BUILDING A WORLD-CLASS SUSTAINABLE BUSINESS
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$16.2B REVENUES¹
$53.1B BACKLOG²
68,000 EMPLOYEES²

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Corporate Profile
With over 68,000 employees across four business segments, Bombardier is a global leader in the transportation industry, creating innovative and game-changing planes and trains. Our products and services provide world-class transportation experiences that set new standards in passenger comfort, energy efficiency, reliability and safety.

Headquartered in Montréal, Canada, Bombardier has production and engineering sites in 28 countries across its Aviation and Transportation business segments. The company is recognized on the 2019 Global 100 Most Sustainable Corporations in the World Index.

¹ For fiscal year 2018. ² As at December 31, 2018. All financial figures in this report are in U.S. dollars unless otherwise noted.
A CLEAR AND BRIGHT VISION FOR
BOMBARDIER’S FUTURE - REGAINING OUR
POSITION AS A GLOBAL INDUSTRIAL CHAMPION

Three years after the launch of our turnaround plan, Bombardier is a much stronger company. We are on a clear path to regaining our position as a global industrial champion; a company that can deliver sustainable value for our shareholders, support our customers’ success and provide rewarding career opportunities for our employees. Bombardier has a very bright and exciting future and will continue to set new standards in the rail and business aviation industries.

Bombardier is truly a remarkable company. In more than 100 countries around the world, our products bring people together, support economic development and make cities more sustainable. In the years ahead, we will continue to help move the world forward by designing, building and servicing the most innovative and eco-efficient trains and planes, improving the way people commute and connect with each other. And, we will do it the right way: responsibly, ethically and profitably.

2018 was another year of progress for Bombardier as we continue to execute our turnaround plan. On the aerospace side of our business, we are tracking right on our plan. With the successful certification and entry-into-service of the Global 7500 – an aircraft that resets the high-level performance that our customers and shareholders rightly expect from Bombardier.

Another key accomplishment was the completion of our value-creating partnership with Airbus. With an order book of more than 500 aircraft, the A220 has firmly established itself as the leading aircraft in its class. The global scale, strong customer relationships and operational expertise Airbus brings to the partnership will allow our shareholders to realize the full potential of past investments and allow more people around the world to enjoy the benefits of this remarkable aircraft.

In our rail business, we also continue to make tremendous progress. Since launching our turnaround, we have strengthened our order book, refreshed our product portfolio, streamlined our manufacturing footprint and we are currently focused on optimizing our operations. While production ramp-up challenges have temporarily slowed our progress, we are confident that we will make the right adjustments and quickly get back on track, delivering the high-level performance that our customers and shareholders rightly expect from Bombardier.

Of course, it is our tremendously talented employees and their willingness to embrace change that has fueled our progress so far. And, it is their passion and commitment that will allow us to successfully complete our turnaround plan and propel us to new heights. Bombardier’s future will be anchored by two large and strong growth pillars, Bombardier Aviation, focused on business aircraft; and Bombardier Transportation, a global rail leader.

Bombardier Transportation is well positioned for growth, driven by some very powerful mega-trends, including urbanization, growing demands for better public transportation and increasing calls for more environmentally-friendly transportation solutions, such as our new emissions-free, energy-efficient and low noise TALENT 3 battery-powered train launched last year.

In 2018, we...
Completed our value-creating partnership with Airbus
Celebrated the successful entry-into-service of the Global 7500 business jet
Launched our new TALENT 3 battery-powered train
Launched our new Global 5500 and Global 6500 programs
Refreshed Transportation’s product portfolio
Reached a consolidated backlog of $53.1 billion¹

With a refreshed portfolio of products, including the new Global 5500 and Global 6500 aircraft launched last year, Bombardier Aviation is also poised for growth. At the same time, Bombardier continues to be a leader in sustainability. Our new Global 7500 is expected to be the first business jet to receive a third-party certified Environmental Product Declaration and we continue to play a leading role in the adoption of sustainable alternative jet fuels, part of our commitment to preserving the skies we have the privilege of flying through. Bombardier was also recognized by Corporate Knights as one of the world’s most sustainable companies, placing 22nd in its annual rankings. This award reflects our investments in innovation, our high safety standards and our portfolio of eco-efficient products. It also reinforces our belief that sustainability is fundamental to our long-term business success, which is why we again reaffirm in this report our engagement towards the United Nations Global Compact.

Together, the people of Bombardier have made tremendous progress executing our turnaround, and we remain confident in our ability to successfully complete the journey. Bombardier is a great company, with amazing people, a global customer base and a bright, sustainable future.

¹ In a December 31, 2018.
GLOBAL LEADERSHIP IN SUSTAINABLE TRANSPORTATION

Based in Montréal, Canada, Bombardier is one of the world’s leading manufacturers of both planes and trains, with 75 production and engineering sites in 28 countries and a global network of service centres. Our portfolio is composed of two strong pillars: Bombardier Transportation and Bombardier Aviation. Every day, our trains and planes move millions of people around the globe – quickly, safely and efficiently.

Transportation
We lead the way with the rail industry’s broadest portfolio. It offers the full spectrum of rail solutions, ranging from trains to sub-systems and signalling to complete turnkey transport systems, e-mobility technology and data-driven maintenance services.

Aviation
We design, develop and manufacture innovative business jets, regional aircraft and specialized aircraft, as well as complex aerostructures solutions and systems. We provide aftermarket services for all our aerospace products worldwide.

Revenues by Region¹
- Europe: $7,425 million
- North America: 5,683
- Asia-Pacific: 1,122
- Best of World: 966

Number of Employees by Region²
- Europe: 29,400
- North America: 32,100
- Asia-Pacific: 4,970
- Best of World: 1,350

Number of Sites by Region³
- Europe: 34
- North America: 7
- Asia-Pacific: 17
- Best of World: 4

1. For fiscal year 2018. In millions of dollars. 2. As at December 31, 2018, including contractual and inactive employees. 3. As at December 31, 2018.

