

# Moving Forward Responsibly

2009 Corporate Social Responsibility Report



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**BOMBARDIER**

# 2009 Corporate Social Responsibility Report

## Welcome!

We are pleased to share with you our second annual Corporate Social Responsibility Report.

This year, our complete 2009 Corporate Social Responsibility Report is available exclusively online. Aligned with best practices, this decision improves access to our report, while minimizing its environmental footprint.

For a summary of our performance, please download a PDF of our 2009 Corporate Social Responsibility Overview.

“**Moving Forward Responsibly**” is the theme of this year’s report. It expresses our commitment to act responsibly as a public company, employer, neighbour and partner.

We look forward to receiving your feedback. Please complete our online survey or email us your comments on our efforts to move forward responsibly.

## A Message from the Corporate Social Responsibility Committee Chairman

“At Bombardier, our corporate social responsibility journey is based on a long-term vision consisting of well-planned initiatives that are spearheaded by engaged employees and increasingly rooted in our daily operations. As Chairman of Bombardier’s Corporate Social Responsibility Committee, I had the privilege of working with colleagues from Corporate Office and our Aerospace and Transportation groups at monthly meetings to further this vision and deepen our commitment to moving forward responsibly. I witnessed how the committee members’ passion and dedication motivated employees across the company and drove our many achievements over the past year. It is this growing passion and commitment that fuel our efforts along our important journey of corporate social responsibility.”

### Daniel Desjardins

Senior Vice President and General Counsel

# Report Scope

This report focuses on our corporate social responsibility performance at all of our facilities worldwide. This includes joint ventures where we have operational control.

The report's quantitative data reflects our performance in fiscal year 2009 (February 1, 2008 to January 31, 2009). Qualitative data and information cover fiscal year 2009 as well as the period between February and August 2009. All amounts are in U.S. dollars unless otherwise indicated.

## Key Material Impacts

Our 2009 Corporate Social Responsibility Report documents programs, initiatives and processes that impact our stakeholders and our business. In other words, it covers the issues that matter most to our company and our major stakeholders. The table summarizes these impacts.

<b>Governance</b>	<ul style="list-style-type: none"> <li>Corporate governance and ethics</li> <li>Transparency and disclosure</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Demographic changes</li> <li>Remuneration</li> <li>Employee engagement</li> <li>Leadership</li> <li>Talent development and recruitment</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>Product safety</li> <li>Environmentally focused products</li> <li>Customer satisfaction</li> <li>Energy efficiency</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>Environmental management</li> <li>Energy efficiency and renewable energy</li> <li>Climate change</li> <li>Regulations</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supply chain management</li> </ul>
<b>Responsible Citizen</b>	<ul style="list-style-type: none"> <li>Community investment</li> <li>Stakeholder engagement</li> <li>Human rights</li> </ul>

The report's content reflects the following:

#### **Stakeholder Feedback**

- Employee surveys
- Individual meetings with key stakeholders, among others, investors, non-government organizations (NGOs), government representatives and sustainability analysts
- Stakeholder survey (performed by our Transportation group)
- Customer surveys (conducted by third parties and Bombardier)

#### **Third-party Reporting Guidelines**

- Global Reporting Initiative (GRI) G3 framework
- United Nations Global Compact
- International Association of Public Transport (UITP)

#### **Internal Priorities**

- With the support of our external consultants, we identified our corporate social responsibility priorities based on an internal assessment of their potential business impact and on stakeholder feedback.

#### **Verification Assurance**

We made significant efforts to ensure the integrity and accuracy of the information in this report. To enhance the consistency and accuracy of our reporting information, we are currently implementing **a new Health, Safety and Environment (HSE) Information Management System**.

Once we have completed this first step, we will be able to envisage working with an external firm to assure our HSE performance data.

# Moving Forward Responsibly

2009 Corporate Social Responsibility Report



## Moving Forward Responsibly

*“Our ongoing investments attest to our belief that excellence in corporate social responsibility makes business sense in all economic cycles. That is why we made corporate social responsibility a key element of our new business strategy.”*

**Pierre Beaudoin**

President and Chief Executive Officer  
Bombardier Inc.



In last year’s report, we committed to becoming a leader in corporate social responsibility. Since then, events in the world’s financial markets have underscored the importance of good governance and corporate social responsibility. They also created far-reaching economic challenges that make the obligation to move forward responsibly more urgent than ever before.

While Bombardier generated an unprecedented net income of \$1 billion in fiscal 2009, the current fiscal year is proving to be more difficult. Among the challenges we face, a recession-fuelled drop in demand for business and regional jets forced us to downsize our Aerospace workforce.

Despite such downward pressures, it is evident to me that the key to emerging stronger from the recession is prudent execution and clear priorities. One of these priorities is continuing to invest in our dedicated employees—they truly drive our success. The recession has also been difficult for them. We are grateful to our employees for their unflagging efforts and are committed to expanding the opportunities we offer them.

We must also keep investing, regardless of the economic crisis, in advanced solutions that address the global need for sustainable mobility. At Bombardier, our planes and trains are increasingly energy efficient. When our all-new *CSeries* commercial aircraft takes flight in 2013, it will burn up to 20% less fuel and generate up to 20% less carbon dioxide emissions than other aircraft in its class. The *ZEFIRO* portfolio features the world’s most economical and eco-friendly very high speed trains. It includes our *ECO4* technologies, which can yield overall energy savings of up to 50%.

These ongoing investments attest to our belief that excellence in corporate social responsibility makes business sense in all economic cycles. That is why we made corporate social responsibility a key element of our new business strategy.

## **Our Vision for the Future**

For those who follow our progress closely, you may already know that we are implementing a new corporate strategy called “Our Way Forward.” Its five interdependent priorities reflect our vision for the future. They include becoming #1 in customer satisfaction through enhanced execution discipline, raising the bar on our global talent management, actively managing risks, establishing local roots in all key markets, and increasing our corporate social responsibility commitment.

Over the next few years, these priorities will guide our decisions and actions. In fact by fiscal 2011, they will serve as the basis by which we will assess the performance of both our organization and our senior management.

A sharper focus on corporate social responsibility augurs well for all of our stakeholders. It underscores our commitment to leverage our industry-leading innovation, talents, products and resources to increase our positive contribution to the world. This clear commitment was already evident in fiscal 2009.

## **Corporate Social Responsibility Highlights**

In 2009, we continued to build a sustainable business model to enhance our economic, environmental and social responsibility. This includes an environmentally focused approach to manufacturing processes, product design and community impacts. It also entails a concerted effort to develop and maintain strong stakeholder relationships.

Our achievements include reducing our water consumption by 35%, energy consumption by 17% and greenhouse gas emissions by 10% between fiscal 2004 and 2009. In fiscal 2009, we also advanced pioneering products such as our *ECO4* energy-saving rail technologies and our *CSeries* commercial aircraft.

We take pride in our listing, again, on two Dow Jones Sustainability Indexes and, for the second time, on the Carbon Disclosure Project (CDP), the world standard for carbon disclosure methodology and process. The CDP named Bombardier one of the 10 Canadian Climate Disclosure Leaders.

We continue to actively promote the UN Global Compact’s principles of social responsibility and we are in the process of embedding these principles in our Code of Ethics and Business Conduct.

Moving forward responsibly also means constantly seeking ways to improve our performance. Along with our health, safety and environmental initiatives, our enhanced Corporate Social Responsibility Committee pinpointed four areas that will require additional focus over the next few years: community investment, stakeholder engagement, employee volunteering, and corporate social responsibility reporting and communication.

This year’s Corporate Social Responsibility Report is organized into six sections, reflecting both stakeholder feedback and the areas where we have the greatest responsibilities: governance, employees, products, operations, suppliers and responsible citizenship. We trust that you will see how, in each of these areas, we are fulfilling our obligation to move forward responsibly.

### **Pierre Beaudoin**

President and Chief Executive Officer  
Bombardier Inc.

# Tackling Aviation Sustainability Globally



***“As a global leader in aircraft manufacturing, we are duty-bound to play a role in addressing our industry’s sustainability challenges. This includes working with industry partners to develop a global vision for carbon-neutral growth and set international environmental targets.”***

**Guy C. Hachey**  
President and Chief Operating Officer  
Bombardier Aerospace

Aircraft enable global mobility, connect cultures and fuel social and economic progress. Even though civil aviation only generates 2% of the world’s CO<sub>2</sub> emissions, we recognize that this is a matter requiring our full attention. Our industry will leverage the momentum created by the Climate Change Conference in Copenhagen to develop a global vision for carbon-neutral growth and set international environmental targets.

As a world leader in aircraft manufacturing, we are duty-bound to build on the aviation industry’s significant progress to date—a 70% improvement in aircraft fuel efficiency over the past 40 years. In years to come, our new and more fuel-efficient *C Series* and *Learjet 85* aircraft will help our customers meet more stringent targets. In terms of economic measures to mitigate the impact of emissions, we are leading the way with our Carbon Offset Program for business aircraft and *Flexjet* customers. Optimizing aviation’s infrastructure and uncovering more efficient ways of operating aircraft are also among our priorities.

## **Making a Difference Locally**

Ensuring that our own manufacturing and service operations are as efficient as possible is just as crucial. Since fiscal 2004, we have reduced our energy consumption by 14% and our water usage by 36% in our Aerospace group. In fiscal 2009, we conducted an energy and carbon inventory of our Aerospace facilities. Based on this, we launched a site-by-site assessment of energy-efficiency opportunities.

Our employees are committed to achieving our targets, in part by exploring alternatives such as locally available sources of renewable energy. They are diligently embedding sustainable development principles in their day-to-day activities and contributing to their local economies and communities.

## **Giving People Wings**

At Aerospace, “Giving People Wings” defines our vision of excellence and of a sustainable organization. It captures our commitment to corporate social responsibility and our determination to foster mutually beneficial relationships with our employees, customers, suppliers and communities. It inspires each of us to strive for excellence and to make good on our commitment to move forward responsibly.

**Guy C. Hachey**  
President and Chief Operating Officer  
Bombardier Aerospace

# Turning Global Challenges into Opportunities



*“As the world leader in rail, it is our responsibility to deliver groundbreaking technologies and sustainable solutions to the globe’s mobility challenges. Our long-standing Design for Environment program allows us to advance sustainable mobility by taking a total lifecycle view to product design.”*

**André Navarri**  
President and Chief Operating Officer  
Bombardier Transportation

The world faces daunting environmental challenges—global warming, rapid urbanization, pollution and resource scarcity. These challenges present Bombardier Transportation with exciting opportunities to advance sustainable mobility.

Rail is unique in its ability to temper climate change and reduce energy consumption. And while it is one of the most environmentally sensitive means of motorized mass transit, ongoing improvements are both possible and necessary.

As the world leader in rail, it is our responsibility to deliver groundbreaking technologies and sustainable solutions to industry challenges. This includes optimizing the performance of our rail vehicles and minimizing our operations’ environmental footprint. In fact over the past five years, our sites reduced their greenhouse gas emissions by 18% and their hazardous waste by 46%.

## **Focused on Sustainable Solutions**

Many of our achievements originate with our long-standing Design for Environment program. This program allows us to advance sustainable mobility by taking a total lifecycle view to product design. One example is our ever-expanding *ECO4* portfolio of energy-saving products. *ECO4* enables rail operators to increase energy efficiency by up to 50%.

Our long-term targets include achieving close to 100% product recoverability. They also call for additional reductions in our inputs—energy, water and materials—and unwanted outputs—greenhouse gases and waste. At the same time, we are moving closer to eliminating all of our production-related landfill waste.

## **Doing Our Part with Stakeholders**

Social responsibility is equally important to us. This entails safeguarding the well-being of our employees and facilitating their development through initiatives such as our Safety Culture Program. While we have already achieved world-class performance in safety, this program will bring us closer to our ultimate goal of zero accidents.

We also actively support our communities worldwide, contributing to their prosperity and sustainability. In India, our sites are harvesting rainwater, planting trees with local schools and partnering with a non-government organization to pursue diverse environmental projects.



Please consult “Shaping the Future of Mobility,” Bombardier Transportation’s 2008 Sustainability Report, for more information on how we translate global challenges into opportunities.

**André Navarri**

President and Chief Operating Officer  
Bombardier Transportation

# Our Way Forward

In 2009, we began rolling out a new corporate strategy called “Our Way Forward.” It charts a course for the sustainable growth of our organization and employees in the years to come. It reflects the challenging economic situation and the need for clear priorities.

Our Way Forward builds on our strengths and addresses areas requiring improvement. It consists of five business priorities that are aligned with our mission and aspirations. As shown below, corporate social responsibility is a key component of this overarching business strategy.

## Our aspirations



## Five Business Priorities for the Future

Each priority is headed up by a member of our senior management team. In 2009, we began establishing key performance indicators and governance structures for all priorities. Our focus is also now on identifying initiatives and allocating resources to advance each priority.

In fiscal 2011, we will begin assessing our performance on the basis of these five strategic priorities.

- **Execution Discipline:** Strong execution—flawlessly delivering on every promise—is the key to customer satisfaction. At both Bombardier Aerospace and Bombardier Transportation, we have strategies and systems in place to achieve best-in-class execution discipline across all business processes. Rigorous implementation of these strategies and systems will radically improve customer satisfaction.
- **Global Talent Management:** Global skill shortages, new demographic realities and increased competition for talent have spurred us to accelerate our efforts to be recognized as a world-class employer. We are developing a coherent, company-wide approach to talent management that applies best practices to meet our hiring and growth objectives.
- **Risk Management:** In today's world, risks can materialize rapidly. That is why we are focused on more proactively identifying and managing our exposure to risks. We will establish a more structured

framework to further embed risk management in all key functions. We will also take steps to fully explain our risks and objectives to engage all employees in our risk management culture.

- **Local Roots:** We are developing a new “local roots” organizational model in key markets worldwide to readily capture new business opportunities and deliver best-in-class value for customers and overall profitability. This model brings together our network of Chief Country Representatives and our manufacturing segments under the joint supervision of our Transportation and Aerospace business groups.
- **Corporate Social Responsibility:** Strengthening our commitment to corporate social responsibility means leading our industries in the development of sustainable transportation solutions. It entails setting more stringent health, safety and environmental targets and improving how we monitor our performance. It also requires that we more actively support the well-being of our communities through direct company initiatives and employee volunteering.

## Company Profile

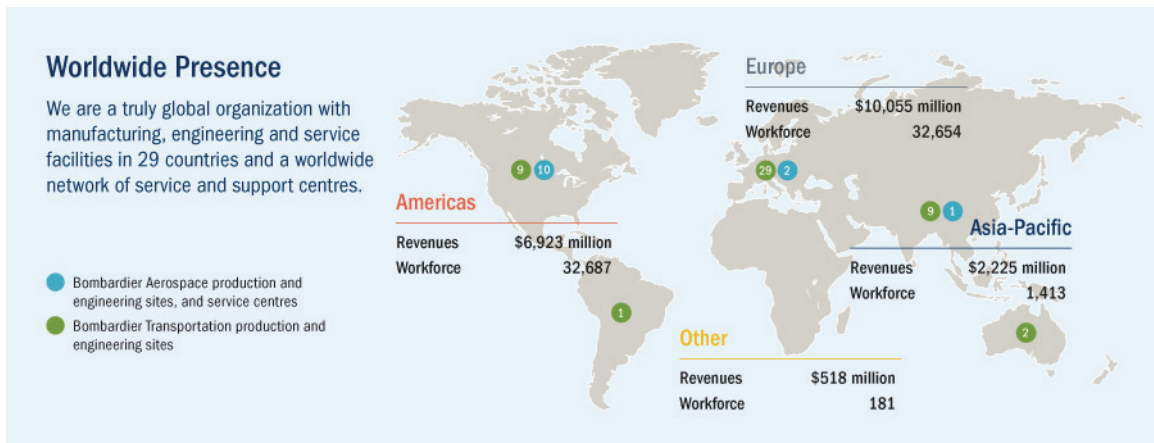
Headquartered in Montréal, Canada, we operate two industry-leading businesses: Bombardier Aerospace and Bombardier Transportation. Our innovative products range from commercial aircraft and business jets to rail transportation equipment, systems and services.

	FY09	FY08	FY07	FY06	FY05
<b>Revenues</b> (in billions of dollars)	19.7	17.5	14.9	14.8	15.6
<b>Net income (loss)</b> (in millions of dollars)	1,008	317	268	249	(85)
<b>Earnings per share</b> (in dollars)	0.56	0.26	0.14	0.11	nil
<b>Free cash flow</b> (in millions of dollars)	342	1,963	610	532	206
<b>Order backlog (as at Jan. 31, in billions of dollars)</b>	48.2	53.6	40.7	31.6	31.5
<b>Workforce (as at Jan. 31)</b>	66,935*	59,760	56,428	55,643	59,298

\* Workforce 2009: This figure does not take into account Bombardier Aerospace’s total workforce reduction subsequent to January 31, 2009.

## Worldwide Presence

We operate manufacturing, engineering and service facilities in 29 countries, in addition to a global network of service and support centres.



## Our Products and Services

### Bombardier Aerospace—The world's third largest civil aircraft manufacturer



**Business jets:** *Learjet, Challenger and Global*



**Commercial aircraft:** *CRJ Series, Q-Series and CSeries*



**Amphibious aircraft and specialized aircraft:** *Bombardier 415, Bombardier 415 MP and specialized aircraft*



**Customer services**



**Fractional ownership:** *Flexjet and Skyjet programs in the U.S.*

### Bombardier Transportation—The world leader in rail technology



**Rail vehicles:** Very high speed, high speed (*ZEFIRO*); intercity (*REGINA*); commuter and regional trains (*AGC, SPACIUM, TALENT, ELECTROSTAR, TURBOSTAR, BiLevel* and multilevel); metro cars (*MOVIA*); and light rail vehicles (*FLEXITY*)



**Locomotives and Equipment:** locomotives (*TRAXX*); bogies (*FLEXX*); and propulsion & controls (*MITRAC*)



**Transportation systems:** Automated People Mover (APM) systems (*CX-100, INNOVIA*); mass transit systems; operations and maintenance



**Services:** fleet maintenance, refurbishment and overhaul, and material solutions



**Rail control solutions:** mass transit (*CITYFLO*); mainline (*INTERFLO*); and EBI family of products

## Bombardier Aerospace

We are a leading provider of innovative aviation products and related services for business, commercial, amphibious and specialized aircraft. Here is an overview of our aerospace business as of January 31, 2009:

- Headquarters: Montréal, Canada
- Employees: 32,500 (reduced after January 31, 2009)
- Facilities: 10 manufacturing and engineering sites
- Countries: Present in 23
- Revenues: \$10 billion
- Customers: Airlines, corporations, governments, high net worth individuals, civil aircraft owner-operators and aviation service providers in over 100 countries

## Bombardier Transportation

We are the global leader in rail technology manufacturing and servicing. The following describes our rail transportation business as at January 31, 2009:

- Headquarters: Berlin, Germany
- Employees: 34,200
- Facilities: 50 production and engineering sites; 21 services centres
- Countries: Present in 35
- Revenues: \$9.8 billion
- Customers: Public and private railway operators including national railways and municipal transit authorities in more than 60 countries



# Scoreboard and Objectives


## Measuring Up

Here is how we measured up against our fiscal 2009 objectives, along with a look at our objectives for fiscal 2010.


## GOVERNANCE AND ETHICS


<b>Corporate Social Responsibility (CSR) Governance</b>	
<b>2009 Objectives</b>	Continue embedding CSR in all business activities and functions
<b>What We Did</b>	We broadened the composition of the Bombardier CSR Committee with representatives from various functions: Public Affairs and Communications, Corporate Strategy, Mergers and Acquisitions, Investor Relations, Compliance and Ethics, Government Affairs, Health, Safety and Environment, Human Resources, Web Strategy and Legal Services.

