MOVING MINDS
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<td>Our aim is to satisfy the expectations of our customers by delivering state-of-the-art products. In close cooperation with our customers we are driving innovation and breaking new ground in rail technologies and efficiency.</td>
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<td>We see ourselves as partners to shape urban mobility and cooperate in numerous ways with our local stakeholders. Our smart, eco-friendly transportation solutions and systems are the key to addressing major mobility challenges and developing liveable cities worldwide.</td>
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<td>We work hand-in-hand with our network of thousands of suppliers and partners worldwide. Managing our supply chain responsibly reinforces our reputation as a leading integrated solutions provider and long-term partner.</td>
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<td>EMPLOYEES</td>
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<td>Flawless execution of our projects requires highly talented and dedicated people. As an employer of choice we take pride in providing employees with a dynamic and reliable workplace and interesting career opportunities.</td>
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<td>COMMUNITIES</td>
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<td>Thriving communities are the foundation for our company’s long-term growth. By providing our expertise to the communities where we operate, we are growing local roots and helping to create strong infrastructures.</td>
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<td>SHAREHOLDERS, INVESTORS, AND ANALYSTS</td>
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<td>Conducting business in an ethical manner is of cardinal importance to our operations, and upholding the highest integrity and leadership is key to our current and future success. Earning and keeping the trust of our shareholders is a priority for us.</td>
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Dr. Lutz Bertling, President and COO, Bombardier Transportation.
Dear Stakeholders,

Today, global mega trends such as climate change, population growth, urbanization, and congestion are presenting major challenges to governments, communities, and individuals around the world. Without state-of-the-art public transportation solutions, these challenges will become acute.

For Bombardier Transportation, creating better ways to move the world is the heart and soul of our business activities. We provide integrated solutions to the universal need to connect people — in cities, regions, and countries worldwide. And we do so in a way that respects people and our planet. As a leader in our industry, we are an active supporter of the principles of the United Nations Global Compact. We believe in the fundamental importance of corporate responsibility (CR) as it creates value for our customers, the communities in which we operate, our industry, our employees, and for our own business.

Our 2014 Corporate Responsibility Report shows how CR is embedded in our business model throughout our operations, global supply chain, and product development. It provides examples of how we have established long-term partnerships with our stakeholders to build communities and improve the quality of life wherever we do business.

We work closely with our customers to build a relationship based on mutual understanding and trust. As an innovation driver, our technologies help them to reduce their lifecycle costs and lower their impact on the environment. Since our supply chain is constantly evolving, we regularly liaise with our suppliers to ensure they become more and more integrated with our operations.

The development of high-quality products and services requires a highly skilled workforce. Thus, we continuously train nearly 40,000 employees, ask for feedback, and conduct engagement surveys on a regular basis to ensure they are highly committed.

Since we want to make a sustainable impact in our communities, we continue to base our donations and sponsorships approach on contributions that are aligned with our global footprint and our 3E approach: Education, Environment, and Entrepreneurship.

Acting as a responsible corporate citizen, we follow an integrated approach to meeting our stakeholder demands and generating sustainable growth. As we lead the way in The Evolution of Mobility, we take pride in Moving Minds responsibly.

Dr. Lutz Bertling
President and COO
Bombardier Transportation
The Bombardier Corporate Responsibility Mission

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

Bombardier Transportation Provides Leading Mobility Solutions Worldwide

Bombardier Transportation is a leading provider of rail technology products, systems, and services. We are headquartered in Berlin, Germany, and are a business segment of Bombardier Inc., based in Montreal, Canada. Our 39,700 employees worldwide drive our success by developing innovative products designed to meet the global need for efficient, environmentally friendly mobility solutions.

Our installed base of more than 100,000 vehicles in more than 60 countries is evidence of our success. In 2014, revenues from our rail transportation activities reached US$9.6 billion, an increase of 9.7% year-over-year.

