) and/or by capitalisation of reserves (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 20**)	Capital: €510 million, *i.e.*, approximately 32% of the share capital at 31 March 2020 and 33% of the share capital at 31 March 2019 and 31 March 2018)(1)(5) Debt securities: €1.5 billion(2)	None	Maximum authorised amount	17 September 2020 (term: 26 months)
Delegation of competence to issue shares and securities granting access to the share capital (with preferential subscription rights cancelled) *via* a public offering and option to confer a priority period (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 21**)	Capital: €155 million, *i.e.*, approximately 10% of the capital(5), minus any capital increase with preferential subscription rights cancelled pursuant to resolution Nos. 22 to 27(1)(3) Debt securities: €750 million(2)	None	Maximum authorised amount	17 September 2020 (term: 26 months)
Delegation of competence to issue shares and securities granting access to the share capital (with preferential subscription rights cancelled) *via* a private placement (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 22**)	Capital: €155 million, *i.e.*, approximately 10% of the capital(5), minus any capital increase with preferential subscription rights cancelled pursuant to resolution Nos. 21 and 23 to 27(1)(3) Debt securities: €750 million(2)	None	Maximum authorised amount	17 September 2020 (term: 26 months)
Ability to issue shares and/or any securities granting immediate or future access to the capital as compensation for contributions in kind in the form of shares or securities that give access to the Company's capital (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 23**)	Capital: €155 million, *i.e.*, approximately 10% of the capital(5), minus any capital increase with preferential subscription rights cancelled pursuant to resolution Nos. 21, 22 and 24 to 27(1)(3)	None	Maximum authorised amount	17 September 2020 (term: 26 months)

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during the 2019/20 fiscal year	Available amount	Expiration of the authorisation/ Term
Delegation of competence to increase the amount of the initial issuance by 15% in the event of a share capital increase with or without preferential subscription rights (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 24**)	Not to exceed 15% of the initial issuance and will count against the maximum amounts authorised by the delegations under which the initial issuance is carried out (resolution Nos. 21, 22 and 25 to 27)(1)(3) Debt securities: €750 million(2)	None	Maximum authorised amount	17 September 2020 (term: 26 months)
Delegation of competence to set the price of an issuance (without preferential subscription rights) *via* a public offering or private placement (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 25**)	Issue price: the Board may choose one of the two following options: (i) an issue price corresponding to the average trading price recorded over a period of up to six months before the issuance, or (ii) an issue price equal to the volume weighted average price on the day before the issue (1-day VWAP) with a maximum discount of 5%. Not to exceed 10% of the initial issuance and will count against the maximum amounts authorised by the delegations under which the initial issuance is carried out (resolution Nos. 21 and 22)(1)(3) Debt securities: €750 million(2)	None	Maximum authorised amount	17 September 2020 (term: 26 months)
Delegation of competence to issue (with preferential subscription rights cancelled) Company shares and securities granting access to the Company's capital in the event of a public exchange offer initiated by the Company (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 26**)	Capital: €155 million, *i.e.*, approximately 10% of the capital(5), minus any capital increase with preferential subscription rights cancelled pursuant to resolution Nos. 21 to 25 and 27(1)(3)	None	Maximum authorised amount	17 September 2020 (term: 26 months)
Delegation of competence to issue Company shares (with preferential subscription rights cancelled) resulting from the issuance by the Company's subsidiaries of securities granting access to the Company's capital (only available for use outside public offering periods) (AGM of 17 July 2018, **resolution No. 27**)	Capital: €155 million, *i.e.*, approximately 10% of the capital(5), minus any capital increase with preferential subscription rights cancelled pursuant to resolutions Nos. 21 to 26(1)(3)	None	Maximum authorised amount	17 September 2020 (term: 26 months)
OFFERINGS TO EMPLOYEES AND EXECUTIVES				
Delegation of competence to decide to increase the Company's share capital by issuing shares or securities reserved for members of a Company or Group savings plan, with preferential subscription rights cancelled (AGM of 10 July 2019, **resolution No. 12**)	2% of the share capital at the date of the Shareholders' Meeting, less any amount issued pursuant to resolution No. 13(1)(4)	€8,506,421	€21,264,744	10 September 2021 (term: 26 months)
Delegation of competence to decide to carry out a capital increase of the Company reserved for a category of beneficiaries, with preferential subscription rights cancelled (AGM of 10 July 2019, **resolution No. 13**)	0.5% of the share capital at the date of the Shareholders' Meeting, less any amount issued by virtue of resolution No. 12(1)(4)	€1,634,045	€6,217,257	10 January 2021 (term: 18 months)

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during the 2019/20 fiscal year	Available amount	Expiration of the authorisation/ Term
Authorisation to carry out free grants of existing or future shares of the Company, with preferential subscription rights cancelled (AGM of 10 July 2019, **resolution No. 14**)	5 million shares, *i.e.*, approximately 2.2% of the capital[(1)], including up to 200,000 shares for corporate officers and up to 2 million shares for profit-sharing arrangements (without performance conditions).	€8,019,375	€26,980,625 (corresponding to 3,854,375 shares)	10 July 2021 (term: 24 months)
SHARE BUYBACKS AND CAPITAL REDUCTIONS				
Authorisation to trade in the Company's shares (usable only outside public offering periods) (AGM of 10 July 2019, **resolution No. 11**)	10% of the share capital Maximum price: €60 Maximum total programme amount: €1.35 billion	None	Maximum authorised amount	10 January 2021 (term: 18 months)
Authorisation to reduce the capital by cancelling shares (AGM of 17 July 2018, **resolution No. 28**)	10% of the shares that make up the Company's share capital on each cancellation date.	None	Maximum authorised amount	17 September 2020 (term: 26 months)

(1) Overall cap on capital increases that may result from these authorisations:€510 million, or approximately 32% of the capital at 31 March 2020 and 33% of the capital at 31 March 2019 and 31 March 2018 (before any adjustments).
(2) Overall cap on issuances of debt securities under these authorisations:€1.5 billion.
(3) Overall cap on capital increases that may result from these authorisations without preferential subscription rights (resolution No. 21 to 27): €155 million, *i.e.*, approximately 10% of the capital at 31 March 2020, 31 March 2019 and 31 March 2018 (before any adjustments).
(4) Overall cap on capital increases in relation to employee savings schemes: 2% of the capital at the date of the 2019 Annual Shareholders' Meeting (before any adjustments).
(5) On the basis of the share capital at 31 March 2020, which amounted to €1,581,816,474 divided into 225,973,782 shares of a nominal value of €7 per share, the share capital at 31 March 2019, which amounted to €1,565,006,191 divided into 223,572,313 shares with a nominal value of €7 per share, and at 31 March 2018, which amounted to €1,555,473,297 divided into 222,210,471 shares with a nominal value of €7 per share.

It will be proposed to the 2020 Annual Shareholders' Meeting to renew the share buyback authorisations and the authorisations to reduce the share capital through the cancellation of shares granted by the Annual Shareholders' Meeting held on 10 July 2019 and the Annual Shareholders' Meeting held on 17 July 2018, respectively, which authorisations will expire during fiscal year 2020/21.

It will also be proposed to renew the delegations of competence granted to the Board of Directors for the purpose of deciding on share capital increases, in particular those related to employee shareholding transactions intended to develop employee shareholding, which stands at 1.69% of the Company's share capital at 31 March 2020 (either directly or *via* Alstom's mutual fund *(fonds commun de placement)*).