ABOUT BOMBARDIER

GLOBAL LEADERSHIP IN SUSTAINABLE TRANSPORTATION

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OUR IMPACT IN SOCIETY

Our commercial success depends on creating safe, innovative, eco-efficient rail and aerospace solutions that bring value to passengers and further their mobility in society. By doing this, we will be able to grow our business, address complex global issues, and provide benefits to our customers, employees, shareholders, and society at large.

$16.2B
PRODUCT VALUE addressing global mobility needs

13,000+
SUPPLIERS driving local economic development

$5.5B
EMPLOYEE BENEFITS 1 sustaining high-value job opportunities

$1.5B
TOTAL TAXES borne and collected 2 contributing to government revenues

$6M
COMMUNITY CONTRIBUTIONS supporting social development

$1.1B
R&D INVESTMENTS creating future sustainable transport solutions

Our activities and actions to meet global mobility needs are contributing to the 17 United Nations Sustainable Development Goals – most specifically goals 8, 9, 11, 12, 13 and 17 – which set common ambitions to create a better and more sustainable future for all.

Supporting the economy by investing in transportation skills

Leading innovative technology solutions

Improving quality of life through advanced mobility

Embedding sustainability into product design and sourcing

Contributing to a low-carbon resource efficient world

Driving impact through industry collaboration on sustainable transportation

MEASURING OUR PROGRESS

As we reflect on our progress in 2018, we are proud of our accomplishments and the foundation we have laid for sustainable growth. Notably, we improved our profitability, reduced health and safety incidents, and increased employee productivity. The following table provides a brief summary of the indicators we track to measure our performance every year, covering financial, social and environmental information.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>16,236</td>
<td>16,199</td>
<td>16,339</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>6.2%</td>
<td>1.8%</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>597</td>
<td>531</td>
<td>137</td>
</tr>
<tr>
<td>Investments in product development 4</td>
<td>3</td>
<td>1,136</td>
<td>1,235</td>
</tr>
<tr>
<td>Available short-term capital resources 4</td>
<td>4</td>
<td>4,373</td>
<td>4,225</td>
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<table>
<thead>
<tr>
<th>Social</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incident rate 5</td>
<td>1.1</td>
<td>1.3</td>
<td>1.6</td>
</tr>
<tr>
<td>Fatalities (employees)</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Employees covered by collective bargaining agreements (%)</td>
<td>57</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Total turnover rate (%)</td>
<td>12</td>
<td>10.8</td>
<td>11.5</td>
</tr>
<tr>
<td>Employee productivity (in thousands of dollars)</td>
<td>239</td>
<td>233</td>
<td>246</td>
</tr>
<tr>
<td>Gender diversity (% women)</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy intensity (GJ per million of dollars of revenue)</td>
<td>283</td>
<td>271</td>
<td>270</td>
</tr>
<tr>
<td>GHG emission intensity (tCO 2e per million of dollars of revenue)</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Renewable electricity (thousands of GJ)</td>
<td>663</td>
<td>701</td>
<td>719</td>
</tr>
<tr>
<td>Valorized waste (% total waste generated, hazardous and non hazardous)</td>
<td>84</td>
<td>81</td>
<td>78</td>
</tr>
</tbody>
</table>

Recognition

- Listed in the top 25 and as top transportation company of the 2019 Global 100 Most Sustainable Companies in the World Index
- Listed on the 2018 Clean 200 Index
- Listed on the 2018 Best 50 Corporate Citizens in Canada Index

1. Includes costs capitalized as part of the cost of inventories and other self constructed assets.
2. For significant locations only (Canada, United States, United Kingdom, Germany, France, Mexico). Includes income taxes, payroll taxes and social charges, transaction and sales taxes, property, business and other taxes.
3. R&D expense and program tooling before amortization.
4. Defined as cash or cash equivalents plus the amount available under revolving credit facilities.
5. Number of recordable cases, expressed per 200,000 hours worked.

INNOVIA Automated People Mover 200 system, Sky Harbor International Airport, Phoenix, United States
Achieving Operational Excellence

Leading with Ethics and Integrity

Supporting Community Development

Creating Value for Customers

Developing Talented Leaders

Delivering Product Innovation

Deepening Our HSE Preventive Culture

Building a World-Class Sustainable Business

RISK MANAGEMENT AND OPPORTUNITIES

Taking a holistic and balanced view forms an integral part of our risk management approach. Our business transformation is guided by a clear strategic direction, while dealing with major trends shaping our operating environment. By understanding how financial, environmental, social and governance risks impact our business, we are furthering our ambition to create a stronger more resilient business.

Developing New Products and Services

Changing trends and risks such as climate change, volatile fuel prices, carbon pricing, digital technologies, urbanization and demographic factors influence customer demand in our markets. To remain competitive and meet customer needs, we continuously develop and design new products, improve existing products and services, and invest in new technologies, including digital applications that protect us against cyber threats and improve supply chain security.

Complying with Laws and Regulations

Given our global footprint, we are attentive to the numerous risks related to current and future regulations. Our compliance with applicable laws and regulations, including anti-bribery, is critical for our reputation, our stakeholder relationships and our financial position. We continue to proactively strengthen our compliance management and culture and increase awareness on our ethics and compliance expectations.

Engaging in the Communities Where We Operate

We have a broad global reach and presence in many diverse geographic markets. The prosperity of these economies and the quality of life of their communities is critical to our success and social license to operate. In addition to building strong partnerships in these economies and establishing roots in new markets, we contribute to non-profit organizations through strategic support and employee time.

1. Refer to our 2018 Financial Report for complete description of risks and uncertainties.
At Transportation, we never stop moving, keeping people and goods in motion in a world of urban growth and digital change.

