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CSR 2012

Shaping the Future
of Mobility, Responsibly

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ABOUT THIS PUBLICATION

This report is based on the 2012 Bombardier Inc. CSR Report. Bombardier Inc. reports on CSR performance annually in spring in alignment with our Annual General Meeting of Shareholders.

Performance data in this report summarize CSR information for Bombardier Transportation only and cover the period from January 1, 2011 to December 31, 2012. Financial information is given in U.S. dollars, unless otherwise specified.

To view the full online report, which has been developed in accordance with the Global Reporting Initiative (GRI) 3.1 Guidelines and the GRI Principles for Defining Quality and which covers the Aerospace Group as well, please visit csr.bombardier.com. Our detailed 2012 goals and our goals for 2013 are also available on the website.



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SHAPING THE FUTURE OF MOBILITY, RESPONSIBLY

Since its founding in 1942 as the manufacturer of the 12-passenger *B12* snowmobile to our position today as the world's only manufacturer of planes and trains, Bombardier has again and again transformed the way people move. While the product portfolio has evolved over the years, the core values have remained the same.

The sixth corporate social responsibility (CSR) report issued by Bombardier Inc., *Shaping the Future of Mobility, Responsibly*, articulates our belief that to be a leader in the transportation industry of today and tomorrow, we must dedicate ourselves to:

- Delivering Innovation by creating advanced mobility solutions that provide safe, efficient, and environmentally-responsible air and rail travel to meet the needs of the world's growing population and industry.
- Managing Responsibly by conducting our business ethically and transparently; applying manufacturing practices that continually improve the quality of our products and adhere to the highest health, safety, and environmental standards; and supporting the engagement and empowerment of our employees.
- Supporting Communities by partnering with our employees, customers, local organizations, and all stakeholders to help build communities and improve quality of life wherever we do business.

For us, 2012 was a year of great progress in The Evolution of Mobility. While there were some challenges – as all

members of our industry still cope with heightened economic uncertainty – it was still a year of innovation and achievements. We began the final stages of the development of the *C-Series*, an aircraft with an unmatched environmental scorecard, in preparation for its first flight in 2013.

We also continued testing the *BOMBARDIER* ZEFIRO* 380*, a very highspeed train that sets a new, high standard for climate-friendly long-distance travel. We are excited about the environmental potential of these products, but also the promise they hold for communities. In this age of urbanization and globalization, these products provide affordable and environmentally-efficient mobility solutions for cities – large and small – to connect to one another. This brings new opportunities and experiences to communities and businesses that may not have previously been connected to the global network.

Internally at Bombardier, 2012 was a year of innovation and integration. We are a large, global company with practices that sometimes differ across our many locations. In 2012 we took a close look at some of the

best practices originating from different parts of our business – from health, safety, and environmental management to development programs for managers and leaders – and identified those that could be shared across the business. By growing successful practices globally, we can operate more efficiently and make greater year-on-year progress in our CSR performance. This is also part of how we will continue to fulfill our commitment to practice and progress against the principles of the United Nations Global Compact.

IT'S ALL ABOUT WHAT'S NEXT

We are proud of the progress we made against our CSR objectives in 2012 and proud that our progress earned Bombardier recognition on two Dow Jones Sustainability Indices for the sixth consecutive year and, for the first time, as a Sector Leader. But there is still much work to be done. Over the next several years we will:

- Continue to focus on creating industry-leading products that address societal needs while reaching new levels of environmental responsibility. We will explore alternative fuels for use in our products and work toward our long-term goal to manufacture 100% recoverable products.
- Ensure we are providing our employees with the best opportunities to grow and advance their careers.

- Attract and retain more women engineers and leaders across our organization.
- Work to decrease our environmental impact while simultaneously growing our business.
- Focus more closely on our approach to human rights, including how we guard against the use of conflict minerals in our supply chain.
- Further implement our Health, Safety, and Environment Preventative Culture in all of our operations.



Thank you for taking the time to read about our CSR efforts. To read our full 2012 CSR report, please visit csr.bombardier.com. We look forward to continuing our conversation about the future of CSR at Bombardier and how we can work together to shape the future of mobility, responsibly.



Pierre Beaudoin
Pierre Beaudoin
 President and Chief Executive Officer,
 Bombardier Inc.



Daniel Desjardins
Daniel Desjardins
 Senior Vice President, General
 Counsel, Corporate Secretary,
 and CSR Committee Chairman,
 Bombardier Inc.

WHO WE ARE

Bombardier Transportation is a global leader in rail technology and a business group of Bombardier Inc., the world's only manufacturer of both trains and planes. We are committed to meeting the challenges of today and tomorrow by continuing to evolve the way people move around the world.

From high-speed trains to monorail systems, our approach to product development is focused on improving the ability for people to connect with each other through safe and environmentally-responsible means of transportation. That is why we consistently invest in research and development, deploy innovative product development tools, and work directly with all of our stakeholders to ensure our progress in The Evolution of Mobility continues.

In 2012, we continued to display leadership with 64 sites and 19 service centers on 5 continents with the industry's most comprehensive portfolio of products and services, where our technological capabilities are unmatched.

APPROACH TO CSR

CSR is a fundamental part of how we think about and conduct our business and how we identify growth opportunities.

The Bombardier CSR Mission

As the world's only manufacturer of both planes and trains, we provide the transportation solutions of tomorrow that drive value by addressing mobility needs, while respecting planet and people. By conducting our business in collaboration with and to the benefit of our stakeholders, we create the conditions for engaged talent, constant innovation, and eco-efficient products and services that shape The Evolution of Mobility. This is how we move forward, responsibly.

Our CSR approach is organized around six pillars in which we believe we have the greatest responsibility and opportunity to make progress.

PRODUCTS AND SERVICES

We are committed to creating products that meet the world's mobility needs, while upholding best-in-class standards of safety and creating new, high standards in environmental responsibility.

GOVERNANCE

We are committed to strong and ethical corporate governance, embedded in our promise, our core values, and our Code of Ethics and Business Conduct.

EMPLOYEES

We are committed to our employees. Our success depends on their full engagement and enablement. By listening to, developing, and rewarding our employees, we promote the success of our business worldwide.

OPERATIONS

We are committed to operating our business in a way that maximizes the safety and environmental efficiency of our workplaces and of our products.

SUPPLY CHAIN

We are committed to working closely with our suppliers around the world to ensure the efficiency and sustainability of our supply chain.