CHANGES IN SHARE CAPITAL

	Number of shares issued or cancelled	Nominal amount of the increase/ decrease in share capital *(in €)*	Premium variation amount *(in €)*	Aggregate number of shares	Capital *(in €)*
31 MARCH 2016				**219,127,044**	**1,533,889,308**
Share capital increase resulting from the exercise of options and bonds redeemable in shares (ORA)[(*)] (30 April 2016)	31	217	488	219,127,075	1,533,889,525
Share capital increase resulting from the exercise of options (30 September 2016)	4,900	34,300	78,204	219,131,975	1,533,923,825
Share capital increase resulting from the exercise of options (30 November 2016)	182,564	1,277,948	2,998,026	219,314,539	1,535,201,773
Share capital increase resulting from the allocation of performance shares under plans LTI No. 15 and LTI No. 16 (12 December 2016)	212,821	1,489,747	-	219,527,360	1,536,691,520
Share capital increase resulting from the exercise of options (31 December 2016)	51,644	361,508	858,208	219,579,004	1,537,053,028
Share capital increase resulting from the exercise of options and allocation of performance shares under plan LTI No. 16 (31 January 2017)	45,669	319,683	738,417	219,624,673	1,537,372,711

	Number of shares issued or cancelled	Nominal amount of the increase/ decrease in share capital (in €)	Premium variation amount (in €)	Aggregate number of shares	Capital (in €)
Share capital increase resulting from the exercise of options (28 February 2017)	52,309	366,163	858,388	219,676,982	1,537,738,874
Share capital increase resulting from the exercise of options, allocation of performance shares under plans LTI No. 16 and PSP 2016 and allocation of free shares under the "We are Alstom" plan (31 March 2017)	34,848	243,936	542,965	219,711,830	1,537,982,810
31 MARCH 2017				**219,711,830**	**1,537,982,810**
Share capital increase resulting from the exercise of options and bonds redeemable in shares (ORA)(*) (30 April 2017)	36,852	257,964	593,126	219,748,682	1,538,240,774
Share capital increase resulting from the exercise of options (26 May 2017)	169,295	1,185,065	-	219,917,977	1,539,425,839
Share capital increase resulting from the exercise of options (31 May 2017)	58,629	410,403	3,941,952	219,976,606	1,539,836,242
Share capital increase resulting from the exercise of options (30 June 2017)	191,443	1,340,101	3,379,306	220,168,049	1,541,176,343
Share capital increase resulting from the exercise of options and bonds redeemable in shares (ORA)(*) (31 July 2017)	94,778	663,446	1,693,405	220,262,827	1,541,839,789
Share capital increase resulting from the exercise of options (31 August 2017)	18,565	129,955	327,952	220,281,392	1,541,969,744
Share capital increase resulting from the exercise of options and allocation of performance shares under plan LTI No. 16 (2 October 2017)	1,261,047	8,827,329	4,596,544	221,542,439	1,550,797,073
Share capital increase resulting from the exercise of options (31 October 2017)	281,790	1,972,530	5,246,061	221,824,229	1,552,769,603
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA(*) (30 November 2017)	51,028	357,196	916,809	221,875,257	1,553,126,799
Share capital increase resulting from the exercise of options (31 December 2017)	57,659	403,613	1,039,320	221,932,916	1,553,530,412
Share capital increase resulting from the exercise of options (31 January 2018)	212,558	1,487,906	3,758,902	222,145,474	1,555,018,318
Share capital increase resulting from the exercise of options (28 February 2018)	14,281	99,967	242,648	222,159,755	1,555,118,285
Share capital increase resulting from the exercise of options (31 March 2018)	50,716	355,012	952,813	222,210,471	1,555,473,297
31 MARCH 2018				**222,210,471**	**1,555,473,297**
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA(*) (30 April 2018)	8,782	61,474	144,027	222,219,253	1,555,534,771
Share capital increase resulting from the exercise of options (31 May 2018)	54,137	378,959	1,045,490	222,273,390	1,555,913,730
Share capital increase resulting from the exercise of options (6 June 2018)	23,350	163,450	-	222,296,740	1,556,077,180
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA(*) (30 June 2018)	7,441	52,087	538,919	222,304,181	1,556,129,267
Share capital increase resulting from the exercise of options and bonds redeemable in shares ORA(*) (13 July 2018)	6	42	-	222,304,187	1,556,129,309
Share capital increase resulting from the exercise of options (31 July 2018)	12,150	85,050	245,546	222,316,337	1,556,214,359

	Number of shares issued or cancelled	Nominal amount of the increase/ decrease in share capital *(in €)*	Premium variation amount *(in €)*	Aggregate number of shares	Capital *(in €)*
Share capital increase resulting from the exercise of options (31 August 2018)	42,364	296,548	823,780	222,358,701	1,556,510,907
Share capital increase resulting from free share allocations not linked to performance under the "We are Alstom" plan (25 September 2018)	638,610	4,470,270	-	222,997,311	1,560,981,177
Share capital increase resulting from the exercise of options (30 September 2018)	61,057	427,399	1,085,775	223,058,368	1,561,408,576
Share capital increase resulting from the exercise of options (31 October 2018)	93,764	656,348	1,991,595	223,152,132	1,562,064,924
Share capital increase resulting from the exercise of options (30 November 2018)	103,888	727,216	2,129,657	223,256,020	1,562,792,140
Share capital increase resulting from the exercise of options (31 December 2018)	169,579	1,187,053	3,627,210	223,425,599	1,563,979,193
Share capital increase resulting from the exercise of options (31 January 2019)	26,781	187,467	451,906	223,452,380	1,564,166,660
Share capital increase resulting from the exercise of options (28 February 2019)	105,263	736,841	1,702,745	223,557,643	1,564,903,501
Share capital increase resulting from the exercise of options (31 March 2019)	14,670	102,690	244,353	223,572,313	1,565,006,191
31 MARCH 2019				**223,572,313**	**1,565,006,191**
Capital increase arising from the free grant of performance shares under the 2016 PSP (15 May 2019)	732,073	5,124,511	-	224,304,386	1,570,130,702
Capital increase arising from the exercise of options (9 July 2019)	18,546	129,822	293,681	224,322,932	1,570,260,524
Capital increase reserved for members of the Alstom Group Savings Plan and the company We Share International Employees (26 March 2020)	1,448,638	10,140,466	-	225,771,570	1,580,400,990
Capital increase arising from the exercise of options and bonds redeemable in shares (ORA)(*) and the early(**) free grant of performance shares under the 2017 PSP and 2019 PSP (31 March 2020)	202,212	1,415,484	48,042,195	225,973,782	1,581,816,474
31 MARCH 2020				**225,973,782**	**1,581,816,474**

(*) 2% subordinated bonds redeemable in shares due December 2008.
(**) In response to requests of the beneficiaries *(ayants droits)* of a deceased beneficiary.