	We improved communication and collaboration between CSR committees at the Corporate and business group levels. Both business groups have a cross-functional CSR Committee/Review Board responsible for providing orientation on CSR matters and approving the CSR project portfolio.
<b>Progress</b>	
<b>2010 Objectives</b>	Continue improving communication between Bombardier and business group CSR committees to ensure the effective implementation and management of the various CSR initiatives
<b>CSR Priorities</b>	
<b>2009 Objectives</b>	Identify CSR areas requiring added focus
<b>What We Did</b>	<p>In March 2009, the CSR Committee identified and began working on four areas requiring enhanced focus: community investment, stakeholder engagement, employee volunteering, and CSR communication and reporting.</p> <p>Based on internal assessments and external consultations, we will intensify our efforts in these areas while continuing to progress in other fields such as health, safety, the environment, supply chain management, governance and ethics.</p>
<b>Progress</b>	
<b>2010 Objectives</b>	<p>Develop a long-term action plan and begin implementing new community investment, stakeholder engagement and employee volunteering programs</p> <p>Continue improving CSR communication and reporting</p>
<b>Ethics and Business Conduct</b>	
<b>2009 Objectives</b>	
<b>What We Did</b>	We launched the second phase of our e-learning ethics program in the fall of 2009. It will train managers on specific provisions of our Code of Ethics and Business Conduct such as how to deal with ethics-related issues, bribery, corruption and

	discrimination.
<b>Progress</b>	
<b>2010 Objectives</b>	Enhance our Code of Ethics and Business Conduct to better reflect the principles of the UN Global Compact

## EMPLOYEES


<b>Health and Safety</b>	
<b>2009 Objectives</b>	Develop and begin reporting on leading health and safety indicators
<b>What We Did</b>	<p>As part of our efforts to foster a more proactive prevention-first mindset in occupational health and safety, we identified two new leading indicators:</p> <ul style="list-style-type: none"> <li>• HSE training hours</li> <li>• Definition and implementation of a Safety Observation Program</li> </ul>
<b>Progress</b>	
<b>2010 Objectives</b>	<p>Increase the standardization of health and safety practices across our organization by developing a Bombardier Health and Safety Excellence System</p> <p>Embed health and safety considerations in our product design processes</p> <p>Complete OSHAS 18001 certification at the remaining eligible sites by the end of fiscal 2010</p> <p>Start monitoring our leading indicators</p>
<b>Global Talent Management</b>	
<b>2009 Objectives</b>	
<b>What We Did</b>	
<b>Progress</b>	
<b>2010 Objectives</b>	Begin implementing our new talent management roadmap to better attract, retain and develop engaged employees and leaders

	develop engaged employees and leaders
<b>Employee Engagement</b>	
<b>2009 Objectives</b>	Improve employee engagement as measured by employee engagement surveys, continuous improvement programs and transversal initiatives (Achieving Excellence System in our Aerospace group, and BOS and PEOPLE in our Transportation group)
<b>What We Did</b>	<p>In our 2008 employee surveys, employee engagement increased by 2.5% at Aerospace and 5% at Transportation compared to the previous survey.</p> <p>In Aerospace's Achieving Excellence System (five certification levels from Bronze to Diamond), we increased Bronze certification from 96% in fiscal 2008 to 99.5% in fiscal 2009. Silver certification rose from 6% to 87% with the remaining 13% currently being qualified for certification.</p> <p>In our Transportation group, BOS (Bombardier Operations System) incorporates five principles ranked from 0 to 4, with 4 being world-class performance. We increased our average BOS rating from 1.3 in fiscal 2007 to 1.9 in fiscal 2009, with the principle of PEOPLE Involvement improving from 1.4 to 2.1 during the same period. This includes a significant increase in improvement suggestions from shop-floor employees.</p>
<b>Progress</b>	
<b>2010 Objectives</b>	Continue to improve employee engagement as measured by employee engagement surveys, continuous improvement programs and transversal initiatives

## PRODUCTS


<b>Customer Satisfaction</b>	
<b>2009 Objectives</b>	Improve customer satisfaction as measured by independent and internal surveys
<b>What We Did</b>	<p>External surveys such as Aviation International News (AIN) and Pro Pilot reported marked improvement in Aerospace's customer satisfaction. These surveys confirm the positive progress shown in our own Gallup surveys, along with the need for further improvements.</p> <p>At Transportation, surveys are conducted with key customers worldwide as part of our</p>




	Customer Management Program. Measurement of customer satisfaction is ongoing.
<b>Progress</b>	
<b>2010 Objectives</b>	Continue to improve customer satisfaction as measured by independent and internal surveys
<b>Product Environmental Footprint</b>	
<b>2009 Objectives</b>	
<b>What We Did</b>	
<b>Progress</b>	
<b>2010 Objectives</b>	<p>Continue deploying Design for Environment capabilities on the <i>CSeries</i> and <i>Learjet 85</i> programs and produce Environmental Product Declarations (EPDs) for our new aircraft</p> <p>Develop an EPD for each new Transportation product platform; issue four additional EPDs in fiscal 2010, two of which will undergo EMAS (Eco-Management and Audit Scheme) validation</p>
<b>Greenhouse Gas Emissions</b>	
<b>2009 Objectives</b>	
<b>What We Did</b>	
<b>Progress</b>	
<b>2010 Objectives</b>	<p>Promote the Bombardier Carbon Offset Program as part of our portfolio of aircraft services available to all business aircraft customers</p> <p>Support our Aerospace customers in establishing their compliance plan for new environmental regulations such as the European Union Emission Trading Scheme</p>


	(ETS)
<b>Industry Leadership in CSR</b>	
<b>2009 Objectives</b>	
<b>What We Did</b>	
<b>Progress</b>	
<b>2010 Objectives</b>	<p>Play a leadership role in the aviation industry's environmental efforts</p> <p>Continue leading the rail industry with regards to CSR and promoting Transportation's environmentally friendly <i>ECO4</i> technologies</p>

## OPERATIONS

<b>Energy and Carbon Management</b>	
<b>2009 Objectives</b>	<p>Refine our overall energy and carbon strategy:</p> <ul style="list-style-type: none"> <li>• Complete an energy/carbon assessment baseline for all operations</li> <li>• Identify opportunities and prioritize activities for improved performance</li> </ul>
<b>What We Did</b>	<p>We began a detailed inventory of energy sources and greenhouse gas (GHG) emissions at all our manufacturing plants, services centres and main offices in fiscal 2009. We completed the inventory in the second quarter of fiscal 2010. Based on this inventory, we began developing a global Energy and Carbon Management Strategy consisting of three pillars:</p> <ul style="list-style-type: none"> <li>• Improved energy efficiency</li> <li>• Increased use of renewable energy sources</li> <li>• Carbon offsetting if required either due to the unavailability of regenerative energy or for economic reasons</li> </ul>
<b>Progress</b>	
<b>2010 Objectives</b>	Conduct a more detailed assessment of energy-efficiency improvement and GHG emission reduction opportunities for the most relevant sites



	Complete an inventory of available renewable energy resources in the countries where we operate and assess the feasibility of progressively switching to this type of energy
<b>Environmental Performance Management</b>	
<b>2009 Objectives</b>	Define new environmental indicators and targets
<b>What We Did</b>	<p>In addition to our existing environmental indicators (water consumption, energy consumption, GHG emissions, hazardous waste and total waste), we developed three new key performance indicators:</p> <ul style="list-style-type: none"> <li>• Waste valorization index</li> <li>• Use of volatile organic compounds (VOCs)</li> <li>• Number of environmental incidents</li> </ul>
<b>Progress</b>	
<b>2010 Objectives</b>	<p>Reduce our energy consumption and GHG emissions by an additional 10% between fiscal 2010 and 2015</p> <p>Start implementing our HSE Information Management System to improve environmental data accuracy and consistency</p> <p>Begin monitoring our new environmental indicators</p> <p>Adopt company-wide green building guidelines for new facilities based on third-party certification requirements</p>

## SUPPLY CHAIN

<b>Supply Chain Management</b>	
<b>2009 Objectives</b>	Continue to implement company-wide Supplier Code of Conduct
<b>What We Did</b>	In our Aerospace group, a total of 83 suppliers committed to respecting the principles of our Supplier Code to date. In Transportation group, more than 120 suppliers either signed the Code or demonstrated that they have equivalent codes.
<b>Progress</b>	
<b>2010 Objectives</b>	Ensure all 400 Transportation master vendors have committed to adhering to the Code by the end of fiscal 2010

	Code by the end of fiscal 2010  Implement the first phase of a compliance program for the Supplier Code of Conduct
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## RESPONSIBLE CITIZEN

<b>Stakeholder Engagement</b>	
<b>2009 Objectives</b>	Establish a formal company-wide stakeholder engagement process
<b>What We Did</b>	We formed a Stakeholder Engagement Working Group mandated to align our engagement efforts across the company.  The working group identified stakeholders that have already been engaged, prioritized stakeholders and pinpointed key sustainability issues, and defined a phased approach to ensure an effective and aligned engagement process.
<b>Progress</b>	
<b>2010 Objectives</b>	Establish a proactive dialogue with our key stakeholders regarding the most relevant CSR issues
<b>Human Rights</b>	
<b>2009 Objectives</b>	Strengthen our company-wide human rights commitment
<b>What We Did</b>	We began a company-wide inventory of our current management processes for specific human-rights-related issues.
<b>Progress</b>	
<b>2010 Objectives</b>	Hold meetings with human rights NGOs to explore potential initiatives in this field  Conduct a scope analysis to improve our management of human rights within our sphere of influence

<b>Community Investment</b>	
<b>2009 Objectives</b>	
<b>What We Did</b>	
<b>Progress</b>	
<b>2010 Objectives</b>	<p>Adopt a focused approach to community involvement by defining specific investment areas</p> <p>Progressively introduce a company-wide employee volunteering program</p>

## External Recognition

### GOVERNANCE

Dow Jones Sustainability Indexes	Annual recognition for our commitment since September 2007	Bombardier Inc.
Carbon Disclosure Project 2009 – Canada 200 Report	Ranked among the 10 Canadian Climate Disclosure Leaders	Bombardier Inc.
Corporate Knights	Ranked among the Best 50 Corporate Citizens in Canada in 2009	Bombardier Inc.
2008 Corporate Reporting Awards from the Canadian Institute of Chartered Accountants	Received the highest average rankings in the “Diversified Industries” category for financial reporting, corporate governance disclosure, sustainable development reporting and electronic disclosure in our 2008-	Bombardier Inc.

	09 annual report	
<i>Les Affaires</i> Magazine	Recognized among the Best 20 Corporate Citizens in Québec in 2009	

## EMPLOYEES

Frost & Sullivan 2008 Company of the Year Award	Recognized in the “Global Rail Market” category for our outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service and strategic product development	Transportation group
Trans-Canada Trophy (Canada’s oldest aviation award)	Awarded to one of our employees for his outstanding achievements in air operations by the Canadian Aeronautics and Space Institute (CASI)	Aerospace group
Gold Excellence Award for “Internal Communications Program”	Recognized by the Société québécoise des professionnels en relations publiques for the excellence of our Annual Accomplishment Award program, which is open to all employees	Aerospace group
Top Ten Leaders of Technology Innovation – China’s Transportation Industry Prize	Awarded to our Chief Country Representative in China for his outstanding leadership and influential management of employees in China’s transport industry by “People’s Railway”, “Rail Transit” and the China Rail Transit Promotion Alliance	Transportation group – China

## PRODUCTS

Robb Report	Named “Best of the Best” in flight services	<i>Flexjet</i>
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Aero magazine in conjunction with the 2009 Latin American Business Aviation Convention & Exhibit (LABACE) in Brazil	Named <i>Challenger 300</i> jet “Best Business Aircraft”	Aerospace group
2008 European Mobility Exhibition Award	Won an award in the “Energy/Environment” category for the Hybrid AGC (Autorail Grande Capacité) train	Transportation group
W³ Awards for “Year of Learjet” Campaign	Recognized as the most effective marketing program to support a brand or product, in this case the <i>Learjet 85</i>	Aerospace group
2008 Design at Work Award in Brussels, Belgium	Won in the “Mobility” category for the <i>FLEXITY</i> Outlook trams used by the STIB (Société des Transports intercommunaux de Bruxelles)	Transportation group
WorldMediaFestival 2008-Hamburg Award	Received an intermedia-globe Silver Award in the “Public Relations” category for “ <i>The Climate is Right for Trains</i> ” film, which was also short-listed in the “Corporate Films and Advertising” category	Transportation group
2008 Railway Interiors Innovation and Excellence Awards	Won the prestigious “Security Innovation of the Year” award for our <i>SEKURFLO</i> transit security solution, a sophisticated product portfolio that meets rail transportation’s specialized security needs	Transportation group

## OPERATIONS

ICI ON RECYCLE! (Here, we recycle): Certificate of Performance by Recyc-Québec	Recognized for significant improvements in waste and energy management	Aerospace group – Saint-Laurent, Canada
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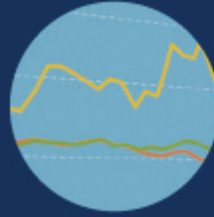
Réseau Écoélectrique	Recognized by Hydro-Québec for substantially reducing our electricity consumption by participating in Hydro's energy-saving program	Aerospace group – Dorval and Saint-Laurent, Canada
Kansas Water Environment Association	Recognized over the last 14 years for our rinse water treatment processes	Aerospace group – Wichita, U.S.
Certificat ISO VÉLO 2008	Received a certificate from Vélo-Québec for encouraging our employees to use bicycles to get to work	Aerospace group
2008 European Strategic Management Manufacturing Awards	Won a Special Recognition Award for excellence in manufacturing thanks to our Bombardier Operations System (BOS)	Transportation group
Gold Health and Safety Award of the Royal Society for the Prevention of Accidents (RoSPA)	Recognized for our achievements in and commitments to health and safety in the workplace	Transportation group – Crewe, U.K.
SUVA Prize (Swiss Accident Prevention Association)	Recognized for 450 consecutive days with no accidents	Transportation group – Villeneuve, Switzerland



## RESPONSIBLE CITIZEN

20/20 Vision Award	Recognized for our significant social impact in Northern Ireland during the past 20 years	Aerospace group – Belfast, U.K.
Mention d'excellence "Entreprise secteur aéronautique"	Recognized by the École de technologie supérieure for our exceptional collaboration in a co-op university program	Aerospace group
Florida Business Award	Recognized by the International Business Council of Florida for our achievements and positive contribution to the state	Aerospace group
Best Global Project to Sign award – South Africa	Recognised the Gautrain Project for its unique engineering and socio-economic developmental requirements	Transportation group
"Contributor of the Year" for China	Awarded to our Chief Country Representative in China by the World Railway Development and Research Society and <i>World Railway</i> magazine for exceptional contributions to building industry prospects	Transportation group – China

# Governing Effectively



## Governance

### Mission, Core Values and Leadership Attributes

Our mission, core values and leadership attributes are the building blocks of governance at Bombardier. Governance starts with **our mission**: To be the world's leading manufacturer of planes and trains and to deliver best-in-class value for customers and profits for shareholders.

Our **core values** guide the actions we take and decisions we make to fulfill this mission:

- Integrity
- Commitment to excellence
- Customer orientation
- Shareholder focus

Our **leadership attributes** remind all employees what it means to “be our best”:

- We put people first.
- We work together.
- We have a passion for winning.
- We have a drive for results.

### Board of Directors

Our Board of Directors is responsible for supervising the management of our company to increase profitability and enhance shareholder value.

#### Role

As part of its stewardship role, the Board advises management on significant business issues and assumes the following responsibilities:

- Approves corporate strategy
- Monitors financial matters and internal controls through its Audit Committee
- Oversees pension fund matters through its Finance and Risk Management Committee
- Monitors environmental, occupational health and safety matters through its Human Resources and Compensation Committee
- Assesses and oversees the succession plan of the President and Chief Executive Officer and senior executives through its Human Resources and Compensation Committee
- Monitors corporate governance issues through its Corporate Governance and Nominating Committee

Our corporate governance policies and practices comply with and, in some cases, exceed legal requirements. These policies and practices evolve to reflect new regulations and best practices.

### **Composition**

At January 31, 2009, our Board of Directors consisted of 13 members, including eight independent directors. On August 24, 2009, a new appointment increased this number to 14 directors, of which nine are independent and two are women.

### **Risk Management**

In today's fast-paced world, risks can materialize more rapidly than ever. In May 2007, the Board created the Finance and Risk Management Committee, making risk management a central focus.

Every year, the Corporate Audit Service and Risk Assessment (CASRA) team thoroughly assesses our major risks. Senior management and the Audit Committee review the results and develop an annual action plan to address these risks. The Board's Finance and Risk Management Committee captures and follows up on risk mitigation, including social and environmental risks such as future carbon costs.

Occupational health, safety and environmental risks are mitigated through management systems and legal compliance audits. Supply chain risks are reduced through our supply chain management practices, including the Supplier Code of Conduct.

Key risks are reported internally to the Board's Audit Committee, the Finance and Risk Management Committee and to the Board itself on a quarterly basis. In our annual reports, the Management's Discussion and Analysis communicates our risks to external stakeholders.

## **Code of Ethics and Business Conduct**

High ethical standards are essential to sustain our success. The standards of behaviour required of all Bombardier Board members and employees are laid out in our Code of Ethics and Business Conduct. The Code is available in 14 languages on our website.

The Code ensures we promote ethical conduct in the work environment, including employment practices, harassment and personal security issues, and health, safety and the environment. It also addresses ethical conduct in our business practices and external stakeholder relationships.

### **Governance of the Code**

Our Ethics Advisory Council directs and oversees the Code's implementation. The Director of Ethics and Compliance is responsible for ensuring adherence to the Code through:

- Ongoing ethics training
- Continuous communication
- Ad-hoc training to support specific business group requirements

The Director of Ethics and Compliance also handles employee grievances and complaints. Employees have several options for reporting potential breaches of the Code.

## Supplier Code of Conduct

In 2008, we extended our Code of Ethics and Business Conduct to suppliers. Our new Supplier Code of Conduct further demonstrates our commitment to promoting high standards of corporate social responsibility. It also embodies the principles of the UN Global Compact, which we signed in 2007.

Issues covered in our Supplier Code of Conduct include:

- Legal compliance
- Labour (child and forced labour, freedom of association, respect and dignity, and discrimination)
- Health and safety
- Environment
- Anti-corruption
- Conflict of interest/ethics
- Governance

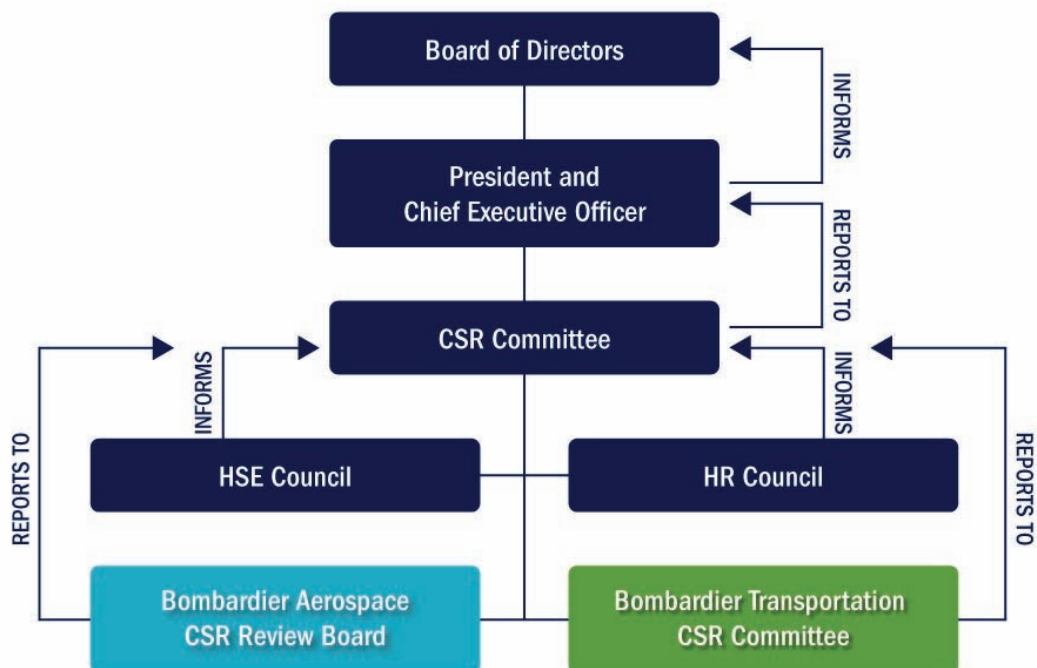
## Corporate Social Responsibility Governance

### Embedded in Our New Corporate Strategy

A strategic approach to corporate social responsibility is an integral part of Our Way Forward. This approach includes stronger governance of corporate social responsibility across Bombardier.

In March 2009, we implemented our new corporate social responsibility (CSR) governance structure. The new structure improves communication, alignment and collaboration between CSR committees at the corporate and business group levels.

### CSR Governance Structure



## **More Effective Corporate Social Responsibility Committee**

Our new governance structure features a more effective Corporate Social Responsibility Committee, chaired by Daniel Desjardins, Senior Vice President and General Counsel.

The committee develops corporate social responsibility guidelines and initiatives. It meets monthly to align and oversee sustainability-related efforts across the company. The Committee's chair provides the CEO with regular updates on our corporate social responsibility performance. He also presents the Board with annual progress reports.

### **CSR Committee Composition**

The Corporate Social Responsibility Committee includes senior managers from our corporate office and our two business groups. Business group members also sit on their respective Aerospace and Transportation CSR committees. This ensures an effective flow of communication between our three CSR governing bodies.

In fiscal 2009, we broadened the expertise of our central CSR Committee, which now includes representation from the following functions:

- Public Affairs and Communications
- Corporate Strategy, Mergers and Acquisitions
- Investor Relations
- Compliance and Ethics
- Government Affairs
- Health, Safety and Environment
- Human Resources
- Web Strategy
- Legal Services

### **CSR Governance in our Business Groups**

Corporate social responsibility is also firmly entrenched at the business group level.

In our Aerospace group, we recently took several steps to further integrate corporate social responsibility into our business. We created the Corporate Social Responsibility Review Board to provide orientations on CSR matters and approve our portfolio of CSR projects. Portfolio decisions are based on our analysis of the external environment, key industry trends as well as our internal reality.

The board is composed of 12 executives, including five members of the Aerospace Leadership Team, and is chaired by the Vice President, Public Affairs, Communications and Corporate Social Responsibility. Members represent several functions and business units.

Key elements of corporate social responsibility are also an integral part of Aerospace's new "Enterprise Strategy for 2020," which is aligned with Our Way Forward strategy. This includes the commitment "to develop innovative and environmentally friendly products and services that meet customer needs globally, and to reduce the environmental footprint of our operations."

Our Transportation group's Corporate Social Responsibility Committee is composed of six senior executives and functional vice presidents. This core committee is led by the Vice President, Operations and Procurement. Other functions represented include Communications and Public Affairs, Strategy, Human Resources, Project Management and Technology, Health, Safety and Environment, and Corporate Social Responsibility. Strategy and actions are fully aligned with stakeholder demands.

The extended committee consists of nine additional members and areas of expertise. These senior functional leaders link to internal networks, project task forces and employee-related activities across the business group. We identify CSR projects and priorities through structured stakeholder dialogue as well as materiality and megatrend analyses.

## Upholding UN Global Compact Principles

We are a signatory to the United Nations Global Compact, the world's largest corporate citizenship and sustainability initiative. As a signatory, we uphold the Global Compact's 10 universally accepted principles, which cover:

- Human rights
- Labour standards
- Environment
- Anti-corruption



Our 2008 Corporate Responsibility Report constituted our first Communication on Progress relative to these principles. The table below provides examples of how we promote these principles internally and externally.