RESPONSIBLE CITIZENSHIP

We are committed to making a positive contribution everywhere we do business - starting in the communities where we operate.



CSR Organizational Structure

To ensure the CSR mission is kept central to all business operations, cross-functional CSR Committees at Corporate as well as business group level (Aerospace and Transportation) oversee organization-wide sustainability performance and compliance and develop CSR guidelines and initiatives.

Bombardier's Senior Vice President, General Counsel, and Corporate Secretary chairs the Corporate CSR

Committee. He reports directly to the CEO and provides the Board of Directors with annual performance updates. The business groups are responsible for driving CSR objectives and programs related to their respective products, markets and industries, as well as the local communities within which they operate. Both groups' CSR Committees are led by senior executives accountable to their respective Leadership Teams.

Stakeholder Engagement

Effectively engaging with stakeholders consistently throughout the year ensures that we continue to move forward responsibly, addressing their concerns and learning from their insights. This meaningful dialogue provides us with a broad and diverse understanding of our stakeholders' evolving priorities, ultimately helping us deliver on our growth strategies.

Share Your Feedback

Thank you for taking the time to read about our CSR work in 2012. The purpose of this report – and our full online report – is to have a dialogue with our stakeholders. Please email us your thoughts on our CSR approach and performance at csr@bombardier.com.

If you would like to contact Bombardier for any other matter, such as Media or Investor Relations, please visit www.bombardier.com/en/corporate/contacts.

In 2008, for the first time, we conducted a formal third party stakeholder assessment and materiality analysis for Bombardier Transportation. A more detailed assessment, covering eight external stakeholder groups, (customers, suppliers, industry associations, labour unions, non-governmental organizations, donations and sponsorship recipients, regulators, and investors) from Bombardier Corporate and the Aerospace group also, was conducted in 2012. The Corporate CSR Committee

The table below summarizes our diverse stakeholder groups

Employees	Customers	Shareholders, investors and financial analysts
Suppliers	Labour unions	Academia
Industry partnerships and associations	Communities and non-governmental organizations	Governments and regulatory authorities

mapped the results into the materiality matrix, taking into account the feedback received through this assessment. This matrix will guide the CSR approach. While Bombardier has always had a deep focus on supply chain and global talent management, the direct focus on human rights was strengthened and in 2013 a companywide statement on human rights was developed.

In addition to the stakeholder survey, we ask our employees for feedback in a regular employee engagement survey. We learned that employees care most deeply about the performance of our products, including environmental performance; the quality of the work culture; and the relationships they have with management.

External CSR Charters & Policies Guiding our Approach

In addition to our stakeholder engagement, we use several international CSR guidelines to direct our work. These include:

- United Nations Global Compact
- Union International des Transports Public (UITP) Charter on Sustainable Development
- International Network for Environmental Management (INEM) Charter (German Association of Environmental Management Code)
- German Railway Industry Association (VDB) Code of Conduct

PLAYING A LEADERSHIP ROLE WITHIN OUR INDUSTRY

We take our leadership position within the rail industry very seriously. We work with various associations and regulators to advocate for policies that help advance innovation and standardization within the industry.

We also engage with industry associations to address industry-wide CSR issues – particularly environmental, safety, and supply chain issues. Some examples of our engagement in 2012 are:

- **Association of the European Rail Industry (UNIFE):** As part of our participation in UNIFE, we lead the organization's Sustainable Transport Committee to promote the growth of sustainable rail transportation through collaboration with industry peers and customer organizations. We also participated in the Shift2Rail initiative to enable the transportation industry to develop next decade technologies in order to better use existing infrastructure, reduce energy consumption, and increase rail reliability.
- **Rio+20:** We represented UNIFE at the Rio+20 summit in June 2012 to contribute to a discussion around shifting from road to rail to reduce congestion and pollution globally.
- Under the leadership of Bombardier Transportation, the **European Rail Research Advisory Council (ERRAC)** presented its vision document RailRoute 2050 to the European Commission.
- Bombardier Transportation's Head of HSE & CSR chairs the **German EMAS Advisory Board (Umweltgutachterausschuss)**. We were represented in a panel discussion at the Environmental Week, hosted by the German Federal President.



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DELIVERING INNOVATION

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Bombardier's most important role in society is to create products that safely and efficiently move people across cities, countries, and continents.

With this in mind, we have dedicated ourselves to delivering innovation. We deliver innovation by creating advanced mobility solutions that provide safe, efficient, and environmentally-responsible rail travel to meet the needs of the world's growing population and industry.

PRODUCTS & SERVICES

Current estimates project that by 2025 the world's top 600 cities will have more than two billion inhabitants and account for 60% of the world's gross domestic product.¹ As we draw closer to that milestone, implementing effective and efficient transportation solutions becomes more and more critical.

Mass urbanization is just one trend affecting transportation demand. Other factors having an impact include:

- Globalization and the continued increase of business and leisure travel
- Space scarcity and congestion, especially in urban areas
- Resource scarcity and the growing need for the recyclability of materials
- Climate change
- Aging infrastructure

All of these elements present a complex set of opportunities and challenges. Our business is responding to these challenges by bringing transportation solutions to market that are shaping a new future for mobility. For example, the *BOMBARDIER* TWINDEXX* Express*

¹ McKinsey Global Institute (2012):
Urban world: Cities and the rise of the consuming class.

enables trains to reach higher speeds on curves, resulting in significantly shorter journey times, improved punctuality, reduced missed connections, more efficient and accurate timetabling enhanced passenger satisfaction.



To deliver the most advanced mobility solutions for our customers, we employ a responsible product strategy that spans design, material selection, responsible sourcing, manufacturing, safety testing, and customer engagement during product use, maintenance, and end-of-life.

Our *BOMBARDIER* ECO4** portfolio of technologies is paving the way for a new era in environmentally-responsible rail technology. The *ECO4* portfolio reduces overall energy consumption on trains by up to 50% compared to current solutions and reduces emissions by up to 80%, thereby minimizing carbon footprints.



BOMBARDIER PRODUCT RESPONSIBILITY STRATEGY IN ACTION WITH THE SPACIUM TRAIN



The **BOMBARDIER* SPACIUM*** train is a flexible vehicle designed to provide maximum seating capacity, superior passenger comfort, improved access and an attractive interior design. SNCF ordered 172 seven and eight-car **SPACIUM** trains for the Ile-de-France region and specified stringent requirements making this train a point of reference in terms of environmental performance.



