

Bombardier  
*UNGC Communications on Progress*  
**2014**

Our [2013 CSR report](#) is online. Please click on the hyperlinks throughout the document to visit the original pages.

## **Letter from the President and CEO**

Dear Stakeholders,

There was a time, not long ago, when the global economy took no more than four years to fully recover from a pronounced downswing. Today, things are different. The current uncertain environment seems to be lasting. But even in this time of uncertainty, there is tremendous potential, and we in the mobility industry have the privilege of being at the centre of it. Cities are growing, global gross domestic product is rising and there is a renewed attention to sustainability and to mobility solutions that are not just expedient, but environmentally sound.

As the world's only manufacturer of both planes and trains, this is an enormous opportunity for us. And it is one we have planned for by strategically investing in high-performance products that will meet society's emerging mobility needs and ensure profitability for Bombardier for years to come.

Since societal forces play such a pivotal role in shaping our business opportunities, we have decided to evolve our corporate reporting to reflect these impacts and our response to them. In addition to our online 2013 CSR report, this year we have published an [Activity Report](#). This Activity Report is the first step in providing our stakeholders with a more comprehensive

account of our business, presenting financial and societal value as we view them – interrelated.

### ***Setting the Stage for Greater Growth***

Our period of significant investment in new aerospace solutions is starting to taper off. Concurrently, we're on the cusp of an era of strong revenue growth as demonstrated by our healthy backlog of \$69.7 billion. New category-defining products launched some five years ago are about to enter into service. This will permit us to normalize our annual capital spending and foster conditions favourable to sustainable growth as well as strong free cash flow, while continuing to offer state-of-the-art mobility solutions.

From the **CSeries** commercial aircraft and new **Learjet 85** business jet, to our **ZEFIRO** very high speed train and **PRIMOVE** wireless charging system for electric vehicles, exciting mobility solutions are waiting in the wings. For all of these solutions, the key now is for us to finalize testing and prepare for entry-into-service.

We wholly believe that these products will be game-changers – for our company and for the way people move. Our **CSeries** aircraft, designed specifically for the 100- to 149-seat market, will enter a niche not properly addressed by competitors. Building the **CSeries** from a “clean sheet” allowed us to reconceive the aircraft design for optimal environmental efficiency. For example, one **CS100**<sup>1</sup> could reduce a customer's CO<sub>2</sub> emissions by approximately 6,000 tonnes and reduce fuel burn by approximately 1,900 tonnes<sup>2</sup> per year – the equivalent of taking more than 1,250 mid-sized cars off the road for a year.<sup>3</sup>

And on the ground, our **PRIMOVE** solution has the potential to transform urban transportation – making it cleaner, quieter and far more energy-efficient. In 2014, the city of Nanjing, China will pilot **PRIMOVE** technology by running trams without overhead wires.

### ***Expanding Globally to Deliver Results***

While opportunities remain for us in mature markets, we believe much of our future success lies in emerging markets, where there are rapidly expanding needs for transportation infrastructure. To take advantage of this, we continue to strategically extend our roots outside of our traditional North American and Western European markets. For example, in 2013 we unveiled Brazil's first monorail system in São Paulo, which, once completed, will be the world's largest and highest-capacity monorail, moving 48,000 passengers per hour, per direction, benefiting more than 500,000 users daily.

We enter new markets with the intention of establishing ourselves for the long term. We make the strategic choice to root ourselves by hiring and developing local talent, investing in local communities and, in most cases, building partnerships with nearby suppliers. Our new

operations in Morocco, for example, began in February 2013 with 19 local employees and have already expanded to more than 100 local employees. We will continue to grow roots in this community and expect our staff there to number 850 by 2018.

### ***Tackling the Execution Challenge***

Our objective is to achieve best-in-class execution for all of our contracts and commit to the highest standards of responsibility for how we manage our business, despite the complex challenges inherent to our industry. In 2013, we had much to be proud of. We were honoured to be presented with the 'Transport Supplier of the Year' award at the U.K.'s 2013 National Transport Awards for our role in the London Underground Victoria Line upgrade and gratified to be listed as one of the Global 100 Most Sustainable Corporations in the World in 2014. And for the second year in a row, we were named Industry Leader within the Aerospace and Defense industry on the Dow Jones Sustainability World Index.