Combining technology and state-of-the-art digital innovations, we are working with our customers to create holistic, high-quality mobility solutions that are reliable, safe, and more sustainable for passengers, operators and infrastructure planners. Together, our performance helps cities grow, develop economies and anticipate future mobility challenges. Our innovations are built on three fundamentals: environmental sustainability, digitalization and safety.

Over the past year, we continued to offer and deliver a broad portfolio of innovative products and services that are setting new standards in sustainable mobility. Leveraging our ecosystem philosophy, we are finding innovative ways to offer customers a complete value chain of solutions, from components, rolling stock and signalling, to system integration, operation and maintenance.

Delivering Mobility Solutions that Minimize Environmental Impacts
The new TALENT 3 battery electric multiple unit (BEMU) is a technological response to challenges such as air pollution, smog and climate change. It is the first modern battery-powered train to enter passenger service in Europe with significant carbon reduction, increased recyclability and 100% regenerative electric breaking to charge batteries. In 2018, we also successfully demonstrated our new silicon (SiC)-equipped MITRAC TC1500 traction converter which shows energy reductions of up to 35% and lowers noise emissions by 19 dB.

Leveraging Digitalization and New Technologies
We are actively increasing programming and automation technologies to ensure we continue satisfying the ever-growing needs of mass transportation. In 2018, we completed the world-first European Rail Traffic Management System (ERTMS) tests in Sweden for our INTERFLO 450 rail signalling solution. This solution is set to safely increase speeds, reliability, and capacity as well as integration within Europe. In 2018, we also inaugurated a new high-tech laboratory in Mannheim, Germany. This new innovation hub is enabling us to develop and test pioneering electronics systems for train control, signalling and control systems.

Developing the Safest, Most Reliable Transportation Solutions
We led the development of the world’s first homologated Obstacle Detection Assistance System (ODAS) for trams and light rail vehicles, to support drivers in critical situations. It detects pedestrians, cars and other potential risks, analyzes time to collision, improving safety for the tram drivers, passengers and other road users by alerting the driver of potentially dangerous situations.

Our new emission-free, energy-efficient and low noise TALENT 3 battery-powered train is setting new standards for sustainable mobility.
AVIATION
REACHING NEW HEIGHTS

We continue to lead the civil aviation industry with new technologies and innovative solutions to meet the continuously evolving needs of our customers. We are at the forefront of class-leading technological advancements, designing and manufacturing industry-leading aircraft, and advanced composite aircraft structures to support the transition to a cleaner and more sustainable future. Our innovations are built on three guiding principles: passenger comfort, efficiency and cost improvement, and environmental sustainability.

Aircraft today are over 80% more fuel efficient than the first commercial jet aircraft1 – and we, as an industry, continue to further reduce our environmental impact. With the implementation of global market-based measures through the International Civil Aviation Organization on the horizon, we have continued our focus on delivering products to support industry objectives on emission reductions and enabling our customers to meet their commitments, all while making zero compromise on passenger experience and safety.

In collaboration with industry associations, we are working to increase the availability and adoption of sustainable alternative jet fuels, taking a leadership role in educating the overall aviation community, and planning and participating in pilot programs to demonstrate their viability to our customers.

Redefining the Customer Experience
Toward Comfort and Elegance

Setting the new benchmark for in-flight experience, our Global 7500 aircraft is the largest and longest business jet and the only business jet to offer four distinct living spaces and an unprecedented smooth ride thanks to its advanced transonic wing design. The Global 7500 aircraft, which entered service at the end of 2018, boasts an unmatched range of 7,700 nautical miles, a full 300 nautical miles further than initial commitments and has also exceeded takeoff and landing performance commitments. In early 2019, the Global 7500 completed the longest non-stop mission ever flown by a purpose-built business jet, covering 8,152 nautical miles. The aircraft also set new records for speed on New York to London and Los Angeles to New York flights.

Developing the Most Efficient
and Cost-Effective Products

Thanks to redesigned wings and brand-new, purpose-built Rolls-Royce Pearl engines, the Global 5500 and Global 6500 aircraft launched in 2018 are up to 13% more efficient than their predecessors. These aircraft have highly competitive operating costs versus smaller competing aircraft and also deliver a range increase of up to 1,300 nautical miles when operating out of hot-weather and high-altitude conditions, thanks to increased thrust and improved fuel efficiency.

Setting the Standard for Environmental Performance and Transparency

Through our leading eco-design approach, we are optimizing the environmental performance of our aircraft at every stage of the life cycle and communicating their environmental impacts in a transparent and verifiable way. The Global 7500 aircraft is the first business jet conceived using this approach, and the aircraft is planned to receive its third-party certified Environmental Product Declaration (EPD) in 2019. Bombardier remains the only aircraft manufacturer to disclose the full environmental impact of its products through EPDs, having previously developed this expertise for the C Series (now A220) aircraft family.

The Global 7500 aircraft offers the ultimate combination of range, speed and field performance, connecting New York to Hong Kong and Singapore to San Francisco non-stop.

1. CO\textsubscript{2} emissions credits per seat per km, Air Transport Action Group, Aviation Impact Report, 2018.
As a global player operating in an extremely competitive industry, we are committed to ensuring our customers receive an exceptional experience in every interaction, at every site and across every team around the world. Our dedication to customers is fundamental to our success and growth ambitions.

Building on our transformational changes executed in the past three years, we are focused on deepening the customer experience. Developing close relationships and helping them deliver value is what makes us compete successfully and win in our different business segments.

FOCUSBING ON CUSTOMER NEEDS
We continue to ensure our products and services are tailored to our customers’ needs. For instance, our new CRJ550 aircraft, which replaces the existing fleet of aging 50-seaters, offers an improved passenger experience by being the first triple-class 50-seat aircraft in the world and offering ample on-board storage for carry-on bags and more passenger living space.

