
FROM OUTLAW TO OUTSTANDING



EVE AWARD

On September 12, 2000, ALSTOM Power Inc. was honored as a recipient of the Exemplary Voluntary Efforts [EVE] Award given by the United States Department of Labor's Office of Federal Compliance Contract Programs (OFCCP). This award recognizes the efforts of Federal Contractors or those contractor associations who have enhanced equal opportunity in their workplace.

The EVE Award is a tremendous accomplishment for ALSTOM Power Inc., for just a few years ago, this award did not seem to be within reach.

Who is ALSTOM Power Inc.?

ALSTOM Power Inc. is the powerhouse of the power generation industry. With the U.S. power generation headquarters located in Midlothian, Virginia, and a manufacturing facility in Richmond, Virginia, ALSTOM Power Inc. supplies a comprehensive line of rotating power generation equipment and engineering services, which helps generate over 50% of America's electricity needs from right here in the Richmond area.

A Global Presence

ALSTOM Power Inc. is part of ALSTOM, the global specialist in energy and transport. ALSTOM holds approximately 20% of the world's installed energy base and has over 140,000 associates in more than 70 countries. ALSTOM can draw on talent and technology worldwide, which is how they continue to maintain a strong link in an ever-expanding technological chain that circles the earth.

Outlaws

Being a global company, it would appear that diversity efforts would be an easy task for ALSTOM Power Inc. Unfortunately, this was not the case.

ALSTOM Power Inc. is a European company with a very "eurocentric" culture. The thought process seemed to be ALSTOM is an international company with an office merely located in the United States and the company should not be subject to the U.S. regulations.

This perception led to ALSTOM receiving a consent decree from the OFCCP. Conciliation agreements followed in 1994-1997 outlining the lack of good faith initiatives. The company faced the reality of losing millions of dollars in U.S. Federal contracts. This period was not a proud time in the company's history, coupled with the fact that a large portion of ALSTOM's income could be eliminated.

A Call to Action

In 1997, the new Vice-President of Human Resources, John Bahouth, made a commitment to reverse this negative situation. He started by hiring Vernon Glenn, a renowned Diversity expert. Vernon became the Executive Advisor to assist in the culture shift.

John and Vernon knew support for the Executive Staff was essential to incorporating this culture shift, therefore, they created a comprehensive educational program geared specifically towards the Senior Management Team with a concentration on pay equity, hiring, affirmative action and diversity.

Changes in the Face of Challenge

In order to start the change process, John and Vernon created the Diversity Universe®. Areas of the Diversity Universe® include: Pay Equity, Recruiting, Diversity Council, Education, Community Involvement and U.S. Regulations. Each one of these areas was reconstructed and incorporated into the Diversity Universe®.

In Pay Equity, a complete salary review was performed to see if all associates were at an equitable pay level. As expected, many infractions were discovered and ALSTOM made salary adjustments at a cost of more than \$100,000. Today, salary reviews are performed quarterly to ensure that the pay equity efforts continue.

Next, in recruiting, ALSTOM evaluated its hiring efforts and found a definitive lack of diversity. To correct this, they began recruiting from historical black colleges, listing employment opportunities with minority magazines and newspapers, and using web sites focused at minority and female job seekers.

Diversity initiatives were the next area on which to focus. These initiatives did not exist at ALSTOM, therefore the Diversity University was established by 'Professor Vernon Glenn.' At the University, training classes are held on diversity and how it affects each person in their everyday lives. Training is held once a month and is mandatory for all present and incoming associates.

The foundation on which the Diversity University was built is the Diversity Equation® as shown on the chalkboard below:

**(T + t) x (C + D) = Sustainable Progress
in Diversity**

T = TRUTH - Being Truthful with associates leads to trust

t = TRUST - Trust is an essential part of success among associates

C = CONVICTION - Conviction in the fact that your method will work and successful

D = Change - An agent of change is needed to bring about progress

ALSTOM Power Inc. also began a Diversity Council which was created to "aid, executives, management and associates in creating an environment where the Diversity of our workforce is valued, encouraged, appreciated and used to create a stronger, more productive organization. "(Mission Statement of the ALSTOM Power Inc. Diversity Council). The council is made up of all levels of personnel from all departments throughout ALSTOM Power Inc. This forum allows all associates to address and evaluate diversity issues.

To make the Diversity Universe® complete, ALSTOM Power Inc. increased its involvement with the community. Annually, the company donates to the Central Virginia Make-A-Wish Foundation, the Virginia Special Olympics, and the ALSTOM Power Inc. associates work with the athletes during the summer games. The associates also participate in the "Race for the Cure" to

raise awareness for Breast Cancer and the "Virginia Dare Bike Race" to raise funding for Multiple Sclerosis Cure Research.

Since the implementation of this program, ALSTOM has increased hiring of minorities by 46% and hiring of females by 49%. As for the promotions of minorities and females, the number of females eligible for the management incentive program has increased by 67%, while the number of minorities eligible has increased by 600% in this same time period.

European Values vs. U.S. Regulations

These actions may seem like obvious steps to create a more equitable pay system and encourage diversity, but trying to incorporate these efforts in a multi-cultural company made this task a true challenge. To understand some of the differences, take a look at the following statistics according to a recent article in *Investors Business Daily*. This is a breakdown of charitable contributions among France, Germany and the United States.



19% of all people in France say they have donated time to charities while **43%** say they have donated money.



13% of all people in Germany say they have donated time to charities while **44%** say they have donated money.



49% of all people in the United States say they have donated time to charities while **73%** say they have donated money.

From Remarkable to Sustainable. . .

ALSTOM Power Inc. made remarkable progress in the diversity and affirmative action arena. The company has been recognized locally and nationally for their outstanding efforts. They truly went *From Outlaw to Outstanding*.

In order to sustain these efforts, ALSTOM will

- Offer expanding Diversity Training
- Start mandatory Sexual Harassment Training
- Establish a Diversity Council at all ALSTOM locations.

ALSTOM Power Inc. will remain vigilant to continue their efforts in incorporating diversity and equal opportunity throughout the company and their day-to-day business.