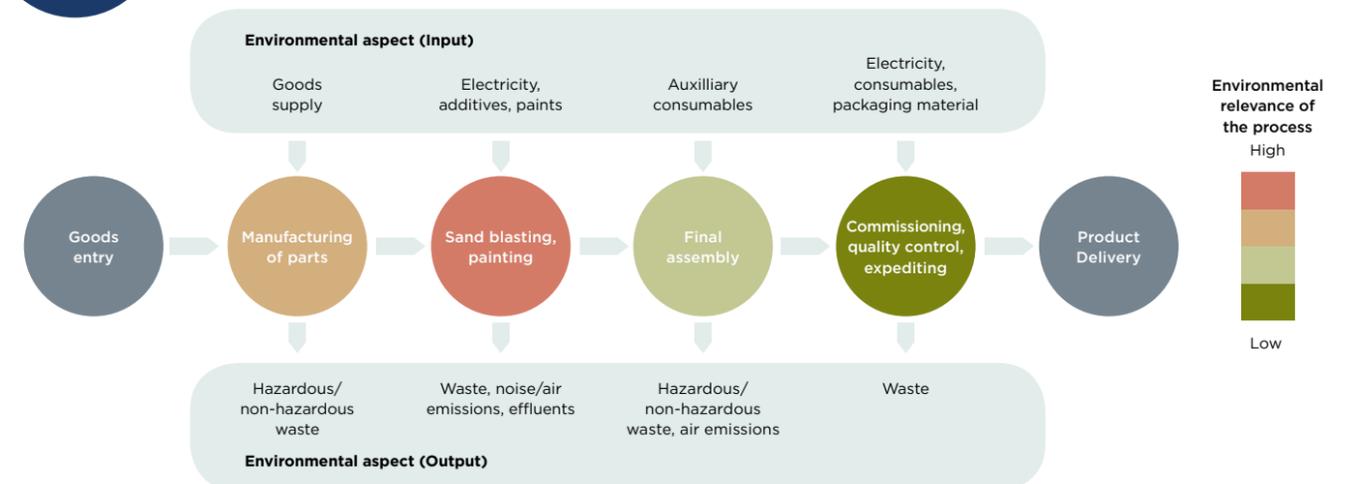
Regenerative braking, LED technology and a sustained effort to reduce weight throughout the design phase, all contribute to maximising the energy efficiency of the **SPACIUM** train. The cantilever seating system, without attachments to the floor, creates additional floor space for increased safety and facilitates cleaning. Interior decor has been protected against vandalism with anti-graffiti paneling, tear-resistant seats and scratch-resistant windows, minimising the use of environmentally hazardous cleaning products over the **SPACIUM** train life cycle.



We worked together with our suppliers, Liebherr and Dilax, to develop an HVAC system that uses passenger counting to optimise the energy efficiency of climatisation. The HVAC system can be set to three different levels in response to actual passenger load on board the **SPACIUM** at any given time.



The **SPACIUM** train features materials with high recyclability and a high content of recycled materials. At the end of the vehicle life cycle, the recyclability and recoverability rate of the **SPACIUM** train is 93% and 98% by weight respectively. Major plastic components are marked to ensure they can be efficiently identified, separated and processed for recycling at their end of life. This is done following ISO 11469 and associated standards.



THE RESULTS:

98%
RECOVERABILITY

93%
RECYCLABILITY

UP TO **96%** LESS CO₂ EMISSIONS PER PASSENGER KILOMETER COMPARED TO OTHER MEANS OF TRANSPORTATION

NEARLY **0%** CHROMIUM VI AND FORMALDEHYDE EMITTING MATERIALS

LESS THAN **81 dB(A)** PASS-BY NOISE (80 KM/H)

DEMONSTRATING OUR PRODUCT RESPONSIBILITY STRATEGY AND SERVICES

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The following are several examples of the results of our product responsibility strategy and services on the ground transportation side of our business.

PRIMOVE

As cities continue to grow at an exponential rate, they are forced to deal with countless mobility-related challenges, including increases in carbon emissions and noise and visual pollution. Our **BOMBARDIER* PRIMOVE*** transportation system moves cities into the future responsibly, offering diverse ways to contactlessly charge all types of electric rail and road vehicles including trams, buses, cars, and trucks without the use of any overhead wires. It eliminates the traditional constraints of cables, wires, and plugs, and makes urban transportation more flexible, convenient, and safe.

We designed *PRIMOVE* with a unique intermodal technology that allows electric vehicles to be recharged either in motion or at rest without affecting driving habits. This enables mass transit networks, fleet operators, and car owners to benefit from e-powered mobility without the range and recharging issues normally associated with electric charging. And because all of the *PRIMOVE* components are underground and will release zero emissions when powered by renewable energy, the result is a cleaner, quieter, and prettier city.

PRIMOVE technology is being tested and will be applied on trams, buses, minivans, and cars in various locations in Europe including Augsburg, Berlin, Braunschweig and Mannheim in Germany, as well as Bruges and Lommel in Belgium.



ZEFIRO

Globalization brings increasing demands for fast, comfortable, energy-efficient, and environmentally-responsible transportation solutions. While congestion and pollution pose serious challenges to the growth of industrialized and developing nations, very high speed (VHS) trains like the *ZEFIRO* present a low carbon, ecologically sensitive solution to connect areas with high population density.

The *ZEFIRO* family radically defines VHS rail travel, setting benchmarks in performance and efficiency. It was designed with a scalable traction power that allows for customized solutions, and offers other options including train length, car body profile, interior layout, and front-end design.

The *ZEFIRO* also has the highest capacity of any VHS train on the market (up to 1,300 seats), with an open tube design that maximizes interior space to ensure easy passenger flow. Due to its capacity, *ZEFIRO* consumes the lowest energy per seat of any VHS train in the world, making it the most economical and environmentally friendly train of its class on the market today.



LONDON TRANSPORT OPERATION

When it was announced that London would host the 2012 London Olympic Games, much consideration was given to public transportation. With approximately three quarters of a million additional passengers travelling on London's transport network during the games (approximately 20 million extra journeys) it was incredibly important to meet the increased demand for rail service while the world's eyes were on the city.