### HUMAN RIGHTS

Businesses should:

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 1. Support and respect the protection of internationally proclaimed human rights</b>		
Our Code of Ethics and Business Conduct, our Supplier Code of Conduct, and our Health, Safety and Environment Policy formalize our commitment to safeguard internationally proclaimed human rights.	LA4, LA6-7, LA13, HR2-3, HR5-7, SO5, PR1, PR5	Governance/Progress
<b>Principle 2. Make sure they are not complicit in human rights abuses</b>		
We continue to roll out our new Supplier Code of Conduct across our global supply chain. The Code is aligned with the principles of the	HR2-3, HR-5-7	Suppliers

<p>global supply chain. The Code is aligned with the principles of the Global Compact. Every new supplier contract automatically involves adherence to the Code.</p>		
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## LABOUR STANDARDS

Businesses should uphold:

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<b>Principle 3. 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>Among our Aerospace and Transportation employees, 55% and 64% respectively were covered by collective agreements in fiscal 2009.</p>	LA4, HR2-3, HR5, SO5	Employees/Engagement/Listening
<b>Principle 4. The elimination of all forms of forced and compulsory labour</b>		
<p>Our Code of Ethics and Business Conduct governs the protection of employee rights to evolve in a safe work environment.</p> <p>Our Supplier Code of Conduct also includes a specific reference to forced labour. For example, supplier employees must be free to leave work or terminate their employment with reasonable notice, and they are not required to surrender any government issued identification, passports or work permits as a condition of employment.</p>	HR2-3, HR7, SO5	Employees, Suppliers
<b>Principle 5. The effective abolition of child labour</b>		
<p>Our Supplier Code of Conduct clearly stipulates our position against child labour. By child labour, we mean employees under the age of 15. However for employment or work whose</p>	HR2-3, HR6, SO5	Suppliers

nature or circumstances are not suitable for a person under the age of 18, child labour refers to employees younger than 18.		
<b>Principle 6. The elimination of discrimination in respect of employment and occupation</b>		
In November 2009, we launched the second phase of our e-learning program on ethics, which includes specific modules on discrimination. To date, close to 25,000 employees, including 3,000 managers, completed the first phase of the training program.	LA13, HR2-4, SO5	Governance/Progress

## ENVIRONMENT

Businesses should:

<b>Actions to Promote UN Global Compact Principles</b>	<b>Corresponding GRI Indicators</b>	<b>Other References</b>
<b>Principle 7. Support a precautionary approach to environmental challenges</b>		
<p>Through a 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.</p> <p>We are also involved in collaborative R&amp;D projects in Europe through our Belfast Aerospace facilities. All projects are aligned with regional or national strategies and their environmental objectives, including ACARE (Advisory Council for Aeronautics Research in Europe) and NATS (National Aerospace Technology Strategy) in the United Kingdom.</p>	EC2, EN18, EN26, SO5	Operations, Citizenship/Stakeholder Engagement/Highlights
<b>Principle 8. Undertake initiatives to promote greater environmental responsibility</b>		
Our revised Health, Safety and Environment Policy calls on us to remain vigilant and seize every opportunity to constantly improve our performance and minimize our environmental impact.	EN4-8, EN16-19, EN22, EN24, EN26-27, SO5	Employees, Products, Operations



<p>We are pursuing two core opportunities to reduce the environmental footprint of our global operations:</p> <ul style="list-style-type: none"> <li>• Decrease our consumption of input, resources such as energy, water and materials.</li> <li>• Reduce and, where possible, eliminate unwanted outputs, including greenhouse gas emissions, volatile organic compound emissions, wastewater release and the generation of general, hazardous and waste materials.</li> </ul> <p>We are playing a leadership role in industry efforts to define future environmental targets and communicate environmental achievements and challenges.</p>		
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**Principle 9. Encourage the development and diffusion of environmentally friendly technologies**

<p>We chair the Canadian Aerospace Environmental Technology Roadmap, established in fiscal 2009. The roadmap focuses on creating technologies that will allow our industry to better compete globally. Targeted technologies address environmental impacts throughout the aircraft lifecycle, including emissions, noise, fuel consumption and recyclability.</p> <p>In our Transportation group, our <i>ECO4</i> portfolio of energy-saving products, services and technologies addresses rail transit operators' most pressing concerns: rising energy costs, operating efficiency and global climate change.</p> <p><i>ECO4</i> balances energy, efficiency, economy and ecology through solutions that range from new aerodynamically enhanced train designs to innovative technologies for optimizing the energy efficiency of new and existing fleets. <i>ECO4</i> technologies can yield overall energy savings of up to 50%. Investments in ongoing research will enable us to continually enhance and expand our <i>ECO4</i> portfolio.</p>	<p>EN4-7, EN18, EN26-27, SO5</p>	<p>Products, Citizenship/Stakeholder Engagement/Highlights</p>
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**ANTI-CORRUPTION**

Businesses should:

Actions to Promote UN Global Compact Principles	Corresponding GRI Indicators	Other References
<p><b>Principle 10. Work against all forms of corruption, including extortion and bribery</b></p>		

<p>Every year, our managers must renew their commitment to our Code of Ethics and Business Conduct. The Code clearly explains our position regarding corruption and illegal and improper payments.</p> <p>We also launched the second phase of our e-learning ethics program for managers, which includes specific modules on bribery, corruption and anti-trust laws.</p>	SO3-5	Governance/Progress
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## Progress

### CORPORATE GOVERNANCE

#### Gender Representation on Board of Directors

At our 2009 Annual General Meeting, some shareholders expressed concern about the lack of women on our Board.

Until November 2008, two women sat on the Board. On November 18, Board member Jane Garvey stepped down to serve on U.S. President Barack Obama’s transition team. On August 24, 2009, **Martha Finn Brooks** was appointed to the Board, bringing the number of female directors back up to two.

We strongly support having more women on our Board and will continue to select the candidate best qualified to serve the interests of our company and shareholders. Please refer to page 49 of our 2009 Management Proxy Circular for more information.

#### Executive Compensation

In the current economic context, executive compensation is a topic of growing concern for shareholders and society at large. At our Annual General Meeting, some shareholders proposed that executive compensation be submitted to a consultative “Say on Pay” vote by shareholders.

Shareholders elect the members of our Board every year, mandating them to oversee all business matters including our executive compensation policy. This policy is aligned with the most recent regulatory requirements and best practices.

While some corporations have granted a “Say on Pay” vote, we believe that our current process for responding to questions generates mutual benefits. Nonetheless, we will continue to **monitor trends in executive compensation** and adjust our policy as recommended by our Human Resources and Compensation Committee. Please refer to pages 19 to 39 and 48 to 49 of our 2009 Management Proxy Circular for more information.

#### Transparency

To enhance our transparency and respond to stakeholder requests, we added the following information on our website in 2009:

- The charters of all Board of Directors' committees
- Our Supplier Code of Conduct in English and French
- Our Health, Safety and Environment Policy, revised in September 2008

This exceeds the commitment we made in our 2007 Corporate Responsibility Roadmap to communicate the responsibilities of our Corporate Governance and Nominating Committee.

### **Internal Controls Survey**

Every two years, our Director of Ethics and Compliance conducts a confidential survey with senior management on our internal controls. Their responses and comments enable us to improve corporate governance related to:

- Board of Directors and Audit Committee
- Integrity and ethical values
- Risk management philosophy
- Commitment to competence
- Management's philosophy and operating style
- Organizational structure and assignment of authority and responsibilities
- Human Resources policies and practices

The survey was last conducted in March 2009. While the results were positive, we are currently developing an action plan to improve our controls in the lower-scoring areas. These areas include some of our Human Resources policies and practices. The internal controls action plan will be implemented during fiscal year 2010.

### **Risk Management**

In 2009, we made enhanced risk management one of the priorities of Our Way Forward corporate strategy.

This priority will help us:

- Better link our risk management strategy and practices into a company-wide risk framework
- Further embed risk management across all key functions
- Improve our insight into risks
- Increase transparency regarding how we manage key risks that drive value
- Mitigate, manage or transfer risks that do not create value
- Engage stakeholders in our risk management culture

## **ETHICS**

### **Ethics Training and Commitment**

In 2006, we launched the **first phase of an e-learning program** on our Code of Ethics and Business Conduct. This awareness training focuses on recognizing unethical situations, identifying resources and reporting violations.



To date close to **25,000 employees**, including 3,000 managers, have completed this phase of the program. This awareness training is now part of our new employee orientation process.

Every year, senior management (director level and above) must also renew their commitment to the Code. By February 2009, all of our 1,447 senior managers had reaffirmed their commitment.

### **Next Steps**

We launched the **second phase of the e-learning program** in November 2009. This series of e-learning capsules will train managers on specific provisions of the Code such as:

- How to deal with various ethics-related issues
- Bribery
- Corruption
- Anti-trust laws
- Discrimination

## **CORPORATE SOCIAL RESPONSIBILITY**

### **Four Areas of Added Focus**

In 2009, the Bombardier Corporate Social Responsibility Committee identified four areas requiring increased efforts to ensure we move forward responsibly in the medium term. These priorities complement the work of our Health, Safety and Environment Council and Human Resources Council.

Jointly led by the Corporate Social Responsibility Committee and business group counterparts, the key areas of added focus are:

- Community investment
- Stakeholder engagement
- Employee volunteering
- Corporate social responsibility reporting and communication

The Committee identified major initiatives and is allocating resources for each priority. In June 2009, it provided Bombardier's CEO with a full update on recent progress.

### **Next Steps**

The Committee is currently laying the groundwork to implement the various initiatives approved in each area. We will share information on our progress in rolling out these initiatives in next year's report.

# Valuing Our Employees



## Employees

### **Become a World-Class Employer**

Ensuring the right person is in the right job is essential to our continued growth. So is engaging our employees, fostering their development and inspiring them to be their best.

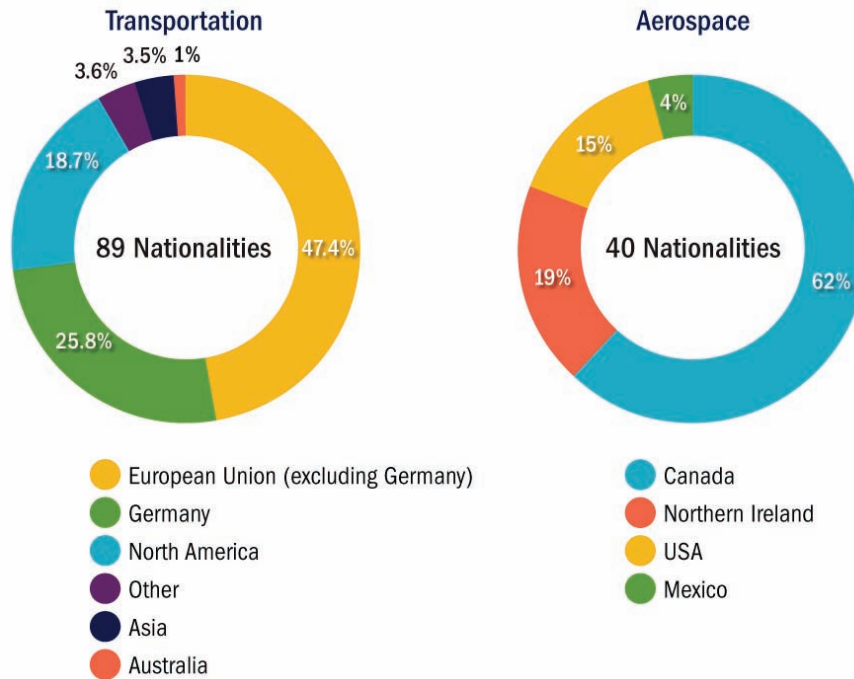
At Bombardier, we operate in both established and emerging markets worldwide. Attracting and retaining top talent is critical to our success in all markets. Global talent management challenges include skill shortages, new demographic realities and increased competition for the best people.

Given these challenges, we must intensify our efforts to be a world-class employer. This means investing in the development of skilled, engaged and proud talent. It also requires that we promote our leadership attributes throughout our organization.

### **Diversity and Equal Opportunity**

As a global company, our diversity drives our competitive advantage and fuels innovation. Our commitment to diversity and equal opportunity is reflected in our Code of Ethics and Business Conduct. Bombardier employees represent close to **90 nationalities** and speak some **20 languages**.

We provide equal employment opportunities in accordance with the laws and regulations of each country where we do business. We also promote and protect the equal rights of every employee regardless of age, gender, ethnicity, sexual orientation, religion, citizenship, marital status or disability.



### Raise the Bar on Global Talent Management

In 2009, we made raising the bar on global talent management one of the priorities of Our Way Forward corporate strategy. This entails accelerating existing people strategies in both our Aerospace and Transportation groups.

Our talent management priority will help us:

- Define and clearly communicate a people-first philosophy to internal and external stakeholders
- Develop a coherent, company-wide approach to talent management based on best practices
- Establish and meet hiring objectives aligned with our growth
- Provide more attractive career opportunities and facilitate mobility across divisions and geographies
- Foster greater accountability and collaboration, and better link rewards to performance

### New Talent Management Roadmap

Our new talent management roadmap is aligned with our goal of becoming a world-class employer. In fiscal year 2010, our roadmap calls for us to:

- Cultivate people leadership and hold management accountable for their employees' development and engagement
- Develop a consistent global employer value proposition to facilitate recruitment
- Review our human resources policies, programs and processes to support world-class talent management
- Harmonize our senior leadership development programs with our high-potential employee identification and succession planning processes

# Health and Safety

## Promote a Zero Accident Culture

The objective of achieving zero accidents and occupational illnesses lies at the heart of our employee health and safety initiatives. In fiscal 2009, we revised our Health, Safety and Environment (HSE) Policy to better manage HSE risks and foster a zero accident culture.

Operating in accordance with the OHSAS (Occupational Health and Safety Assessment Series) 18001 standard also helps us proactively identify and mitigate HSE hazards and risks.

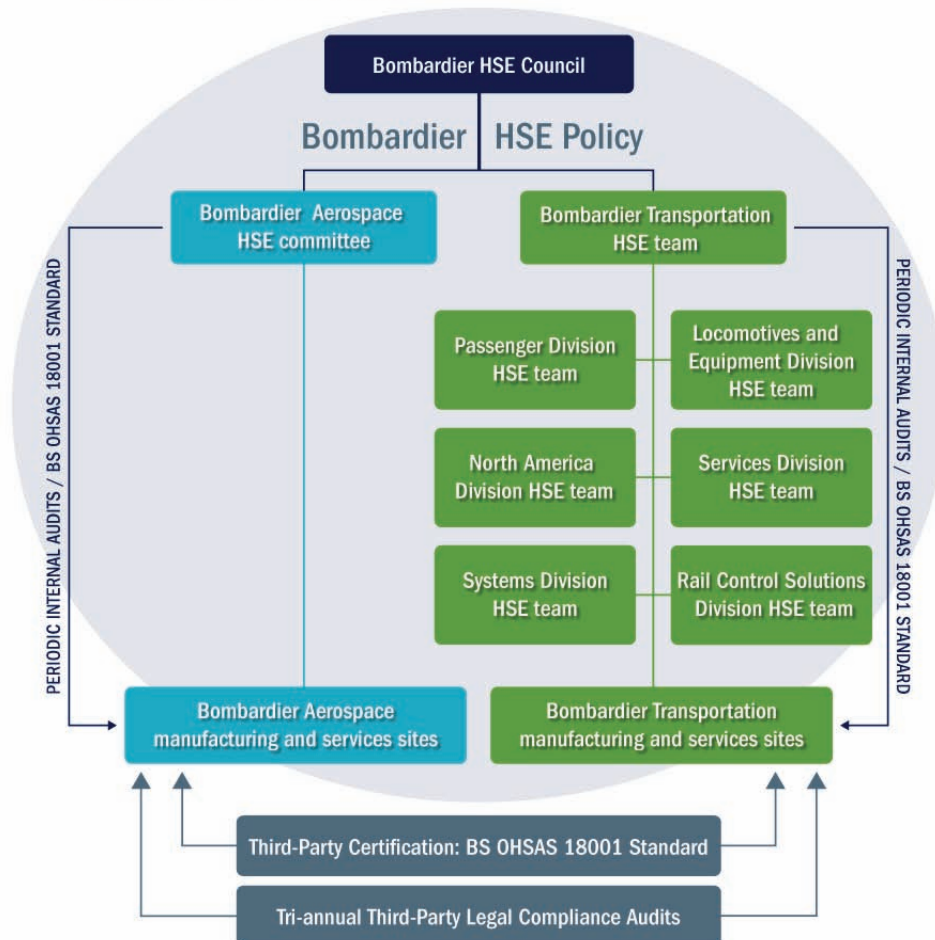
See the “Health and Safety” tab in the Progress sub-section for details on our **health and safety performance**.

## HSE Governance at Bombardier

Cross-functional committees and working groups oversee HSE performance at all levels of our organization. Our HSE Council develops company-wide HSE strategy and reports to the Board.

Operating group and site HSE teams develop and implement action plans aligned with the Council’s policies, directives and objectives. Every three years, HSE legal compliance audits are conducted by third-party auditors. Following the OHSAS 18001 standard systematically drives continuous improvement.

### HSE Governance at Bombardier





# Engagement

## STRATEGIC PRIORITY

Employees are arguably our most important stakeholder group. Our very success hinges on their full engagement. Engaged employees are innovative, dedicated and productive.

In fiscal 2009, initiatives promoting the well-being, growth and development of our employees took many forms. They revolved around **listening to**, **developing**, **rewarding** and **recruiting** employees worldwide.

## Continuously Improving Employee Engagement

At Bombardier, we foster employee engagement through the following continuous improvement programs:

### Achieving Excellence System at Bombardier Aerospace



This system engages employees in the continuous improvement of the key performance indicators for five operational levers:

- Safety (product safety, employee health and safety, and the environment)
- Quality
- Productivity
- Human development
- Cost

The system's **certification process** includes five levels of improvement, from Bronze to Diamond. Corporate social responsibility principles are now embedded in the Achieving Excellence System roadmap.

### Bombardier Operations System and PEOPLE at Bombardier Transportation

The Bombardier Operations System (BOS) integrates proven methods and principles such as Six Sigma, World-Class Manufacturing (WCM) and Lean. It guides our way of working across the Transportation group. BOS principles include People Involvement (“I know how to contribute to world-class products”) and Continuous Improvement (“I perform better every day”).

BOS is composed of five principles, which are scored from zero to four with four representing world-class performance. The **People Involvement principle** covers the following five elements:

- Team concept
- Safe and green workplace
- Communication and mission/vision deployment
- Strategic competence management
- Shop-floor management



Our PEOPLE initiative incorporates the systems and processes needed to acquire and develop talent and competencies. It helps create an **engaged, boundary-less organization** where ideas, knowledge and talent are readily shared.

## LISTENING

### Engagement Surveys

We hire our employees for their know-how, insight and skills. That's why we have much to gain from listening to them. Our employee engagement surveys provide us with an excellent opportunity to learn from our global, multi-talented workforce.

Our Corporate Office and Aerospace group hold annual surveys, while our Transportation business conducts surveys every two years. All surveys now include questions related to our corporate social responsibility performance. Answers to these questions are used to develop actions to improve our performance in this area.

See the "Listening to Employees" tab in the Progress sub-section for our **fiscal 2009 employee engagement survey results**.

### Unions and Work Councils

At Bombardier, labour unions and work councils are key stakeholders. They play an important role in ensuring a safe and rewarding workplace. Unions and work councils are informed of and, at times, included in restructuring decisions and procedures.

At **Bombardier Aerospace**, 55% of employees are covered by collective agreements, while 64% are covered at **Bombardier Transportation**.

With Corporate Office support, individual sites generally handle their own negotiations and consultation activities. Different countries vary tremendously in their approach to these activities. For example, many European sites have employee representatives and a large number of co-determination issues.

In our Aerospace group, we hold a **Global Union-Management Forum** every fall. Representatives from our Aerospace unions worldwide attend this two-day event. The forum fosters dialogue and shared awareness of the priorities and issues of our diverse operations worldwide. For the past two years, the forum has addressed the topic of, among others, corporate social responsibility.

In our Transportation group, annual work councils involving employee representatives also tackle issues related to corporate social responsibility, including health, safety and the environment.

In 2001, the **European Work Council** was extended to both business groups. The council meets annually to address concerns and requests on a variety of matters, including corporate social responsibility. In June 2008, the council received its first comprehensive report on corporate social responsibility performance and issues.

## DEVELOPING

### Committed to Employee Growth

The Bombardier Leadership Profile (BLP) provides the foundation for employee skill mapping and development across our organization. It is aligned with our core values and leadership attributes, which are also embedded in our:

- Performance Management Process
- Talent management
- Executive assessments
- Succession planning processes
- Leadership development programs

These processes and programs help us manage our human capital risks and opportunities. While rooted in the Bombardier Leadership Profile, competency profiles and development processes are adapted to individual sites, countries, functions and levels.

### Performance Management Process

Our Performance Management Process (PMP) supports the development of white-collar employees throughout our company. This business-driven process helps employees achieve individual performance and personal development objectives through an ongoing dialogue with managers.

Employees take ownership of the process. Managers work with employees to set expectations. They monitor their progress and actively help employees achieve their goals. Human Resources plays a key role by providing appropriate tools and coaching.

Our goal is to continually increase the value of this process to our employees and to steadily improve participation levels.

### Building Competencies and Leaders

In our **Aerospace** group, our competency-based approach pinpoints specific development needs at all sites worldwide. In addition to PMP, employee development tools include our Achieving Excellence System, Leadership in Action program and Talent Acceleration Pool (TAP) process. Our Training and Development Funding Policy helps employees further their education in line with our business objectives.

In 2004, we began delivering **leadership engagement training sessions**. Since then, approximately 1,000 managers and executives have participated in sessions. These forums help our leaders develop the mindset and behaviours needed to achieve our vision and goals.

In our **Transportation** group, the Bombardier Operations System (BOS) incorporates a people development component. We also implemented talent management and training management modules in January 2009. Our **Making Great Leaders** training promotes our new leadership skills profile and enables managers to move towards coaching roles.

Directors work on their leadership challenges in our Executing Strategy program. The Competitive Advantage program enables vice presidents and senior directors to work together on the competitive parameters that influence Bombardier's future. The Global Graduate Program puts employees on a fast track for leadership roles.

## REWARDING

### Formal Recognition Programs

Several programs exist to recognize and reward employees who contribute to our company's innovation, continuous improvement and success.

#### Aerospace

In our Aerospace group, three key employee recognition initiatives are:

- Health and Safety Awards
- Annual Accomplishment Award
- Achieving Excellence System certification

The Health and Safety Awards are given to the manufacturing site and service centre with the:

- Lowest accident frequency ratio
- Lowest accident severity ratio
- Greatest overall improvement

Our Annual Accomplishment Award rewards cross-functional initiatives that result in sustained improvements for our employees, customers and business. Starting in fiscal 2009, the top two teams each receive \$10,000 Cdn to be invested in a community project of their choice.

#### Transportation

We also have three major employee recognition awards in our Transportation group:

- BOS Best Practice Awards
- Innovation Award
- Knowledge Champion Award

The BOS Best Practice Awards underscore the importance of transferring best practices by recognizing sites that excel at it. Best practice sharing is central to BOS's Continuous Improvement principle. These awards encourage employees to learn and share ideas with colleagues across the group.

In September 2008, we launched the Innovation Award to recognize the vital role innovation plays in our competitiveness and success. Launched in 2009, the Knowledge Champion Award pays tribute to employees who promote knowledge sharing through:

- Mentoring and coaching
- Induction and job rotation programs
- Best practice transfer
- Project launch support or creation of a knowledge transfer network
- Super auditors and trainers

See "Rewarding Employees" in the Progress sub-section for information on **employee recognition in fiscal 2009**.

## RECRUITING

### Employer Value Proposition

Improving our ability to attract, engage and retain employees is essential to **achieving our business goals**.