Also, as we bring more Global 7500 aircraft into service in 2019, we plan to get real-time feedback and make the necessary adjustments to provide our customers with the highest quality of service reliability.

SUPPORTING LONG-TERM STRATEGIC PARTNERSHIPS
Our 2018 contract win to supply Singapore’s Land Transport Authority with 396 MOVIA metro cars is a testament to our focus on delivering performance, providing aftermarket technical support, and improving local competencies to develop local and long-term partnerships with our customers. This new order is the continuation of a 25-year-long partnership enabling the City of Singapore to succeed with a significant modal shift from road to rail with daily passengers preferring to take rail transit 45% of the time, compared to less than 25% in 2002.

DEEPENING THE CUSTOMER EXPERIENCE
As part of your transformation plan, can you describe your move to a global product platform offering and benefit for customers?
In Transportation, we are realigning our product portfolio and driving customer value with integrated solutions based on a product platform of four categories: mainline, urban, equipment and signalling. This change enables us to apply innovations across our products, reduce development and testing times and ensure efficient maintenance, providing our customers with greater eco-efficiency, reliability, speed to market and on-time deliveries.

What type of initiatives did you invest in last year to create a more tailored customer experience?
Over the past year, we continued to inject resources and talent in our local customer organizations to deliver services and systems integration to customers looking for a more tailored experience. For example, working closely with a customer in the UK, we were able to redesign part of our rolling stock to enhance the passenger experience, while introducing digital technologies to reduce maintenance time. These improvements are enabling the customer to use the same equipment to service 20% more routes with a better experience for passengers.

Can you tell us more about how your integrated end-to-end solutions are providing more services for customers?
Specifically, in business aviation, we are getting closer to our customers and expanding our capability with increased service offerings. Last year, we broke ground on our new Miami-Dade Opa Locka facility, more than doubling our customer service footprint in Florida. We also announced a new line maintenance station in Paris and added 7 new Mobile Response Team vehicles to our fleet, as well as a Frankfurt-based Challenger 300 aircraft to support operators in Europe. In early 2019, we announced the expansion of our Singapore service centre, which will be the largest OEM-owned business aviation maintenance facility in Asia. Our service network currently supports 200 aircraft daily and has helped drive a double digit aftermarket revenue growth between 2017 and 2018.
ACHIEVING OPERATIONAL EXCELLENCE

We are positioning ourselves well to drive sustainable productivity and performance right into our day-to-day operations to reduce costs and deliver for our customers. We continue to make significant progress towards our transformation plan. We accelerated our efforts to improve productivity, operate Lean initiatives, reduce costs and deploy the most efficient tools and processes to leverage the scale of our company. Looking forward, we will continue to measure ourselves against industry benchmarks, as we strive for world-class standards.

INDIRECT SPEND MANAGEMENT
Based on a clear understanding of our indirect spend on goods and services, we reorganized ourselves and identified further opportunities to reduce our procurement costs. Notably, we built a strong partnership with Accenture to leverage their source-to-pay operations, enabling us to decrease our cost structure through more intelligent and efficient digital processes and tools. We also reduced the number of suppliers in our value chain, negotiating long-term agreements and partnering with integrators. We are currently deploying strategies across all indirect categories to further reduce our costs.

INVENTORY AND WORKING CAPITAL EFFICIENCIES
Ensuring we have the right level of working capital will be a critical success factor in our ability to grow efficiently and sustainably. The ramp up in Aviation and the growth in Transportation businesses has certainly created challenges for our working capital improvements. Nevertheless, in the first quarter of 2019 we continued to accelerate our progress by deploying a common inventory reduction approach across our businesses. We formed teams of inventory and planning experts, comprising IT, Lean and project management experts to fully transform our sites. Teams will be deployed to transform and sustain working capital performance. In 2019 and 2020, we will further advance supply chain organizational and process improvements to drive towards world-class levels.

Direct Productivity
During the past year, we have defined four initiatives to further improve our performance: an enterprise-wide productivity system, a strategic supply chain organization, our indirect spend management and inventory and working capital improvements.

ENTERPRISE-WIDE PRODUCTIVITY
Our new productivity system leverages our financial and human capital skills to effectively deploy common processes and tools to increase our productivity level and maximize return on investment. We launched an Integrated Business Process across Transportation sites to standardize planning and execution. Its deployment will be expanded further in 2019. Across our manufacturing operations, we are also incorporating standardized, integrated work processes and are accelerating our transformation to Lean manufacturing. For example, we are bringing to scale Lean capabilities in certain locations to improve demand management, synchronize with our customers and effectively manage production.

SUPPLY CHAIN ORGANIZATION IMPROVEMENTS
With a significant portion of our cost structure driven by suppliers, we have been working hard to reduce the cost of our products and goods, standardize tools and processes in our supply chain organization, and improve performance for our customers. For example, in the last three years, our ability to leverage the global scale of our Transportation business and its supply base has enabled us to increase by 50% the best cost content in our Transportation products compared to 2015.

50% increase in best cost content for Transportation products

LAUNCHED enterprise-wide productivity system

TOP aerospace suppliers recognized

Q&A: ENGAGING WITH OUR SUPPLIERS

Q: What foundations do you have in place to mitigate potential ESG risks in your supply chain?
As part of our focus on operational efficiency, we are actively engaging with our suppliers to mitigate business environmental, social and governance (ESG) risks, improve sustainable product performance, and reduce inefficiencies in our operations. We also expect our suppliers to abide by our Supplier Code of Conduct, which we use as a tool to promote a deep orientation towards first-class quality levels and the importance of complying with high ethical, environmental and social standards.