The bulk of London's transport system is supported by Bombardier Transportation, including the supply and maintenance of more than 800 trains. Leading up to the games, we set up an Olympic Operations Center within Bombardier, responsible for monitoring and directing all operations during the games. We recruited and trained additional support staff to ensure proper coverage and the competency to carry out all tasks safely and efficiently. Local managers also developed a "Safety with Attitude" campaign for all colleagues in the United Kingdom, based on risk assessments and focused on security and personal safety.

Our months of planning and applying lean principles set the stage for flawless execution and up to 100% fleet availability. At our Olympics Operations Center, our *ORBITA* diagnostic technology enabled us to proactively identify maintenance issues before they impacted service.

The skills and expertise of Bombardier services provide efficient, competitive and sustainable rail operations globally. We help our customers minimize operational costs and maximize revenue generation over their assets' whole lifetime, while ensuring the highest levels of passenger safety, dependability and comfort.

MANAGING RESPONSIBLY

We cannot be profitable nor can we create great products if we do not manage our business responsibly. We are managing our business responsibly through five pillars of our CSR strategy: GOVERNANCE, EMPLOYEES, PRODUCTS, OPERATIONS, and SUPPLY CHAIN.

GOVERNANCE

Strong corporate governance begins at the level of the Bombardier Board of Directors having a responsibility to set governance policies, identify priorities, and oversees the ethical implementation of all of our work.

Bombardier Code of Ethics and Business Conduct

Bombardier's expectations for high standards of ethical behaviour are laid out in the Code of Ethics and Business Conduct, which all Bombardier Board members and employees are expected to follow.

Our employees receive training on our Code of Ethics and Business Conduct upon joining the company to help them follow the Code and understand its provisions. We also offer further training for management to help them develop skills to handle ethical dilemmas in the context of their everyday activities. In 2012, Bombardier executives completed the final modules of a three-year series of in-depth

trainings on provisions of the Code including bribery and corruption; anti-trust laws; conflicts of interest; employment practices; and fraud.

In 2013, Bombardier will launch an ethics intranet to give all employees access to ethics-related resources through one, user-friendly resource.

Risk Management

Risk management is an essential part of ethical governance. The Board's Finance and Risk Management Committee evaluates risk and reports to the full Board on risk assessment and mitigation action plans.

In 2012, in accordance with the UK Bribery Act, Bombardier conducted an anti-corruption risk assessment pilot project in five countries. The results of this pilot project highlighted a few areas for improvement that we will address accordingly in the next several years.

Human Rights

While human rights considerations have always been implicitly part of our CSR approach, in 2012, Bombardier began looking at them as an independent CSR issue. In 2013, we developed a formal human rights statement for the company that clearly defines how we address and respect human rights.

B-Ethics

Our B-Ethics newsletter – circulated several times per year to approximately 25,000 employees – is one of the ways employees can stay up-to-date on how to conduct their work in accordance with all of our ethics policies and guidelines.

EMPLOYEES

36,000 employees at Bombardier Transportation are the heart and soul of our category-leading trains. Ensuring that our employees are highly trained, engaged, and enabled, is essential for our viability as a business and our ability to shape the future of mobility.

Recruitment

We work hard to recruit the right talent for our business everywhere we operate across the globe. This often means engaging closely with universities to find – or train – local talent for the specialized jobs our sites require.

Engagement

In 2012, we administered our annual Employee Engagement Survey. For the first time, we aligned the survey across all of our office locations. This alignment will help us capture more accurate data and analyze it more comprehensively to identify changes that need to be made. More than 74% of our employees participated in this voluntary survey in 2012.

2012 Employee Engagement Survey Results (excerpt)

	Employees Agreed
I feel proud of the products we produce	87%
I feel proud to work for this organization	80%
In my site/location, we take concrete steps to protect the environment	74%
My job provides me with the opportunity to do challenging and interesting work	73%
This organization is socially responsible (a good "corporate citizen")	60%

Development

We are wholly committed to supporting our employees in managing and developing their careers. In 2012, we significantly enhanced our programming to help employees become the strong managers and leaders that will move our company forward. Some of the programs launched or expanded in 2012 include:

- **Making Great Leaders:** The program invites employees in leadership positions to a three-day session that explores various leadership styles and how those styles impact teams and working culture. More than 960 employees at the director level and above have participated since the program's inception.
- **Talent Champions:** Launched in 2012, our Talent Champions program provides managers with step-by-step support to move from the basics of managing employees to becoming Talent Champions – capable of engaging, coaching and developing employees to their greatest potential.

PRODUCT DESIGN METHODOLOGIES

At the core of our product responsibility strategy are two key methodologies - Design for Environment (DfE) and Design for Safety (DfS). These two methodologies help ensure that we consider critical environmental and safety considerations for each of our products throughout their lifecycle. Since DfE and DfS are applied at both groups, Transportation and Aerospace, we benefit from lessons we learn - by going through these processes on one product, we implement in the development and evolution of our other products.

Design for Environment

Launched already in the early 90's at Bombardier Transportation, we use DfE across our business to help us improve the environmental impact of our products over their lifetime. Since we originally deployed DfE, we have used it to develop various product platforms, including the *ZEFIRO* high speed train. Design considerations are critical when attempting to optimize environmental impact. A rail vehicle's design determines more than 80% of its downstream environmental impact.

DfE allows us to consistently design and build energy efficient trains with the lowest noise and fewest emissions in their category; thereby resulting in reduced impacts on communities.

The elements of our DfE approach:

- Applying a lifecycle perspective - examining environmental impacts at the production, use, maintenance/repair, and disposal stage
- Maximizing recyclability and recoverability - using materials featuring high recyclability and a high recycled material content; marking components that need special end-of-life treatment
- Eliminating hazardous substances
- Ensuring transparent communication - through Environmental Product Declarations (EPDs) by applying associated ISO standards and external verification schemes

These exchanges create financial and ecological benefits for customers. One area of focus is harmonizing requirements for suppliers, including material declarations, lists of prohibited and restricted substances, EPDs, and recyclability.

Promoting Transparency through EPDs

We understand that many of our stakeholders are concerned about the environmental footprint of our products. Consequently, we began extensive environmental reporting as early as in 1999 by releasing an industry first EPD to allow our customers and engineers to benchmark our products against those of other companies. To date, we have released 15 EPDs, including four new EPDs in 2011 and 2012: for *BOMBARDIER* INNOVIA* Metro 200*, for the regional train *REGINA Intercity X55*, for our *BOMBARDIER* TALENT* 2* commuter train and for the *BOMBARDIER* FLEXITY* Outlook* tram.