As part of Our Way Forward strategy, we are developing an employer value proposition to better communicate our strengths as an employer.

In June 2009, we consulted a broad cross-section of employees through an internal survey to identify Bombardier's key attributes. We also conducted targeted interviews, focus groups and competitive benchmarking to gain additional insights. These activities will help us better define what makes Bombardier an attractive place to work.

### Attracting Students

We recruit students from diverse disciplines at universities, recruiting fairs and other events in Europe, Asia and North and South America. Several opportunities exist for students to join our workforce, including:

- Apprenticeships
- Qualified internships
- Diploma theses
- Temporary student positions
- Graduate program positions

We also leverage our website to recruit students for Transportation's Global Graduate Program. In 2008, we received 1,075 applications, shortlisted 120 candidates and hired 13 new Global Graduates. In fiscal 2009, these numbers increased to 2,260 applications, 191 shortlisted candidates and 21 new Global Graduates.

### Academic Chairs and Think Tanks

Sponsoring prestigious academic chairs and participating in industry think tanks raise our profile as an employer among key stakeholders. They help us fill our growing need for employees with the skills required to accelerate new product development.

These collaborations:

- Ensure access to tomorrow's talents and technologies
- Provide an innovation pipeline to fuel our R&D projects
- Inspire recruits to develop the right skills for specific projects
- Bring an expert external view to our work
- Trigger innovation among our engineers

Examples of these partnerships can be found in the Responsible Citizen section of this report. We will continue to expand these important collaborations in the years ahead.

# Progress

## HEALTH AND SAFETY

### Our Health and Safety Performance

The past year's safety record shows significant progress in our accident frequency and severity performance.

Between fiscal 2004 and fiscal 2009, our total lost-time cases continued to decline. During the same period, we reduced our accident frequency ratio by 65% at Bombardier Aerospace and 63% at Bombardier Transportation. We also decreased our accident severity ratio by 83% at Bombardier Aerospace and 52% at Bombardier Transportation.

#### Accident Frequency Ratio<sup>1</sup> (total lost time cases)

	FY04 (baseline)	FY05	FY06	FY07	FY08	FY09	Change FY09 vs. FY04
<b>Aerospace</b>	3.7	3.0	2.1	1.5	1.2	1.3	65%
<b>Transportation</b>	1.6	1.3	1.0	0.8	0.5	0.6	63%

Note 1: Total number of accidents without lost workdays plus number of temporary assignments resulting from work-related accidents normalized per 200,000 hours worked.

#### Accident Severity Ratio<sup>2</sup> (total lost time cases)

	FY04 (baseline)	FY05	FY06	FY07	FY08	FY09	Change FY09 vs. FY04
<b>Aerospace</b>	232.3	116.2	86.8	62.5	41.3	38.9	83%
<b>Transportation</b>	25.0	21.8	21.2	17.0	11.3	12.0	52%

Note 2: Severity of work-related accidents that have resulted in lost workdays and days of temporary assignments normalized per 200,000 hours worked.

## Fiscal 2010 Health and Safety Targets

To achieve our ultimate goal of zero accidents, we set annual targets. For fiscal 2010, we established the following targets:

	Aerospace	Transportation
Frequency	1.12	0.25
Severity	35	5

### Need for Continuous Improvement

Despite ongoing progress, our safety results still leave room for improvement. In fiscal 2009, two accidents—one in each of our business groups—tragically claimed the lives of four employees.

At our Belfast Aerospace manufacturing facility, an employee was fatally injured when a delivery truck hit him in a parking lot. This fatality spurred us to review our traffic management plan and improve signage to better control pedestrian and vehicle traffic at the facility. We subsequently rolled out these new mobile equipment safety guidelines across the Aerospace group.

In our Transportation group, three employees lost their lives in a car accident during a winter business trip in Romania. As a result, we developed and began rolling out a “Safe Driving Policy.” The policy addresses both technical and behaviour-related matters.

### Getting to Zero

In fiscal 2009, we took several steps to further instill a zero accident mindset throughout our organization. We revised our Health, Safety and Environment Policy, refining our vision of health and safety for all people on our sites. We also continued our OHSAS (Occupational Health and Safety Assessment Series) 18001 certification activities.

- Aerospace: By the end of fiscal 2010, 100% of eligible manufacturing and service sites will be OHSAS 18001 certified.
- Transportation: All eligible production sites are OHSAS 18001 certified.

We also identified new leading indicators such as the “number of health, safety and environment training hours” to foster a proactive prevention-first attitude. In our Transportation group, we added the “number of employee reports of near misses and dangerous situations” as a leading key performance indicator.

### Next Steps

To achieve **zero accidents and occupational illnesses**, we will now focus on the following three initiatives to further improve our health and safety performance:

#### Create a Health and Safety Excellence System

Depending on the country or business group, different sites still have different health and safety procedures. Our objective is to standardize our approach by developing one Health and Safety Excellence System built on leading practices to oversee our worldwide activities.

In 2009, we will complete an inventory of existing system elements and a gap analysis by benchmarking them against best practices. We will identify the directives to be included in the new system and prioritize the procedures to be standardized.

We plan to fully implement the new Health and Safety Excellence System in 2012.

### **Further Integrate Health and Safety into Business Systems**

The Achieving Excellence System (AES) and Bombardier Operations System (BOS) are the respective business systems of Bombardier Aerospace and Bombardier Transportation. Both systems incorporate diverse health and safety principles and directives.

The first element of the AES Balanced Scorecard is **safety**. It includes the following health and safety indicators:

- Accident frequency
- Incident rate

A key element of BOS is “**creating a safe workplace for employees.**” The BOS scorecard includes:

- Accident frequency
- Near misses
- Dangerous behaviours
- Dangerous situations

We are currently reviewing these two systems to ensure that occupational health and safety considerations are an integral part of all processes and procedures. We are also integrating health and safety considerations into our product design processes to foster the safety of the people who manufacture, maintain and use our products.

### **Promote Bombardier Health and Safety Standards across Supply Chain**

We are committed to encouraging all suppliers to adopt our high standards of health and safety. Most contractors and suppliers under our management control are already integrated into our health and safety management and reporting systems.

However, some contractors and suppliers not under our control apply their own standards, which may not fully align with ours. By continuing to leverage our Health, Safety and Environment Policy and our Supplier Code of Conduct, we will promote high health and safety standards across our supply chain.

## GENDER DIVERSITY

Women currently compose approximately 15% of our total workforce worldwide. Over the past three years, the percentage of women in management positions increased by nearly 13%.

### Percentage of Women in Management (Directors and Up)

	Fiscal 2007	Fiscal 2008	Fiscal 2009
<b>Corporate</b>	23.4%	25.5%	26.2%
<b>Aerospace</b>	15.0%	17.6%	16.4%
<b>Transportation</b>	8.7%	9.8%	9.8%
<b>Total</b>	<b>10.9%</b>	<b>12.3%</b>	<b>12.3%</b>

### Next Steps

In **Aerospace**, our Talent Acceleration Pool (TAP) will enable us to increase women in management to 25% by 2012. Stretch jobs/assignments, special projects, feedback and coaching will enable us to accelerate the development of high-potential female employees.

In **Transportation**, we kicked off our Female Engineering Network in May 2008. Over 100 active members belong to this cross-divisional European network. Its goal is to make Bombardier a more attractive place for female engineers.

This communication platform will help improve their work environment and facilitate their professional and personal development. It also links to similar networks at some of our sites in North America.

Our objective is to recruit more female engineers through campus fairs, industry networks and mentorship programs for senior students.

## LISTENING TO EMPLOYEES

### Fiscal 2009 Survey Results

#### Aerospace

In our Aerospace group, we have assessed employee engagement through annual surveys since 2004. In fiscal 2009, employee participation increased by 4% from 85% to 89% compared to fiscal 2008. Employee engagement rose by 2.5%. Strengths include confidence in the future, trust in managers, safety, pride and corporate citizenship. Employees report clear expectations and helpful colleagues within their work group.



Aerospace employees scored our corporate social responsibility performance higher in fiscal 2009 than in fiscal 2008.

- “Act as a responsible corporate citizen in our communities”—improved by 11%
- “Take steps to protect the environment in the design of our new products”—improved by 11%
- “Take concrete steps to protect the environment at my site, business unit or function”—improved by 5%

Employees identified quality as an area requiring further attention to deliver an amazing customer experience. Each team is currently developing an action plan focused on quality and other improvement areas.

### **Transportation**

In our Transportation group, we held our second employee engagement survey in November 2008, with a 74% completion rate and 76% overall engagement level. This represents a 5% increase over the 2006 survey. Key improvements noted by employees include:

- A clearer strategy
- More confidence in leaders
- Greater optimism about the future

Our Transportation employees also scored our corporate social responsibility performance higher in this survey than the previous one.

- “How good is Bombardier Transportation in showing integrity in its business dealings?”—improved by 10%
- “How good is Bombardier Transportation in being environmentally responsible?”—improved by 5%

For corporate social responsibility questions not asked in the previous survey, we scored as follows:

- “I have a good understanding of the health and safety rules and procedures here.”—88% responded favourably
- “Bombardier Transportation is committed to providing a safe and healthy working environment.”—75% responded favourably

In May and June 2009, focus groups at nine sites worldwide provided employee feedback on common concerns and potential group-wide initiatives. Based on this feedback, we are putting the final touches on an action plan to be rolled out in 2010.

Along with our in-depth survey every two years, a pulse survey conducted halfway through the period will indicate if we are moving in the right direction.

### **Corporate Office**

In November 2008, our Corporate Office conducted its first survey to assess employee satisfaction and engagement. Managers met with their teams to review the results and establish action plans for targeted improvements. Our second survey took place in November 2009.

## **DEVELOPING EMPLOYEES**

### **Aerospace**

Our Achieving Excellence System is a key driver of employee development. We increased the percentage of

employees with “Achieving Excellence” Bronze certification from 96% in fiscal 2008 to 99.5% in fiscal 2009. Silver certification rose from 6% to 87% of employees, with the remaining 13% currently being qualified for certification. At these first two levels, a bottom-up approach empowers employees to initiate change and define standards locally.

To attain Gold, Platinum and Diamond certifications, we must combine this bottom-up approach with a more formal top-down alignment on common goals. As part of the two- to three-year Gold certification process, we are rolling out a robust system of common procedures, standardized tools and shared work practices across our Aerospace group.

### Transportation

In our November 2008 employee engagement survey, employees ranked career and personal development higher than in our survey two years earlier. The area of leadership also scored higher. Despite this improvement, Making Great Leaders training will remain one of our priorities in the years to come.

We seek to promote employee development wherever we operate. In November 2008, for example, we became the first foreign multinational company to inaugurate a wholly owned **railway manufacturing facility in India**. The site includes a training centre to continuously advance the technical skills of its multicultural workforce.

## REWARDING EMPLOYEES

### Aerospace

More than numbers, safety is about people. Engaged employees are the key to a strong safety performance. Our **Health and Safety Awards** recognize our employees’ efforts to prevent occupational illness and work-related accidents. The following table presents the winners of our fourth annual Health and Safety Awards:

Fiscal 2009 Health and Safety Awards		
	Manufacturing/Assembly Sites	Service Centres
Lowest Accident Frequency	Querétaro	Fort Lauderdale
	0.47	0
Lowest Severity Rate	Querétaro	Fort Lauderdale
	7.74	0
Greatest Overall Improvement	Wichita	Tucson
	38.1%	54.3%

For our 2009 **Annual Accomplishment Award**, we received 70 entries representing more than 2,000 employees. This testifies to the increasing level of employee engagement at Bombardier Aerospace. In keeping with our growing commitment to communities, the winning teams received \$10,000 Cdn to donate to a non-profit organization of their choice.

One first award recipient, the Metal Bond Flow Project team in Belfast (U.K.), went beyond simply improving a process. By applying their excellent knowledge of lean principles, team members maximized their operation and obtained impressive results. The team donated \$2,500 Cdn to four Belfast organizations: Cruse Bereavement Care, Tiny Life, Samaritans and Mitchell House School.

The Strategic Transformation Learjet team in Wichita (United States), our second award recipient, focused on maintaining and improving employee morale during a difficult time. Despite being hit hard by layoffs earlier in the year, the Wichita team achieved strong results thanks to a good plan, lean principles and improved employee engagement. The team donated its \$10,000 Cdn prize to Wichita's United Way of the Plains Laid-Off Workers Fund.

### **Transportation**

In fiscal 2009, teams at our Crespin (France) and Trapaga (Spain) sites took home the first **BOS Best Practice Awards**. Our Crespin Passengers site received the award for implementing the highest number—15 in all—of best practices.

Also in Crespin, our Bogies site won for contributing the highest number of new best practices—a total of eight—to be shared across our Transportation group.

Our Propulsions and Controls (PPC) Trapaga facility received an award for developing the best practice adopted by the most sites. Twelve sites implemented Trapaga's best practice for standardized work instructions.

We presented our first **Innovation Award** to the Green Train (Gröna Tåget) team. This advanced train reduces energy consumption and sets a new industry standard in cost-efficient high speed performance. The team's innovation produced a sustainable solution that protects the environment and meets the customer's need for enhanced performance.

We announced the winners of the first **Knowledge Champion Award** in August 2009. Four bronze awards, one silver award and one gold award worth 3,000, 5,000 and 10,000 € respectively were given to six champions of best practice sharing at our Leadership Conference in September 2009.

# Building Responsible Products



## Products

### Advancing Sustainable Mobility

Sustainable mobility is built on products that mitigate the diverse impacts of climate change, air pollution, resource scarcity and rapid urbanization. Such products consume less energy and non-renewable materials. During their use and maintenance, they generate less noise, waste and detrimental air emissions.

At Bombardier, we are tackling today's sustainable mobility challenges on several fronts. We do this, in part, by developing innovative technologies that make our products more environmentally responsible.

## Developing Responsible Products

### GREATER PRODUCT RESPONSIBILITY

Our Health, Safety and Environment (HSE) Policy incorporates the guiding principle of designing products with minimal environmental impact. It commits us "to continuously improve the environmental performance of our activities and products and to gradually apply a total lifecycle view in their design while maintaining their competitiveness."

Aligned with our HSE Policy, our product responsibility strategy includes **three cornerstones** for advancing sustainable mobility:

- Design for Environment
- Lifecycle Assessments
- Environmental Product Declarations

### Leading the Way

At Bombardier, we are a world-leading manufacturer of both aerospace and rail transportation solutions. This unique position allows us to share and leverage the knowledge acquired by each of our business groups.

## Aerospace

According to the United Nation's Intergovernmental Panel on Climate Change (IPCC), civil aviation contributes 2% of the world's CO<sub>2</sub> emissions. With the anticipated growth in air traffic over the coming decades, this number could well increase.

Under the leadership of the Air Transport Action Group (ATAG), the International Air Transport Association (IATA), the Airports Council International (ACI), the Civil Air Navigation Services Organisation (CANSO) and the International Coordinating Council of Aerospace Industries Associations (ICCAIA), the aerospace industry has committed to reducing its emissions.

At a high-level meeting on International Aviation and Climate Change held in Montreal in October 2009, the industry adopted the following ambitious targets for commercial aircraft:

- A cap on aviation CO<sub>2</sub> emissions starting in 2020 (carbon-neutral growth)
- An average improvement in fuel efficiency of 1.5% per year from 2009 to 2020
- A reduction in CO<sub>2</sub> emissions of 50% by 2050 relative to 2005 levels

No other industry has made such a commitment at a global level.

As a leading manufacturer, we actively support these goals by playing a key role in developing greener technologies and more efficient aircraft. We help customers find more cost-effective ways of operating their aircraft.

Through our multiple industry partnerships, we are defining more efficient aviation infrastructures. We were also the first manufacturer to offer a fully managed carbon offset program to business aircraft operators. Spearheading the creation of a business aviation position statement focused on greenhouse gas emission reductions also figures among our current activities.

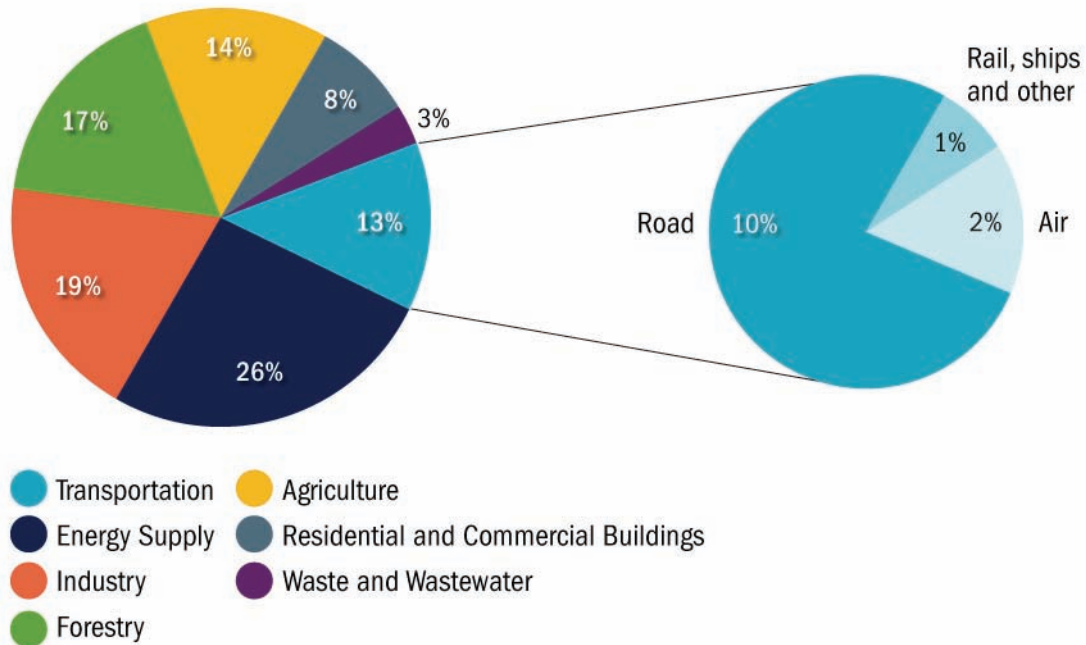
## Rail Transportation

Rail transportation is the world's **most sustainable mode of mass transit**, generating less than 1% of global greenhouse gas emissions. Yet the industry faces significant challenges. These challenges include volatile prices for oil and other resources as well as stricter emission, noise and land-use regulations.

While the transport sector is largely exempted from greenhouse gas emission trading, electricity generation is not, and it represents one of the industry's most important energy sources. As the global leader in rail technology, we are committed to driving the development of innovative solutions to these challenges.

## World GHG emissions

Calendar year 2004



## DESIGN FOR ENVIRONMENT

### Designing It Right from the Start

Our Design for Environment (DfE) program is the starting point for tackling product-related environmental impacts at Bombardier. During the initial design phase, engineers apply DfE principles to pinpoint these environmental impacts throughout a product's entire lifecycle.

Our **proprietary DfE guidelines** help us design products with:

- Increased recyclability and energy and resource efficiency
- Reduced noise and detrimental air emissions, waste, restricted substance and non-renewable resource use, complexity and parts count

By following DfE methodology, designers and engineers evaluate the lifecycle attributes of each system or component.

### DfE Centres of Competence

Our DfE program dates back to the early 1990s, when it was launched at **Bombardier Transportation**. Experts at our DfE Centres of Competence in Sweden, the United Kingdom and Germany have spearheaded several design breakthroughs in sustainable rail travel, notably our *ECO4* portfolio of technologies.

The *ECO4* portfolio:

- Enables energy-efficiency improvements of up to 50%
- Includes innovative technologies such as our Catalyst-based Low Emission Application (C.L.E.A.N.) Diesel Power Pack drive system

- Reduces rail vehicle nitrogen oxide and particulate emissions to levels that will become European Union law in 2012

### **Sharing Our DfE Expertise**

Due in part to our DfE expertise, we lead the Environment and Transportation group of the Association of the European Rail Industry (UNIFE). The group monitors and advises on European environmental legislation and policy initiatives. It provides standards and tools as well as supports cross certification.

The group also serves as a forum for developing industry-wide standards. It promotes sector dialogue on energy and climate change with customers' environmental experts. These exchanges create financial and ecological benefits for customers.

### **Reinforcing DfE at Aerospace**

Since 2008, a new R&D product innovation engineering team has boosted our DfE capabilities at Bombardier Aerospace. The team works closely with DfE colleagues at Bombardier Transportation, sharing knowledge and expertise.

Together the teams are adapting Transportation's DfE guidelines to address aerospace issues such as:

- Reducing energy consumption and emissions during the aircraft manufacturing process across the supply chain
- Eliminating restricted substances in our manufacturing, testing and maintenance processes
- Minimizing the impact of aircraft during operation (fuel consumption, noise and emissions) through new technologies and operational procedures
- Decreasing the impact of aviation on communities near airports (noise and air quality)
- Improving the recyclability of aircraft parts at the end of the product's lifecycle

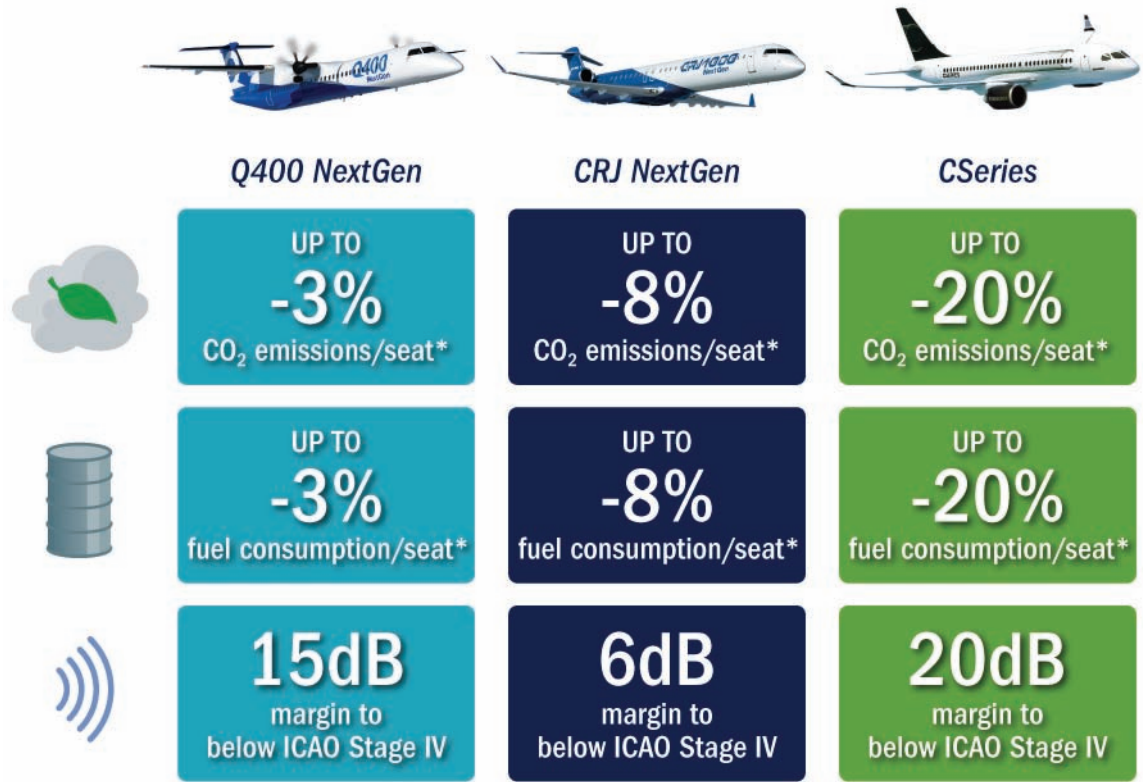
Our advances enable both our customers and industry to face increasing regulatory pressures. These advances include improved engine and system efficiencies, leading-edge composite and alloy materials to reduce weight, and enhanced aerodynamics.