OneBT Helps Us Deliver on Our Promises

In light of a dynamic economic environment, in 2014 we implemented a new organizational structure that enables us to fulfill our promise to deliver innovative, sustainable, and financially responsible results while maintaining our leadership position in the industry. This new structure lies at the center of our internal improvement initiative, OneBT. Aligned with our overall strategy, the goals of OneBT are to increase both the efficiency and the profitability of our business. To achieve this, we will bring the standardization of our products, systems, processes, and tools to maturity. We are striving to generate savings that can be invested in research and technology in order to strengthen our market position. We continue to share knowledge and foster collaboration beyond our immediate teams and think and act as OneBT.

Our Corporate Responsibility Strategy Yields Measurable Results

As Bombardier seeks to provide the most innovative and sustainable transportation solutions for today and tomorrow, we analyze the environmental, economic, and societal impact of everything we do. The better we understand the needs of our stakeholders and the impact of our actions, the better we are able to create both financial and non-financial value. We partner with our customers, suppliers, and communities to foster innovation and to build eco-efficient products that shape the future of mobility. Together with these stakeholders, we provide opportunities for talents to flourish in the communities where we and our partners operate.
Bombardier is shaping The Evolution of Mobility through its growth strategies based on three interrelated elements: investing in leading mobility solutions, growing local roots in key markets, and striving to achieve flawless execution every step of the way.

Innovative mobility solutions have been the hallmark of Bombardier’s business throughout its history. Over the years, this achievement has translated to a lasting competitive advantage, and continued investment in cutting-edge technologies is proof of Bombardier’s commitment to this path – even in challenging economic climates.

Bombardier continues to strengthen its presence in its traditional markets of Europe and North America. However, as demand from non-traditional markets is set to rise over the next decades, Bombardier is growing local roots in new key markets such as South America, Asia-Pacific, the Middle East, and Africa by creating employment opportunities and engaging communities in these regions.

Being a global leader requires flawless execution at every stage. Bombardier constantly strives to deliver high-quality products on time and on budget to ensure our continued growth in an increasingly competitive market.

A sound strategy needs a robust foundation. Bombardier’s strategy rests on four pillars: attracting great talent globally, exercising strong financial discipline, actively managing risk, and integrating sustainability.

Growth Strategies

VALUE CREATED FOR
SHAREHOLDERS, CUSTOMERS, SUPPLIERS, EMPLOYEES,
GOVERNMENTS, COMMUNITIES & NGOS

OUR GROWTH STRATEGIES

INVEST IN LEADING MOBILITY SOLUTIONS
GROW LOCAL ROOTS IN KEY MARKETS
ACHIEVE FLAWLESS EXECUTION EVERY STEP OF THE WAY

OUR COMPETITIVE FOUNDATION

GREAT TALENT GLOBALLY
STRONG FINANCIAL DISCIPLINE
ACTIVE RISK MANAGEMENT
INTEGRATED SUSTAINABILITY
Creating Long-term Partnerships with Our Stakeholders

Our aim is to create long-term partnerships with our stakeholders based on mutual trust and integrity.

We recognize that different stakeholders have different expectations. To get a balanced view of their needs, we engage with our stakeholders on a regular basis, using a variety of tools. This includes informal one-on-one conversations, formal stakeholder consultations, and participation in various industry initiatives.

The results of these dialogues help us determine which material topics to focus our CR efforts on, but they also influence our strategic planning and reporting priorities. Dialogue with our stakeholders helps us to put the right programs in place to create value for society and generate profitable, sustainable growth.

Stakeholders’ Requirements Are Our Priority

In 2014, Bombardier Inc. commissioned an external consultancy to conduct a stakeholder survey in line with the AA 1000 Stakeholder Engagement Standard as defined by AccountAbility, the global non-profit organization for promoting accountability, sustainable business practices, and corporate responsibility.

More than 800 internal and external stakeholders representing the most influential groups, i.e. customers, public authorities, suppliers, employees, communities as well as shareholders, investors, and analysts, participated in the online assessment.

Both internal and external stakeholders perceived Bombardier as a leader in the railway industry. The traits that most reflect our leadership capabilities were game-changing products, commitments and policies, ambitious plans and goals, and our ability to create business and societal value.