In 2012, the UNIFE Material Declaration Template was commonly agreed upon among the major railway companies. We fully implemented the template last year on new projects to exchange material and substance information within the supply chain. Bombardier Transportation also promotes sector dialogue on energy and climate change with customers' environmental experts.

To ensure comparability and reliability of information, our EPD methodology is following the ISO 14021 or 14025 standards, the guiding principles of the international EPD® system and industry wide harmonised UNIFE Product Category Rules. Verification of EPDs is performed according to the international EPD® system or EMAS.

We also partner with our suppliers to provide input on the lifecycle attributes captured in our EPDs such as resource use and recyclability.

BOMBARDIER* REGINA* Intercity X55 - Official Handover of Environmental Product Declaration

In the presence of more than 100 of Sweden's top rail industry decision-makers, Bombardier Transportation handed over the Environmental Product Declaration (EPD) for the *REGINA Intercity X55* train to Swedish operator SJ at the Green Train final seminar on the 25th January 2012 in Stockholm. Sara Paulsson, Manager at Bombardier's Centre of Competence for Design for Environment (DfE), presented the EPD to Helena Wildros, Environmental Manager Communications at SJ.

"We are proud and pleased to receive this EPD," said Helena Wildros, pictured left. "It is proof that our new train SJ 3000 is one of Sweden's most eco-friendly trains. This EPD and the new trains will further support SJ in our environmental work and also contribute to SJ being the best environmental choice of travel."



Design for Environment team and stakeholders



End-of-Life

Thinking about what will happen to our products when they are at the end of their use is critical for us to consider in the design phase. Our products are not far from that goal: more than 95% of the materials in our rail vehicles are recoverable. We continue towards 100% product recoverability and 100% use of renewable and recycled materials by working with industry organizations and with our suppliers.

Design for Safety

The safety of our products is a major concern for all of us and a key element of our product responsibility approach. Our Design for Safety methodology helps us create products that protect the health and safety of the people using and maintaining our products. We do this by ensuring that we:

- Avoid hazards by using proven design and materials as well as diverse, redundant, or fail-safe components
- Implement safety requirements at all stages of the project
- Include safety requirements in all key documents including requirements management, procurement, operations, and maintenance documents
- Maintain product safety through subsequent product changes or modifications that fall within our scope

Safety Management Systems

To help execute the Design for Safety methodology, manage product safety incidents, continuously improve our product safety performance, we have implemented a Safety Management System. This system carefully tracks product safety performance and flags product safety incidents and accidents to be reviewed, analyzed, and mitigated.

We are increasingly proactive in developing and maintaining KPIs to more closely track and mitigate incidents.

Product Safety Training

Under the leadership of our Center of Competence, we provide our employees with extensive training on our product safety principles, best practices, and how to use the Safety Management System. By this, we enable them comply with our product safety standards at all time, identify and mitigate any product safety risks.

In addition to providing training for our employees, we provide training for external rail professionals to ensure they understand the safety features of our products and can operate them safely.

OPERATIONS

As a leading manufacturer of trains with operations worldwide we can contribute to environmental protection by creating more sustainable products. Our commitment to flawless execution also means a commitment to our workplaces to be safe and having a reduced environmental footprint. At all of our sites, our aim is to operate to high standards of health, safety, and environmental (HSE) performance. Our HSE policy, international standards like ISO 14001, EMAS and OHSAS 18001, and directives of the cross-company HSE Council guide our work.

Maintaining the highest standards of Health and Safety practices is an obligation at Bombardier that goes far beyond satisfying legal or regulatory requirements. It is the line management's responsibility to ensure that all sites institute an HSE preventive culture while complying with legal HSE requirements at all times.

HSE requirements and risks are being raised and taken into account not just once a production site is up and running, but also at the very beginning of new projects and new sites.

Our key long-term HSE goals are to:

- Achieve zero occupational illness and injury
- Work to achieve carbon-neutral operations
- Decrease the amount of natural resources such as water, energy, and raw materials used in our production processes
- Eliminate the use of restricted substances (i.e. material or substance classified by Bombardier as restricted, but not prohibited by law)

While there are different concerns to address in the Aerospace, Flexjet and Transportation HSE teams given their different products, there is much that can be shared across the company.

In 2012, the second HSE Leadership Conference was attended by more than 30 members of the three operating groups. At the conference, the teams of HSE leaders worked together to identify how they could align to better address common issues and how all leaders within Bombardier could serve as role models and shape our HSE preventive culture.

“We must further improve how we work together to ensure that Health, Safety and the Environment (HSE) remains the top priority everywhere we operate. It is a fundamental mark of respect for our employees and their families.”

Pierre Beaudoin, President and CEO, Bombardier Inc.
at the 2012 HSE Leadership Conference



Our Health & Safety Performance

Our accident (lost time cases) frequency and severity rates continued to stay at low levels in 2012. Unfortunately, despite rigorous attention to HSE and continuous improvement in safety performance, a fatality occurred at a site in France in 2012 caused by a subcontractor's lorry.

In addition to reporting accident frequency and severity rates, we have begun tracking the incident rate according to OSHA definition which includes every accident and occupational illness case. This adds visibility and allows us to better understand the underlying risks and root causes to better prevent them in the future.

HSE Training



We have a series of tools and processes in place to track and continuously improve our HSE performance and our adoption of the HSE preventive culture. For example, in our division North America, we introduced a HSE self-certification procedure for contractors and visitors, including a computer-based training program, 30-minute online course plus on-site

tour and briefing. This keeps more people safe with less resources, prevents potential injury to contractors and visitors by delivering the 'safety first' message even before the first day on-site.



Our Environmental Performance

Some of the actions we took in 2012 to progress toward our goal include the following:

- 33 production sites and offices are executing individual business plans to achieve the carbon neutral objective until 2020.
- Various sites began changing from high carbon energy sources to renewable sources. In 2012 our headquarters in Berlin switched entirely to hydro and wind power.

Water & Waste

We are currently working on a broad study of the HSE best practices of our peers inside and outside our industry. This will include information on waste and water best practices that we hope to implement in our sites.

Water treatment

Operations at our Crespin site in France began in 1882. In recent years we have invested in separating in the sewage network so that only the waste water is directed to the municipal treatment plant, whereas the rain water is treated on site.

The site also implemented a biological treatment system for rainwater on the newly created car parks.

