

**Information regarding compensation components of the Executive Corporate Officer of ALSTOM**

During its meeting held on 11 May 2020, Alstom Board of Directors acknowledged the recommendations of the Nominations and Remuneration Committee and set the following elements related to the global remuneration of Mr. Henri Poupart-Lafarge, Chairman and Chief Executive Officer of Alstom.

**Annual (fixed and variable) compensation for the 2019/20 fiscal year**

The yearly variable part of the compensation of the Chairman and CEO is a capped percentage of the fixed part. It is linked to the achievement of objectives set in advance for the fiscal year by the Board of Directors, upon proposal of the Nominations and Remuneration Committee. These objectives consist, on the one hand, of objectives related to the Group's overall performance, all quantifiable, and, on the other hand, of individual objectives, qualitative and / or quantifiable, related to the implementation of specific action plans which are reviewed each year and defined according to the Group's strategic priorities. The achievement rate of the objectives and the resulting variable portion of the remuneration are determined by the Board of Directors, on the proposal of the Nominations and Remuneration Committee, at the latest at the meeting at which the financial statements are approved.

During its meeting held on 6 May 2019, the Board of Directors had confirmed that the fixed remuneration of the CEO would be set, after 2019 general assembly meeting, at €850,000 per year, that the variable part would be capped at 170% of it and that, provided objectives set are met, the variable remuneration target would represent 100% of his fixed remuneration.

The variable part linked to global performance objectives could range from 0 to 120% of the fixed remuneration with a target at 60%. The variable part linked to the individual objectives could range from 0 to 50% with a target at 40%.

At its meeting of 11 May 2020, upon proposal of the Nominations and Remuneration Committee, the Board of Directors found that:

- the global performance objectives based on three financial performance indicators (adjusted EBIT, free cash flow, margin on orders received), all together weighted 50 points out of 60), and three corporate social responsibility criteria (safety at work, ethics and compliance, Dow Jones sustainability index), all together weighted 10 points out of 60, could be assessed at 113.1% ;
- the individual objectives based on four performance criteria related to specific action plans (launch of Alstom new strategy, people & organization, commercial performance, financial & operational performance) could be assessed at 104,9%.

Consequently, the annual variable compensation of the Chairman and CEO for the 2019/20 fiscal year amounts to 109,8% of his fixed compensation, *i.e.*, €906,015. Its payment is subject to the approval of the resolution setting out all the compensation elements due or awarded for the 2019/20 fiscal year by the shareholders at the 2020 general meeting.

## **Compensation policy for the 2020/21 fiscal year**

The Board of Directors of Alstom, convened on May 11, 2020, after having taken note of the recommendations of the Nominations and Remuneration Committee, has decided on the following items relating to the compensation of Mr Henri Poupart-Lafarge, Chairman and Chief Executive Officer, applicable for the 2020/21 fiscal year subject to their approval by the same general meeting.

These provisions are based on the recommendations of the AFEP-MEDEF Code.

### ***Compensation during the corporate officer mandate***

The compensation of the Chairman and Chief Executive Officer will be based on three main elements:

- A fixed remuneration;
- An annual variable compensation in cash; and
- A long-term incentive in the form of an annual grant of performance shares.

#### *Fixed compensation*

The fixed compensation takes into account the level and difficulty of the responsibilities, the experience in the job, the potential seniority in the group and the policies identified in groups or in companies of similar size and activities.

The annual fixed compensation of Mr Henri Poupart-Lafarge, Chairman and Chief Executive Officer, remains unchanged at €850,000. However, upon proposal of Mr Henri Poupart-Lafarge and as agreed by the Nominations and Remuneration Committee, the Board of Directors has decided to decrease by 25% this compensation for the duration of the first quarter of 2020/21 fiscal year. This temporary decrease of the fixed compensation will not impact the calculation basis of his 2020/21 variable compensation nor the ceilings applicable to a potential grant of performance shares.

#### *Short Term Incentive*

The structure of the Chairman and Chief Executive Officer's annual short-term compensation remains unchanged. The variable target portion will hence represent 100% of his gross annual fixed compensation when objectives are strictly achieved; it will be capped, in the event of outperformance, at 170% of his gross annual fixed compensation. No floor is fixed. All objectives are pre-established each year by the Board of directors, on the proposal of the Nominations and Remuneration Committee, according to the strategic priorities defined for the Group and for the executive corporate officer.