### **Examples of Our Environmentally Focused Products**

Our **Aerospace products** that decrease emissions include:

- *Q400 NextGen* turboprop—Up to 3% less CO<sub>2</sub> emissions and fuel consumption per passenger seat compared to current in-production aircraft in the same category over 500 nautical miles. The *Q400 NextGen* also burns up to 40% less fuel per trip compared to the older-generation aircraft it replaces.
- *CRJ NextGen* regional jets—Up to 8% less CO<sub>2</sub> emissions and fuel consumption per passenger seat compared to current in-production aircraft in the same category over 500 nautical miles. The *CRJ NextGen* also burns up to 35% less fuel per trip compared to the older-generation aircraft it replaces.
- *CSeries* commercial jets—Up to 20% less CO<sub>2</sub> emissions and fuel consumption per passenger seat than current in-production aircraft in the same category over 500 nautical miles.

**Bombardier Has the Most Fuel-Efficient Aircraft with the Lowest Noise and Emissions in their Category**

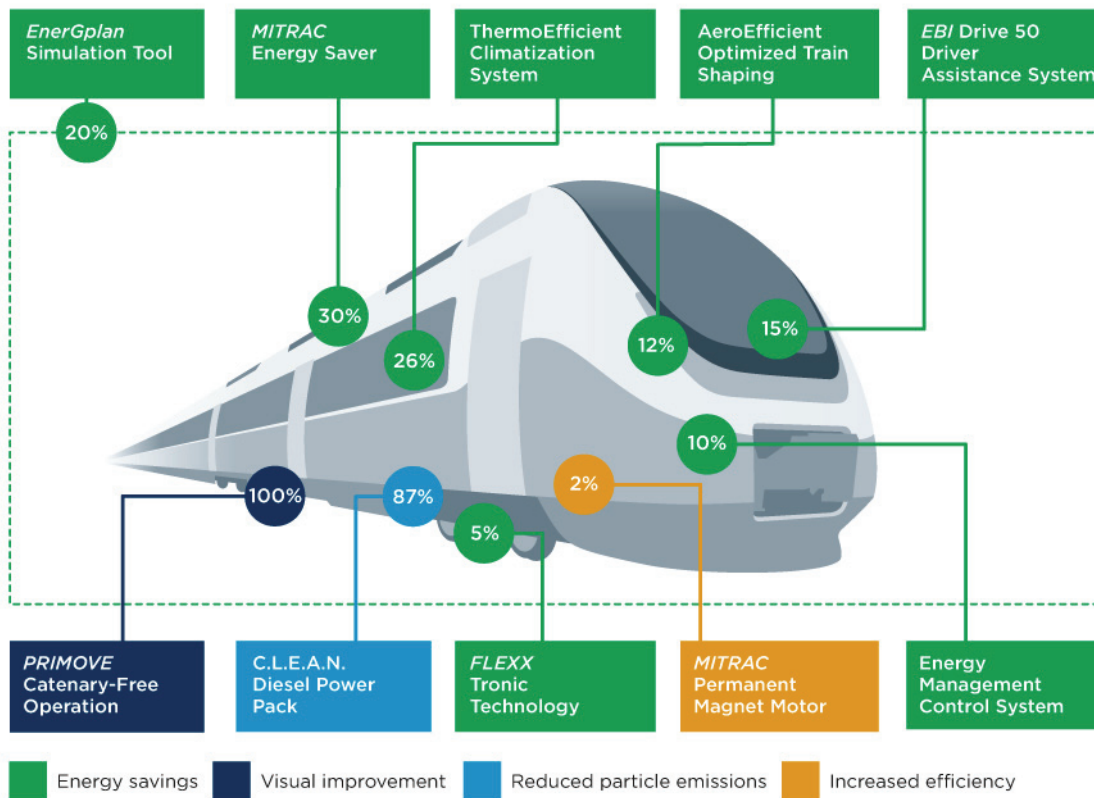


\*Compared to average in-production competitors over 500 nautical miles.

In our **Transportation group**, we constantly strive to address rail transit operators' most pressing concerns—rising energy costs, operating efficiency and global climate change. Our *ECO4* portfolio of products, services and technologies represents the culmination of these efforts.

*ECO4* balances energy, efficiency, economy and ecology, delivering overall energy savings of up to 50%. *ECO4* solutions range from advanced aerodynamically enhanced train designs to the optimization of energy efficiency in new transportation systems and existing fleets.

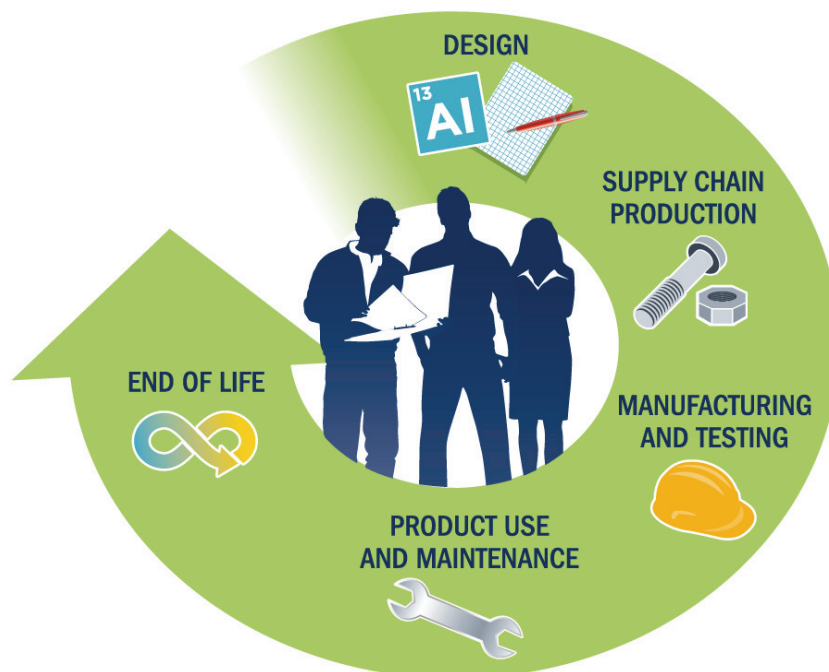




## LIFECYCLE ASSESSMENTS

### Lifecycle Management Approach

We embed sustainable development principles in our products and processes through a lifecycle management approach.



## Reduced Cradle-Grave-Cradle Environmental Impacts

Since 1995, our Transportation group's DfE process has incorporated Lifecycle Assessments (LCAs). LCAs help us **minimize the environmental impacts** of our vehicles at all stages.

Stage	Environmental Aspects	Involved Parties
<b>Design</b>	Material selection, processes and requirements	Bombardier Suppliers
<b>Supply Chain Production</b>	Energy use Emissions to air, land and water Water use Land use Materials use Waste generation	Suppliers
<b>In-House Manufacturing and Testing</b>	Energy use Emissions to air, land and water Water use Land use Materials use Waste generation	Bombardier
<b>Product Use and Maintenance</b>	Energy use Emissions related to energy use/fuel consumption Materials used for product maintenance Noise emissions Waste from maintenance activities Land use	Operators Bombardier
<b>End of Life</b>	Air emissions and energy associated with disposal, with recycling of materials or with incineration of non-recyclable materials for energy recovery Land use Waste generation	Operators Bombardier Third parties

These comprehensive assessments also form the basis of our Environmental Product Declarations (EPDs).

### Established LCA Process

The **ISO (International Standards Organization) 14040** series of standards spells out the principles and framework for lifecycle assessments. These standards guide our LCAs. They also allow us to further enhance product performance by comparing environmental impacts with those of other solutions and designs.

When serving as a basis for Environmental Product Declarations, LCAs are either issued with a self-declaration of conformity (ISO 14021) or are verified by a third party in accordance with **ISO 14025**. ISO 14025 establishes the principles and procedures for developing environmental declaration programs.

At Bombardier, the following **software tools** help us gather material information, track environmental performance and conduct LCAs:

- Bombardier Certification & Environmental Materials Database (CE-Mat)
- Material Inventory Tool
- GaBi 4

For more information on these software tools, see the Life Cycle Assessment section in Bombardier Transportation's Sustainability Report 2008.

## ENVIRONMENTAL PRODUCT DECLARATION

Environmental Product Declarations (EPDs) summarize a product's environmental lifecycle impacts as well as related data from our Environmental Management System. They enable us to provide reliable information based on ISO 14021 and 14025 standards.



We also partner with our suppliers to provide input on **lifecycle attributes** such as:

- Resource use
- Recyclability
- Energy and fuel efficiency
- Greenhouse gases, noise and other emissions

EPDs improve our environmental reporting. They facilitate dialogue with customers and help us meet their growing requirements. These declarations set a baseline for further product-related environmental improvements. They allow our customers and engineers to **benchmark our products** against those of other companies.

EPDs already exist for several Transportation products with more to come in the near future. We are also currently developing EPDs for our new aircraft programs.

### **EPDs in Aerospace**

In our Aerospace group, EPDs are a key step forward in reducing the lifecycle environmental impacts of our products. When we begin issuing them in 2013, they will enable our customers to understand the environmental impact of the aircraft they buy and/or operate.

Our EPDs will detail the overall environmental performance of the aircraft, including:

- Hazardous material use
- Raw material use
- Recyclability of maintained parts
- Recyclability at end of life
- Aircraft performance data (based on key assumptions)
- Noise data
- Emission data

### **EPDs in Transportation**

The European Union's Eco-Management and Audit Scheme (EMAS) is a management tool for evaluating, reporting and improving environmental performance.

Many of our EPDs are validated externally using the EMAS approach. They also comply with the ISO 14021 or ISO 14025:2006 standard, depending on their intended audience. We also recently applied the EPD system of the International EPD Consortium.

For more information on our EPD development process, see page 25 of the Bombardier Transportation Sustainability Report 2008.

## **Developing Safe Products**

We are committed to leading through innovation and outstanding product safety, efficiency and performance.

### **Promoting Product Safety in Aerospace**

Every three seconds, a Bombardier aircraft takes off or lands around the globe. Our worldwide fleet includes more than 3,700 business jets, 2,380 regional jets and turboprops, and 147 amphibious aircraft.

Safety and reliability have always been top priorities and we continuously seek new ways to improve our performance. Our Product Safety Policy promotes a proactive approach to safety. This is essential to prevent accidents and deliver outstanding products and services to customers.

**Five key elements** advance product safety within our Aerospace group:

- A stringent certification process based on requirements imposed by regulatory bodies and airworthiness authorities
- Proactive safety training including Safety Standdown
- Implementation of a comprehensive Safety Management System by 2012
- Airworthiness directives to address identified deficiencies
- Full participation in accident investigations

## **Safety Standdown**

Our Safety Standdown program is the aerospace industry's most respected and valued safety seminar of its kind. Offered at no charge, the program is open to all aviation professionals worldwide regardless of the type of aircraft they operate.

The majority of accidents are caused by human, not equipment failure. Safety Standdown promotes knowledge-based training and personal discipline to reduce accidents triggered by human error. The seminars are designed to change the way operators think about safety. They also provide tools to improve risk mitigation as well as operational procedures and processes.

## **Product Safety Management System**

While our product safety record is solid, we must continually push beyond the status quo. The public rightly expects product safety to keep pace with the growing number of aircraft in service. As such, the industry and its regulatory authorities are moving towards a more stringent management of safety.

In our Aerospace group, we are implementing a Safety Management System (SMS), aligned with industry standards and integrating all safety processes. It will provide a framework for adding new proactive safety measures to our current processes and practices. The system allows employees to flag potential safety issues not captured by existing reporting and corrective action processes.

Our newly created Safety Office reports to the Corporate Safety Board and is responsible for safety oversight in all areas of our Aerospace group. The office:

- Develops tools for evaluating current safety practices
- Identifies areas for potential safety improvements
- Establishes processes for ensuring compliance with internal policies and diverse regulatory requirements

Full implementation of our Safety Management System is targeted for 2012.

## **Promoting Product Safety in Rail Transportation**

Product responsibility encompasses both environmental and social considerations. We design our products to provide comfort, space, reliability, style and security for end-users. This includes convenient and safe access for all passengers, including the elderly and people with disabilities.

## **Product Safety Policy**

Launched in 2004, our Transportation group's Product Safety Policy is based on the same principles as our corporate Health, Safety and Environment (HSE) Policy. As such, health and safety is a fundamental corporate social responsibility and a priority governing all our activities.

Transportation's Product Safety Policy includes the commitment to develop, provide and maintain products that are safe for passengers, operators and other citizens. Our Product Safety Management System ensures we comply with this commitment.

## **Product Safety Management System**

Implemented in 2004, Transportation's Product Safety Management System specifies roles, responsibilities and cycles for improvement. It:

- Defines product safety requirements based on applicable laws and regulations in each country and on customer, regulator and other legitimate third-party criteria

- Ensures that safety requirements are fulfilled during the development and delivery of products and services, including a demonstration of compliance
- Proactively analyzes incidents and accidents to review and improve product safety performance
- Continually monitors and assesses the safety management process

## Engaging Customers in Product Responsibility

### Engaging Our Aerospace Customers

#### Carbon Offset Program



Becoming a truly sustainable organization requires the engagement of many partners, including customers.

In 2007, we became the first aircraft manufacturer to offer a Carbon Offset Program to business aircraft customers. This program allows aircraft operators to offset their emissions by funding projects worldwide that reduce an equal amount of CO<sub>2</sub> emissions.

#### Designing Aircraft with Our Customers

In our new aircraft programs, design teams meet frequently with customers to align product specifications with their needs. These workshops allow us to gradually integrate crucial customer feedback.

Customer surveys conducted early on in the design phase help shape our new products, as do customer focus groups held worldwide throughout the development process. These activities ensure that the final product fulfills customer requirements.

For new aircraft programs, customer-led Advisory Committees meet on a semi-annual basis to provide feedback on performance, new services required and issues in the field.

#### Amazing Customer Experience Initiative

In our Aerospace group, customer relationships are managed through the Achieving Excellence System, which includes our "Amazing Customer Experience" initiative. This initiative seeks to place customers at the heart of everything we do. It focuses our energy and resources on improving the customer experience during:

- Aircraft purchase
- Aircraft delivery
- Services and support

By anticipating their needs, we strive to create customers who are passionately loyal and proud to own and operate Bombardier aircraft. Developed by customer-facing employees, our Customer Credo also supports this goal. It outlines the employee behaviours required to deliver an amazing customer experience. Customer success stories posted on our intranet provide employees with examples of our Customer Credo in action.

As part of our customer-focus drive, our business aircraft employees are working together to evaluate service delivery at every touch point. They are also establishing shared best practices. Among the changes, customer care representatives from Wichita to Dorval now dress in similar attire. Reception areas also have a common look and feel, and service delivery is handled in the same manner.

### **Annual Customer Surveys**

We conduct and communicate the results of independent customer engagement surveys on a regular basis. We share our targets for these surveys with employees and customers via newsletters, conferences and scorecards.

Recent industry surveys revealed customer issues with our aircraft-on-ground response times and replacement part availability. As a result, we invested heavily to increase aircraft reliability, improve parts distribution and expand our maintenance capacity and technical support. These investments paid off, significantly improving our fiscal 2009 survey results for both commercial and business aircraft.

### **Prospective Customer Legitimacy**

In our Aerospace group, “Know Your Customer” guidelines ensure our compliance with the U.S. Patriot Act and Canada’s anti-money laundering laws. Performing “Know Your Customer” due diligence protects us from becoming an unwitting participant in illegal transactions.

## **Engaging Our Rail Transportation Customers**

### **Trends in the Design Process**

For many years, operators were in charge of designing rail vehicles. With the advent of privatization, manufacturers increasingly took over the design work. More recently, large and often state-owned rail operators started moving certain design activities back in-house. They provide manufacturers with very detailed specifications, right down to the type of lubricant and paint.

Despite this recent trend, we continue to rely on customer feedback to guide certain vehicle and component designs such as man-machine interfaces and vehicle interiors. For the latter, input from our customers’ customers—the passengers—enables us to create more attractive and effective products.

Our Customer Relationship Management Program also helps us understand customer strategies, business priorities and requirements.



## Designing Rail Solutions with Our Customers



Developing our *ECO4* products in collaboration with customers yielded flawless functionality in a broad range of environmental technologies.

Another example of close customer collaboration is the Gröna Tåget or Green Train research program in Sweden. With our numerous partners, we are adapting a new generation of energy-efficient, sustainable high speed trains to the Nordic climate and traffic. The Gröna Tåget is equipped with two *ECO4* technologies to maximize total train performance and energy-efficient operation:

- *FLEXX* Tronic technology with radial self-steering (RSS) suspension and active lateral suspension (ALS)
- *MITRAC* Permanent Magnet Motor drive

The Gröna Tåget is enhancing the competitiveness of rail compared to other modes of transportation. The objectives are to consume up to 50% less energy and to reduce emissions, travel times and operational costs.

The Gröna Tåget is running at higher speeds with heightened safety and low track deterioration. It set a new Swedish speed record at 303 kilometres per hour. In tests, we are also operating efficiently using the current rail structure, despite sharing single tracks with cargo and regional trains.

## Progress

### RESPONSIBLE PRODUCTS

#### Investing in Responsible Products

During fiscal 2009, we continued to advance sustainable mobility across our two business groups. Here are the highlights of our product responsibility investments.



## **Bombardier Aerospace**

Further improvements are necessary to achieve the commercial aviation sector's objective of carbon-neutral growth by 2020. In fiscal 2009, we moved closer to this goal by introducing new technologies and by continuing to develop new aircraft.

On the **technology front**, we conducted civil aviation's first test flight equipped with an all-electric braking system. Among the many benefits, electric brake technology supports a more fuel-efficient, cleaner-burning aircraft and reduces the use of toxic hydraulic fluids.

Compared to average in-production aircraft in the same category at a distance of 500 nautical miles, our advanced 110- and 130-seat *CSeries* **commercial aircraft** will:

- Generate up to 20% less CO<sub>2</sub> emissions
- Burn up to 20% less fuel
- Emit four times less noise

Half of the *CSeries* aircraft's fuel burn improvement is derived from our Design for Environment (DfE) process. This process enabled a lighter structure and state-of-the-art system technology and aerodynamics. Pratt & Whitney's high-bypass *PurePower* engine accounts for the other 50% of the improvement.

In **business aircraft**, our revolutionary clean-sheet *Learjet 85* business jet features:

- Our next-generation wing design for optimal aerodynamics to reduce fuel consumption and emissions
- An all-composite airframe for dramatic improvements in parts count, weight, fatigue resistance and corrosion resistance
- A 21st-century engine (PW307B) for low noise, emissions and fuel burn

## **Bombardier Transportation**

In fiscal 2009, we made the world's most sustainable mode of mass transit even more environmentally sound.

In September 2008, we launched our groundbreaking *ECO4* suite of customizable solutions, which:

- Delivers up to a 50% overall energy saving
- Minimizes CO<sub>2</sub> emissions
- Increases economic value
- Improves total train performance

The *ECO4* modular portfolio addresses the most pressing concerns facing rail transit operators today. It delivers best-in-class fleet and operational performance by combining the four cornerstones of sustainable mobility: energy, efficiency, economy and ecology.

*ECO4* technologies include:

- *EnerGplan* Simulation Tool—Up to 20% energy saving
- AeroEfficient Optimized Train Shaping—Up to 8% energy saving in regional trains and 15% in high speed trains
- *EBI Drive50* Driver Assistance System—Up to 15% saving in traction energy
- *MITRAC* Energy Saver—Up to 30% energy saving in light rail vehicles and up to 35% in multiple diesel units
- ThermoEfficient Climatisation System—Up to 24% energy saving through a variable fresh air rate system and up to 26% energy saving through a heat exchanger system

We also developed the lowest emission propulsion system for diesel-driven vehicles in the 500-kilowatt class. Our new **C.L.E.A.N. Diesel Power Pack** began operating on our *ITINO* trains in Germany in November 2009. Service in Sweden will follow in December 2009. This advanced technology already meets the European Union's emission requirements to be implemented in 2012.

Our exciting new *FLEXX Eco* bogies significantly decrease energy consumption and noise emissions. Their compact, low-weight design reduce total bogie mass and unsprung mass by 30%.

Our *FLEXX Tronic* technology is another innovation in our bogie family. Its active, multi-functional elements automatically adapt to changing operating conditions, such as high speed, tight curves and different track parameters. This reduces wheel and rail wear as well as vehicle mass, vibration and noise.

## DESIGN FOR ENVIRONMENT / EPDs

### CSeries and Learjet 85 Aircraft Programs

In **Aerospace**, we will produce Environmental Product Declarations (EPDs) for our *CSeries* and *Learjet 85* aircraft before they both enter into service in 2013.

In fiscal 2009, we made significant headway in the detailed environmental impact assessment of our benchmark **CSeries** aircraft program. The assessment identifies impacts and opportunities for performance improvements throughout the aircraft's entire lifecycle. The result will be a more environmentally focused aircraft.

The assessment will also allow us to publish both an EPD and an environmental scorecard for the *CSeries* commercial aircraft. The scorecard will summarize the aircraft's environmental performance in a single fact sheet.