OWNERSHIP OF ALSTOM SHARES

(Disclosure pursuant to Article L. 225-102 and L. 233-13 of the French Commercial Code)

To the Company's knowledge based on notifications received by the Company, the table below shows the voting rights and the shares of shareholders holding more than 0.50% of the Company's share capital at 31 March 2020:

	Capital at 31 March 2020			
	Number of shares	% of capital[(1)]	Number of voting rights	% of voting rights[(1)]
Public	73,882,723	32.70%	74,857,117	28.71%
Bouygues S.A.	32,936,226	14.58%	65,872,452	25.27%
BlackRock Inc.	10,487,207	4.64%	10,487,207	4.02%
Groupe Amundi	7,670,452	3.39%	7,670,452	2.94%
State Street Corporation	6,295,305	2.79%	6,295,305	2.41%
BNP Paribas Asset Management	6,283,350	2.78%	5,226,579	2.00%
Aviva PLC	5,968,972	2.64%	5,968,972	2.29%
Standard Life Aberdeen PLC	5,127,814	2.27%	5,127,814	1.97%
Employees[(2)]	3,810,430	1.69%	4,998,058	1.92%
Schroders plc	3,338,976	1.48%	3,338,976	1.28%
Ostrum Asset Management	3,029,035	1.34%	3,029,035	1.16%
Alliance Bernstein	2,918,448	1.29%	2,918,448	1.12%
Susquehanna International Holdings LCC	2,494,900	1.10%	2,494,900	0.96%
York Capital Management	2,372,725	1.04%	2,372,725	0.90%
Prudential plc	2,332,099	1.03%	2,332,099	0.89%
Lansdowne Partners LLP	2,236,328	0.99%	2,236,328	0.86%
Norges Bank	2,234,446	0.99%	2,234,446	0.86%
Caisse des Dépôts et Consignations	2,202,563	0.97%	2,202,563	0.84%
Wellington Management	2,033,930	0.90%	2,033,930	0.78%
Oppenheimer Funds	1,514,586	0.67%	1,514,586	0.58%
Eton Park	1,502,300	0.66%	1,502,300	0.58%
Abu Dhabi Investment Authority	1,481,139	0.66%	1,481,139	0.57%
Franklin Resources Inc.	1,425,626	0.63%	1,425,626	0.55%
Legal & General Group plc	1,405,078	0.62%	1,112,008	0.43%
Groupama Asset Management	1,403,076	0.62%	1,403,076	0.54%
Lloyds Banking Group	1,400,970	0.62%	1,400,970	0.54%
Artisan Partners	1,393,382	0.62%	1,393,382	0.53%
HSBC Global Asset Management	1,352,865	0.60%	1,352,865	0.52%
HSBC Holdings plc	1,319,326	0.58%	1,319,326	0.51%
Richelieu Finance	1,312,000	0.58%	1,312,000	0.50%
Groupe Fradim	1,300,000	0.58%	1,300,000	0.50%
Mackenzie Investments	1,290,492	0.57%	1,290,492	0.49%
Marsico Capital Management	1,245,255	0.55%	1,245,255	0.48%
La Banque Postale AM	1,225,938	0.54%	1,225,938	0.47%
Crédit Suisse Group AG	1,207,879	0.54%	1,207,879	0.47%
FIL Limited	1,207,278	0.53%	1,207,278	0.46%
CNP Assurance	1,169,662	0.52%	1,169,662	0.45%
Moneta AM	1,150,000	0.51%	1,150,000	0.44%
Covea Finance	1,137,744	0.50%	1,137,744	0.44%
Swiss National Bank	1,134,417	0.53%	1,134,417	0.44%
Sumitomo Mitsui Trust Holdings	1,131,495	0.50%	1,131,495	0.44%
Marshall Wace	1,124,627	0.50%	1,124,627	0.43%
UBS Investment Bank	(5)	(5)	(5)	(5)
FMR LLC	(5)	(5)	(5)	(5)
Citadel Advisors LLC	(5)	(5)	(5)	(5)
DNCA Investments	(5)	(5)	(5)	(5)
AFFM S.A.	(5)	(5)	(5)	(5)
Fonds de Réserve pour les Retraites (FRR)	(5)	(5)	(5)	(5)
Edmond de Rothschild Asset Management	(5)	(5)	(5)	(5)
Financière de l'Échiquier	(5)	(5)	(5)	(5)
Crédit Agricole S.A.	(5)	(5)	(5)	(5)
TOTAL	**225,973,782**	**100.00%**	**260,717,136**	**100.00%**

(1) % calculated based on the share capital and voting rights at 31 March of each year and not based on the share capital and voting rights on the notice date.
(2) Shares held by employees and former employees of the Group at 31 March 2020, including approximately 0.93% of the capital and approximately 0.81% of the voting rights held through an employee mutual fund (FCPE).
(3) Shareholders with less than 0.5% of the Company's share capital at 31 March 2018.
(4) Shareholders with less than 0.5% of the Company's share capital at 31 March 2019.
(5) Shareholders with less than 0.5% of the Company's share capital at 31 March 2020.

Capital at 31 March 2019				Capital at 31 March 2018			
Number of shares	% of capital(1)	Number of voting rights	% of voting rights(1)	Number of shares	% of capital(1)	Number of voting rights	% of voting rights(1)
90,023,441	40.27%	90,798,023	39.23%	82,854,841	37.29%	83,568,157	36.76%
62,086,226	27.77%	68,186,092	29.46%	62,086,226	27.94%	65,347,092	28.75%
-	-	-	-	-	-	-	-
5,351,970	2.39%	5,351,970	2.31%	2,328,094	1.05%	2,328,094	1.02%
6,295,305	2.82%	6,295,305	2.72%	6,295,305	2.83%	6,295,305	2.77%
4,328,175	1.94%	4,389,481	1.90%	4,452,283	2.00%	4,541,817	2.00%
5,113,366	2.29%	5,113,366	2.21%	5,113,366	2.30%	5,113,366	2.25%
1,459,674	0.65%	1,459,674	0.63%	-	-	-	-
2,721,522	1.22%	3,931,195	1.70%	2,569,390	1.16%	3,882,733	1.71%
(4)	(4)	(4)	(4)	4,585,056	2.06%	4,585,056	2.02%
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,494,900	1.12%	2,494,900	1.08%	-	-	-	-
1,350,000	0.60%	1,350,000	0.58%	1,350,000	0.61%	1,350,000	0.59%
2,332,099	1.04%	2,332,099	1.01%	4,336,879	1.95%	4,336,879	1.91%
1,293,719	0.58%	1,293,719	0.56%	-	-	-	-
3,289,789	1.47%	3,289,789	1.42%	2,139,879	0.96%	2,139,879	0.94%
(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)
5,443,454	2.43%	5,443,454	2.35%	6,574,392	2.96%	6,574,392	2.89%
1,514,586	0.68%	1,514,586	0.65%	1,514,586	0.68%	1,514,586	0.67%
1,502,300	0.67%	1,502,300	0.65%	1,502,300	0.68%	1,502,300	0.66%
-	-	-	-	-	-	-	-
1,425,626	0.64%	1,425,626	0.62%	1,425,626	0.64%	1,425,626	0.63%
1,405,078	0.63%	1,112,008	0.48%	1,378,282	0.62%	1,107,354	0.49%
1,403,076	0.63%	1,403,076	0.61%	1,403,076	0.63%	1,403,076	0.62%
1,400,970	0.63%	1,400,970	0.61%	1,400,970	0.63%	1,400,970	0.62%
1,393,382	0.62%	1,393,382	0.60%	1,393,382	0.63%	1,393,382	0.61%
1,110,748	0.50%	1,110,748	0.48%	1,110,748	0.50%	1,110,748	0.49%
1,319,326	0.59%	1,319,326	0.57%	1,319,326	0.59%	1,319,326	0.58%
1,312,000	0.59%	1,312,000	0.57%	1,312,000	0.59%	1,312,000	0.58%
1,300,000	0.58%	1,300,000	0.56%	1,300,000	0.59%	1,300,000	0.57%
-	-	-	-	-	-	-	-
1,245,255	0.56%	1,245,255	0.54%	1,245,255	0.56%	1,245,255	0.55%
1,225,938	0.55%	1,225,938	0.53%	1,225,938	0.55%	1,225,938	0.54%
1,329,352	0.59%	1,329,352	0.57%	2,206,894	0.99%	2,206,894	0.97%
1,207,278	0.54%	1,207,278	0.52%	1,387,923	0.62%	1,387,923	0.61%
(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)
1,150,000	0.51%	1,150,000	0.50%	1,150,000	0.52%	1,150,000	0.51%
1,996,760	0.89%	1,996,760	0.86%	1,996,760	0.90%	1,996,760	0.88%
(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)
1,145,234	0.51%	1,145,234	0.49%	1,100,522	0.50%	1,100,522	0.48%
1,139,194	0.51%	1,139,194	0.49%	1,110,753	0.50%	1,110,753	0.49%
1,106,981	0.50%	1,106,981	0.48%	1,106,981	0.50%	1,106,981	0.49%
2,210,742	0.99%	2,210,742	0.96%	(3)	(3)	(3)	(3)
2,284,041	1.02%	2,284,041	0.99%	3,187,957	1.43%	3,187,957	1.40%
(4)	(4)	(4)	(4)	2,809,715	1.26%	2,809,715	1.24%
(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	1,872,016	0.84%	1,872,016	0.82%
(4)	(4)	(4)	(4)	2,063,750	0.93%	2,063,750	0.91%
(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)
223,572,313	**100.00%**	**231,424,670**	**100.00%**	**222,210,471**	**100.00%**	**227,316,602**	**100.00%**

