

## Chairman and Chief Executive Officer

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Beatriz Balbin  
Chief  
Special Procedures Branch  
OHCHR

Saint-Ouen-sur-Seine, 10 May 2021

Dear Ms. Beatriz Balbin,

I am responding to your letter dated March 12, 2021. We appreciate the opportunity to share with you our point of view and the actions we have taken on this important matter.

First of all, Alstom shares the OHCHR's commitment to the promotion and protection of the full range of human rights and freedoms set out in the Universal Declaration of Human Rights. As a signatory of the UN Global Compact, Alstom strives to embrace its core values and promote these values within our sphere of influence, including the Group's supply chain.

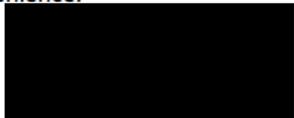
Alstom is committed to respecting all laws governing human rights and fair labour practices. As stated in its Code of Ethics, we follow the United Nations Guiding Principles on Business and Human Rights and comply with applicable international human rights legislation in all locations where we conduct business. Alstom supports the elimination of all forms of illegal, forced or compulsory labour, in particular child labour. Illegal, forced, or compulsory labour at Alstom's suppliers and contractors is strictly prohibited.

Alstom is fully committed to reducing environmental, social, and ethical risks in its supply chain. Following the publication of the Australian Strategic Policy Institute (ASPI) report, Alstom undertook a review of the alleged forced labour issues with our supplier mentioned in the report. The review process and its outcome are detailed in our answers below. Overall, based on the scope and methodology of the review, the documentation and information we received from the Supplier and external audits organised, we did not identify human rights incidents at the plant that supplies us.

We will continue to assess this specific case and monitor potential human rights issues in our supply chains generally. Should any new concerns be raised, we would take necessary actions.

Please do not hesitate to get in touch if we can clarify any questions or provide you with any further information. We would be happy to speak with you at your earliest convenience.

Best regards,



Henri Poupart-Lafarge

## **ANNEXE**

### **1. Please provide any additional information and/or comment(s) you may have on the above-mentioned allegations.**

Alstom is committed to respecting all laws governing human rights and fair labour practices. As stated in its Code of Ethics, Alstom follows the United Nations Guiding Principles on Business and Human Rights and comply with applicable international human rights legislation in all locations where we conduct business. Alstom supports the elimination of all forms of illegal, forced or compulsory labour, in particular child labour. Illegal, forced, or compulsory labour at Alstom's suppliers and contractors is strictly prohibited.

Alstom works closely with its suppliers, to ensure that these standards are upheld on all its projects. Alstom demands unambiguously that its suppliers meet its requirements in terms of commitment to compliance with all laws, including laws in relation to labour. Alstom requests that all of its suppliers sign the Ethics and Sustainable Development Charter for Alstom's Suppliers and Contractors, which expressly confirms their commitment to elimination of all forms of illegal, forced, or compulsory labour. Site visits are part of the qualification process for suppliers and form part of a continuous evaluation process once the commercial relationship is established.

Following the publication of the ASPI report, Alstom undertook a review of alleged forced labour issues in the Supplier's factories supplying Alstom. This Supplier has been supplying metal parts (e.g., cable trays, plates, mounting brackets) for Alstom projects since 2006 and a range of interior components for ex-Bombardier Transportation projects since 2007 (Bombardier Transportation is now part of Alstom since January 29, 2021). The review conducted by Alstom includes feedback from the Alstom Procurement Department resulting from regular site visits and audits of the Supplier facility that supplies Alstom; a specific review between Alstom management and the Supplier; and other documentation review.

In addition, Alstom and Bombardier Transportation organised two separate on-site audits, led by two external world-leading audit companies. These reviews were finalised in September 2020 and based on the scope and methodology of the review and the documentation and information received from the Supplier, no human rights incidents at the plant that supplies us could be identified.

We continue to assess and monitor this specific case and monitor potential human rights issues in our supply chains generally.