Q: How are you engaging within the industry to influence supplier sustainability practices?
Working through the industry initiative Railsponsible, we are helping empower suppliers to report on their sustainability practices. In the 2017–2018 period, more than 850 railway industry suppliers took the assessment, enabling best practice sharing and capacity building among rail suppliers. Also, as a founding member to the International Aerospace Environmental Group, we contribute to the development of voluntary consensus standards around the environment and responsible sourcing. Last year, we also directly engaged our suppliers to monitor regulated substances, obtain declarations of compliance on the use of controlled substances and identify opportunities to replace certain substances in our products.

Q: How do you help drive supplier performance?
As part of our engagement with suppliers, we recognize suppliers working together with us to meet our objectives and exceed customer expectations. We awarded three of our 2018 top performing aerospace suppliers with Diamond certification during our recent Aerospace Suppliers Symposium, recognizing their sustained excellence in operational performance and competitiveness. In 2019, we plan to extend this certification to Transportation suppliers.
LEADING WITH ETHICS AND INTEGRITY

Strict compliance, high standards of ethical conduct and a strong values-based corporate culture define how we conduct ourselves in our work environment, business practices and relationships with external stakeholders. Our Code of Ethics and Business Conduct underpins how we do business and interact with others, setting a clear direction for the company, our employees and for third parties working for or on our behalf.

70 Ethics and Compliance Ambassadors in 35 countries

UNGC principles integrated into our business

Setting Clear Expectations

Anchored by our strong zero non-compliance culture, we do everything we can to maintain the trust and respect of those with whom we interact. We have a strong value of integrity, backed up by our Code of Ethics and Business Conduct, solid compliance processes, training and communications focused on core risks to help our employees make the right decisions and protect the company from financial damages and threats to its reputation.

We are subject to changing laws and regulations and are committed to conducting our business in a lawful, fair and honest way. As a signatory to the UN Global Compact – a voluntary global standard, we support international commitments on human rights, labour, the environment and anti-corruption. Last year, we continued to strengthened our compliance processes and reporting, and put in place several initiatives to take our compliance management framework to the next level.

REASSESS MATURITY OF OUR COMPLIANCE PROGRAM

Risk management is an essential element of our compliance management framework. We annually assess our compliance risks to proactively identify possible weaknesses as well as the appropriate controls and mitigating measures on our top risks.

In 2018, we welcomed our new Chief Ethics and Compliance Officer, reinforcing our commitment to achieving excellence in compliance. As a first step, he undertook a detailed assessment of the maturity of our Ethics and Compliance program, which included a third party review and benchmark of our program against leading practices to identify ways to improve our compliance and control framework.

STRENGTHEN ETHICS AWARENESS

Reinforcing strong ethical conduct remains a constant priority for us, which we embed across our business through ongoing training and communication. Last year, our senior leadership elevated their communications to our employees on the importance of ethical conduct in our Ethics and Leadership series. We also released Ethics in Action – an employee bulletin to communicate concrete examples on how to make the right decisions, including actions on gifts and entertain-ment, fair competition, and legal compliance, among others.

EXPAND OUR AMBASSADOR NETWORK

Our Ethics and Compliance Ambassadors continue to play an integral role in embedding our strong compliance culture at our sites. In addition to being a liaison between our local sites and Corporate Ethics & Compliance Office, our ambassadors act as on-site resources for employees whenever they have questions, concerns or need training on specific topics related to ethics and compliance. In 2018, we expanded the network to 70 ambassadors in 35 countries, compared to 55 ambassadors in 30 countries in 2017.

ENSURE ETHICAL POLITICAL ENGAGEMENT

We continue to foster an open dialogue between governments, the public and the business community, as we believe this contributes to informed government decisions and benefits the communities we are part of. Bombardier is non-partisan and our political contributions solely reflect our responsible citizenship, as well as the best interest of the company. Lobbying activities follow strict processes, and meet registration and reporting requirements to the respective authorities.

Elevating Our Compliance Management System

In 2018, our compliance and control framework maturity assessment enabled us to identify certain gaps and weaknesses in our compliance processes, and helped us focus our improvement actions on the most strategic areas. Based on the assessment results, we defined a four-year roadmap and started to implement several key initiatives to take our compliance management system to the next level, with the overall objective to ensure the sustainability of all our compliance-related measures and activities. Many actions included in the roadmap have already been initiated in 2018, including:

• COMPLIANCE GOVERNANCE: We formalized our reporting structure to the Corporate General Counsel Office and quarterly reporting to the Audit Committee of the Board of Directors and we engaged senior management on key improvement initiatives.

• STANDARDIZED REQUIREMENTS: We initiated actions to strengthen all our internal policies and procedures and started the update our Code of Ethics and Conduct to be launched in 2019.

• TRAINING: We provided risk-based training sessions for targeted employees dealing with specific potential risks. For example in 2018, we held in-classroom and e-learning training on gifts and entertainment for our employees in our sales, procurement, and legal functions. We also provided an anti-corruption e-learning training for all our employees.
DEVELOPING WORLD-CLASS TALENTED LEADERS

The future of our business depends on our ability to create a high-performance culture to deliver on our transformation plan. As we build a talented workforce, we need our people to develop their skills and be highly motivated, engaged and resilient. In recent years, we made significant changes to streamline our business, reduce costs, and reallocate resources. We are conscious of the effect restructurings can have on employees, and remain committed to offering support in line with local requirements.

Shaping the Future of Work

Last year, we shifted our focus and revisited our human resources (HR) strategy, which is all about leading with foresight and focus, standardizing our operations and developing high-performance experiences for our employees.

CONSISTENT APPROACH

Last year, we made a deliberate decision to implement global initiatives to move towards a cohesive HR organizational model to allow for greater consistency and synergies across our company. So far, we made changes in the HR leadership team to align with our vision, and reorganized our HR Operations group under the same leadership.

Progressing into 2019, we plan to continue consolidating our Centers of Expertise under one leadership, and progressively reorganize our HR Business Partners Model to enable collaboration, efficiency and global alignment.