To the Company's knowledge based on ownership threshold notices received (but excluding notices received from registered brokers), no other shareholder directly or indirectly holds more than 0.50% of the Company's share capital or voting rights at 31 March 2020.

In 2019/20, the following ownership threshold crossings were reported:

- Bouygues S.A. (32, avenue Hoche, 75008 Paris) reported having crossed downward on 11 September 2019 the 25% and 20% Company capital and voting rights thresholds and the 15% Company capital threshold and reported holding 32,936,226 shares representing 39,036,092 voting rights, *i.e.,* 14.68% of the share capital and 16.81% of the voting rights of the Company;
- Bouygues S.A. (32, avenue Hoche, 75008 Paris) reported having crossed upwards on 18 October 2019 the 25% and 20% Company capital and voting rights thresholds and reported holding 32,936,226 shares representing 65,872,452 voting rights, *i.e.,* 14.67% of the share capital and 28.37% of the voting rights of the Company;
- BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on the account of clients and funds it manages, reported having crossed upwards on 23 October 2019 the 5% Company capital threshold and reported holding, on behalf such clients and funds, 11,334,218 shares representing as many voting rights, *i.e.,* 5.05% of the share capital and 4.88% of the voting rights of the Company;
- BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on the account of clients and funds it manages, reported having crossed downwards on 24 October 2019 the 5% Company capital threshold and reported holding, on behalf such clients and funds, 10,656,737 shares representing as many voting rights, *i.e.,* 4.75% of the share capital and 4.59% of the voting rights of the Company;
- BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on the account of clients and funds it manages, reported having crossed upwards on 26 November 2019 the 5% Company capital threshold and reported holding, on behalf such clients and funds, 11,795,388 shares representing as many voting rights, *i.e.,* 5.26% of the share capital and 4.55% of the voting rights of the Company;
- BlackRock, Inc. (55 East 52nd Street, New York, 10055, United States), acting on the account of clients and funds it manages, reported having crossed downwards on 10 December 2019 the 5% Company capital threshold and reported holding, on behalf such clients and funds, 11,166,442 shares representing as many voting rights, *i.e.,* 4.97% of the share capital and 4.31% of the voting rights of the Company.

According to ownership threshold notices received after 31 March 2020, the following shareholders hold:

- Aviva plc gave notice that on 29 May 2020 it held 4,071,260 shares (1.80% of Alstom's share capital);
- Standard Life Aberdeen gave notice that on 28 May 2020 it held 5,291,380 shares (2.33% of Alstom's share capital);
- BlackRock Inc gave notice that on 28 May 2020 it held 10,157,457 shares (4.49% of Alstom's share capital);
- BNP Asset Management gave notice that on 27 May 2020 it held 6,321,241 shares (2.80% of Alstom's share capital);
- Groupe Amundi gave notice that on 26 May 2020 it held 6,184,842 shares (2.73% of Alstom's share capital);
- Schroders plc gave notice that on 22 May 2020 it held 4,506,855 shares (1.99% of Alstom's share capital);
- Moneta AM gave notice that on 22 May 2020 it held 2,240,000 shares (0.99% of Alstom's share capital);
- Sumitomo Mitsui Trust Holdings gave notice that on 20 May 2020 it held less than 0.5% of Alstom's share capital;
- Credit Suisse Group AG gave notice that on 19 May 2020 it held 1,266,488 shares (0.56% of Alstom's share capital);
- Caisse des Dépôts et consignations gave notice that on 16 April 2020 it held 3,237,137 shares (1.43% of Alstom's share capital);
- FIL Limited gave notice that on 14 May 2020 it held less than 0.5% of Alstom's share capital;
- Abu Dhabi Investment Authority gave notice that on 7 May 2020 it held less than 0.5% of Alstom's share capital;
- UBS Investment Bank gave notice that on 3 April 2020 it held 0.50% of Alstom's share capital;
- York Capital Management gave notice that on 1 April 2020 it held 0.90% of Alstom's share capital.

On 22 June 2014, Bouygues entered into an agreement with the French Republic (the "State"), represented by the *Agence des participations de l'État* (State Shareholding Agency, "APE"), under which the State, or any other entity controlled by the State of the State's choosing, may purchase a portion of the Alstom shares held by Bouygues. A detailed description of the agreement is provided in notice 214C1292 published by the French Financial Markets Authority (AMF) on 3 July 2014, in which, after examining such agreement, the AMF concluded that the State and Bouygues were acting in concert in respect of Alstom.

On 17 October 2017, the Company shares held by the French State were returned to Bouygues S.A. pursuant to the French state's decision (i) to not exercise its call option relating to the Company's shares from which it benefited under the 22 June 2014 agreement with Bouygues S.A., and (ii) to terminate the loan agreement *(prêt de consommation)* it had entered into on 4 February 2016 with Bouygues S.A. regarding 43,825,360 Company shares. In addition, the Board of Directors acknowledged the resignations of Mr Pascal Faure and Mr Olivier Bourges (each of whom had been respectively appointed as the State's representative on the Board of Directors by ministerial order and appointed as a member of the Board of Directors by the shareholders in accordance with the provisions of the memorandum of understanding), following the return of the shares to Bouygues S.A.

On 15 December 2017, the French State sold the remaining share it held.

On 11 September 2019, Bouygues S.A. sold 29,150,000 shares (representing 13% of Alstom's share capital on the date of the transaction) in the framework of an accelerated book-building process reserved for institutional investors. Upon the completion of the transaction, Bouygues retained 14.7% of Alstom's share capital and committed vis-à-vis the banks responsible for the placement to a 180-day lock-up period covering its remaining Alstom shares (subject to customary exceptions).

Under the terms of a letter of agreement dated 17 February 2020, Bouygues S.A. gave its support to the acquisition by Alstom of 100% of the share capital and voting rights of Bombardier Transport from Bombardier Inc. and Caisse de Dépôt et Placement du Québec (CDPQ), which acquisition is the subject of a memorandum of understanding signed on 17 February 2020. In particular, Bouygues S.A. undertook to remain a shareholder of Alstom and to not transfer the Company shares that Bouygues held on the signature date of such letter until the first of the following dates: (i) the Shareholders' Meeting deciding on the resolutions relating to the proposed acquisition, and (ii) 31 October 2020.