Waste reduction

The efforts at our Crespin site in France to implement reduction and improved waste sorting have resulted in a decrease in the amount of waste by 48% between 2006 and 2011. In 2011, only 1,300 tons of waste were generated, mainly packaging. One of the most significant actions to reduce our waste is replacing wooden pallets with reusable ones.

This alone has enabled a reduction of wood waste by nearly 50% between 2008 and 2011. Color coded bins facilitate sorting at the source. Most of the wastes that are moving in an internal waste plant are either recycled or valorised with local partners. Influencing employee behaviour is key to minimizing waste and increasing sorting quality.

Energy & Green House Gas emissions

Through the Bombardier Green Fund - a program through which management and employees submit ideas, based on their day-to-day experiences to improve our environmental operations - we implemented 12 new projects in 2012. These projects saved an estimated \$ 220,000 and 960 tons green house gas emissions.

HSE Performance at Bombardier Transportation since 2011

- 0.8% Accident frequency rate
- 12.9% Accident severity rate
- 1.4% Energy consumption
- 8.4% GHG emissions
- 4.7% Water consumption
- 5.9% Waste generated

SUPPLY CHAIN

Creating tomorrow's mobility solutions depends on integrating uncounted well-designed and manufactured parts and technologies from other innovators in the supply chain. As we grow as a company and create new, innovative, and more energy-efficient products, our supply chain continuously evolves and suppliers become increasingly incorporated into our operations and our strategy. We are committed to maintaining transparent, respectful, and long-lasting relationships with our suppliers.

2012 Bombardier Transportation's Master Vendors Worldwide

Region	Number of Suppliers
Europe	511
North America	87
Asia (includes Middle East)	49
Africa	2
Oceania	2
South America	1
Grand Total	652



Locations of Bombardier Transportation's Master Vendors



Supplier Code of Conduct

Our Supplier Code of Conduct sets our expectations for suppliers on legal compliance, labour, health and safety, environment, anti-corruption, ethics, and governance. The following are some of the ways we execute the Code:

Supplier Selection

Before we enter into contract negotiation with a potential supplier, we look for both the ability to adhere to the Supplier Code of Conduct and the ability to help us manufacture products that meet high environmental and safety standards.

Spot-Checks and Audits

In 2012, we provided tools and training to our procurement professionals to conduct CSR spot-checks of our suppliers as part of their regular on-site visits.

Performance Tracking and Self-Assessment

To understand our suppliers' performance on CSR and other areas, we have performance tracking databases across our business.

Working with Suppliers

We are dedicated to working with our suppliers to help them improve their own CSR performance and grow as successful businesses. We do this in a variety of ways, such as collaborating with industry groups to promote supplier CSR development across the industry and working closely with our own suppliers.

For example, in 2012 we held workshops with 35 of our major suppliers in which we discussed how they could further integrate CSR into their business practices, manage risk, realize efficiencies, and create sustainable products.



On our path of continuous improvement, we integrated CSR risks in a newly developed supply chain risk management concept: Its objective is to limit the impact of potential supply chain disruptions by balancing supply chain vulnerabilities and capabilities. The approach to supply chain risk management considers geopolitical trends, natural hazards and market trends, the supplier's operations and customer and supplier markets, Bombardier Transportation's exposure and potential levers for mitigation.

SUPPORTING COMMUNITIES

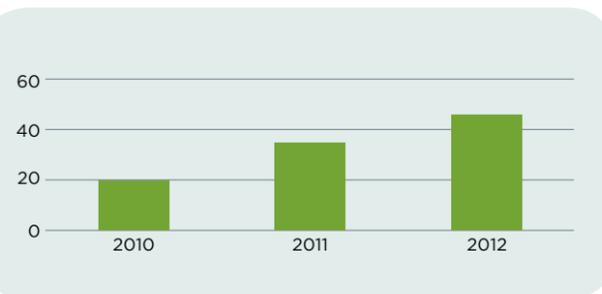
The Evolution of Mobility means not only making great products, but also contributing to the prosperity of communities and the well-being of their citizens. We take the responsibility to be an active member of the communities in which we live and work. This responsibility is a social responsibility, but also a business imperative. Without thriving communities with strong infrastructures, we cannot run a successful business.

RESPONSIBLE CITIZENSHIP

To make the greatest impact, we concentrate our giving on three themes – the “3Es” – aligned with our core business and endorsed by our donations, sponsorships and employee volunteering policy:

- **Education** – supporting educational programs to build communities, as well as a sustainable workforce for the transportation industry
- **Environment** – supporting projects that protect and preserve the natural environment
- **Entrepreneurship** – supporting young entrepreneurs in developing their skills and launching their businesses

3E related donations and sponsorships in %



Donations & Sponsorships

In 2012, we contributed more than \$1.4 million to our communities.

Currently, 46% of our giving is focused on the 3Es. By 2015, we aim to reach 80%.

Employee Volunteering

At Bombardier we have always supported employee volunteerism. Engaging in volunteering provides our employees with opportunities to grow closer as a team, develop their leadership skills, and better understand their communities. It also helps our communities benefit from our greatest asset – the passion and expertise our employees bring to everything they do.

To further enhance our impact within the 3Es, in 2012 we started the process of creating a formal employee volunteering program by holding pilot volunteer events in several markets to gather best practices.

The **J. Armand Bombardier Foundation**, a private family foundation established in 1965, advances the humanitarian work of our founder Joseph-Armand Bombardier and helps fulfill his vision of social responsibility. Bombardier makes an annual corporate contribution to the Foundation to honour our founder's vision and to support the needs of our home community in Canada.

In 2012, Bombardier contributed more than \$13 million to our communities – including more than \$7 million to the J. Armand Bombardier Foundation. More than \$6 million of our corporate contributions was given directly to our communities around the world.

EDUCATION

Supporting Education for Underprivileged Children in India

In Hyderabad, India, we partnered with our supplier Infotech Enterprises to improve students' learning environment by developing and upgrading infrastructure at Zilla Parishad High School. The school, located near Bombardier's Engineering Centre India (BTECI), educates approximately 600 children and young people from underprivileged backgrounds.

In 2012, we held a ground breaking ceremony for the school playground to mark the ninth anniversary of the partnership between Bombardier and Infotech. In 2013, we will continue the work to improve the school's learning environment by installing new classroom furniture and upgrading the sanitation system.