We are carrying out the same process for our **Learjet 85** business aircraft program. This will enable us to share important improvement information across our commercial and business aircraft programs.

We will integrate the lessons learned along the way into our Design for Environment process. This will set the stage for continuous improvements in our future aircraft programs.

### Flybe Eco-Label for Q400 Turboprop

Marking an industry first, British airline Flybe developed an environmental scorecard or "eco-label" for all aircraft in its fleet, including the **Bombardier Q400 aircraft**. The eco-labels demonstrate that the airline's investment in younger aircraft translates into lower fuel burn and reduced environmental impact.

On its Flybe eco-label, the *Q400* aircraft scores an "A" for overall environmental performance. The regional aircraft burns up to 40% less fuel compared to similar capacity older-generation aircraft.

Flybe Bombardier Q400		flybe.
<b>Local Environment</b>		
Noise Rating		
Less		
A		
B		
More		
Take off & Landing CO <sub>2</sub> Emissions	<b>A (817 kg)</b>	
Take off & Landing CO <sub>2</sub> Emissions (per seat)	<b>10.5kg</b>	
Take off & Landing Local Air Quality <sup>1</sup>	<b>2kg</b>	
<b>Journey Environment</b>		
Total Aircraft Fuel Consumption By Journey Length	Domestic (500km)	<b>A (1044kg)</b>
	Near EU (1000km)	<b>A (1896kg)</b>
	Short Haul (1500km)	<b>A (2760kg)</b>
CO <sub>2</sub> Emissions Per Seat By Journey Length	Domestic (500km)	<b>B (42kg)</b>
	Near EU (1000km)	<b>B (77kg)</b>
	Short Haul (1500km)	<b>B (111kg)</b>
<b>Passenger Environment</b>		
	Minimum Leg Room	<b>30"</b>
	Number Of Seats	<b>78</b>
<sup>1</sup> Emissions of Nitrogen Oxides as an indicator of the effects on local air quality		

The innovative labels can be viewed by customers during Flybe's online ticket-booking process, in its in-flight magazines and on the side of each aircraft. To ensure transparency, Deloitte and Touche LLP validated all information appearing on the labels.

## Rail Transportation

We continued DfE training for our engineers and procurement managers in fiscal 2009. To date, several hundred employees have attended these training sessions. We also integrated more key suppliers into our **Joint Design Definition Process (JDDP)** to optimize lifecycle attributes at every step of the design phase.

For the first time, we issued EPDs for individual vehicle components: a drive system and a high power converter. Splitting a rail vehicle into components with separate EPDs will make it much easier to collect EPD data from suppliers. We validated the converter's EPD using the Eco-Management and Audit Scheme (EMAS) approach.

### Next Steps

Our goal is to:

- Develop an Environmental Product Declaration (EPD) for each new product platform in our Aerospace and Transportation groups
- Issue four additional Transportation EPDs in fiscal 2010, two of which will undergo EMAS validation

## ALTERNATIVE FUEL

In our Aerospace and Transportation groups, we continue to support collaborative research initiatives in cleaner alternative fuels.

In fiscal 2009, the aviation industry significantly advanced biofuel research and development. In fact, we expect a plan for biofuel certification to materialize within the next few years. The industry's focus is on biofuels sourced from second or new generation—algae, jatropha and camelina—biomass.

We will conduct our own biofuel research to ensure our in-service and new aircraft are ready to burn these fuels. We will also carry out an in-depth study in alternative fuels. This program will explore a number of energy sources, including kerosene enhancement.

In our Transportation group, we actively participated in product innovation research to explore biodiesel alternatives. Trials on a Virgin Voyager train set confirmed the feasibility of CO<sub>2</sub> emission reductions of up to 14% with biodiesel fuel.

## RECYCLABILITY

Energy-efficiency issues and higher raw material costs increase the focus on end-of-life issues during product development. More stringent environmental requirements and improved recycling technologies will improve recoverability rates.

### End-of-Life Challenges in Aerospace

The aerospace industry faces significant aircraft end-of-life challenges. Over the next 20 years, approximately 250 commercial aircraft will be withdrawn from service every year. Due to the lack of dedicated infrastructure and profitable recycling processes, more than half of these aircraft will be abandoned in deserts or warehouses.

At Bombardier, our goal is to improve the recyclability of aircraft parts. With the Consortium for Research and Innovation in Aerospace in Quebec (CRIAQ) and other industry partners, we are dismantling a Bombardier *CRJ200* regional jet to determine which parts are truly recyclable. This research will help us make recommendations for the recovery, revalorization and redistribution of reusable and disposable parts and materials at the end of an aircraft's life.

### End-of-Life Challenges in Rail Transportation

Effective end-of-life solutions are also a priority in our Transportation group. End-of-life options for rail vehicles include:

- Reuse
- Material recycling
- Incineration with energy recovery
- Disposal (usually in landfill sites)

In our Transportation group, we achieved a rail vehicle recoverability rate of 92% to 96%. Using recyclable materials and avoiding the blending of materials increases a vehicle's recoverability. New recycling techniques have also evolved over the past couple of years.

These tools facilitate proper environmental documentation, which improves waste options. We are also working with the Association of the European Rail Industry (UNIFE) to harmonize waste definitions within the industry. A complete material declaration together with a recycling manual will reduce end-of-life costs.

## **CARBON OFFSET**

### **Expanding Our Carbon Offset Program**

In October 2008, we extended our industry-leading program to our *Flexjet* fractional owners. Now both our business aircraft and *Flexjet* customers can offset the climate impact of the aircraft they own and/or operate. We also voluntarily offset carbon emissions resulting from:

- Our own corporate flights on our business aircraft
- Our demonstration fleet
- Our *PartsExpress* flights through *Flexjet*

We administer our Carbon Offset Program through leading offset provider ClimateCare. ClimateCare invests the fees paid to purchase Verified Emission Reduction (VER) credits in a portfolio of projects to reduce an equivalent amount of CO<sub>2</sub>. Adhering to internationally recognized standards, these projects focus on:

- Renewable energy—Replaces non-renewable fuel such as coal, gas and non-renewable wood sources
- Energy efficiency—Reduces the amount of fuel needed

### **Offering Carbon Offsetting as a Service**

In April 2009, we further improved the program by offering it to our customers “by the hour.” Enrolled customers are charged a fixed cost per flight hour. Rates vary depending on the aircraft model. Operators with a mixed fleet—Bombardier and competitor products—can also enroll their aircraft in the program.

### **Next Steps**

We are working with ClimateCare and European Union authorities to explore ways of making our program compatible with Europe’s Emission Trading Scheme (ETS) requirements. These requirements are scheduled to take effect in January 2012.

## **EMISSION TRADING SCHEME**

### **New Obligations in Europe**

On February 2, 2009 the European Community (EC) incorporated aviation into its Emission Trading Scheme (ETS). By the time the legislation becomes law on January 1, 2012, this will have created numerous obligations for commercial and business aircraft operators.

The ETS is a cap and trade system designed to help the EC meet its Kyoto Protocol objectives. The ETS establishes a cap on industry emissions and then issues allowances that permit participants to emit a specific amount of CO<sub>2</sub>.

A cap on emissions will be fixed at 97% (2012) and 95% (2013 to 2020) of CO<sub>2</sub> emissions from 2004 to 2006. Participants will also be able to purchase carbon credits that are publicly traded to offset emissions not covered by their allowances.

The ETS will apply to both commercial and private operators flying into, within and out of European Union airspace.

## **ETS Working Group**

This year, we established a working group to assist our own fleets and our business and commercial aircraft customers impacted by the ETS.

The working group helped our fleets and affected customers prepare and submit Monitoring, Reporting and Verification (MRV) benchmarking plans to the European Union.

The working group created a designated ETS section on our business aircraft customer website. Resources currently available include:

- A brief summary of the ETS
- Fuel burn data for calculating emissions
- Lists of key contacts
- Differences between the ETS and our Carbon Offset Program
- Links to additional information

## **Next Steps**

We will continue to cooperate with the European Union to fulfill any ETS requirements expected of us as an aircraft operator. We will also provide ongoing support to our customers by distributing pertinent and timely information.

We will also actively promote the reinvestment of part of any cap and trade levies in green aviation technology as well as improved airport infrastructure and air traffic management.

## **SAFE PRODUCTS**

### **Safety Standdown Program**

We have held annual Safety Standdown seminars in the United States since 1996 and in Europe since 2007. We are currently looking at expanding this program into new and emerging markets. To date, over 4,100 pilots, crew members, safety specialists and industry officials have graduated from our Safety Standdown seminars.

### **Step Back for Safety!**

This new Aerospace training program promotes a better understanding of the safety issues facing the aerospace industry. It also reinforces the importance of having a strong safety culture. The agenda addresses accidents and incidents involving Bombardier products, and the lessons learned from these events.

## **CUSTOMER SATISFACTION**

In fiscal 2009, we were the only Original Equipment Manufacturer (OEM) to improve its ranking in *Professional Pilot* magazine's annual product support survey. Our scores increased across all seven categories. Our technical representatives improved from fifth to second position, while our cost of parts moved from fifth to third.

In both the 2009 *Professional Pilot* and *Aviation International News* surveys, our overall rating improvement was higher than all other OEMs. This marks the third consecutive year that customer satisfaction with our services and support increased in both surveys. Strong areas of improvement included our aircraft-on-ground response times and parts availability.

Despite our progress, we recognize that we must continue intensifying our efforts to enhance customer satisfaction.

For more information, view our customer service and support video on YouTube.

# Operating Sustainably



## Operations

### Vision to Enhance Environmental Stewardship

We seek to continuously reduce any detrimental environmental impact generated by our products and our operations. Lifecycle analysis confirms that customer use and maintenance of our products generates the greatest impact. Nonetheless, the environmental footprint of our service and manufacturing facilities remains an ongoing focus.

In fiscal 2009, the Bombardier Health, Safety and Environment (HSE) Council fine-tuned our **vision to minimize our operations' environmental impact** as part of Our Way Forward strategy. The vision builds on the principles and commitments of our new HSE Policy. Its key long-term goals include:

- Progressively achieving carbon neutrality throughout our activities
- Switching to renewable materials where possible
- Eliminating the use of **restricted substances\***
- Delivering a “zero waste” performance

Greater innovation and efficiency improvements, along with significant investments, will be essential to fulfill this vision.

See “Our Environmental Performance” tab in the Progress sub-section for details on our **operations' environmental performance**.

### Environmental Management System

Our Environmental Management System (EMS) conforms to the ISO 14001 EMS standard. Focused on continuous improvement, this standard guides our efforts to identify and manage our activities' environmental aspects and impacts. It enables us to track and improve environmental impact reduction programs across our manufacturing, service, maintenance and engineering operations.

In Aerospace, 90% of our eligible manufacturing and service sites are ISO 14001 certified. By the end of fiscal 2010, all of our eligible aerospace manufacturing and service centres will be certified to this standard. In Transportation, 100% of our eligible facilities are ISO 14001 certified. Eight sites are also registered according to the EU EMASSA scheme.

\* Restricted substance: A material or substance that has been classified by Bombardier as restricted. These substances shall not be used by Bombardier or in its products if they can be technically and cost effectively avoided.



# Energy and Carbon Management Strategy

## Determining Our Carbon Footprint

In last year's report, we committed to completing a global energy and carbon assessment of our operations. We used fiscal 2009 data to perform a detailed inventory of energy sources and greenhouse gas (GHG) emissions at 85 sites. This included manufacturing sites, major service locations and offices.

Based on this information, we also began identifying facilities with the greatest opportunities for energy-efficiency improvements and GHG emission reductions.

## Towards New Operational Targets

This energy and GHG inventory is enabling us to develop a more comprehensive Energy and Carbon Management Strategy (ECMS). As part of this strategy, we set a preliminary target of:

- Reducing energy consumption and GHG emissions at our facilities by an **additional 10%** between fiscal 2010 and 2015

This target builds on our 17.5% reduction in energy consumption and 10% reduction in CO<sub>2</sub> emissions achieved between fiscal 2004 and 2009.

In fiscal 2010, we will complete a more detailed assessment of direct (scope 1) and indirect (scope 2) emission reduction opportunities for the most relevant sites. Each facility will be assigned its own environmental targets based on past performance and locally available energy sources and programs. This assessment will allow us to confirm our exact reduction targets.

## Three-Pronged Strategy

Our goal is to minimize our overall carbon footprint through a three-pronged approach focused on:

- Improved energy efficiency
- Increased use of renewable energy sources
- Carbon offsetting if required either due to the unavailability of regenerative energy or for economic reasons

We will also complete an inventory of available renewable energy sources and related costs in the countries where we operate. In fiscal 2011, we will assess the feasibility of gradually switching to this more environmentally focused energy.

In August 2009, we joined prominent companies worldwide in signing the Copenhagen communiqué as a lead-up to the UN Climate Change Conference in Copenhagen.

The communiqué calls for organizations to request an ambition, robust and equitable global deal on climate change.



## New Environmental Indicators

This year, we are adding three new indicators to our existing environmental key performance indicators:

- Waste valorization index—This index defines the ratio between the mass of recovered waste and the total mass of waste. It enables us to monitor our progress in waste treatment. Examples of waste valorization are material recycling and energy recovery.
- Use of volatile organic compounds (VOCs)—Our long-term goal is to eliminate air emissions generated by the use of chlorinated solvents in our processes.
- Number of environmental incidents—These incidents include significant spills and non-compliance situations.

See the “New Environmental Indicators” tab in the Progress sub-section for more details.

## Zero Net Emissions at Annual Meeting of Shareholders

As part of our new Energy and Carbon Management Strategy, we held our first carbon-neutral Annual Meeting of Shareholders on June 3, 2009 in Montréal, Canada.

We purchased high-quality Gold Standard carbon offset credits from Planetair to neutralize the 35 tonnes of carbon generated by the meeting due to:

- Travel and lodging for out-of-town participants
- Energy, food and paper consumed at the event

These offset credits were invested in projects that reduce GHG emissions by developing new sources of renewable energy or through energy conservation.

## Environmental Responsibility at Industry Fairs

Each action, whether large or small, can make a difference. In our Aerospace group, we launched our recycling program at the Farnborough Airshow in 2008. We provided the recycling bins found throughout the entire site. We also brought this program to the Paris Airshow in 2009, enabling more than 380,000 visitors to recycle their waste.



Find out more about our recycling program on YouTube.

Our purpose-built exhibition and meeting facility at the Paris Airshow also exemplifies our commitment to reduce our environmental impact. Since 2002, it has incorporated sustainable architectural features and workspaces using recycled materials. It also promotes responsible manufacturing practices through its reusable modular design.

Similarly in our Transportation group, we also reuse furniture and displays across the diverse industry fairs. For example, modules used at the Railtex exhibition in the U.K. were then shipped to Rail-Tech in the Netherlands, MetroRail in the U.K. and the UITP exhibition in Austria.

## Progress

### DATA MANAGEMENT

In fiscal 2009, we acted on our commitment to improve the accuracy and integrity of our health, safety and environment (HSE) data. We selected and began building a leading HSE Information Management System. We expect to start deploying the system across Bombardier by the end of fiscal 2010.

This data management tool will enable us to:

- Improve data quality, integrity and traceability for reporting purposes
- Make better strategic decisions about HSE policies, programs and resources

### OUR ENVIRONMENTAL PERFORMANCE

In fiscal 2004, we set a five-year 15% overall reduction target for our key environmental metrics. Here is an overview of our operations' consolidated environmental performance (absolute values).

		FY04 (baseline)	FY05	FY06	FY07	FY08	FY09	Five-Year Reduction Target	Actual % Change FY09 vs. FY04
Water Consumption (cubic metres)	Aerospace	2,472,021	2,334,419	2,080,498	1,834,510	1,553,588	1,573,914	-15%	-36.3%
	Transportation	1,057,186	986,665	768,590	707,385	724,587	722,584	-15%	-31.7%
	<b>Total</b>	<b>3,529,207</b>	<b>3,321,084</b>	<b>2,849,088</b>	<b>2,541,895</b>	<b>2,278,175</b>	<b>2,296,497</b>	<b>-15%</b>	<b>-34.9%</b>
Energy Consumption (gJ/gajoules)	Aerospace	3,444,954	3,314,314	3,217,816	2,991,253	2,862,121	2,977,807	-15%	-13.6%
	Transportation	2,827,560	2,907,777	2,335,393	2,032,696	2,127,578	2,199,211	-15%	-22.2%
	<b>Total</b>	<b>6,272,514</b>	<b>6,222,091</b>	<b>5,553,209</b>	<b>5,023,949</b>	<b>4,989,699</b>	<b>5,177,018</b>	<b>-15%</b>	<b>-17.5%</b>
GHG Emission (tonnes CO <sub>2</sub> -eq.)	Aerospace	214,717	206,260	200,691	208,887	201,879	212,311	-15%	-1.1%
	Transportation	236,153	241,636	187,631	164,485	181,864	193,359	-15%	-18.1%
	<b>Total</b>	<b>450,870</b>	<b>447,896</b>	<b>388,322</b>	<b>373,372</b>	<b>383,743</b>	<b>405,670</b>	<b>-15%</b>	<b>-10.0%</b>
Waste (metric tonnes)	Aerospace	14,899	14,722	14,464	13,033	12,331	12,942	-15%	-13.1%
	Transportation	16,760	19,550	16,902	13,472	16,279	15,234	-15%	-9.1%
	<b>Total</b>	<b>31,659</b>	<b>34,272</b>	<b>31,366</b>	<b>26,505</b>	<b>28,610</b>	<b>28,176</b>	<b>-15%</b>	<b>-11.0%</b>
Hazardous Waste (metric tonnes)	Aerospace	8,876	9,344	8,730	8,335	7,913	8,727	-15%	-1.7%
	Transportation	4,620	5,330	4,335	3,112	3,845	2,510	-15%	-45.7%
	<b>Total</b>	<b>13,496</b>	<b>14,674</b>	<b>13,065</b>	<b>11,447</b>	<b>11,758</b>	<b>11,237</b>	<b>-15%</b>	<b>-16.7%</b>

## Water Consumption

We **reduced our water consumption by 35%** or 1,232,710 cubic metres between fiscal 2004 and 2009. Our operations consumed 3,529,207 cubic metres of water in fiscal 2004 versus 2,296,497 cubic metres in fiscal 2009.

## Energy Consumption and Greenhouse Gas Emissions

As shown above, over the past five years we considerably reduced our absolute energy consumption and GHG emissions compared to our fiscal 2004 baseline.

Between fiscal 2004 and 2009, our manufacturing and service network achieved an:

- **Overall 17.5% reduction in energy consumption**
- **Overall 10% reduction in total annual CO<sub>2</sub> emissions** (approximately 45 kilotonnes in absolute figures)

We exceeded our five-year 15% absolute energy usage reduction target by 2.5% through a number of energy-efficiency initiatives.

Although our Transportation group achieved an 18% reduction, we missed our five-year 15% absolute GHG emission reduction target by 5%. This was primarily due to increases in production volumes in our Aerospace activities.

## Waste and Hazardous Waste

We **reduced waste generation by 11%**, from 31,659 metric tonnes in fiscal 2004 to 28,176 metric tonnes in fiscal 2009. In our Aerospace group, waste generation declined by 13% over five years.

In our Transportation group, we increased the number of non-European Union suppliers, which resulted in more wooden, non-returnable packaging. This factor, along with higher production volumes and recent construction activities (excavated soil is considered waste), prevented us from reaching our five-year 15% reduction target.

We **decreased hazardous waste by 17%**, from 13,496 metric tonnes in fiscal 2004 to 11,237 metric tonnes in fiscal 2009. Most notably, we generated 46% less hazardous waste in our Transportation group. More stringent hazardous waste guidelines as prescribed by our list of restricted substances drove the improvement.

## ENVIRONMENTAL PROGRAMS

Over the years, efforts to reduce our environmental footprint have become an integral part of day-to-day activities. Several programs are in place to promote local actions that help conserve energy, reduce emissions, save water and generate less waste.

### Focusing on Renewable Resources

Some of our major manufacturing sites are located in Québec, Canada, a province with significant renewable hydro-electricity. In fiscal 2009, our sites' use of renewable energy accounted for approximately 29% of our global energy consumption.

Over the next year, we expect to obtain a more comprehensive understanding of our sites' green energy use worldwide. This will help us identify opportunities to harness new sources of renewable energy and further reduce our environmental footprint.

## Launch of Green Building Policy

In 2009, we started developing a Green Building Policy within our Aerospace group. The policy stipulates minimum requirements for environmental certification with third parties such as LEED (Leadership in Energy and Environmental Design) for all new Bombardier facilities.

Certification requirements cover:

- Land on which the facility is built
- Use of renewable energy and optimization of energy performance
- Indoor environmental quality, including air and lighting quality
- Efficient usage of water
- Materials used to build the facility

Our new *CSeries* and *Learjet 85* aircraft facilities will be built to meet these requirements.

## Advancing Energy Efficiency at Our Sites

The **Energy Efficiency at Our Facilities (ENEFA) project** in our Transportation group is a key energy conservation program. Under ENEFA, all Transportation production and larger service sites assess their energy-efficiency performance against internal benchmarks.

As part of our energy-efficiency focus, we **completed a two-year energy survey** of our Transportation group's 23 major production sites. This enabled us to identify energy consumption and key emission sources.

Based on the assessment, we targeted and initiated projects at nine sites, which should save approximately 50,000 MWh every year. This saving represents 15% of the annual consumption of our major production facilities. To date, 13 of the 23 sites assessed have begun rolling out energy-efficiency programs, with the others to follow in the near future.

Site-based projects include building renovations, heating system upgrades, energy source and lighting system optimization, and conversions to district heating instead of site-based heating. These measures were partly identified in cooperation with external partners such as the Carbon Trust for United Kingdom sites.

Our sites also adjusted heating and cooling systems to automatically maintain pre-set heating levels and lower night-time temperatures in office buildings, workshops and production sites.

You will find below more information on local initiatives to reduce our environmental footprint across all Bombardier sites.