SIMPLIFIED PROCESSES

Although our productivity levels have improved since we began our turnaround plan, we still have more to do to achieve our ambitions. To deliver this, we supported a number of initiatives to standardize and simplify employee management processes throughout our organization. We also added a new compensation module to provide our people with common goals, metrics and processes across the organization, irrespective of geography.

TALENT DEVELOPMENT

We want our employees to develop their skills, focus on achievement, and feel empowered to expand their career opportunities with us.

In 2018, we announced the launch of the Bombardier Academy of learning, which will bring our learning and development programs under one umbrella for all our employees around the world. The new Academy will progressively include leadership and self-development learning solutions and will encompass different Bombardier Faculties focused on functional skills development in specific areas (i.e., Procurement, Achieving Excellence System, Ethics & Compliance).

For example, 32 courses were introduced in 2018 under the Procurement Faculty helping employees heighten their skills, for instance, in negotiation, contract drafting and environmental regulations management. Moving into 2019, we will also launch the Bombardier Leadership MasterClass, an advanced leadership development program for our top Executives.

PERFORMANCE CULTURE

We reinforced our performance-based culture through the revamp of our employee performance management system. The upgraded system provides our team with new categories of performance objectives aligned with our corporate objectives, as well as simplified performance review tools. Starting in 2019, employees will build their own annual objectives based on pre-defined categories to ensure they contribute to our corporate priorities.

A compensation module was also developed for managers to help them better evaluate their employees’ performance and build the right structure to instill a high-performance culture.

Q&A: ATTRACTING TALENT IN A CHANGING ENVIRONMENT

Q: How is Bombardier’s workforce evolving given the current business context?

Since 2015, our focus on building a resilient and sustainable business model has remained steadfast. With tough productivity measures in place, this has translated into further reductions in our workforce, which we announced in November of 2018 and expect to roll-out in 2019 and 2020. Although hiring is limited, we need to make sure we remain well-positioned and competitive to attract top talent as market conditions improve, and as we grow our business in the future.

In Canada alone, our aerospace industry forecasts a shortage of 55,000 aircraft workers by 2025, including maintenance, avionics and composite technicians and engineers. These skills shortages coupled with an aging workforce will result in a highly competitive labour market in the coming years.

Q: What strategies are you focusing on to develop future skills?

Our strategies are focused on the many partnerships we have with local teaching and research organizations across the world to develop the next generation of talented professionals in our industry. In addition to providing hundreds of internships annually to students across engineering and other disciplines, last year, we donated a C$100 million flight test vehicle to the École nationale d’aérotechnique (ENA) in Quebec, supporting new training opportunities for students across the fields of avionics, maintenance and aerospace engineering.

NEW Bombardier Academy of learning

REINFORCED employees’ performance objectives

Q: How are you ensuring diversity and inclusion in your workforce?

Today, we are proud of our global workforce of 68,000 employees worldwide, representing 141 nationalities. To continue our growth as a world-class organization, our ambition is to be recognized as an inclusive, accessible and attractive employer.

As part of our gender diversity focus, our ambition is to have at least 25% of management positions and 35% of Board positions held by women. We also continue to work collaboratively within the transportation sector to promote diversity. We have reached our goal for Board representation, but despite our best efforts, women have remained under-represented in our workforce, an area we plan to improve. In 2018, we integrated diversity as a criteria in selecting sponsorship opportunities and we signed the UK Women in Aviation and Aerospace Charter to increase gender balance across the sector. Moving into 2019, we will re-energize our global inclusion and diversity strategy by focusing on impactful targeted initiatives that will contribute to a cultural shift.
DEEPENING OUR HSE PREVENTIVE CULTURE

Our vision to be a leader in a health, safety and environment (HSE) preventive culture is an extension of our core values and commitment to be a safe and environmentally responsible company. Last year, we worked hard to further deepen our preventive culture across the organization. We progressed in strengthening our disciplined approach to safety performance and furthering our ambition for zero harm.

LEADERSHIP ENGAGEMENT
A successful HSE preventive culture starts at the top and permeates into all aspects of our work. Senior management takes a leadership role in setting clear expectations to help our people excel as leaders. Last year, we welcomed our new global Head of Health and Safety who leads and develops the company’s strategic direction, and ensures alignment across all divisions and sites.

Despite our best efforts, we regret two fatal incidents in 2018. We thoroughly investigated the causes and are using the information to help prevent similar events as we work towards eliminating all injuries.

Living our HSE Values
Through strong leadership and personal responsibility, we have set expectations for all our employees, aligned within our five HSE long-term goals: leadership and accountability; strong governance; preventive risk management; HSE practice sharing; and continuous improvement.

RISK MANAGEMENT
We employ a risk-based HSE management system which allows us to allocate resources to the most significant exposures. Identifying, assessing and controlling risk is at the core of our management system.

BEHAVIOURAL CHANGE
We foster our HSE preventive culture by empowering everyone to take action against risks and hazards. Promoting and reinforcing safe behaviours is celebrated and the deterrents to unsafe behaviour continue to evolve and expand. In 2018, the Aviation businesses strengthened critical control parameters to advance workplace safety, while Transportation fostered key safety behaviours, conducting safety tours in our facilities.

LESSONS LEARNED
We monitor and assess our systems, programs and practices and identify improvement opportunities. In 2018, we completed detailed mapping of all our site activities to improve our ability to share learnings. When incidents occur, we conduct comprehensive reporting and investigation practices to learn from the underlying causes, and share with the rest of the organization to prevent similar incidents.