Employees of Bombardier Transportation and Infotech Enterprises together with teachers, students, and school staff at Parishad High School in Hyderabad



Develop Passion for Reading in France

In France, we partnered with Fondation de France to help local schools in Valenciennes area reach the European Union's target of reducing school drop-out rates to less than ten per cent by 2020. We are providing financial support to improve children's reading skills. The *Lis avec moi* (Read With Me) project supports slow learners who lack confidence and struggle to get along with their teachers.

In a first step, volunteers read stories to the high school students. In a second step, the students are encouraged to read stories to kids in kindergarten. The high school students benefit greatly from the reversal of standard roles in the classroom.



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Teenagers On Track to Success at InnoTrans rail exhibition

ENTREPRENEURSHIP

Giving Young Entrepreneurs in Brazil the Tools to Succeed

In 2012 again, we replaced our season's greeting cards by e-cards to reduce the environmental impact of paper cards. We invested the money we saved on printing and mailing in community projects.



Youth Entrepreneurs as Changemakers is one of these projects. We are supporting it in partnership with United Way Brazil and the local organisation Ashoka, close to our Campinas site in the São Paulo area. The program helps develop the personal and professional skills of young people, many of whom come from low-income and at-risk communities. Through our support we are giving 100 public high school students the opportunity to develop entrepreneurial competencies and drive social transformation.

Bringing Kids *On Track to Success* in Germany

In 2012, we partnered with Berlin-based non profit organisation Hürdenspringer+ providing mentoring for children from economically-underprivileged families who want to improve their post-school education and explore their career path options.

Through this partnership, we invited teenagers to attend the *On Track to Success* workshop at our InnoTrans event in September, engaging these students in the different stages of our value chain and encouraging them to generate, implement, and sustain their own innovative ideas.



Bombardier volunteers help conserve the environment.

ENVIRONMENT

Lending a Hand in the Philippines through the Mangrove Planting Development Project

76 employees took part in the Mangrove Planting Development Project in Barangay Polambato, Bogo, helping to restore one of the natural resources close to our Cebu site in the Philippines. Cebu's climate patterns vary greatly from one year to another and extreme weather can severely disrupt business. Planting mangroves helps conserve the environment by protecting against storm surge and absorbing organic pollution.

The Bombardier volunteers, in partnership with other community members, planted 60,000 mangrove seedlings to rehabilitate fish sanctuaries and protect the shores from erosion along a 10-hectare coastal land area in Southeast Cebu.

Enhancing Environmental Awareness in Mexico



In the last quarter 2012 around 20 employees from our Sahagún site in Mexico ran workshops for nearly 3,000 kids coming from seven local elementary schools. Supported by their respective school directors and the regional school supervisor the kids learned about the impact of global warming. Through interactive games and discussions they explored what they can do to take care of our planet.

Performance Data Summary ^(a)

HEALTH & SAFETY	2012	2011	2010
Accident Frequency (with restricted duty) (Injury Rate) ^{(b) (d)}	-	-	0.5
Accident Frequency (without restricted duty) (Injury Rate) ^{(b) (c)}	0.4	0.5	0.5
in Europe ^{(b) (c)}	0.5	0.5	0.5
in Asia-Pacific ^(c)	0.2	0.3	0.1
in North America ^(c)	0.3	0.3	0.2
in other regions ^{(b) (c)}	0.8	1.4	1.3
Accident Severity (with restricted duty) – (Lost Day Rate) ^{(b) (f)}	-	-	12
Accident Severity (without restricted duty) – (Lost Day Rate) ^{(b) (e)}	12	13	10
in Europe ^{(b) (e)}	12	15	13
in Asia-Pacific ^(e)	6	8	3
in North America ^(e)	17	7	6
in other regions ^{(b) (e)}	7	55	18
Number of work-related fatalities (employees and contractors)	1	0	0
Incident Rate ^(g)	1.4	-	-
in Europe ^(g)	1.3	-	-
in Asia-Pacific ^(g)	0.5	-	-
in North America ^(g)	2.7	-	-
in other regions ^(g)	1.0	-	-
Percentage of total workforce represented in formal joint management-worker health and safety committees	90%	-	-
ENVIRONMENT ^{(a) (h)}	2012	2011	2010
Total Energy Consumption (Direct and Indirect) (Millions of Gigajoules (GJ)) ^{(b) (i) (j)}	1.65	1.67	1.83
Total Direct Energy Consumption (10 ⁶ GJ) ^{(b) (i) (j) (k)}	0.69	0.70	0.82
Natural gas (non-renewable) (10 ⁶ GJ) ^(b)	0.62	0.63	0.75
Kerosene (non-renewable) (10 ⁶ GJ) ^(b)	0.00	0.00	0.00
Other non-renewable energy (direct) (10 ⁶ GJ) ^(b)	0.07	0.07	0.07
Proportion of direct renewable energy (%) ^(m)	Less than 1%	Less than 1%	Less than 1%
Total Indirect Energy Consumption (10 ⁶ GJ) ^{(b) (i) (j) (l) (ag)}	0.96	0.97	1.01
Hot water (10 ⁶ GJ) ^(b)	0.23	0.22	0.25
Steam (10 ⁶ GJ) ^(b)	0.08	0.09	0.05
Electricity (10 ⁶ GJ) ^{(b) (ag)}	0.65	0.66	0.71
Electricity from renewable sources (10 ⁶ GJ) ⁽ⁿ⁾	0.10	0.08	0.09
Total GHG Emissions (Direct and Indirect) (Thousands of tonnes of CO₂ equivalent (tCO₂e)) ^{(b) (i) (j)}	124.24	135.67	147.80
Direct (10 ³ tCO ₂ e) ^{(b) (m) (k)}	42.01	42.95	48.51
Indirect (10 ³ tCO ₂ e) ^{(b) (n) (l)}	82.23	92.72	99.29
Emissions of Ozone Depleting Substances (% of total GHG)	1.1	-	-
Total Water Withdrawn (Millions of cubic metres (m³)) ^{(b) (j)}	0.59	0.62	0.53
Municipal / water utility withdrawal (%)	75	78	80
Total Waste Generated (hazardous and non-hazardous) (Thousands of tonnes) ^{(b) (j) (o)}	34.98	35.00	29.47
Hazardous waste (10 ³ tonnes) ^{(b) (o)}	3.35	3.46	3.20
Non-hazardous waste (10 ³ tonnes) ^{(b) (o)}	31.64	31.54	26.27
Waste to landfill (hazardous and non-hazardous) (10 ³ tonnes) ^(b)	3.39	3.61	4.57
Valorized waste (hazardous and non-hazardous) (% of total waste) ^(p)	More than 85%	-	-