To the Company's knowledge, there is no shareholders' agreement relating to the Company's capital.

To the Company's knowledge, as of 11 May 2020, 94,953 Alstom shares are held by Board Members which are legal persons, representing less than 0.1% of Alstom's share capital and voting rights.

Bouygues S.A., an Alstom Director which is a legal person and a Director since 18 March 2008, holds 32,936,226 shares, i.e., 14.58% of the share capital and 65,872,452 voting rights, *i.e.*, 25.27% of the Company's share capital.

A table identifying the transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code is set forth in the section entitled "Corporate Governance – Officer and employee shareholding".

Alstom does not hold, directly or indirectly through companies it controls, any of its own shares. The Board's Internal Rules sets the minimum number of shares each Director must hold at 2,000, which corresponds to approximately one year of directors' compensation. Each Director has a period of two years commencing on the beginning of his/her term to increase the number of his/her shares to this minimum level. Such shares must be held in registered form.

ISSUED SECURITIES AND RIGHTS GIVING ACCESS TO THE SHARE CAPITAL

The issued securities and rights giving access to the Company's share capital are composed of:

- rights to the free allocations of shares; and
- stock options to subscribe shares.

There are no securities giving rights to the Company's share capital other than the categories of securities described above.

2% subordinated bonds due December 2008 redeemable in Company shares ("ORA")

In December 2003, the Company issued €901,313,660.80 in 2% subordinated bonds redeemable in shares of the Company ("ORA") due December 2008 with preferential subscription rights maintained, which could lead to the issuance of up to 643,795,472 new shares. The redemption ratio was 0.0628 Alstom shares of a nominal value of €7 per bond, after adjustments to the redemption ratio following transactions on the Company's share capital.

On 31 December 2008 the ORA were redeemed for shares pursuant to the terms and conditions of the bonds.

As of 31 March 2020, 71,530 ORA, representing 0.01% of the issue, were held by bondholders who had not yet notified the Company of their decision regarding the redemption of the ORAs (between the whole number of shares resulting either from the rounding down to the nearest whole number (accompanied by the cash payment by the Company of a balancing payment *(soulte)*) or the rounding up to the nearest whole number (accompanied by the cash payment by the bondholder of a balancing payment).

Free allocations of shares

See the sections entitled:

- "Corporate Governance – Officer and Employee Shareholding – Stock options and performance shares plans"; and
- "Corporate Governance – Officer and Employee Shareholding – Free shares grant".

Stock options

See section "Corporate Governance – Officer and Employee Shareholding – Stock options and performance shares plans".

POTENTIAL SHARE CAPITAL

	Total number of shares that may be issued	Corresponding share capital increase *(in €)*	% of the share capital at 31 March 2020
Shares that may result from the exercise of outstanding options(*)	235,547	1,648,829	0.10%
Shares that may be issued on the basis of performance share plans(*)	4,005,063	28,035,438	1.77%
TOTAL(*)	**4,240,610**	**29,684,267**	**1.87%**

(*) Subject to the satisfaction of all performance conditions. See the section entitled "Corporate Governance – Officer and Employee Shareholding – Stock options and performance share plans" and Note 30 to the Consolidated Financial Statements at 31 March 2020.

SHARE BUYBACKS

(Disclosure pursuant to Articles 241-1 *et seq.* of the AMF's General Regulation)

Use by the Board of Directors of the authorisation granted by the Shareholders' Meeting

Pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, the Combined General Meeting held on 10 July 2019 authorised the Board of Directors to purchase Alstom shares on and off the stock exchange and by any means, within the limit of 10% of Alstom's share capital at 31 March 2019 (*i.e.,* a theoretical number of 22,357,231 shares), for a maximum purchase price of €60 per share(subject to adjustments tied to transactions on the share capital) for a period of 18 months after the Shareholders' Meeting, *i.e.* until 10 January 2021. The Company did not use this authorisation during fiscal year 2019/20.

Presentation of the Alstom share buyback programme submitted to the 2020 Annual Shareholders' Meeting for approval

Pursuant to Article 241-2-I of the AMF's General Regulation, the section below constitutes the presentation of the share buyback programme that will be submitted to 2020 Annual Shareholders' Meeting for approval.

Number of shares and portion of the share capital held directly or indirectly by Alstom

Alstom does not directly or indirectly hold any shares making up its share capital or any securities giving access to its share capital.

Breakdown of shares held by objective

Not applicable.

Objectives of the share buyback programme

The share buyback programme may be implemented in order to purchase or procure the purchase of the Company's shares, and in particular as described in the report of the Board of Directors, to:

- cancel all or part of the shares acquired under the conditions provided for by law;
- allocate or transfer shares to employees, former employees or corporate officers of the Company and of its subsidiaries within the meaning of Articles L. 225-180 and L. 233-16 of the French Commercial Code, in particular through employee savings plans, stock options (in particular pursuant to the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code), free share grants (in particular pursuant to the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code), employee shareholding transactions (in particular under the terms set forth in Articles L. 3332-1 *et seq.* and L. 3344-1 of the French Labour Code) or any share-based compensation scheme, under the terms provided for by market authorities and at the times the Board of Directors or the person acting pursuant to a delegation of the Board of Directors decides to allocate or transfer such shares;
- hold the shares purchased, or sell, transfer or exchange such shares as part of or following any external growth transactions, mergers, spin-offs or contributions, within the limit contemplated by the sixth paragraph of Article L. 225-209 of the French Commercial Code and in accordance with recognised market practices;
- deliver shares upon the exercise of rights attached to securities giving access by any means, either immediately or in the future, to shares of the Company;
- maintain a secondary market in, or the liquidity of, the Company's shares through an investment services provider in the framework of a liquidity agreement that is consistent with the practice authorised by regulation;
- implement any market practice that comes to be allowed by law or the AMF and, more generally, to carry out any other transaction in accordance with applicable regulations.

The purchase, sale, transfer or exchange of such shares may occur, in whole or in part, in accordance with the rules set by the relevant market authorities, on regulated markets or in privately negotiated transactions, including *via* multilateral trading facilities (MTFs) or *via* a systematic internaliser, by any means, including a block trade of securities, the use or exercise of any financial instrument, derivatives and, in particular through option transactions such as the purchase and sale of options, or by delivery of shares following the issue of securities giving access to the Company's ordinary shares by conversion, exchange, redemption or exercise of a warrant, either directly or indirectly through an investment service provider, or in any other way (without limiting the share of the buyback programme that may be carried out by any of these means), and at any time within the limits set forth by applicable laws and regulations, except during any public offering covering the Company's share capital. The portion of the programme carried out in the form of a block trade may constitute the entire programme.

Maximum portion of share capital and maximum number of shares which may be repurchased

Purchases of the Company's own shares may cover a number of shares such that, at the date of each purchase, the total number of shares purchased by the Company since the beginning of the buyback programme (including those shares subject to such buyback) does not exceed 10% of the shares that make up the Company's share capital at such date (taking into account transactions affecting the share capital subsequent to this Shareholders' Meeting), *i.e.,* for illustration purposes, as of 31 March 2020, a theoretical maximum number of 22,597,378 shares with a nominal value of €7 per share and a theoretical maximum amount of approximately €1,355,842,692 based upon the maximum purchase price per share indicated hereafter. However, (i) the number of shares acquired by the Company to be held as treasury shares to be used at a later date as payment or in exchange in the context of an external growth transaction cannot exceed 5% of the share capital and (ii) if the shares are purchased to promote liquidity under the conditions defined by the AFM's General Regulation, the number of shares taken into account for calculating the 10% limit provided for above corresponds to the number of shares purchased, less the number of shares sold during the period of the authorisation.