45% incident rate reduction since 2013

NEW
global Head of Health and Safety

45% incident rate reduction since 2013

NEW
global Head of Health and Safety

2.0 2014 2015 2016 2017 2018
1.7 1.6
1.3
1.1

Incident Rate1

1. Number of recordable cases, expressed per 200,000 hours worked.

Employee, Querétaro facility, Mexico

Employees, maintenance site, United Kingdom

Focusing on Critical Risks
We have invested in making our people, equipment and processes safer and we have seen our overall incident rate decrease by 45% from 2.0 in 2013 to 1.1 in 2018. We also continue to gain insights on trends, control measures and areas of improvement through regular internal and third party compliance audits.

Driving Performance
We focus on understanding the key activities and processes that could lead to critical risks at our sites. This includes investigating both critical incidents and near misses, and working collaboratively with our sites in:

- ENGAGING OUR LEADERSHIP making critical safety risks a top agenda item during the executive leadership quarterly HSE meetings.
- STANDARDIZING EXPECTATIONS AND REQUIREMENTS for critical risk processes. For example, our Transportation business developed Critical Risk Directives and our Aviation business focused on a critical risk management deployment process.
- PERFORMING INSPECTIONS through safety tours by management to assess critical risk processes.
REDUCING OUR ENVIRONMENTAL IMPACT

By reducing our environmental footprint and improving how we use our resources, we can increase our efficiency and do our part to protect the environment today and for the future. We recognize the important responsibility we have to minimize the adverse impact of our products and operations on the environment.

Environmental Management
Today all our eligible sites are certified or in the process of obtaining their certification by external parties according to the ISO 14001 Standard for Environmental Management. We successfully completed the adaptation of our systems to the revised 2015 version of ISO 14001.

Our teams have been working hard over the past five years to reduce the environmental impact of our operations and meet our five-year targets between 2014 and 2018:
- reduce absolute energy consumption, GHG emissions, water consumption and waste by 1%;
- reduce relative water consumption and waste by 1% and energy consumption and GHG emissions by 5% per 200,000 worked hours; and
- increase waste valorization by 3%.

Tracking to our 2013 baseline, we made progress and achieved an overall improvement, all through a thriving period of robust product development and testing at Aviation and increase in production at Transportation.

ENERGY CONSUMPTION
Majority of our direct energy consumption is driven by production and changing demands for heating or cooling. To reduce our impact, our efforts have focused on improving energy efficiency, including through LED lighting retrofits, compressor heat recovering and new inverter air conditioning units. In 2018, we also installed a new building control management system to regulate and optimize lighting, air conditioning and ventilation at our Morocco site. While our relative energy consumption remained stable, we met our five-year target having reduced our absolute energy consumption by 4%.

WATER CONSUMPTION AND WASTE GENERATION
We also made progress on our water consumption and waste generation and achieved all our targets. In 2018, we reduced our absolute water consumption by 8% when compared to 2013 - mainly due to the installation of new water meters and water leak repairs at our sites. We also reduced our absolute waste generation by 5% compared to 2013. Notably, we successfully decreased hazardous waste by 26% and exceeded our five-year target for waste valorization reaching an efficiency rate of 84% in 2018.

GHG EMISSIONS
Furthermore, we have successfully reduced GHG emissions generated from our operations. Relative GHG emissions per worked hours decreased by 8% and absolute emissions decreased by 11% compared to 2013. In addition to our energy efficiency projects, we benefited from renewable energy sources available at some of our sites. In 2018, more than 35% of our energy requirements for electricity were supplied by renewable electricity sources. As we increase production in major growth programs in 2019, we have fixed a one-year target aimed at sustaining 2018 results through this pivotal year.

Q&A: ADDRESSING CLIMATE CHANGE

As a global leader of mobility solutions, we see the management of climate change risks and opportunities to be an inherent part of our success as a business. We recognize the importance of transparently communicating on our approach.

Q: How is Bombardier providing oversight and positioning in the industry on climate change?

From a governance standpoint, our Board of Directors’ Finance and Risk Management Committee oversees our risks. It is supported by a strong senior leadership team who ensures our sustainable product innovations and operational efficiency projects address evolving risks and maximize the opportunities in alignment with our transformation plan.

As a signatory to the unprecedented Aviation Industry Commitment to Action for Climate Change, and as an active leader of the General Aviation Manufacturers Association (GAMA) Environment Committee, we contribute to the industry’s progress to reduce the impact of air travel on climate change, which includes the adoption of an international regulatory framework to reduce aviation’s emissions.

Q: How are climate-related risks identified and assessed?

While highly uncertain, we recognize that physical risks – including changes in rainfall and storm patterns, rising water levels, changing temperatures and water shortages – could influence decisions to construct new facilities, create indirect financial risks in our supply chain and lead to process disruptions.

Furthermore, regulatory risks could result in stricter requirements on our products and manufacturing activities, and we could face market risks from carbon pricing that increases costs for our customers.

Q: How are you strategically positioned and taking leadership to tackle climate change?

In a world of carbon-conscious travel and resource constraints, we believe we can make the greatest contribution by developing innovative, low-carbon sustainable mobility solutions, and doing so in the cleanest, most energy efficient way possible. Our rail innovations, such as our new battery-powered TALENT 3 train, are specifically designed to help cities and communities move towards a low-carbon world.

In aerospace, our product innovation strategies are aligned with the business aviation sector goals to achieve an average 2% annual fuel efficiency improvement by 2020, achieve carbon neutral growth from 2020; and reduce CO2 emissions by 50% by 2050, based on 2005 data.

Last year, along with industry partners, we also continued to lead the charge for increased adoption of Sustainable Alternative Jet Fuel (SAJF) in the business aviation segment. In early 2019, as the result of our efforts, Van Nuys Airport became the first general aviation airport in the United States to offer SAJF to operators on a trial basis.