This target annual variable compensation will be based on:

- objectives related to the overall performance of Alstom. These global objectives, all quantifiable, are set for several years and can be reviewed by the Board according to the evolution of the company's strategy. The related target levels will be determined by the Board of Directors at the beginning of each year; and

- individual objectives related to the effective implementation of specific action plans. These objectives, quantifiable and / or qualitative, will be determined by the Board of Directors at the beginning of each year, according to the strategic priorities defined for the group.

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.

#### *Long Term Incentive*

The level of the annual grant of performance shares, determined by the Board of Directors on the proposal of the Nominations and Remuneration Committee, takes into account all elements of the compensation of the Chairman and Chief Executive Officer and market practices implemented by comparable listed companies.

The general characteristics of the performance share plans which could benefit to the Chairman and Chief Executive Officer are identical to those that could benefit to the Company's management teams. They take into account the recommendations of the AFEP-MEDEF Code and market best practices, particularly in terms of stringency of both the vesting scale and the nature of the performance conditions attached to 100% of the grant, the length of the vesting and performance periods (assessment at the end of a three-year period), the various caps (notably the IFRS 2 value of the grant is capped at one year of annual gross fixed and on-target variable compensation, *i.e.*, a cap at 200% of the annual fixed remuneration) and conservation obligation.

In addition, no extraordinary compensation or multi-year compensation is provided for the Chairman and Chief Executive Officer. He will not receive any remuneration in his capacity as director of the Company or of any group company.

Finally, the Chairman and Chief Executive Officer will receive some benefits: company car, complementary health cover, insurance contract in case of death or disability and private unemployment insurance. He will not receive any other benefits in kind.

#### ***Applicable conditions at the end of the corporate officer mandate***

##### *Severance indemnities*

The Chairman and Chief Executive Officer will not receive any severance payment at the end of his mandate.

#### *Non-competition covenant*

It is proposed for the Company to enter into a non-competition covenant with Mr Henri Poupart-Lafarge, limited to a period of two years as from the date of termination of mandate of the Chairman and Chief Executive Officer. The Board of Directors may decide to implement this covenant upon the departure of Mr Henri Poupart-Lafarge. In any case, it would not be activated in case he would prevail himself from his pension rights at the time of his departure. In return for this commitment, the Chairman and Chief Executive Officer would receive a total gross compensation corresponding to 1.5 times the average of his fixed and variable annual compensation, excluding performance shares, recognised during the three fiscal years preceding the end of his mandate, this indemnity being paid monthly, in twenty-four equal fractions, for the duration of the non-compete commitment.

#### *Conditions for maintaining unvested performance shares*

In case of departure of the executive corporate officer, the Board of Directors of the Company will assess, in due course, whether he may retain, in whole or in part, the benefit of his rights to the acquisition of performance shares granted in the context of plans still subject to performance conditions, under certain binding limits (no early vesting and delivery, *prorata temporis* reduction, performance conditions, etc.) which are detailed in the Board of Directors' report included in the 2019/20 Universal Registration Document.

#### *Supplementary pension plans*

The Chairman and Chief Executive Officer will continue to benefit from two supplementary defined contributions pension plans, "Article 83" and "Article 82" of the French General Tax Code.

#### *Specific situation of Mr Henri Poupart-Lafarge regarding supplementary pension plan*

It is reminded that the Board of Directors took note of the terms of the final conditions of liquidation of the "Article 39" plan from which Mr Henri Poupart-Lafarge benefited, and that the loss of the rights acquired from this scheme will be offset by a cash payment, in three annual instalments and under a presence condition in the conditions described in 2019/20 Universal Registration Document.

Mr Henri Poupart-Lafarge committed, after payment of the relevant social and tax obligations, to maintain these amounts at least until the expiry of his corporate officer mandate on his supplementary defined contributions plan "Article 82".

The payment of this balance, on the anniversary dates of the 2019 annual general meeting, does not represent a new benefit or additional remuneration but a simple transformation of the nature of his pension plan.