Maximum purchase price

The purchase price may not exceed €60 (excluding expenses) per share (or the equivalent of such amount in other currencies at the same date). In the event of a change in the nominal value of the shares, a share capital increase through the capitalisation of reserves, a grant of free shares to shareholders or of performance shares, a stock split or reverse stock split, a distribution of reserves or of any other assets, a capital redemption or any other transactions affecting the share capital or shareholders' equity, the Shareholders' Meeting delegates to the Board of Directors the power to decide to adjust the aforementioned maximum purchase price in order to take into account the impact of such transactions on the value of the shares. The total amount allocated to the share buyback programme authorised may not exceed €1.35 billion.

Term

The share buyback programme shall expire at the end of a period of 18 months as from the 2020 Annual Shareholders' Meeting.

Characteristics of the shares that may be repurchased

Shares listed on NYSE Euronext Paris (Compartment A).

Name: Alstom.

ISIN code: FR0010220475.

Stock code: ALO.

SECURITIES NOT REPRESENTING CAPITAL

On 24 September 2019, the Board of Directors renewed for a period of one year the delegations of authority to the Chairman and Chief Executive Officer to issue bonds, in one or more issuances, within a maximum nominal amount of €750,000,000.

In the 2019/20 fiscal year, the Company issued bonds on 14 October 2019 (ISIN FR0013453040) in an aggregate amount of €700,000,000 bearing interest at 0.25% and maturing on 14 October 2026. The issue price was 99.592%

DIVIDENDS PAID IN THE THREE PREVIOUS FISCAL YEARS

(Disclosure provided for by Article 243 *bis* of the French Tax Code)

The fiscal year ended 31 March 2020 resulted in a net profit of € 2,018,846,693.86 . It will be proposed to the 2020 Annual Shareholder Meeting to to allocate the total amount of this result to the General Reserve account which would accordingly amount to € 6,251,089,720.09.

The AiM strategic plan, released on 24 June 2019, setting financial objectives for 2022/23, has introduced a dividend policy with a pay-out ratio of between 25% and 35%.

In the context of the current Covid-19 crisis, and in a spirit of responsibility towards all its stakeholders, the Board of Directors, in its meeting of May 11, 2020, decided as an exceptional measure not to propose a dividend distribution at the 2020 annual Shareholders' Meeting.

The dividends paid over the three previous fiscal years were as follows:

Fiscal year ended:	31 March 2019	31 March 2018	31 March 2017
Dividend per share *(in €)*	€5.50	€0.35	€0.25
TOTAL	**€1,233,674,123.00**	**€77,773,664.85**	**€54,932,304.75**

See the section entitled "Financial Statements – Statutory Financial Statements – Appropriation of net income".

ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

(Disclosure pursuant to Article L. 225-37-5 of the French Commercial Code)

Structure of the Company's share capital

A table detailing the structure of Alstom's share capital is presented in section entitled "Additional Information – Information on the share capital – Ownership of Alstom shares".

Provisions of the Articles of Association restricting the exercise of voting rights and share transfers

There is no Articles of Association restriction other than the restriction referred to in Article 7 of the Articles of Association, which provides for the loss of voting rights under certain conditions in the event of a failure to disclose to the Company the crossing of shareholding or voting rights thresholds. See the section entitled "Additional Information – Special provisions of the Articles of Association – Notification of holdings exceeding certain percentages".

Provisions of agreements of which the Company is aware pursuant to Article L. 233-11 of the French Commercial Code

None.

Direct or indirect shareholdings in the Company

As of 31 March 2020, Bouygues S.A. held 14.58% of Alstom's share capital and 25.27% of its voting rights.

See also the section entitled "Additional information – Information on the share capital – Ownership of Alstom shares".

List of holders of any security granting special control rights

None.

Control mechanisms contemplated by any employee shareholding schemes

The rules of the Alstom company mutual fund ("FCPE Alstom") provide that voting rights are exercised by FCPE Alstom's Supervisory Board and not directly by the employees.

Therefore, only the FCPE Alstom Supervisory Board is authorised to decide on the answer to be provided in the event of any public offer. FCPE Alstom held 0.93% of the Company's share capital and 0.81% of its voting rights at 31 March 2020.

Shareholders' agreements that may lead to restrictions on the transfer of shares and the exercise of voting rights

To Alstom's knowledge, there are no shareholders' agreements that are liable to lead to restrictions on the transfer of Alstom's shares or the exercise of voting rights. See also the section entitled "Additional Information – Information on the share capital – Ownership of Alstom shares".

Specific rules applicable to the appointment and replacement of Directors and amendments to the Company's Articles of Association

None.

Powers of the Board of Directors

The Annual Shareholders' Meeting held on 10 July 2019 authorised the Board of Directors to carry out share buybacks within the limits set by applicable laws and regulations, except during any public offering period in respect of the Company's securities.

It will be proposed to the 2020 Annual Shareholders' Meeting to renew this authorisation under the terms detailed on page 294, excluding the use of such authorisation during any public offering period. See also the section entitled "Additional Information – Information on the share capital – Share buybacks".

Agreements that may be amended or terminated in the event of a change of control of the Company

The financing agreements, the terms of bonds issues and certain bonding programmes of the Group include change of control clauses.

Alstom's outstanding bond issue contains a change of control and ratings downgrade clause that allows any bondholder to request the early repayment of its bonds, in whole or in part, during a specific period following a change of control of Alstom that leads to a downgrade of Alstom's credit rating.

The €400 million revolving credit facility maturing in June 2022 contains a change of control clause that allows each financial institution which is a party to that agreement to demand the early repayment of its participation and to cancel its credit commitment in the event of a change of control of Alstom. The revolving facility was not drawn at 31 March 2020.

The committed bonding facility of a maximum amount of €3 billion maturing in March 2023 also contains a change of control clause which may notably result in the program being suspended, in the obligation to procure new bonds to replaces outstanding bonds or to provide cash collateral, as well as early reimbursement of the other debts of the Group, as a result of their cross-default or cross-acceleration provisions. For further information on this facility and the revolving committed bonding facilities, see Note 32 to the consolidated financial statements.

Agreements providing indemnities to Directors or employees if they resign or are dismissed without actual and serious reason or if their employment ends due to a public offer

None. See the section entitled "Corporate governance – Report on corporate governance".

RELATIONS WITH SHAREHOLDERS

The mission of the Investor Relations team is to provide the financial community (individual and institutional investors and financial analysts) with complete and up to date information on the Group's financial situation, strategy and development.

Stock market news

On 31 March 2020, the share price closed at €38.14 and the Group's stock market capitalisation stood at €8.6 billion.

Keeping investors informed

www.alstom.com

The Investors' section of the Alstom website is freely accessible and was specifically designed to provide shareholders with all information relating to the Group's financial communications: share price, the ability to download historical price data, as well as financial results, presentations, Universal Registration Documents, Registration Documents, dates of important meetings and responses to frequently asked questions. Printed copies of the Universal Registration Document can be obtained in French and English by sending a request to the Investor Relations Department.

Contacts

E-mail: investor.relations@alstomgroup.com

France: Toll free number from France – 0800 50 90 51, from Monday to Friday, from 9 am to 6 pm.

From abroad: + 33 1 57 06 87 78 (call will be charged at your local operator's rate).