## Employee Awareness

### All Aerospace sites

- Produced and distributed a corporate social responsibility video to all Aerospace sites to raise awareness of environmental and other social responsibility issues and achievements
- Integrated environmental considerations (e.g. waste) in our Achieving Excellence System (AES), which must be tracked monthly on the AES Balanced Scorecard by all teams, starting at the Gold level
- Currently conducting an awareness campaign in *Bfocus*, our employee publication, to promote our environmental strategy, including our Design for Environment principles and lifecycle approach

**Derby, England (Transportation)**

- Appointed additional energy champions; completed energy checklist of two-thirds of site; established poster campaign; initiated climate change toolbox talks

**Baroda, India (Transportation)**

- Launched energy-efficiency awareness program

**La Pocatière, Canada (Transportation)**

- Established “Energy Zero” program

**Plattsburgh, United States (Transportation)**

- Created a resource conservation team and a green team; included energy efficiency in Bombardier Operations System (BOS)

**Intelligent and High-Efficiency Lighting****Administrative Centre (Aerospace)**

- Implemented a new lighting schedule aligned with employee needs at the Administrative Centre to conserve energy and protect the environment

**Wichita, United States (Aerospace)**

- Replaced metal halide lamps, saving almost 912,000 kWh and 914 tonnes of CO<sub>2</sub> emissions annually

**Hartford, United States (Aerospace)**

- Changed all old ballasts from site lighting, saving 561,741 kWh

**Dorval, Canada (Aerospace)**

- Replaced fluorescent fixtures in three key buildings, saving 600 MWh

**West Virginia Air Center, United States (Aerospace)**

- Launched four-year project to replace fluorescent lights in hangar bays, which will save more than 750,000 kWh and 1.6 million pounds (more than 725,000 kg) of CO<sub>2</sub>; completed energy assessment of entire site and currently identifying opportunities to replace lights

**Belfast, U.K. (Aerospace)**

- Installed high-efficiency lighting throughout site and automatic light switches in paint booths

**Saint-Laurent, Canada (Aerospace)**

- Part of Hydro-Québec energy-efficiency project since 2005; replaced motor generators with more efficient alternative, changed compressors and optimized fluorescent lighting; resulted in annual saving of 12.06 GWh

**Dorval and Saint-Laurent, Canada (Aerospace)**

- Recognized by Hydro-Québec for substantially reducing our electricity consumption through participation in energy-saving program

**Toronto, Canada (Aerospace)**

- Replaced old hangar high bay lights, resulting in annual electricity savings of 49,000kWh and 35% increase in lighting level

**Several Transportation sites, including Australia; Derby, England; Goerlitz and Mannheim, Germany; Pittsburgh and Kanona, United States**

- Installed modern lights to reduce overall energy consumption



**Derby, England; Hennigsdorf, Germany (Transportation)**

- Installed motion detectors to reduce lighting levels when no employees are on shop floors

**Vienna, Austria; Baroda, India (Transportation)**

- Installed timers and light sensors for exterior lights

**Renewable Energy Sources****Belfast, U.K. (Aerospace)**

- Testing wind turbine and solar panel technologies; conducting detailed feasibility studies at offsite wind turbine farm and onsite biomass energy source

**Saint-Laurent, Canada (Aerospace)**

- Installed wall of solar panels, which maintains constant temperature in plant.

## Thermal Insulation and Energy Recovery

**Ceska Lipa, Czech Republic (Transportation)**

- Installed anti-draught air curtains and frequency transformers in lifting devices. These, along with other energy-efficient measures, add up to 1.4 GWh annual savings.

**Hennigsdorf, Germany; Bruges, Belgium; Derby, England (Transportation)**

- Installed roof insulation and efficient windows

**Baroda, India (Transportation)**

- Monitoring ventilation plant to improve heating system

**Goerlitz, Germany (Transportation)**

- Using air control systems with heat recuperation to improve heating system

**Bruges, Belgium (Transportation)**

- Installed stratificators to improve heating system

**Vienna, Austria (Transportation)**

- Using waste heat from compressor unit to generate warm water

**La Pocatière, Canada (Transportation)**

- Using heat generated by compressors and laser-cutting machine to heat parts of workshop. This has contributed to annual heat savings of 112 MWh.

**Toronto, Canada (Aerospace)**

- Upgraded hangar with new insulation, windows and heating system, reducing overall energy consumption

**Process Modifications****Mirabel, Canada (Aerospace)**

- Improved operating procedures for engine and flight-testing processes on our *CRJ700* and *CRJ900* aircraft, which reduced fuel consumption on 62 aircraft, saving more than 650,000 litres of fuel

**Belfast, U.K. (Aerospace)**

- Modified the condensate return-line

**Toronto, Canada (Aerospace)**

- Improved chiller plant efficiencies from 1 kW/tonne to 0.65 kW/tonne
- Improved boiler steam plant operating cost by 10%

**NEW ENVIRONMENTAL INDICATORS****Volatile Organic Compounds**

Volatile organic compounds (VOCs) readily evaporate into the air. Their contribution to ground-level ozone formation makes them potentially harmful to both humans and the environment.

Sources of VOCs include the solvents in paints, adhesives and degreasing agents. Ongoing initiatives to reduce VOCs include replacing solvent-based paints with water-based paints.

**Next Steps**

In fiscal 2011, we will establish our baseline and a VOC reduction target for Bombardier.

**Recyclable Waste**

While we focus on optimizing our recycling rates, we must never overlook opportunities to reduce or reuse waste at source. Reducing or reusing waste, as opposed to recycling it, remains our first choice.

**Next Steps**

In fiscal 2011, we will begin monitoring a new waste-related index—the waste valorization index. This index will help us track our progress in recycling waste. It defines the amount of waste recovered, reused or recycled versus the total mass of waste.

**Environmental Incidents**

Although we already monitor non-compliance situations, we are aligning our reporting with industry practices to better analyze and prevent environmental incidents.

**Next Steps**

In fiscal 2011, we will begin using this enhanced approach to track environmental incidents.



# Engaging Our Suppliers



## Supply Chain

### Increasingly Important Partners

Our global supply chain is constantly evolving and increasingly integrated within our activities. More than ever, our suppliers bring their expertise to the design and manufacture of detailed components of our planes and trains. This makes them key partners in our success.

Along with this changing dynamic, the global economic recession has created significant supply chain challenges. It is more crucial than ever to work closely with our suppliers and **manage our supply chain responsibly**. This entails:

- Ensuring the efficiency and viability of our supply chain
- Enhancing the sustainability of our procurement processes
- Promoting respect for human rights and internationally sanctioned labour standards across our supply chain

### Supplier Code of Conduct

Over the last two years, we extended our Code of Ethics and Business Conduct to suppliers. Our new Supplier Code of Conduct reflects our commitment to promoting high standards of corporate social responsibility across our global supply chain. It also embodies the 10 principles of the United Nations Global Compact, which we signed in 2007.

### Suppliers and Sustainability

Engaging our suppliers through our Supplier Code of Conduct strengthens their commitment to adhere to our standards. So does actively involving suppliers in our Design for Environment and Lifecycle Assessment processes.

We frequently involve suppliers in design decisions early on in our product development process. This enables us to influence supplier decisions to reduce our products' lifecycle environmental footprint. One key area is encouraging suppliers to select materials and processes that enhance our products' end-of-life recyclability.

Joint research and development activities with our suppliers yield new technologies that further improve our products' environmental performance.

In our **Aerospace** group, we are collaborating with several suppliers on developing key technology to help us achieve our Design for Environment goals.

In our **Transportation** business, we joined forces with IVECO, a leading transport manufacturer, to develop a low-emission propulsion system. The system will improve the energy efficiency of our rail vehicles.

# Supplier Relationship Management

Within our two business groups, programs are in place to oversee our supply chain performance. These programs help us ensure compliance with our sourcing strategy through:

- A rigorous selection process to ensure supplier quality and qualifications
- Regular business reviews with top suppliers to discuss current projects, operational issues, R&D and future commercial targets

## Monitoring Supplier Performance

In our **Aerospace** group, we introduced a supplier value creation approach (SOFE) in late 2007. Through this approach, we work with suppliers to collaboratively:

- Improve productivity and quality
- Remove non-value activities from our supply chain
- Integrate processes
- Implement lean techniques

In fiscal 2009, we launched a new supplier performance indicator tool to track supplier quality and delivery performance. We share this data with suppliers to ensure they maintain their performance at the required levels.

In our **Transportation** group, our Supplier Relationship Management Program targets the same objectives as SOFE. A master vendor list fosters collaboration with key suppliers. It also supports the systematic measurement and management of supplier performance.

The program incorporates case-driven, “deep dive” workshops. These workshops use a “total cost of ownership” (TCO) approach to optimize our value chain. A supplier performance dashboard for master vendors includes evaluation criteria such as quality, relationship and cost.

The program is currently in the second of three implementation waves. By the end of wave two, all suppliers under contract with us since 2008 will have confirmed their commitment to our Supplier Code of Conduct, agreeing to conduct audits as required.

Across Bombardier, all new contracts now automatically include a commitment to respect the principles of our Supplier Code of Conduct.

### Supplier Communication Initiatives

Our supplier communication plan fosters strategic long-term alliances with key suppliers and improves supply chain performance. Our supplier advisory and technical boards facilitate collaboration on market strategies, technology roadmaps and business continuity. Supplier forums engage suppliers in discussions on key market issues, ensuring a common understanding of challenges and strategies.



### Aerospace

In Aerospace, we launched the Bombardier Suppliers Advisory Board in 2007 to build strategic alliances with major suppliers. This board includes eight of our key suppliers and several panels on topics such as strategy and technology roadmaps.



At our Strategic Supplier Executive Meeting (SSEM), we discuss market issues with 30 key strategic suppliers. At the end of 2008, a challenging aerospace market prompted us to institute regular calls between our vice presidents and major suppliers to foster dialogue and optimize communication.

Other supplier touch points include regular program reviews and a supplier web portal. Ad-hoc surveys with specific suppliers are an important part of our collaborative continuous improvement sessions. These sessions help resolve major irritants in our internal processes and communication channels.

In late fiscal 2010 or early fiscal 2011, we intend to launch a **supplier recognition program** at Bombardier Aerospace.

### Transportation

In Transportation, approximately 400 master vendors account for 80% of our spend. Every year, we invite 120 to 140 master vendors to our Suppliers Day to discuss market developments and current business issues.

We also conduct total cost of ownership workshops. By the end of 2009, approximately 40 different suppliers will have attended over 80 of these workshops.

Quarterly business reviews with our main suppliers allow us to address operational and financial issues and discuss business strategies.

## Progress

### SUPPLIER CODE OF CONDUCT

We began rolling out our Supplier Code of Conduct in both our Aerospace and Transportation groups in the fall of 2008.

In **Aerospace** to date, a total of 83 suppliers committed to respecting the principles of our Supplier Code of Conduct. Of those, 50 are aircraft equipment vendors representing 78% of our total aircraft-related procurement spend. The remaining 33 suppliers provide non-aircraft related goods and services.

In **Transportation**, more than 120 suppliers either signed the Code or have equivalent codes. By the end of fiscal 2010, all 400 master vendors will have committed to adhering to the Code.

#### Next Steps

In our Aerospace group, we will continue rolling out the Supplier Code of Conduct to the remainder of our suppliers. We are also developing a compliance program for the Code, consisting primarily of supplier self-audits. This program will also include our ability to ensure suppliers address any breach or behaviour not in line with the Code's principles in a timely manner.

In our Transportation group, Supplier Code of Conduct issues are part of our ongoing Supplier Evaluation and Approval Process. We are currently discussing compliance programs and external audits within the UNIFE (Association of the European Rail Industry) framework to harmonize our efforts.

### HEALTH AND SAFETY

In keeping with Our Way Forward corporate strategy, in fiscal 2009 the Health, Safety and Environment (HSE) Council refined our HSE vision for all stakeholders on our sites, including suppliers.

We continued to leverage our HSE Policy, HSE directives and our Supplier Code of Conduct to enforce high standards across our facilities and entire supply chain.

In fiscal 2009, an employee fatality at our Belfast Aerospace manufacturing facility spurred us to review our traffic management plan. The accident involved a delivery truck driven by one of our on-site suppliers.

To prevent such tragic events from recurring, we improved signage at the facility to better manage pedestrian and vehicle traffic. We rolled out a **new mobile equipment safety standard** across our Aerospace group.

# Acting as a Responsible Citizen



## Responsible Citizen

### Defining “Responsible Corporate Citizen”

Today, fuelling the economy is no longer the only role businesses are required to play. Our input is also increasingly solicited to help address diverse social and environmental issues. We are expected to participate in public debates and continuously improve our ability to make a positive contribution.

At Bombardier, being a responsible corporate citizen means advancing the development of our communities by:

- Safeguarding human rights
- Providing financial support through donations and sponsorships
- Encouraging our employees to volunteer
- Partnering with academic institutions and local organizations

## Human Rights

Signing the United Nations Global Compact formalized our commitment to **respect and protect human rights** within our sphere of influence. Stakeholders recently asked us how we act on this commitment. The answer is by implementing various policies and codes such as our:

- Code of Ethics and Business Conduct
- Health, Safety and Environment Policy
- Policy on Harassment
- Employment Equity Policy
- Human Resources Policy
- Data Privacy Policy
- Supplier Code of Conduct

# Community Engagement

## SUPPORTING OUR COMMUNITIES

We have always believed in taking a long-term vision to cultivating sustainability. This is how Bombardier was built. Our community involvement rests on the same belief.

In line with our Donations and Sponsorship Policy, we endeavour to support activities and organizations that:

- Contribute to the prosperity, well-being and sustainability of the communities where we operate
- Match our business priorities as a world-leading provider of aerospace and rail transportation solutions

Our contributions come from all levels of our organization.

## FISCAL 2009 CONTRIBUTIONS

The following table summarizes our direct and indirect contributions over the past three fiscal years to the communities where we operate worldwide:

(in millions of dollars)		FY2007	FY2008	FY2009
<b>Bombardier to J. Armand Bombardier Foundation</b>	Donations	3.5	4.7	7.4
<b>J. Armand Bombardier Foundation to Community</b>	Donations	4.7	6.0	7.4
<b>Bombardier to Community</b>	Donations	1.8	1.7	2.1
	Sponsorships	3.0	4.2	6.5

### J. Armand Bombardier Foundation

The J. Armand Bombardier Foundation is a private family foundation established in 1965 to advance the humanitarian work of Joseph-Armand Bombardier, the founder of the company.

The Foundation actively supports Bombardier's vision of social responsibility. We, in turn, transfer a percentage of our pre-tax income to the Foundation.

Over four decades, the Foundation has donated more than \$90 million Cdn to Canadian organizations and institutions working in four key areas:

- Education
- Community support
- Healthcare
- Arts and culture

In February 2009, the Foundation launched a new website to further strengthen its links to communities.

## HIGHLIGHTS

Education enables individuals to play a pivotal role in building prosperous communities. Protecting the environment of these communities is also a priority for Bombardier. So is supporting initiatives that help strong entrepreneurs emerge.

Here are the highlights of our **major community investment projects** in fiscal 2009.

### **South Africa: STARS Program**

In 2008, we made a long-term commitment to South Africa's Gautrain Rapid Rail Link, a major light rail infrastructure project in Gauteng Province. This commitment led to STARS, a private/public partnership focused on creating a network of education, training and innovation in sustainable transportation.

The goal of STARS is to build a skilled workforce capable of delivering African solutions to African transportation challenges. STARS encompasses the following programs:

- **Young Learners Boost and Skills Programs**—Supported by diverse sponsors, the Boost Program provides math, science and English tutoring to selected students in grades 10, 11 and 12. The partners also offer internships and special programs. The Skills Program targets grade 10 to 12 students for specific rail skills training and positions in South Africa's rail transportation industry.
- **Further Learning Bursary Program**—This merit-based scholarship program awards bursaries to both undergraduate college and technical track students.
- **Innovation Program**—This program consists of a research partnership between our Transportation group, the South African government and the local academic network. The partnership provides strategic postgraduate research and training to help build a sustainable rail infrastructure in South Africa.

See the video STARS: Opportunities. Redefined. for more information.





## Students

**In fiscal 2009, some 600 students, including 300 Bombardier Young Learners, enrolled in the Boost Program. Forty students also received scholarships. Through the Further Learning Bursary Program, four students obtained scholarships to attend the University of Cape Town.**

## Progress

In fiscal 2009, we invested more than \$258,000 in STARS programs.

## Next Steps

STARS partners will focus on expanding the SHAWCO Saturday Boost Young Learners Program. SHAWCO (Students' Health and Welfare Centres Organisation) is part of the University of Cape Town. Within our Transportation group, we intend to integrate the STARS program model into our bid process.

The STARS model will help us develop outreach programs in minority communities at key project sites in the United States. We will also leverage STARS as a value-added program in conjunction with our development of Middle Eastern transportation projects.

## **Tibet: Bombardier Tibet Professional Training Program for the Rural Poor Program**

We are investing \$1 million over three years to provide tourism management training to rural Tibetan students. This training will allow them to benefit from the increased tourism in their region, created in part by the new Goldmud-Lhasa railway.

Graduating students will receive a diploma from the Canada-based Holland College of Prince Edward Island and the China-based Changzhou Institute of Technology (CIT). Our program is managed by Agriteam Canada in cooperation with the Tibet Academy of Agriculture and Animal Sciences (TAAAS).

## Students

Twenty students were selected to complete the three-year program. They come from the Tibetan prefectures of Shigatse, Lhoka, Lhasa and Nakqu.





## Progress

All students are currently completing the second year of the program, with several receiving additional tutoring in English. The March 2008 protests in Tibet did not directly impact the students or their good relations with the teachers and other students.

In January 2009, the students completed their first three-week, on-the-job training in Changzhou's hotels and restaurants. They returned to Tibet in July to commence their second on-the-job training, arranged with Tibetan hotels by CIT and TAAAS.

## Next Steps

In 2010, the students will complete the program's third and final year, which includes a six-month internship. We are currently considering opportunities to expand the program. Our project partner, Agriteam Canada, is assessing the different options available to us.

## Mexico: Sierra Gorda World Biosphere Reserve

### Program

In October 2008, we became a long-term supporter of the Sierra Gorda World Biosphere Reserve in Querétaro, Mexico. Our assistance with three environmental and economic development projects will benefit the reserve's 23,000 residents directly and the more than 90,000 people in the region indirectly.



### Participants

A local organization called the Sierra Gorda Ecological Group will manage the projects while we provide long-term funding.

## Progress

The projects involve reforesting devastated areas of the reserve and commercial plantations and restoring the community's watershed. They also focus on developing sustainable and diversified work projects in the reserve's northern region.

In the 383,567-hectare reserve in the mountains of Querétaro in central Mexico, northern and tropical species intersect. Northern firs grow as well as desert plants and tree ferns typical of humid mountainside forests. The reserve is also home to endangered and threatened animal species, such as jaguars and otters, as well as 650 species of butterflies.

## Additional Community Investments in Fiscal 2009

### Canada

#### Montréal, Canada

#### Centraide of Greater Montréal

In fiscal 2009, our employees joined forces to raise \$1.6 million Cdn during a six-week fundraising campaign, supported by hundreds of solicitors and 2,480 employee-donors. The funds raised improve the quality of life of Montréal's neediest members by supporting community agencies.

### Maison Jean Lapointe

In fiscal 2009, we again actively participated to the organization of the annual golf tournament, which

generated \$406,000 Cdn to help rehabilitate people with addictions through the Maison Jean Lapointe treatment centre.

### **Moisson Montréal**

In fiscal 2009, our Montréal-area employees donated more than 1,456 kilos of non-perishable food during their annual Christmas party to support Canada's largest food bank.

### **Eureka Festival**

We sponsored a special educational zone in the Eureka Festival in Montréal's Old Port. We prepared three activities for the young science enthusiasts attending the festival: a magnet plane puzzle, an aerodynamics 101 workshop and an aeronautics quiz with the winner receiving a Bombardier model plane.

### **Toronto, Canada**

We once again supported the Wings and Wheels Heritage Festival to raise funds for the Canadian Air and Space Museum. We were also the major sponsor of the "Back to Baddeck" trans-Canada vintage aircraft relay flight. The relay celebrated the 100th anniversary of Canada's first powered flight in 1909.

We also worked with the Canadian Owners and Pilots Association (COPA) to support the COPA for Kids Day program. This event gives youth ages 7 to 17 the opportunity to learn about aviation while sitting in the cockpit of an aircraft in flight.

We supported the Sierra Club of Canada, Ontario Chapter by helping promote its "Car-free Day" in Toronto to encourage the use of public transit.

### **Vancouver, Canada**

#### **Olympic and Paralympic Winter Games**

We are proud to be an Official Supporter of the Vancouver 2010 Olympic and Paralympic Winter Games and a signature supporter of the Vancouver 2010 Olympic Torch Relay.

As part of our contribution, we designed and manufactured the 2010 Olympic Torch. Some 12,000 torches were manufactured and as many Canadians will participate in the Olympic Torch Relay. Together they will transport the Olympic Flame across Greece and Canada between October 30, 2009 and February 12, 2010, the day of the Opening Ceremony.

### **United States**

Our Transportation Systems division contributed \$76,500 to the United Way of Allegheny County, which supports agencies that address critical community needs.

### **Wichita, United States**

In fiscal 2009, our Wichita Aerospace plant donated its \$10,000 Cdn Annual Accomplishment Award to the United Way's local Laid-Off Workers Fund. Since 2004, the plant's civic-minded employees have also made donations to the Lord's Diner. This local charity serves an average of 400 hot meals daily to the city's hungry and poor.

### **Germany**

During our three-year partnership with PlaNet Finance Deutschland, we contributed €120,000 to advance economic development through microfinance institutions in Africa and the Middle East. These institutions provide small business entrepreneurs with micro-credit and basic financial services.

PlaNet Finance Deutschland partnered with Free University Berlin to foster exchanges between microfinance institutions in developing countries and German universities.

To underscore the 170th anniversary of our Transportation site in Aachen, we provided \$30,000 to a local

kindergarten school that integrates children with disabilities.

Through our Passengers division, we sponsored the following activities:

- The Frankfurt 2009 Dragonboat Festival, a major regional event that promotes teamwork, fairness and tolerance
- The Kuota Senges cycling team, which competes in numerous fundraising races
- The international opera festival of the “Kammeroper Schloss Rheinsberg, Germany”, which gives highly talented young singers the experience of performing opera on stage

### **India**

In Aerospace, our involvement in the Bangalore School project continued. In fiscal 2009, we donated funds and recruited volunteers to renovate the computer room, plant trees in the schoolyard and provide each student with notebooks.

### **United Kingdom**

In Transportation, our donations of more than \$36,500 to the Prince’s Trust helped provide disadvantaged unemployed youth with training and workplace experience. In fiscal 2009, more than three out of four young people helped by the Trust, a charity run by the Prince of Wales, found employment.

### **Belfast, U.K.**

As part of our extensive educational outreach program, we joined 458 Belfast students in The Flight Experience, a primary school science and technology program. The program promotes aerospace career opportunities, green aircraft design, bird and wildlife conservation, as well as Bombardier as an engaged local employer.