At the same time, execution challenges in certain large transportation contracts and delayed entry-into-service for the **CSeries** and **Learjet 85** aircraft affected our results. We established a new organizational structure at Bombardier Transportation on January 1, 2014 to further empower project management, reduce organizational layers and overhead costs, speed up decision making, implement leaner processes and foster upfront product development and standardization. These measures are expected to significantly reduce execution risks. We are also maintaining an active, continuous feedback loop with our customers to identify and implement improvements that will better serve their needs and exceed their expectations.

### ***Building the Future of Mobility***

Our company is built on a tradition of investing in new mobility solutions – and that is what we continue to do today to strengthen our future. Entry-into-service for our latest innovations is just around the corner, setting us up to generate billions of dollars in additional revenues annually.<sup>4</sup> We are dedicated to building on this foundation, while operating responsibly – practicing and progressing against the principles of the United Nations Global Compact.

Across the company, we have one overriding objective and commitment – generating results that are profitable and sustainable. For everyone at Bombardier, it's all about driving up the bottom line and building the future of mobility.

## United Nations Global Compact

Bombardier is dedicated to upholding the United Nations (UN) Global Compact. A signatory since 2007, we have committed ourselves to actively promoting its ten principles, addressing human rights, labour, the environment and anti-corruption through all of our operations. Its principles are embedded in our [Code of Ethics and Business Conduct](#), providing clear guidance to our employees as to what is expected of them as they carry out their duties and responsibilities towards the company, their colleagues and their communities.

The table below provides examples of how we promote these principles.

### Human Rights

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 1. Business should support and respect the protection of internationally proclaimed human rights</b>		
We consider the respect of human rights to be a fundamental corporate responsibility. In 2013, we adopted a human rights statement for the company that formalizes our commitment to address and respect human rights.	<a href="#">Human Rights DMA, 4.12, HR1, HR2, HR3, LA4, LA6, LA7, LA13 and LA14</a>	<a href="#">Human Rights</a>

<b>Principle 2. Business should make sure they are not complicit in human rights abuses</b>		
We place the highest importance on respecting human rights and we expect the same of all of our business partners and suppliers. How we act on this commitment is outlined in our policies and codes, including our Code of Ethics and Business Conduct; Health, Safety and Environment Policy; Supplier Code of Conduct; Employment Equity Policy; Policy on Harassment Prevention and Data Privacy Policy.	<a href="#">Human Rights DMA, HR1, HR2</a>	<a href="#">Human Rights</a>

## Labour Standards

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining</b>		
<p>We acknowledge our employees' right to freedom of association based on applicable legislation and maintain a constructive dialogue with all labour unions and work councils active in our operations.</p> <p>Approximately 54% of our employees were covered by collective agreements in 2013.</p>	<a href="#">HR5, LA4 and LA5</a>	<a href="#">Employees, Human Rights</a>

<b>Principle 4. Business should uphold the elimination of all forms of forced and compulsory labour</b>		
<p>Bombardier does not support and will not use forced or compulsory labour at any of our operations. Bombardier business partners are required to not use forced or compulsory labour and we expect all employees at all levels to act accordingly. We are increasing proactive monitoring of suppliers in high-risk markets to ensure compliance with this policy.</p>	<a href="#">HR7</a>	<a href="#">Human Rights</a>

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 5. Business should uphold the effective abolition of child labour</b>		
<p>Bombardier does not support and will not engage in the use of child labour at any of our operations. In this respect, we abide by all applicable laws in the countries where we operate. Bombardier's global supply chain and business partners are required to not use child labour and we expect all employees at all levels to act accordingly. We are increasing proactive monitoring of suppliers in high-risk markets to ensure compliance with this policy.</p>	<a href="#">HR6</a>	<a href="#">Human Rights</a>