Alstom – Investors Relations

48, rue Albert Dhalenne

93400 Saint-Ouen-sur-Seine

France

Director – Investor Relations: Julie Morel

Deputy Director – Investor Relations: Claire Lepelletier

SHARE LISTING

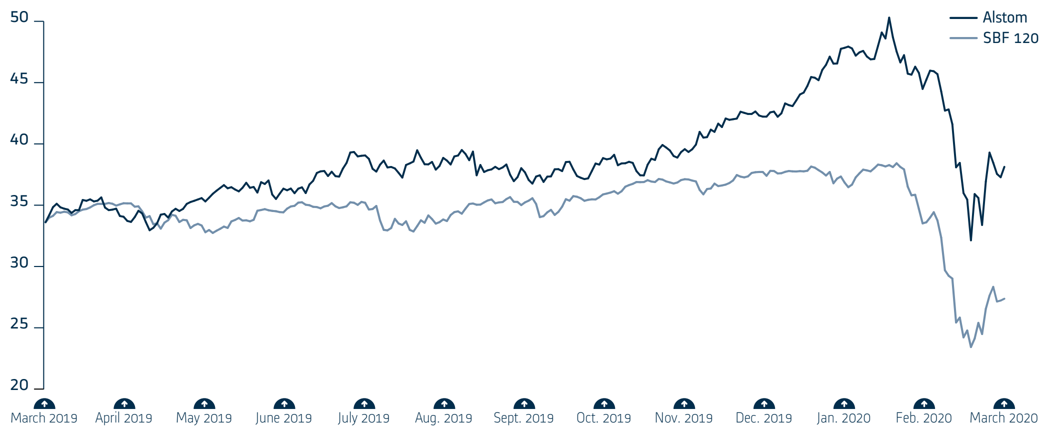
Alstom share at 31 March 2020

Listing market:	**Euronext Paris**
ISIN Code:	FR0010220475
Stock code:	ALO
Nominal value:	€7
Number of shares:	225,973,782
Stock market capitalisation:	€8,618,640,045
Main indices:	CAC Next 20, SBF 120, Euronext 100

Alstom's shares have not been listed on the London Stock Exchange since 17 November 2003, or on the New York Stock Exchange since 10 August 2004.

The Company has elected not to create or otherwise sponsor an American Depositary Receipt (ADR) facility in respect of its shares. Consequently, any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to the Company. This means that the Company cannot be relied upon to ensure the proper operation of such a facility or to protect the rights of ADR holders, and the Company expressly disclaims any liability or submission to jurisdiction to any courts in the United States in respect of such facility. Persons choosing to deposit Alstom shares into such a facility or to acquire ADRs issued from such a facility do so at their own risk and on the basis of their own analysis of such facility.

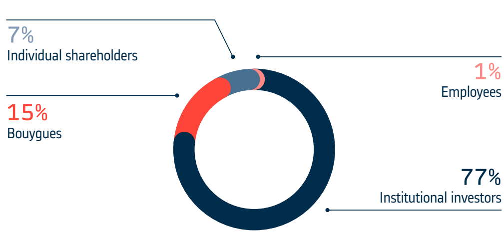
CHANGE IN SHARE PRICE *(in €)* – APRIL 2019/MARCH 2020



Alstom basis as of 29st March 2019: €33.62
Source : Nasdaq IR Insight

Shareholding structure

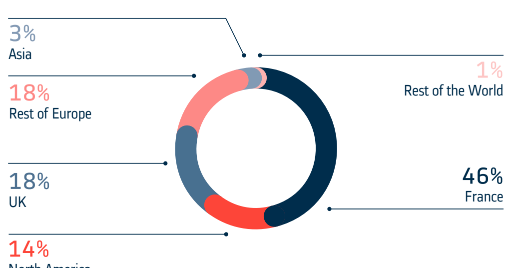
According to a shareholder study carried out by Euroclear France and Orient Capital on 22 November 2019, the share capital was distributed as follows:



Source : Alstom

SHAREHOLDING BY REGION(*)

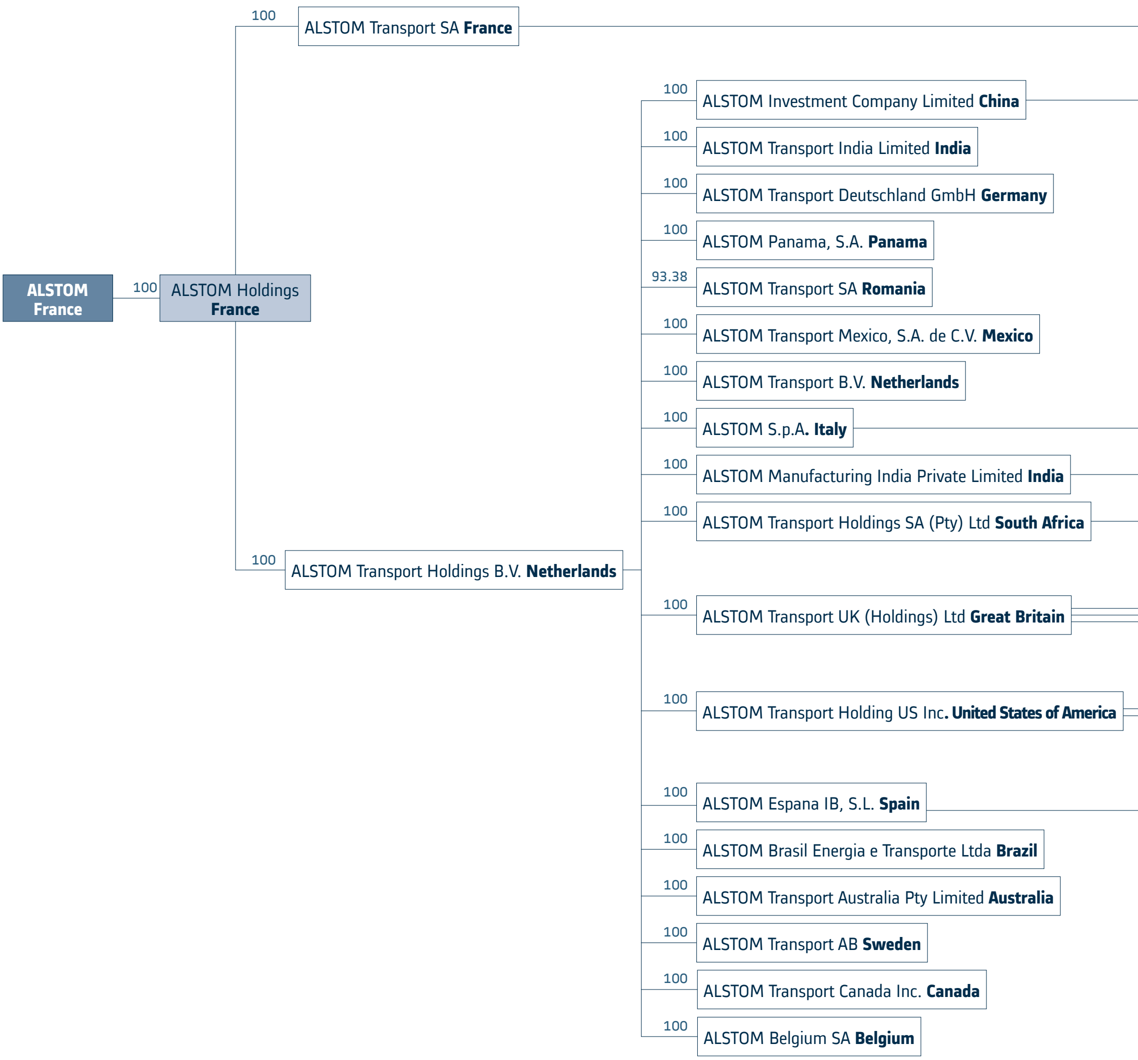
(*) Based on identified shareholders only.



