



# Governance roadshow

March 2023

**ALSTOM**  
• mobility by nature •

# Agenda

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1. Insights on the Board of Directors and Committees
2. Board focus on CSR topics
3. Insights on the Chair-CEO remuneration

01

## Insights on the Board of Directors and Committees

# Insights on the Board of Directors: Composition of the Board

- Audit Committee
- Nominations and remuneration Committee
- Ethics and Compliance Committee
- Integration Committee
- \* Independent Board members
- \*\* Excluding Employee representatives

## Board Composition (March 2023)



Henri Poupart-Lafarge  
Chair-CEO



Yann Delabrière\* ●  
LID



Bi Yong Chungunco\* ●



Clotilde Delbos\* ●



Daniel Garcia Molina ●  
Employee Rep.



Gilles Guilbon ●  
Employee Rep.



Sylvie Kandé de Beaupuy\* ●



Frank Mastiaux\* ●●



Baudouin Prot\* ●●



Sylvie Rucar\* ●●



Kim Thomassin ●●  
CDPQ Rep.



Jay Walder\* ●



Benoit Raillard  
Observer

## Number of meetings

7 Board meetings and  
5 executive sessions  
in 2022/23

## Independence\*\*

8 Board members (80%)

## Board attendance

99% in 2022/23

## Gender diversity\*\*

50 % of each gender

## Foreign Nationalities

6 (50%)



**Expiration of 3 mandates** at 2023 AGM



**Ratification of 1 mandate** at 2023 AGM (Mr. Jay Walder co opted in November 2022 in replacement of Mr. Serge Godin)

# Insights on the Board of Directors: Committees in 2022/23

## Audit

Chair: Sylvie Rucar  
3 members  
4 meetings  
100% attendance  
67% independence

## Nominations and Remuneration

Chair: Yann Delabrière  
5 members  
6 meetings  
100% attendance  
100% independence

## Ethics & Compliance

Chair: Sylvie Kandé de  
Beaupuy  
3 members  
9 meetings  
100 % attendance  
100% independence

## Integration

Chair: Frank Mastiaux  
4 members  
3 meetings  
93 % attendance  
67 % independence

- Committees are all **chaired by an independent** Board member with NR Committee and E&C Committee being fully independent
- The Chairman and CEO **is not a member of any of the Committees** (he may only attend if invited by the Chair)
- Chairs of the Committees may **exchange directly with Management** and Committees are free to resort to **outside advisors and experts**
- The Audit Committee has regular **executive sessions with the External Auditors** without Management being present
- Committees have specific missions **in the CSR field**
- **Integration Committee** created in January 2021 initially for 2 years was extended to 2 further years **until January 2024.**

# Insights on the Board of Directors: Functioning (1/2)

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## Continuous improvements of governance practices with :

- Regular review of the Internal Rules of the Board and Committees (available on web site) especially for better alignment with governance regulators recommendations and to reflect Company's practices. During FY 22/23:
  - ▶ Selection process of the Board members included in the Internal Rules of the NR Committee
  - ▶ Clarification that the LID is in charge of shareholders' dialogue including CSR topics
  - ▶ Frequency of executive sessions is clarified to better reflect the Company's practices
  - ▶ Scope :
    - NR Committee is in charge of human capital management (health & safety, well-being at work, employment & working conditions...)
    - Audit Committee is in charge of extra-financial information

# Insights on the Board of Directors: Functioning (2/2)

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## Continuous improvements of governance practices with :

- Annual evaluation of the functioning of the Board of Committees:
  - External evaluation every 3 years and self-assessment led by the LID the two other years
  - External evaluation for 2022/23 led by Russell Reynolds Associates of which outcome and action plan will be displayed in the 2022/23 URD, with key focuses on :
    - Leadership
    - Post-BT strategy
    - ESG
    - Risks
- Regular exchanges between the LID investors and proxy agencies advisors (governance and AGM roadshows).

# Insights on the Board of Directors: Board mandates renewal / ratification at 2023 AGM



- **Ms. Sylvie Kandé de Beaupty**
- Board member since 2017
- Independent / Chairwoman of the E&C Committee
- Has held senior and executive positions with Airbus and Technip in the ethics and compliance field



- **Mr. Henri Poupart-Lafarge**
- Chairman and CEO since 2016
- Started his career in 1992 at the World Bank in Washington, before joining the French Ministry of Economy and Finance in 1994.
- Joined Alstom in 1998



- **Ms. Sylvie Rucar**
- Board member since 2015
- Independent / Chairwoman of the Audit Committee
- Has held senior and executive positions with PSA and Société Générale in the finance field