1. Refer to our Financial Report 2018 for complete description of risks and uncertainties.
CORPORATE CITIZENSHIP

SUPPORTING STRONGER COMMUNITIES

We are making a positive difference in our local communities through education, environmental sustainability, stakeholder engagement and social inclusion. These areas fit with our business and enable us to maximize our investments, as well as the skills and expertise of our employees. In 2018, we supported more than 300 organizations worldwide directing more than $2.8 million to help our communities prosper and grow. We also fund our philanthropic arm, the J. Armand Bombardier Foundation. In 2018, the Foundation donated $4.2 million to organizations, helping fulfill our social responsibility in our home community of Canada.

Education
Support education perseverance in Science, Technology, Engineering, and Mathematics (STEM), university collaboration and entrepreneurship.

2018 HIGHLIGHTS
- Donated a Learjet 45 aircraft to the Exploration Place’s Design, Build, Fly exhibit in Wichita, Kansas, where visitors discover how airplanes are designed, built and flown.
- Celebrated our 15-year support for Belfast Employer forums, which helped more than 1,900 long-term unemployed citizens find jobs through education and skill improvement.
- Helped advance student research on mobility and access to mass transit through the New York University’s Rudin Center for Transportation Policy and Management.

Sustainable Development
Support sustainable development projects that enhance quality of life, encourage environmental responsibility and practices, and drive collaborative industry action for sustainability.

2018 HIGHLIGHTS
- Contributed to protect and help flourish the Sierra Gorda Biosphere Reserve through its carbon credit program in Mexico.
- Supported no.9’s Imagining My Sustainable Community program empowering youth to create solutions for more sustainable communities in Ontario, Canada.
- Led a workshop on eco-design and environmental sustainability at the Movin’On World Summit on Sustainable Mobility.

Stakeholder Engagement
Support opportunities to maintain and develop responsible business relationships with key industry stakeholders and shine as an active member of the business community.

2018 HIGHLIGHTS
- Became the Sustainability Partner of the Thai-Canadian Chamber of Commerce to cooperate on clean technology, education, leadership and diversity in Thailand.
- Contributed to heighten aviation safety through active engagement and support at various industry events.
- Encouraged networking and development for women at the International Aviation Womens Association annual conference held in the United States.

Social Inclusion
Support organizations that foster innovation, capacity building and human dignity in Canada through the J. Armand Bombardier Foundation.

2018 HIGHLIGHTS
- Donated $1 million to the Montreal Heart Institute to enable the launch of a clinical study aimed at reducing heart attack and stroke recurrences through a low cost plant-based medication.
- Helped scale up Wapikoni Mobile’s award-winning program to combat isolation and suicide among First Nation youth through cinema and music across Canada.
- Celebrated five years of coaching social leaders through our Philagora cohort on social innovation and the culture of change.

We also fund our philanthropic arm, the J. Armand Bombardier Foundation. In 2018, the Foundation donated $4.2 million to organizations, helping fulfill our social responsibility in our home community of Canada.

3,000+ participants in the Quebec FIRST Robotics Competitions in 2018
14,000+ No.9 students embracing sustainable development since 2006
37% of our total contribution targeting stakeholder engagement in 2018
50+ non-profit executives benefiting from Philagora program in five years

In 2018, we supported 300+ organizations in 20+ countries.
This report addresses Bombardier’s performance across all of its facilities worldwide, including joint ventures. We have included financial data for Bombardier Inc. and its subsidiaries, as well as updates on the societal, environmental, governance and social-economic issues that are most important to the company and our stakeholders. This report includes quantitative data reflecting our performance in 2018. A discussion of the company’s financial results and its strategic and key performance indicators follows this overview. Most of the financial information in this report is extracted from our 2018 Annual Financial Report. All financial figures are in U.S. dollars unless otherwise stated. For more detailed information regarding our financial disclosures, please see our 2018 Annual Financial Report.

Data Verification
The information provided for our environmental indicators was verified by an independent third party: Energy and GHG emissions data from our Belfast, UK facility is verified by external parties under the EU ETS, which includes BS Assurance UK Ltd, located at Elmsmead, 29-33 Church Road, Milton Keynes, MK5 8BP. Energy and GHG emissions data from some sites in Québec, Canada are also verified by external parties, which includes Saint- Lauriant Tiers, located at 2035 Rue des Acacias, St. Laurent. Internal data is also verified by external parties, which includes Bellmorco facility located at 300 Côte-Vertu Ouest, Dorval, Québec, Canada, Bombardier Canada and selected German sites, as well as our sites in Minskoye (Hinggan), Beihai (China), and in its subsidiaries.

Forward-looking Statements
This Activity Report includes forward-looking statements, which may involve, but are not limited to: statements with respect to the Corporation’s, and its subsidiaries’, expectations regarding revenue and backlog mix; the expected impact of the legislative and regulatory environment and legal proceedings on the Corporation’s business and operations; strength of capital profile and balance sheet, creditworthiness, availability of liquidity and capital resources, expected financial requirements and ongoing review of strategic and financial alternatives; the introduction of productivity and performance improvements and restructing initiatives and anticipated costs; retention/benefits and timing thereof; the expected objectives and financial targets underlying our transformation plan and the timing and progress in execution thereof; including the anticipated business transition to growth cycle and cash generation; expectations and objectives regarding debt repayments, expectations and timing regarding an opportunistic redemption of Caesari debentures at the end of June 2019 (CSA Group) and its subsidiaries’, expected parameters, or at all; the realization of intended benefits of the Corporation’s partnership with Airbus and the related costs and expenses; and as such are subject to changes in family strategic, planning, operational, performance, design and/or systems. All specifications and data are subject to review and change without notice and are subject to certain operating rules, assumptions and other conditions. This document does not constitute an offer, representation, guarantee or warranty of any kind.

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The 2018 Bombardier Activity Report is guided by the Global Reporting Initiative Standards and the International Integrated Reporting Council framework. This report is only a part of our ongoing dialogue with stakeholders and we welcome your feedback and questions at csr@bombardier.com.