Performance Data Summary (continued) ^(a)

EMPLOYEES	2012	2011	2010
Number of Employees ^{(q) (r)}	36,020	36,213	34,863
Active and inactive (%) ^{(r) (s) (t)}	90	86	87
Contractual (%) ^{(r) (u)}	10	14	13
Employees by Region			
in Europe ^{(r) (v)}	25,001	26,013	-
in Asia-Pacific ^(r)	2,872	2,563	-
in North America ^(r)	7,387	7,075	-
in other regions ^{(r) (aa)}	760	562	-
Employees by Level			
in senior leadership positions ^(x)	17	16	16
in management positions ^{(r) (y)}	3,008	2,964	2,421
Women in the workforce (active and inactive) (%) ^(r)			
in senior leadership positions (%) ^(x)	24	25	19
in management positions (%) ^(y)	14	13	13
New Employee Hires ^{(r) (z)}	3,118	3,441	-
New hires - women (%) ^(r)	21	21	-
Employee Turnover Rate (%) ^{(r) (aa)}	3.1	2.8	2.4
New hire turnover rate (%) ^(r)	3.9	3.6	-
Turnover rate - women (%) ^(r)	4.2	3.9	-
High potential voluntary turnover rate (%)	3.6	4.4	0.4
Employee Citizenships ^(ab)	105	99	-
Employees covered by collective bargaining agreements (%)	76	60	57
Employee Development			
High Potential Talent Pool (%) ^(ac)	2.2	1.9	1.8
Women in the High Potential Talent Pool (%) ^(ad)	23	21	17
Employee Engagement (%) ^(ae)	67	-	69
Employee Enablement (%) ^(af)	64	-	66

- (a) We have adjusted the environmental data for 2010 and 2011 to ensure joint ventures that are less than 50% and not under Bombardier control are excluded from the environmental data scope. As a result, environmental data for 2010, 2011 and 2012 are not comparable with previous reports.
- (b) 2010 and / or 2011 data has been updated to address internal audit findings by the Corporate Auditing Services and Risk Assessment (CASRA) internal audit team.
- (c) The accident frequency rate measures the number of accidents that had one or more lost days excluding restricted duty days expressed per 200,000 hours worked. In order to be consistent with industry reporting standards, we have excluded restricted duty from the accident frequency rate since 2011.
- (d) The accident frequency rate measures the number of accidents that had one or more lost days or one or more restricted duty days expressed per 200,000 hours worked.
- (e) The accident severity rate is the number of lost days expressed per 200,000 hours worked. The total number of lost days includes days away from work and excludes days in restricted duty.
- (f) The accident severity rate is the number of lost days expressed per 200,000 hours worked. The total number of lost days includes days away from work and days in restricted duty.
- (g) The incident rate is the number of recordable cases, expressed per 200,000 hours worked. The total number of recordable incidents includes:
- The total number of work related fatalities
 - The total number of lost time accidents cases (excluding restricted duty)
 - The total number of restricted duty cases
 - The total number of occupational sickness and disease cases (excluding restricted duty)
 - The total number of occupational sickness and disease restricted duty cases
 - The total number of medical treatment
- (h) As of 2010, the scope of our reported environmental and energy data includes: buildings we own or lease long term and manage as the sole tenant, with more than 15,000 square metres (50,000 square feet) of conditioned space; sites having 150 employees or more; sites that are considered primary production/operation and service facilities, group headquarters; and joint ventures where we have operational control (where we own more than 50% of voting shares).
- (i) Some of this data has been third-party verified. The verification covers sites that qualify under the European Union Emission Trading Scheme (EU ETS).
- (j) Some of this environmental data has been third-party verified. The verification covers sites participating in the European Union Eco-Management and Audit Scheme (EMAS).
- (k) Direct energy / emissions are from sources that are owned or controlled by the Company.
- (l) Indirect energy / emissions result from Company activities but are generated at sources owned or controlled by another organization, which is mainly electricity.
- (m) Direct renewable resources are capable of being replenished within a short time through ecological cycles as opposed to resources such as minerals, metals, oils, gas, and coal that does not renew in short time periods.

- (n) Indirect renewable electricity covers consumption from Quebec, Belgium and Sweden.
- (o) As of 2010, our waste data has been expanded to include all disposal streams and not just non-valorized waste as reported in previous years. As a result, waste data from 2010 onwards is not comparable with previous reports.
- (p) Valorized waste refers to hazardous and non-hazardous waste, which has been redirected to a process that reuses, recycles, composts and combusts the waste into useful products or sources of energy. The number reported is the percentage of valorized waste as compared to our total waste generated (including both hazardous and non-hazardous).
- (q) The total number of employees represents the sum of all active employees, inactive employees, and contractual employees.
- (r) The 2011 employee data was updated to address findings by the Corporate Auditing Services and Risk Assessment (CASRA) internal audit team.
- (s) Active includes employees that are permanent full-time, permanent part-time, temporary full-time, temporary part-time and paid apprentices.
- (t) Inactive includes employees on short-term leave, maternity and parental leave, and other long-term leave including long-term disability.
- (u) Contractual employees include interim managers (also called consultants at Bombardier Transportation) and agency outsourced employees.
- (v) The definition of Europe changed in 2011 from previous years - it no longer includes Russia.
- (w) The definition of Other Regions changed in 2011 from previous years - it now includes Russia.
- (x) Senior Leadership Positions are defined as direct reports to Group Presidents
- (y) Management positions are defined as Manager and above.
- (z) New hire is a measure of permanent employees (active and inactive) hired externally within the reporting period.
- (aa) Turnover measures the percentage of employee turnover explained by voluntary departures (employee-initiated terminations).
- (ab) Number of different citizenships registered for all employees included in the employed workforce at the end of the reporting period.
- (ac) The percentage of employees identified as part of the High Potential (HP) Talent Pool.
- (ad) The percentage of women within the organization's Pool of HP employees.
- (ae) The percentage of respondents who have answered favourably or very favourably to questions within the Engagement dimension which measures employee commitment and discretionary effort.
- (af) The percentage of respondents who have answered favourably or very favourably to questions within the Enablement dimension, which measure role optimization and level of support in the environment.
- (ag) The total data has been adjusted to ensure that associated data adds up to the total.

Shaping the Future of Mobility, Responsibly csr.bombardier.com.

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