- **Mr. Jay Walder**
- Co-opted in November 2022
- Independent / Member of the Integration Committee
- Former CEO of companies active in transportation / mobility fields (Virgin Hyperloop, New York MTA)
- Extensive knowledge of the US market



# Insights on the Board of Directors: Combination of functions of Chairman and CEO

- **Renewal of Mr. Henri Poupart-Lafarge's mandate as Board member will be subject to the 2023 AGM**

On this occasion, the Board of Directors made a thorough assessment of Alstom structure of governance (combination of CoB /CEO functions) through:

- An overall *in abstracto* and *in concreto* assessment combining regulatory approach (France and abroad), situation of comparable companies, position of investors & proxies and Alstom context
- The results of the external assessment process of the functioning of the Board and Committees
- Several dedicated NRC meetings / executive sessions

## **As a conclusion:**

- The Board members are unanimous on the combination of functions being the best structure of governance in Alstom current situation, especially due to the strong existing safeguards in place (role of LID, high percentage of independent Board members, Committees chaired by independent Board members, executive sessions of the Board and Audit Committee...)
- Alstom governance structure is reviewed regularly by the Board of Directors in executive sessions

02

## Board focus on CSR topics

## Board Focus on CSR topics (1/2)

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- **Sustainability including Climate is a direct matter for the Board of Directors with different means of actions:**
  - **CSR topics** split among the Committees :
    - ▶ E&C: compliance including human rights
    - ▶ NR Committee: governance, human capital management including social rights
    - ▶ Audit Committee: extra financial information and risks including social and environmental ones / review of the Extra-Financial Performance Declaration
  - Several Board members having **CSR skills** and **the Board composition** being regularly reviewed to make sure composition meets the needs of the Company at all times:
    - ▶ Sylvie Kandé de Beaupuy, former Chief Ethics and Compliance Officer of Airbus
    - ▶ Frank Mastiaux, former Chief Executive of EnbW, Germany's third energy supplier
    - ▶ Kim Thomassin, used to oversee CDPQ Stewardship Investing team, whose mandate is to factor ESG criteria into CDPQ's investment activities and to deploy its investment strategy to address climate change
    - ...

## Board Focus on CSR topics (2/2)

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- **Sustainability including Climate is a direct matter for the Board of Directors with different means of actions:**
  - Continuous **training** of all Board members on CSR topics:
    - Regions and Product Lines presentations including a CSR focus
    - Site visits
    - ESG objectives included in the “Business Update” at each Board meeting
    - Specific training will be organized in 2023 for Board members
  - Review and approval of the **CSR strategy including climate strategy** by the Board of Directors, for inclusion in a **Sustainability report** to be issued in June and presentation **at the 11 July 2023 AGM.**

03

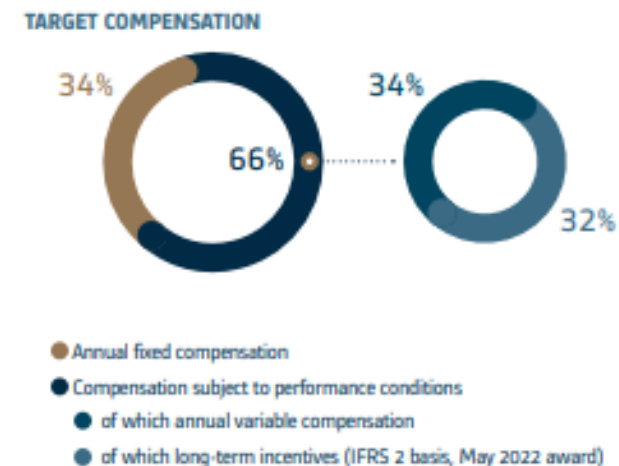
## Insights on the Chair-CEO remuneration