We also received the 20/20 Vision Award, a lifetime achievement award for corporate social responsibility sponsored by Invest Northern Ireland. Judges commended our leadership and vision in driving an Employers’ Forum in Belfast to help long-term unemployed people return to the workplace. To date, this forum has helped more than 700 people find jobs.

### **Australia**

Through our Passengers division, we joined forces with our employees to provide financial support to the Red Cross Bushfire Relief in Victoria. The February 2009 bushfires were Australia’s worst natural disaster. They took 180 lives and destroyed over 2,500 homes, leaving thousands of people homeless. We raised \$37,500 to help the affected families.

# Stakeholder Engagement

## BUILDING MUTUALLY BENEFICIAL RELATIONSHIP

In today's interconnected world, nurturing good relations and dialogue with key stakeholders is more vital to our success than ever. At Bombardier, we engage with our stakeholders in the following ways:

<p><b>EMPLOYEES</b> Employee engagement surveys, union-management forums and work council consultations</p>	<p><b>CUSTOMERS</b> Customer-led advisory committees, focus groups and customer satisfaction surveys</p>	<p><b>SHAREHOLDERS, INVESTORS AND FINANCIAL ANALYSTS</b> Annual meeting of shareholders, quarterly conference calls and one-on-one meetings</p>
<p><b>SUPPLIERS</b> Supplier forums and joint design work</p>	<p><b>COMMUNITIES</b> Community investments and employee volunteering</p>	<p><b>ACADEMIC PARTNERSHIPS AND COLLABORATIVE RESEARCH</b> Joint research projects</p>
<p><b>INDUSTRY PARTNERSHIPS AND ASSOCIATIONS</b> Association memberships and participation in committees and working groups</p>	<p><b>Non-Government Organizations</b> One-on-one meetings and conference calls</p>	<p><b>GOVERNMENTS AND REGULATORY AUTHORITIES</b> Official meetings and briefings to government officials and regulatory filings</p>

## HIGHLIGHTS

### Shareholders, Investors and Financial Analysts

We are focused on creating sustainable shareholder value through the development of profitable products and projects and through sound business management. We strive to be proactive, responsible, transparent and consistent in all our investor communications.

As part of our efforts, we met with most of our major shareholders over the last year. We also reached current and prospective investors by conducting roadshows in Montréal, Toronto, Vancouver, New York, Boston, San Francisco, London, Paris and Frankfurt.

We hosted more than 20 presentations and plant tours, including three events at the Paris Airshow, and made presentations at several sell-side conferences.

More than 400 people attended our Annual Meeting of Shareholders on June 3, 2009 and many more followed it through our webcast.

### Academic Partnerships and Collaborative Research

Academic partnerships are key to talent management and development at Bombardier. These collaborations

spur technological innovation and provide an excellent pipeline for recruiting high calibre candidates. They help ensure our continued leadership in engineering and manufacturing technologies meets evolving market requirements.

Through our Aerospace and Transportation groups, we are involved in education at all levels, from post-doctorate programs to elementary schools. Our involvement takes the form of cash and in-kind contributions, material, expertise, lectures and governance.

### **Aerospace**

In Canada, through the J. Armand Bombardier Foundation, we established Industrial Research Chairs at the École Polytechnique (Integrated Design towards Efficient Aircraft), McGill University (Multi-disciplinary computational fluid dynamics), Université de Sherbrooke (Aero-acoustics), Ryerson University and an endowed chair at the University of Toronto Institute for Aerospace Studies.

Other collaborations occur through the "Consortium for research and Innovation in Aerospace Québec" (CRIAQ). They also include various sponsorships of student events such as the Québec and Canadian engineering competition, solar car race and SAE (Society for Automotive Engineering) formula and cargo competition.

We actively support education at all levels in the United Kingdom, including post-doctoral and doctoral funding at Queens and Ulster Universities in Belfast, U.K.. We contribute to the MBA program at Strathclyde University in Glasgow, Scotland, and the Composite Training Program through the University of Bolton in London, England. Our engineers also deliver final year undergraduate lectures at Queens.

### **Transportation**

In Canada, the Bombardier Chair in Sustainable Transportation at the University of British Columbia's College of Interdisciplinary Studies is sponsored by the J. Armand Bombardier Foundation. Dr. Larry Frank is investigating the links between public health and land uses, travel choices, the environment, land development and transportation investment. The Foundation recently renewed the five-year grant of \$100,000 per year.

In fiscal 2009, we endowed a new Chair of Rail Systems Technology in the Faculty of Mechanical Engineering at the Karlsruhe Institute of Technology. The chair focuses on rail operations and includes an annual grant until 2013. It places rail technology at one of the top five universities in Germany.

This new chair complements our Chair of Railway Technology at Dresden Technical University. We also work closely with various universities worldwide, including:

- University of Plymouth in the United Kingdom
- Technical University in Warsaw, Technical University in Radom and Silesian Technical University in Gliwice, Poland
- Royal Institute of Technology in Stockholm, Sweden

We also began a strategic partnership with the German Aerospace Center (DLR), which was fully implemented in 2009. This partnership entails:

- Collaborating in government-funded R&D projects
- Using DLR as an engineering consultant to cover peak workloads and provide special engineering know-how and facilities (e.g. wind tunnels)
- Offering mentorship programs for young engineering PhD candidates working at Bombardier

### **Next Steps**

We will continue to build sustainable relationships with targeted universities and business schools

worldwide. This includes academic institutions with an international reach and excellent engineering and business faculties and research programs. These partnerships will continue to fill our innovation pipeline, enrich our knowledge and build our reputation as an industry leader.

## **Industry Partnerships and Associations**

In fiscal 2009, we actively collaborated and engaged with stakeholders, including policy-makers and industry groups, to reduce emissions and increase efficiency standards. See Developing Responsible Products for more information.

## **Canadian Aerospace Environmental Technology Roadmap**

In May 2009, we became the chair of the newly formed Canadian Aerospace Environmental Technology Road Map (CAETRM). The CAETRM is Canada's first concerted effort to demonstrate and validate environmental technology breakthroughs for a greener aerospace industry. Initiated by Canada's National Research Council (NRC), this industry-led think tank includes government agencies.

Our goal is to provide public and private sector decision-makers with an industry consensus on technology needs. The CAETRM also offers guidance on investment, research, infrastructure, training and policy decisions.

Together, we are exploring breakthrough environmental technologies in:

- Aircraft systems and air traffic management (ATM)
- Airframe concepts
- Eco-design (cradle-grave-cradle design)
- Engine concepts
- Fuels and lubricants
- Ground operations
- Manufacturing and maintenance-repair-overhaul (MRO)
- Materials and coatings
- Rotary wing aircraft concepts

In May 2009, we presented the completed roadmap at the Canadian Aeronautics and Space Institute (CASI) conference in Ottawa. We will begin implementing an action plan later in 2009.

## **European Research Frameworks**

In our Aerospace group, we also collaborated in European R&D projects through our Belfast facility. All projects are aligned with the environmental objectives of national or regional strategies such as ACARE (Advisory Council for Aeronautics Research in Europe) and the United Kingdom's NATS (National Aerospace Technology Strategy).

At our Belfast facilities, we are exploring the following three development areas related to structural concepts:

- Composites wing development
- Engine nacelles
- Advanced metallic structures

## **Green Aviation Research and Development Network**

We are a founding member of Canada's Green Aviation Research and Development Network (GARDN), a new grouping of 18 government, academic and industry partners. This unique R&D partnership focuses on

developing green engine and aircraft technologies to lower noise and emissions pollution. Our ultimate goal is to reduce the carbon footprint of the Canadian aviation sector.

GARDN's initial four-year budget of \$23 million Cdn will be used to focus on eight research themes: noise, emissions, materials and manufacturing processes, performance, icing, aircraft operations, alternative fuels and product lifecycle management.

The Aerospace Industries Association of Canada (AIAC) and the Consortium for Research and Innovation in Aerospace in Quebec (CRIAQ) will manage the network.

### **Taking the Lead on a Business Aviation Position Statement**

In December 2009, the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) will take place in Copenhagen. To prepare, the civil aviation community is actively seeking a global solution to the industry's impact on climate change.

In our Aerospace group, we are leading the development of a position statement for the business aviation industry that focuses on greenhouse gas (GHG) emission reductions. One of our objectives is to effectively address business aviation's climate change impact in a global industry-wide solution. Our goal is to reach a consensus among all business aircraft manufacturers and operators on future environmental targets for this sector.

### **Rail Emission Standards**

Emission standards for the rail industry are at various levels of development. They include both criteria air contaminants (CACs) and GHG emissions.

The United States has well-established emissions standards on CACs. Canada will likely adopt these standards after 2011. This is when the memorandum of understanding between rail companies and the Canadian government expires. In the European Union, we expect diesel emission guidelines by 2012. Additional costs may be incurred to ensure compliance with these stricter requirements. To drive targeted innovations in sustainable and clean rail technologies, we established focused stakeholder engagement mechanisms to guide our R&D efforts.

One example is our collaboration with customers to advance our C.L.E.A.N. (Catalyst-based Low Emission ApplicatioN) diesel research project. In 2008, C.L.E.A.N. produced environmentally friendly diesel trains that reduce nitrogen oxide and particulate emissions to levels that will become European Union law in 2012.

We also actively engage with industry associations, including the Transport and Environment Group of the Association of the European Rail Industry (UNIFE) and the UITP Sustainability Commission. On a more global level, our Design for Environment (DfE) program helps us design rail vehicles with improved energy efficiency, while meeting emission and safety standards.

We continue to track emission standard developments through our partnerships with industry associations and an effective stakeholder engagement approach. For instance, we exchange ideas with our customers' environmental experts at workshops hosted by the International Union of Railways (UIC). We also offer guidance on European legislation and industry-wide standards.



## Canadian Aerospace Industry Visibility

As part of our corporate social responsibility effort, we partnered with aerospace industry players to sponsor the television series “Canada Above and Beyond: 100 Years of Canadian Aviation.” The successful series raised awareness of the Canadian aerospace industry’s social and economic contribution at home and abroad.

The series brought the industry together and instilled a sense of pride. Some 130 employees from different organizations worked on the program, which aired over a four-week period on several channels in Canada.

Two 30-second television ads were also created under the theme “Our Aerospace Industry” to promote the industry in Canada and internationally.

### Aerospace Industry Partnerships

- United Kingdom Civil Aviation Sustainability Strategy (CASS)
- International Business Aviation Council (IBAC)
- General Aviation Manufacturers Association (GAMA)
- National Business Aviation Association (NBAA)
- European Business Aviation Association
- Canadian Business Aviation Association
- National Aeronautics Association
- Middle East Aviation Association
- Asian Business Aviation Association
- Associacao Brasileira de Aviacao Peral
- Society of British Aerospace Companies (SBAC)
- International Civil Aviation Organization (ICAO), as part of the Council’s Committee on Aviation Environment Protection (CAEP)
- Air Transport Action Group (ATAG)
- MOSAIC (Manufacturers of Sustainability-Aerospace Industry Catalyst) in Ontario, Canada
- Green Aviation Research and Development Network (GARDN)
- Aero Montréal
- Aerospace Industry Association of Canada (AIAC)
- Royal Aeronautical Society (RAeS)
- Ontario Aerospace Council (OAC)
- The Wings Club
- Aero Club of Washington
- Wichita Aero Club
- International Air Transport Association (IATA)
- Air Transport Association (ATA)
- Regional Airline Association (RAA)
- Regional Airline Association Australia (RAAA)
- European Regions Airline Association (ERA)
- Arab Air Carriers Organization (AACO)
- Latin American and Caribbean Air Transport Association (ALTA)
- International Society of Transport Aircraft Trading (ISTAT)
- Air Transport Association of Canada (ATAC)

### Rail Transportation Industry Partnerships

With its widespread engineering and manufacturing footprint, our Transportation group is a member of numerous standardization committees and industry associations, including:

- Union of Public Transport (UITP)
- Union of the European Railway Industries (UNIFE)
- International Network for Environmental Management (INEM)
- Allianz pro Schiene (Alliance for Rail)
- Association of German Railway Manufacturers (VDB)
- Association of Electrical and Electronics Industry in Germany (ZVEI)
- German Industry Association (BDI)
- European Standards Organisation (CEN)
- European Committee for Electrotechnical Standardization (CENELEC)



## **Non-Government Organizations**

We seek an open dialogue with non-violent and credible non-government organizations on diverse subjects such as the environment and human rights. During these exchanges, we strive to create an atmosphere where all points of view are welcome and respected. This dialogue takes the form of face-to-face meetings and conference calls.

## **Governments and Regulatory Authorities**

Governments are both customers and partners for Bombardier. We maintain an open dialogue with various levels of government through, among others, official meetings and briefings.

# Progress

## **HUMAN RIGHTS**

To reinforce our commitment in this area, we launched an inventory of all policies and codes related to human rights in fiscal 2009. As part of the inventory, we intend to benchmark our policies against best practices to identify and eliminate any gaps.

### **Next Steps**

We will conduct a scope analysis to improve our management of human rights within our sphere of influence. We are also planning to hold meetings with human rights NGOs to explore potential initiatives in this field.

## **COMMUNITY ENGAGEMENT**

### **Refocusing Our Community Engagement**

To optimize the positive impact of our contributions, we recently reviewed our donations and sponsorship activities and noted several areas for improvement. For instance, our tendency to make relatively small donations to numerous organizations and initiatives creates two specific issues:

- Difficulty tracking and measuring the impact of our contributions
- Scattered impact on the community

### **Community Investment Working Group**

To address these issues, our Corporate Social Responsibility Committee formed the Community Investment Working Group in March 2009 to:

- Align community investments across Bombardier and the J. Armand Bombardier Foundation
- Tighten our community investment focus and align it with our company's business activities
- Enhance the mutual benefits arising from our financial support to the communities

The working group completed a review of current policies and programs across Bombardier. It conducted a benchmarking survey, identified features of our corporate DNA and assessed our current focus areas. This review allowed us to narrow our focus to three areas that are aligned with our business activities. We call it the “3E” approach, which we will gradually implement across the company over the next few years. This approach will concentrate our community investments on the **environment, education and entrepreneurship**.

#### **Next Steps**

We will establish a global and more integrated governance structure to oversee our community investment program. This includes more fully defining the areas that will receive financial support, whether through philanthropic donations, strategic investments or employee volunteering.

We will also determine how to better measure the impact of our community investments.

#### **Employee Volunteering Working Group**

In March 2009, the Corporate Social Responsibility Committee also established the Employee Volunteering Working Group to:

- Develop and adopt common rules and guidelines to better manage employee volunteering at Bombardier
- Align our support of employee volunteering with our local, national and international community involvement approach
- Leverage volunteering to foster employee engagement

This working group reviewed current practices to support employee volunteering across Bombardier. It completed a benchmarking exercise and prepared a detailed proposal for a new employee volunteering program.

#### **Next Steps**

We are currently evaluating the resources required to implement this new program. Once we complete this exercise and revise our community investment strategy, each business group will be responsible for gradually rolling out the new employee volunteering program worldwide.

In fiscal 2011, we will launch a pilot employee volunteering program in partnership with the Red Cross. Entitled “Ready When the Time Comes,” the program will train employees in disaster relief. It will begin at our Corporate Office and Aerospace group and expand later to our Transportation group.

## **STAKEHOLDER ENGAGEMENT**

### **Stakeholder Engagement Working Group**

In fiscal 2009, we established a Stakeholder Engagement Working Group as part of our enhanced Corporate Social Responsibility Committee. The group’s overall goals are to:

- Identify and address issues before they become significant challenges
- Organize proactive meetings with key stakeholders
- Align our stakeholder engagement activities across Bombardier

This includes an inventory of engagement methodologies and outcomes for employees, customers, suppliers, government and industry relations.

The group's work will enhance our materiality assessment of corporate social responsibility issues for reporting purposes. Over the next three years, this initiative will expand to integrate a broader range of stakeholders and related issues.

### **Rapid Progress**

The working group made significant progress in fiscal 2009. It identified the stakeholders that we have already engaged. It prioritized our stakeholders and pinpointed key sustainability issues, including governance, ethics, human rights and the environment. The group also aligned stakeholder engagement processes across the company.

### **Next Steps**

The Stakeholder Engagement Working Group's next objective is to begin implementing its stakeholder engagement process. It will establish a more sustained dialogue with selected non-government organizations and sustainability experts. Specific goals include discussing ways to improve our overall corporate social responsibility performance.

### **Employee Engagement Surveys**

Our Corporate Office, along with both of our business groups, conducts regular employee engagement surveys. These surveys provide us with an excellent opportunity to listen to and learn from our employees. See Listening to Employees for more information.

### **Bombardier Transportation Stakeholder Survey**

At Bombardier Transportation, we conducted our first **international stakeholder survey** in mid-2008. The survey provided us with feedback on:

- Our existing corporate social responsibility activities
- Trends, risks and opportunities in the railway industry, especially around sustainable mobility
- Material issues with regard to reporting
- Stakeholder concerns and suggestions

An independent consultant conducted interviews with 20 stakeholders from 10 countries. A majority of stakeholders (69%) believed that our corporate social responsibility activities were "good" or "very good." More than half perceived our Transportation group as an industry role model in corporate social responsibility.

More information on the survey is available in Bombardier Transportation's Sustainability Report 2008.

# Moving Forward Responsibly

2009 Corporate Social Responsibility Report



## Global Reporting Initiative (GRI) Guidelines

Indicator	Description	2009 Reporting
<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	President and CEO Message, Bombardier Aerospace Message, Bombardier Transportation Message
1.2	Description of key impacts, risks and opportunities.	Introduction, President and CEO Message, Bombardier Aerospace Message, Bombardier Transportation Message
<b>Organizational Profile</b>		
2.1	Name of Organization	Company Profile
2.2	Primary brands, products and/or services.	Company Profile
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	Company Profile
2.4	Location of organization's headquarters.	Company Profile
2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant	Company Profile

	to the sustainability issues covered in the report.	
2.6	Nature of ownership and legal form.	Introduction, Governance, 2008-09 Annual Report
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Company Profile
2.8	Scale of reporting organization including: <ul style="list-style-type: none"> <li>• Number of employees</li> <li>• Net sales</li> <li>• Total capitalization broken down in terms of debt and equity</li> <li>• Quantity of products or services provided</li> </ul>	Company Profile
2.9	Significant changes during the reporting period regarding size, structure or ownership.	N/A
2.10	Awards received in the reporting period.	External Recognition
<b>Report Parameters</b>		
3.1	Reporting period for information provided.	Introduction
3.2	Date of most recent previous report.	Introduction
3.3	Reporting cycle	Introduction
3.4	Contact point for questions regarding the report or its contents.	Introduction
3.5	Process for defining report content including:	Introduction
3.6	Boundary of the report.	Introduction
3.7	Statement of specific limitations on the scope or boundary of the report.	Introduction
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Introduction
3.9	Data measurement techniques and the bases of calculations, including assumptions and	Operations/Energy and Carbon Management Strategy

	techniques.	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such restatements.	N/A
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Operations/Energy and Carbon Management Strategy
3.12	Table identifying the Standard Disclosures in the report.	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	Introduction
<b>Governance, commitments and engagement</b>		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Board of Directors
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body including: <ul style="list-style-type: none"> <li>• Use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions</li> <li>• Informing and consulting employees about the working relationships with formal representation bodies such as organization level work councils and representation of employees in the highest governance body</li> <li>• Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.</li> </ul>	Governance/Progress, 2009 Management Proxy Circular
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance (including social and environmental).	2009 Management Proxy Circular, p. 14-18, 19 - 39
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Code of Ethics and Business Conduct

4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.	Board Committees
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic environmental and social performance and the status of their implementation.	Governance, Ethics, Governance/Progress
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles.	Governance, Corporate Social Responsibility Governance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	2009 Management Proxy Circular, p. 45
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Governance
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses.	UN Global Compact, Developing Responsible Products, Design for Environment, Energy and Carbon Management Strategy
4.13	Memberships in associations and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Has positions in governance bodies</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul>	Stakeholder Engagement/Highlights
4.14	List of stakeholder groups engaged by the organization.	Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage ( <i>This includes the organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.</i> )	Citizenship/Progress
4.16	Approaches to stakeholder engagement including frequency of engagement by type and by stakeholder group.	Stakeholder Engagement

4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns including through its reporting.	Governance/Progress
<b>Economic</b>		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, etc.	Company Profile, Fiscal 2009 Contributions
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	CDP 2009
EC3	Coverage of the organization's defined benefit plan obligations.	2008-09 Annual Report p. 51, 189-193
EC4	Significant financial assistance received from government.	2008-09 Annual Report, p. 120
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Community Engagement/Highlights
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Community Engagement/Highlights
<b>Environmental</b>		
EN4	Indirect energy consumption by primary source.	Operations/Progress
EN5	Energy saved due to conservation and efficiency improvements.	Operations/Progress
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Products
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Operations/Energy and Carbon Management Strategy, Operations/Progress
EN8	Total water withdrawal by source.	Operations/Progress
EN16	Total direct and indirect greenhouse gas emissions by weight.	Operations/Progress, CDP 2009
EN17	Other relevant indirect greenhouse gas emissions by weight.	CDP 2009
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Operations/Energy and Carbon Management Strategy, Operations/Progress
EN19	Emissions of ozone-depleting substances by weight.	Operations/Progress



EN22	Total weight of waste by type and disposal method.	Operations/Progress
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally.	Operations/Progress
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.	Products
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Products/Progress
<b>Labour Practices</b>		
LA1	Total workforce by employment type, employment contract and region.	Company Profile, Employees
LA4	Percentage of employees covered by collective bargaining agreements.	Employees/Engagement/Listening
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on OHS programs.	Health and Safety
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region.	Employees/Progress
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Employees/Engagement/Developing
LA12	Percentage of employees receiving regular performance and career development reviews.	Employees/Engagement/Developing
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Employees/Progress
<b>Human Rights</b>		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	
HR5	Operations identified in which the right to exercise freedom of association and collective	

	bargaining may be at significant risk, and actions taken to support these rights.	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	
<b>Society</b>		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.	Community Engagement/Highlights, Citizenship/Progress
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Governance/Progress
SO4	Actions taken in response to incidents of corruption.	Bombardier Transportation Sustainability Report 2008, p.41
SO5	Public policy positions and participation in public policy development and lobbying.	Developing Responsible Products
<b>Product Responsibility</b>		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	Developing Safe Products
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Engaging Customers in Product Responsibility, Stakeholder Engagement

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