When asked which topics should most concern Bombardier Transportation over the next three years, internal and external stakeholder groups agreed on the following areas:

- Product reliability, safety, and security
- An expected shortage of skilled workers
- Supply chain’s ability to react to changing demand
- Emerging economies

These themes correspond with the overarching global trends reflected in our business strategy.

Bombardier followed up with one-on-one interviews, and this deeper analysis revealed that external stakeholders placed high importance on the environmental impact of our business and expressed a more explicit desire for cleaner technologies. This feedback validated our commitment to

Bombardier’s Most Important Stakeholder Groups

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being a determined innovation driver with an exceptionally broad portfolio of eco-efficient products and services, supported by our BOMBARDIER® ECO4® technology.

The results of the survey and stakeholder dialogue have also been shared with Bombardier’s President and CEO and the leadership teams across all business segments. The voices of our various stakeholders carry considerable weight in our product development processes, as we will show in more detail in the following chapters.

A Leader in the Industry

We are conscious of our leadership role in developing products that have a positive impact on the environment and society. We actively participate in sustainability initiatives in our industry to raise the standard with regard to product safety, supply chain management, and CO₂ emissions. Under the chairmanship of Bombardier Transportation’s former Chief Technical Officer, the European Rail Research Advisory Council (ERRAC) presented the Rail Route 2050 agenda to the European Commission.

It highlights research opportunities for developing a sustainable next-generation rail transportation system throughout Europe. As a signatory of the International Association of Public Transport (UITP) sustainability charter, we work closely with them and participate in the working group “Environment” of the German Railway Industry Association (VDB). As a member of the Association of the European Rail Industry (UNIFE), Bombardier Transportation founded the organization’s Sustainable Transport Committee and continues to play an active role. These efforts are a testament to our commitment to advancing the industry in a sustainable manner.

Open Dialogue with Our Suppliers

For over ten years, we have hosted an annual Supplier Day to foster dialogue with our business suppliers. At a 2014 event titled “Collaboration along the Value Chain” over 120 key suppliers participated in open forum discussions along with Dr. Lutz Bertling, President and COO of Bombardier Transportation, to help forge even stronger partnerships with our suppliers.

Recognizing Bombardier’s Pro-active Approach

The Canadian Society of Corporate Secretaries honored Bombardier Inc. with its 2014 Excellence in Governance Award. Members of the jury praised Bombardier’s approach to creating value for its stakeholders by commenting, “What distinguishes Bombardier is how it strives to be proactive, rather than simply reacting to stakeholder concerns. It has created a variety of tools to ensure it can be ‘on top of’ or, preferably, anticipate, stakeholder concerns.” Moreover, Bombardier’s dedication to sustainability has also been acknowledged by the financial markets. As of 2014, Bombardier Inc. has been listed on the Dow Jones Sustainability World and North America Indices for eight consecutive years.
A Determined Innovation Driver

Whether it is an incremental improvement or a major leap forward, our ability to innovate is what drives The Evolution of Mobility. Our success stems from a proven track record of improving the passenger experience while enabling operators to meet their business objectives. At the same time, our smart, eco-friendly solutions are the key to addressing major mobility challenges and developing liveable cities worldwide. This approach is reflected in our product responsibility strategy and integrated into our innovation process.

Thinking in Cycles

We apply a lifecycle approach to all product development steps. From a product’s initial design to its end-of-life, we analyze its performance at every stage so that we can pinpoint areas where we can mitigate risks while improving economic and environmental efficiency. Combined with feedback provided by our customers, employees, and passengers, we use this analysis to ensure that our mobility solutions meet tomorrow’s transportation expectations.

Lifecycle Costs as a Key Factor

All along the value chain, suppliers, manufacturers, and operators are increasingly concerned with reducing mobility solutions’ lifecycle costs (LCC). As operating costs are much higher than the initial investment, LCC calculations are a key tool in assessing the true value of investment expenditures. Our lifecycle approach looks at factors such as customer availability needs, fleet utilization, and maintenance practices to simulate the interplay of technical components even before the design process begins.