# Insights on the Chair-CEO remuneration – Current Remuneration Structure (FY2022/23)

## • Structure

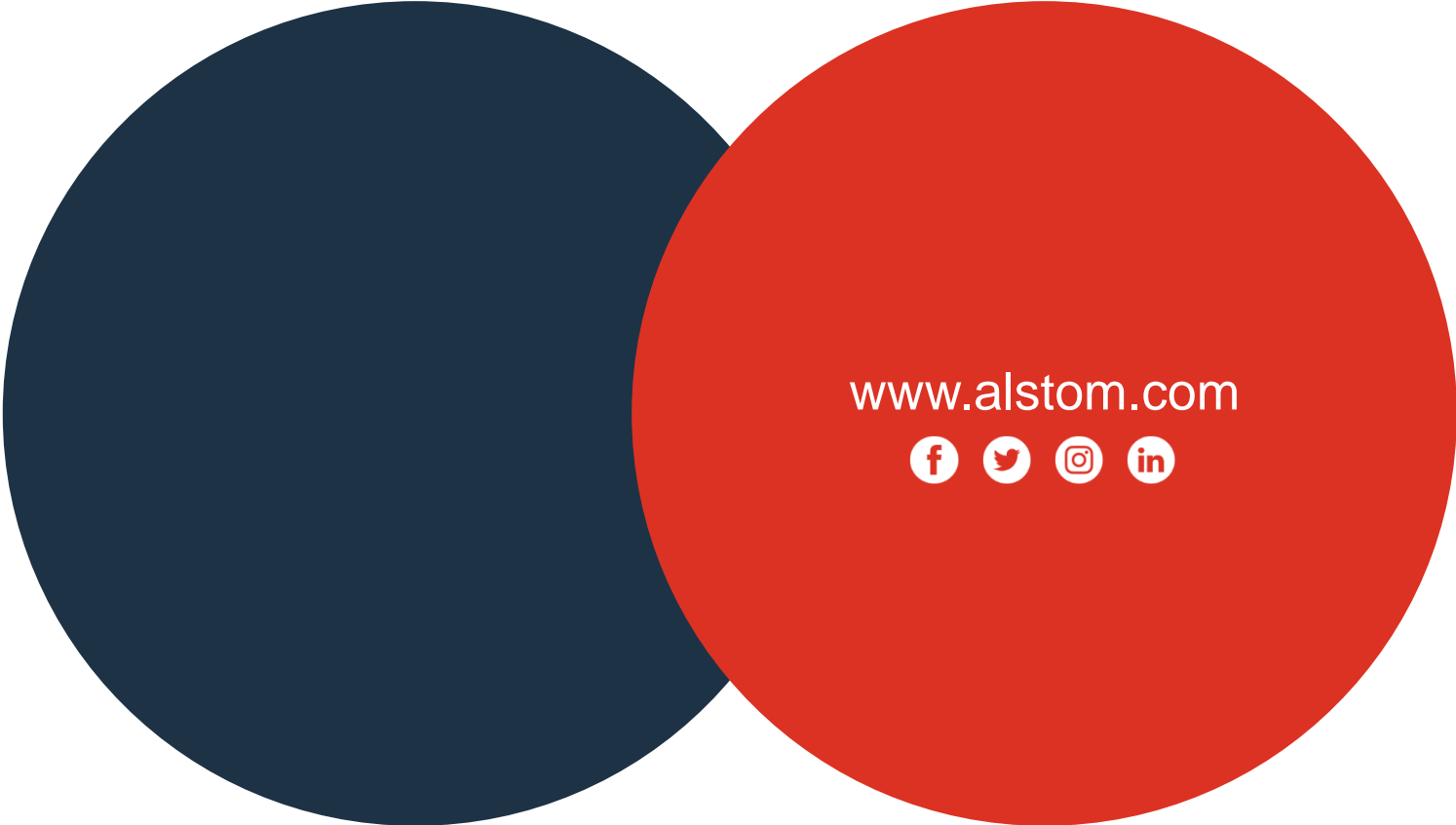
Fixed remuneration	€ 950 000 since 1 April 2021	
Short-term variable	<ul style="list-style-type: none"> <li>. <b>Target:</b> 100% of fixed comp.</li> <li>. <b>Maximum:</b> 170% of fixed comp.</li> </ul>	<ul style="list-style-type: none"> <li>. <b>Collective criteria – 60%</b> Financial &amp; ESG metrics (Group)</li> <li>. <b>Individual criteria – 40%</b></li> </ul>
Long-term variable	<ul style="list-style-type: none"> <li>. <b>Maximum:</b> 100% of short-term target comp. (fixed + variable)</li> <li>. <b>Up to</b> 2.5% of global authorization per year</li> <li>. <b>Up to</b> 10% of each LTIP</li> </ul>	<ul style="list-style-type: none"> <li>. <b>Internal performance - 80%</b></li> <li>. <b>Relative Performance - 20%</b></li> </ul>
Pension	Defined contribution pension schemes	
Non-compete	18 months of average fixed comp. and STI over the last 3 years, 2-year duration, excluded in case of gross misconduct, major financial issue and in case of retirement	
Severance	n/a	

## • Pay-mix



## • Others:

- Introduction of a **clawback** clause (applicable to STI and non vested shares)
- Strengthening of **retention obligation for Performance Shares** acquired by Chairman & CEO (holding requirement brought at 100%)
- Reinforcement of **ESG performance conditions** in the variable components



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