<b>Principle 6. Business should uphold the elimination of discrimination in respect of employment and occupation</b>		
<p>Bombardier supports diversity and employment equity. We offer equal employment opportunities without regard to any distinctions based on age, gender, sexual orientation, disability, race, religion, citizenship, marital status, family situation, country of origin or other factors, in accordance with the laws and regulations of each country where it does business.</p> <p>In 2014, we set a priority to increase the number of women in management positions from 16% in 2012 to 25% in 2018.</p>	<a href="#">HR4, LA14</a>	<a href="#">Human Rights, Ethical Management, Employees</a>

## Environment

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 7. Business should support a precautionary approach to environmental challenges</b>		
Through our risk assessment approach, our Environmental Management System helps us identify significant environmental aspects and take appropriate action for continuous improvement. Energy and resource consumption, along with waste generation, are our most significant environmental impacts.	<a href="#">4.11</a>	<a href="#">Health, Safety &amp; Environmental Management, Environment, Product Responsibility Strategy, Our Approach to CSR</a>

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 8. Business should undertake initiatives to promote greater environmental responsibility</b>		
<p>The biggest opportunity we have to promote greater environmental responsibility is through investing in sustainable products and working with our customers to get the most out of them. In 2013, Bombardier invested more than \$2.0 billion to develop mobility innovations – and this figure does not include the extensive R&amp;D we undertook within individual transportation contracts. We expect this investment to have an enormous impact in our customers’ ability to reduce their environmental impacts.</p> <p>We are also focused on improving our own environmental performance. Our Health, Safety and Environment Council guides our environmental strategy and the implementation of what we call our “HSE Preventive Culture.”</p> <p>Our long-term environmental strategies include:</p> <ul style="list-style-type: none"> <li>• Mitigating our environmental impact while growing our business.</li> <li>• Decreasing the amount of natural resources such as water, energy and raw materials used in our production processes.</li> <li>• Minimizing and eliminating the use of hazardous substances</li> </ul>	<a href="#">EN3-9, EN16-19, EN22, EN23, EN26</a>	<a href="#">Product Responsibility Strategy, Health, Safety &amp; Environmental Management, Environment</a>



Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<p align="center"><b>Principle 9. Business should encourage the development and diffusion of environmentally-friendly technologies</b></p>		
<p>We have implemented a Design for Environment (DfE) approach across our business to create products that set new standards in sustainable transportation. Several of the innovative products that are the result of our DfE approach are now entering into service or will be within the next several years. These include:</p> <ul style="list-style-type: none"> <li>• The <b>Q400 Next Gen</b>, <b>CRJ Next Gen</b> and the <b>CSeries</b> aircraft – all are more fuel-efficient than commercial aircraft on the market today.</li> <li>• The <b>Learjet 85</b> business aircraft – more fuel-efficient than any aircraft in its category.</li> <li>• <b>PRIMOVE</b>, our wireless charging system for electric vehicles, which could revolutionize buses – and potentially cars – significantly reducing emissions.</li> </ul> <p>We also heavily engage with our industry peers to create new collective solutions for sustainable transportation products.</p>	<p><a href="#">EN4-7, EN18, EN26-27, SO5</a></p>	<p><a href="#">Product Responsibility Strategy, Better Ways to Move the World, Stakeholder Engagement</a></p>

## Anti-Corruption

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 10. Business should work against all forms of corruption, including extortion and bribery</b>		
<p>Our Code of Ethics and Business Conduct articulates our position against corruption and illegal and improper payments.</p> <p>Every year, management (director level and above) is required to renew its commitment to our Code of Ethics and Business Conduct, acknowledging that they have read, respected and have no personal knowledge of any breaches of the Code.</p> <p>Additionally, in partnership with the United Nations Global Compact, we developed and introduced six interactive training modules in 2013 and will officially release the first two modules in early 2014.</p>	<a href="#">SO2-SO4</a>	<a href="#">Ethical Management</a>