Source : Alstom

SIMPLIFIED ORGANISATION CHART OF THE GROUP AS OF 31 MARCH 2020

The full list of companies included in the scope of consolidation as of 31 March 2020 is set forth in Note 37 to the consolidated financial statements.



9
SHANGHAI ALSTOM Transport Electrical Equipment Company Ltd **China**
51

100 ALSTOM Ferroviaria S.p.A. **Italy**

74 MADHEPURA ELECTRIC LOCOMOTIVE PRIVATE LIMITED **India**

100 ALSTOM Southern Africa Holdings (Pty) Ltd South **Africa**
- 70 GIBELA RAIL TRANSPORT CONSORTIUM (PTY) LTD **South Africa**

100 NOMAD HOLDINGS LIMITED **Great Britain**

100 ALSTOM Transport UK Limited **Great Britain**
- 37.50 THE ATC JOINT VENTURE **Great Britain**

100 ALSTOM NL Service Provision Limited **Great Britain**

100 ALSTOM Transportation Inc. **United States of America**

100 ALSTOM Signaling Inc. **United States of America**
- 100 ALSTOM Signaling Operation, LLC **United States of America**

100 ALSTOM Transporte, S.A. **Spain**

INFORMATION ON THE ANNUAL FINANCIAL REPORT

The Annual Financial Report for fiscal year 2019/20 established pursuant to Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation is made up of the sections and sub-sections of the Universal Registration Document identified in the table below:

INFORMATION ON THE UNIVERSAL REGISTRATION DOCUMENT

INFORMATION INCLUDED BY REFERENCE

Pursuant to Article 19 of EU Regulation No. 2017/1129 of 14 June 2017, the following information is included by reference in this Universal Registration Document:

- the consolidated and statutory financial statements for the fiscal year ended 31 March 2019, the Auditors' reports relating thereto and the Group's management report, as shown at pages 34 to 104, 109 to 122, 105 to 108, 123 to 125 and 22 to 32, respectively, of Registration Document No. D.19-0526 filed with the AMF on 28 May 2019; and
- the consolidated and statutory financial statements for the fiscal year ended 31 March 2018, the Auditors' reports relating thereto and the Group's management report, as shown at pages 36 to 104, 109 to 124, 105 to 108, 125 to 127, and 22 to 34, respectively, of Registration Document No. D.18-0517 filed with the AMF on 29 May 2018.

The sections of such Registration Documents that are not included here are either not relevant for the investor or are covered in another part of this Universal Registration Document.

PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr. Henri Poupart-Lafarge
Chairman and Chief Executive Officer
Alstom

DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

This is a free translation of the statement signed and issued in French language by the Chairman and Chief Executive Officer of the Company and is provided solely for the convenience of English-speaking readers.

I hereby declare that, after having taken all reasonable care for such purpose, the information contained in this Universal Registration Document is, to my knowledge, true and accurate and contains no omission that could make it misleading.

I declare that, to my knowledge, the accounts have been established in accordance with applicable accounting standards and give an accurate description of the assets, financial situation and results of the Company and of all companies included within the scope of consolidation, and that the Management Report referred to in the reconciliation table on pages 300 and 301 of this Universal Registration Document presents an accurate picture of the evolution of the activity, results, and financial position of the Company and of all companies included with the scope of consolidation and that it describes the main risks and uncertainties they face.

Saint-Ouen-sur-Seine, 2 June 2020
Henri Poupart-Lafarge
Chairman and Chief Executive Officer

RECONCILIATION TABLE

Section of Annex I and Annex II of the Delegated Regulation (EU) 2019/980 of 14 March 2019		Pages of the Universal Registration Document
8	**CAPITAL RESOURCES**	
8.1	Information concerning the Issuer's capital resources (both short and long term)	32, 34 to 35, 43, 73 and 117 to 118
8.2	Sources and amounts and description of the Issuer's cash flows	25, 31 to 32, 34 and 41 to 42
8.3	Information on the borrowing requirements and funding structure of the Issuer	74 to 75 and 119 to 120
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations	80 to 84 and 143
8.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.7.2	45 to 46, 74 to 75 and 81 to 84
9	**REGULATORY ENVIRONNEMENT**	140 to 141
10	**TREND INFORMATION**	
10.1	Significant trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Document	4 to 7
10.2	Significant change in the issuer's financial performance of the group	4 to 7
11	**PROFIT FORECASTS OR ESTIMATES**	N/A
11.1	Where an issuer has published a profit forecast or a profit estimate that forecast or estimate shall be included in the registration document or provide a statement and an explanation of why such forecast or estimate is no longer valid.	N/A
11.2	Statement setting out the principal assumptions	N/A
11.3	Statement that the profit forecast or estimate has been compiled and prepared on a basis comparable with historical financial information and consistent with the Issuer's accounting policies	N/A
12	**ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**	
12.1	Members of the administrative and management bodies	156 to 170 and 196 to 197
12.2	Administrative, management and supervisory bodies and senior management conflict of interests	168 to 169
13	**REMUNERATION AND BENEFITS**	
13.1	Amount of remuneration paid and benefits in kind granted by the Issuer and its subsidiaries	85 to 95, 100, 179 to 194 and 197
13.2	Total amount set aside or accrued by the Issuer or its subsidiaries to provide pension, retirement or similar benefits	85 to 89
14	**BOARD PRACTICES**	
14.1	Date of expiration of the current term of office and period during which the person has served in that office	157
14.2	Information about members of the administrative, management or supervisory bodies' service contracts with the Issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement	168 to 169
14.3	Information about the Issuer's audit committee and Remuneration Committee	173 to 178
14.4	Statement as to whether or not the Issuer complies with the corporate governance regime(s) applicable to the Issuer	195
14.5	Potential material impacts on the corporate governance	N/A
15	**EMPLOYEES**	
15.1	Number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information, and breakdown of persons employed by main category of activity and geographic location	8, 94 to 95, 232 and 268
15.2	Shareholdings and stock options. Information as to share ownership and options of Issuer directors	90 to 94, 121 to 124 and 198 to 204
15.3	Arrangements for involving the employees in the capital of the Issuer	203 to 204
16	**MAJOR SHAREHOLDERS**	
16.1	Name of any person, other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the Issuer's capital or voting rights which must be disclosed under the applicable national law, together with the amount of such interest or, if there are no such persons, an appropriate negative statement	290 to 291
16.2	Whether the Issuer's major shareholders have different voting rights, or an appropriate negative statement	281 and 290 to 291
16.3	Direct or indirect ownership or control of the Issuer	N/A
16.4	Description of any arrangements, known to the Issuer, the operation of which may, at a subsequent date, result in a change in control of the Issuer	N/A

Design and production: côtécorp. Tel.: +33 (0)1 55 32 29 74

Photo credits: © ALSTOM Transport / TOMA / Julien Goldstein, Thibaut Priou – © Alstom / Steve Kingsman –
© Alstom / Identity – © NfNSW.

Société anonyme with share capital €1,587,852,560
48, rue Albert Dhalenne
93400 Saint-Ouen-sur-Seine – France
RCS: 389 058 447 Bobigny

www.alstom.com

ALSTOM
• mobility by nature •