### **2. Please provide information as to whether your company has undertaken human rights due diligence steps, as set out in the United Nations Guiding Principles on Business and Human Rights, to identify, prevent, mitigate, and account for human rights abuses cause by or contributed to through your own activities, or directly linked to your operations, products or services by your business relationships. This includes the exercise of adequate oversight and human rights due diligence across your supply chains in order to prevent and mitigate impact on the enjoyment of human rights of Uyghur and other minority workers, including their right to freedom of movement and protection from forced labour, trafficking in persons and other contemporary forms of slavery.**

As with Alstom's other suppliers, a rigorous process has been put in place to ensure that the Supplier mentioned in the ASPI report complies with Alstom's requirements in terms of its commitment to comply with all laws, including laws in

relation to labour. As part of this process, the Supplier has signed the Ethics and Sustainable Development Charter for Alstom's Suppliers and Contractors, and is subject to third party evaluation and visits by Alstom.

Following the publication of the ASPI report, Alstom has carried out a specific review into the use of Uyghur labour and the possible use of forced labour at the Supplier plant in Changzhou that supplies Alstom.

The review conducted by Alstom includes feedback from the Alstom Procurement Department resulting from regular site visits and audits of the Supplier facility that supplies Alstom, specific review between Alstom -Procurement and Corporate Social Responsibility- and the Supplier -CEO, HR and Sustainability- and other documentation review. In addition, Alstom and Bombardier Transportation organised two separate on-site audits, led by two external world-leading audit companies. These reviews were finalised in September 2020 and based on the scope and methodology of the review and the documentation and information received from the Supplier, no human rights incidents at the plant that supplies us could be identified

**3. Please explain what monitoring and evaluation systems your company has in place to ensure the effectiveness of human rights due diligence steps taken to mitigate and prevent human rights abuses, including forced labour, trafficking in persons other contemporary forms of slavery as described in this letter and other related human rights violations, throughout your business operations. In particular, please provide information on whether your company has put in place "cascading" requirements that reach down to your suppliers, such as human rights risk assessments that would cover all tiers of suppliers as recommended in the 2018 report of the Working Group to the General Assembly.**

Every year, Alstom updates its supplier and subcontractor risk mapping. Due to their number, geographic footprint and diversity, Alstom assesses in priority suppliers and subcontractors that present the highest levels of environmental, social and ethical risks.

The priority list is built based on three criteria:

- the product family;
- the supplier's country;
- the volume of purchases made from the supplier.

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.

Five main assessment methods are used:

1. online assessments, carried out by the external company, EcoVadis;
2. onsite audits, called "Quick Industrial Assessments" run by Alstom's buyers;
3. onsite audits, called "Generic Process Audits" conducted by Alstom's teams;
4. online screenings, run by an external solution provider;
5. and onsite audits, carried out by an external company;

In total, EcoVadis online assessments, onsite Generic Process Audits, and enhanced screenings cover 83% of the volume of purchases made from suppliers identified as being at risk.

Cases of non-compliance are subject to corrective action plans and follow-up to ensure that the required standards are achieved. In March 2018, a supplier CSR Risk Management Committee was created. Depending of the situation, the Committee can decide on any corrective action plans including launch of a second assessment or an onsite audit; suspend the business relationship with the supplier; or the termination of the the business relationship. Six sessions were organised over the fiscal year 2020/21.

Additional information on this topic can be found in Alstom's [Universal Registration Document](#).

**4. Please explain what measures have been adopted to ensure that staff of your company as well as your business partners have adequate awareness, knowledge and tools to identify and report human rights abuses, including those alleged in the present letter, throughout your operations.**

Alstom's entire approach aims to integrate sustainable development as a key element of the Procurement policy. Beyond simple awareness raising, Alstom has developed a mandatory training programme for the Procurement and Supplier Quality communities to encourage the strong involvement of all buyers.