Our BOMBARDIER* MOVIA* C30 metro for Stockholm and S-Bahn Hamburg uses a web-based feedback loop on the Engineering Logistic Support Analysis (ELSA) portal. ELSA helps us to gather and analyze data from a customers’ day-to-day operation and provides insight into how we can improve the next generation of vehicles. Our ECO4 technologies, developed in cooperation with operators, also let us deliver increased efficiency and superior environmental performance. Our award-winning BOMBARDIER* ORBITA* condition-based maintenance system is another way we provide customers with savings and expertise long past the development phase.

15 Years of Environmental Product Declarations

In 1999, we began assessing the environmental impact of our products throughout their entire lifecycle. To communicate our findings in an internationally accepted and transparent manner, we began publishing Environmental Product Declarations (EPDs) following the international EPD* system.

Our EPDs are compliant with both the Association of the European Rail Industry (UNIFE) Product Category Rules for Rail Vehicles (PCR 2009:05) and the respective International Organization for Standardization (ISO) norms. Since the first EPD for the Stockholm Metro published 15 years ago, by the end of 2014, we had released a total of 15 EPDs. While we published EPDs for the BOMBARDIER* INNOVIA* APM 300 and for BOMBARDIER* OMNEO* in 2014, our goal is to issue EPDs for all new products by 2020.
“We are increasingly putting the lifecycle of our trains in the focus – we want our products to continuously reduce their environmental and financial footprint.”

Martin Ertl, Head of R&D, Chief Technology Office

**PRODUCT RESPONSIBILITY STRATEGY**

**BOMBARDIER PRODUCT LIFECYCLE**

01 **DESIGN** We design innovative mobility solutions to meet customer needs while taking into account global trends to ensure a differentiated product line. Dialogue with customers and passengers begins at the earliest design stages so we can incorporate their priorities and needs. Our EcoDesign (formally Design for Environment) and Design for Safety approaches are also applied during the design phase, ensuring high environmental and safety performance at every stage of the product lifecycle.

02 **SUPPLY CHAIN** Even before designs are finalized, we implement a rigorous selection process to identify the best suppliers, materials, and technologies. With our strategy of growing local roots in key markets in mind, we work together with local suppliers to decrease financial and environmental risks and help strengthen economies and communities around our manufacturing sites.

03 **MANUFACTURING AND TESTING** We strive to achieve flawless execution by providing a safe, clean, and lean manufacturing process. This process and our approach of conducting product testing prior to entry-into-service ensure our products perform as designed and adhere to all compliance, safety, and environmental regulations.

04 **PRODUCT USE AND MAINTENANCE** We want our customers to get the most out of our products – including a safe and pleasant passenger experience and best-in-class environmental performance. We are broadening our support services around the world. This helps us better understand the challenges customers face throughout a product’s active life.

05 **END-OF-LIFE** Today more than 95% of the materials in our rail vehicles are recoverable. Our aim is for all of our new products to be 100% recoverable by 2025. We are working with industry organizations and suppliers to increasingly use renewable resources as well as materials that are easier to separate and disassemble for a second life, as specified in our EcoDesign approach.
1 DESIGN

Our EcoDesign and Design for Safety (DfS) principles firmly anchor environmental and safety considerations in the innovation process and guide our product development.

From the start, we take all relevant impacts of a product throughout its lifecycle into account and identify innovative design solutions to economic, environmental, and safety challenges. As a result, we are able to maximize recyclability and recoverability, eliminate hazardous substances, and invest in technologies that improve passenger safety and energy efficiency as well as reduce emissions. As safety is a top concern, we provide advanced training in EcoDesign and Design for Safety principles and to date, a total of 1,588 additional engineers have been trained. In addition, we are part of an industry-wide TecRec initiative implementing new fire and crash safety rules in 2016 and 2017, respectively.