The main objectives of this training is to learn about (i) how to anchor CSR considerations at every stage of the sourcing process, (ii) the challenges that responsible sourcing represents for Alstom, (iii) the monitoring of supplier evaluations, and (iv) the support for implementing corrective action plans.

Two levels of training have been proposed for the 2020/21 period:

- the complete training module initially dedicated to Procurement managers and now open to buyers
- An introduction to sustainable procurement in the form of an e-learning module for new buyers.

As of 31 March 2021, 93% of sourcing managers (representing the priority target) have been trained.

A broader e-learning module on Human Rights was also launched in November 2020 for all staff, but particularly targeted at the Tender, Project Management, and CSR champion teams. The module aims to introduce key concepts around human rights. In addition, specific awareness sessions on the Alstom Human Rights Programme were rolled out to site teams in the context of the launch of the external audit programme.

In order to extend sustainable development actions to the entire rail supply chain, Alstom has joined forces with key players in the rail sector and in March 2015 Alstom founded "*Railsponsible*", a collaborative sector initiative on sustainable Procurement with SNCF, Nederlandse Spoorwegen (NS), Deutsche Bahn, Bombardier, and Knorr-Bremse.

The 2025 strategy of the "*Railsponsible*" Committee is structured around three main pillars:

- Climate Action
- Responsible procurement
- Social Responsibility (Human rights).

Alstom monitors human rights alerts reported through [its alert procedure](#). 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 including topics related to human rights to. Alerts are recorded and investigated as per alert procedure rules.

- 5. Please explain what concrete steps have been taken by your company to exercise leverage, in line with the UN Guiding Principles, in your business relationships to prevent and mitigate human rights abuses committed by businesses employing workers belonging to Uyghur and other minorities.**

Based on the review completed to date, Alstom has not identified human rights incidents at the plant that supplies Alstom. We continue to thoroughly assess and monitor this supplier and our entire supply chain. Should any new concerns be raised, we would take necessary actions.

In addition, Alstom has deployed for many years a Sustainable Procurement programme including third party assessments and is a founding member of the *"Raisponsible"* initiative dedicated to sustainable procurement, with the aim to continuously improve sustainability practices throughout the railway industry supply chain.

- 6. Please provide information on whether your company has reported any such alleged human rights abuses in the present letter to relevant authorities, including in countries where your company is incorporated or domiciled. Moreover, what steps has your company taken, or is considering to take, to avoid potential complicity in such alleged business related human rights abuses?**

Alstom aims to be transparent on the review the Group has conducted on this issue and has engaged with various stakeholders, including local, national and regional authorities, when asked. Based on the the review completed to date Alstom has not identified human rights incidents at the plant that supplies Alstom. We continue to thoroughly assess this supplier and our entire supply chain. Should any new concerns be raised, we would take necessary actions.

- 7. Please advise how your company provided for, or cooperates in the remediation of adverse impact on human rights of Uyghur and other minority workers through legitimate processes if it has caused or contributed to such impact. This may include establishing or participating in effective operation-level grievance mechanisms. Please provide specific information about any procedures in place to ensure participation of workers and their representatives in the establishment of such mechanisms.**

Based on the review completed to date, Alstom has not identified human rights incidents at the Supplier's plant that supplies Alstom mentioned in the ASPI report. We continue to assess this supplier and the supply chain in general. Should we identify adverse impacts at our supplier's facilities, we would secure corrective action plans are developed and follow-up on these to ensure that the required standards are achieved.

As for grievance mechanism, Alstom has put in place an Alert Procedure which allows any employee or third party to report anonymously a violation of the Code of Ethics or Alstom rules and policies including topics related to human rights. Alerts are recorded and investigated as per alert procedure rules.

- 8. Please provide information, if any, on cooperation your company may have had with local civil society actors and/or relevant state authorities to ensure that your company's grievance mechanism is aligned with the national mechanism to address such business related human rights violations.**

We do not have additional information to provide at this stage.