2 SUPPLY CHAIN

We manage our supply chain responsibly and cooperate closely with our suppliers in order to build highly advanced, safe, and eco-friendly rail vehicles. This entails ensuring the supply chain’s economic viability and promoting human rights and internationally accepted labor standards. As a prerequisite to becoming our partner, we expect suppliers to sign and adhere to our Supplier Code of Conduct, which clearly lays out our expectations in terms of labor standards, legal compliance, health and safety, environment, anti-corruption, ethics, conflicts of interest, and governance. In particular, the environmental impact of our suppliers’ products are systematically managed via a new database where suppliers enter detailed information about the materials they are using.

3 MANUFACTURING AND TESTING

We continually strive to operate at high standards of health, safety, and environmental (HSE) performance. Zero occupational illness and injury and minimizing our overall organizational environmental footprint are our long-term goals. To achieve these goals, we have set ourselves an array of short-term targets:

- Reduce absolute energy consumption, greenhouse gas (GHG) emissions, waste consumption, and waste by 1% between 2014 and 2016, compared to 2013 data;
- Reduce relative water consumption and waste by 1% and energy consumption and GHG emissions by 3% per 200,000 worked hours between 2014 and 2016, compared to 2013 data; and
Increase waste valorization (valorized waste compared to total waste) by 3% between 2014 and 2016, compared to 2013 data.

Moreover, we are currently involved in a wide-ranging study of HSE practices in our industry. In addition to company-wide measures and activities, individual sites run initiatives to meet our environmental targets. One of these is the CO₂ Performance Ladder at Bombardier Transportation in the Netherlands. This customer-initiated tool encourages companies to analyze and reduce their own and their suppliers’ CO₂ emissions. Tried-and-tested approaches are shared with participating companies, non-governmental organizations (NGOs), governmental bodies, and research institutes. Bombardier Transportation Netherlands has received top-level certification (level 5).

Customers want our products to provide a pleasant passenger experience, uncompromising safety, and excellent environmental performance. To meet their increasing expectations, we are expanding our support services globally. While safety is designed into all of our rail vehicles, we are always taking additional measures to raise our standards even further. In 2013, we launched a new Safety Bulletin System that tracks transportation customer safety incidents worldwide.

Even when our products reach the end of a long useful life, we still take responsibility for the post-use phase. We are working with industry organizations and suppliers to achieve 100% recoverability of the materials by 2025. We were heavily involved in the development of the common UNIFE Recyclability and Recoverability Calculation Method released in 2013 and continually find new ways to reduce the environmental impact of our products.
**ECO4 PORTFOLIO**

Our ECO4 portfolio of technologies supports our holistic, lifecycle oriented approach to product development. The ECO4 portfolio reduces overall energy consumption by up to 50% compared to current solutions and lowers emissions by up to 80%.

Today, our modular suite of ECO4 technologies consists of 15 innovative solutions, including five industry firsts, across approximately 120 applications. We continue to implement these technologies in a growing number of products while also expanding the portfolio itself.

However, the ECO4 range is not simply a product portfolio, but a roadmap for sustainable transportation solutions. Below we present a selection of our most innovative solutions from the ECO4 portfolio.

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**BOMBARDIER* FLEXX* Eco Bogie**

FLEXX Eco bogie is an exciting product within the Bombardier bogie portfolio that enables significant reductions in energy consumption and noise emissions. With almost 1,000 units in operation worldwide, the FLEXX Eco bogie has proven reliability.

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**BOMBARDIER* MITRAC* Energy Saver**

The innovative double-layer ultra-capacitors store the energy released each time a vehicle brakes and reuse it during acceleration or operation. Applied to a light rail vehicle, the system has – over several years of testing – been confirmed to save up to 30% of energy. It also enables catenary-free operation for limited distances and can be used as a performance booster by adding extra power during acceleration.

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**EcoSilent Optimized Sound Design**

EcoSilent is a holistic approach to sound optimization that addresses both the reduction of exterior noise while harmonizing interior sound to ensure comfort for passengers. For the interior, EcoSilent ensures all-round audio comfort for passengers by the use of a "sound studio" concept.
**PRODUCT RESPONSIBILITY STRATEGY**

Visual Improvement 100%

Energy Savings 30%

Energy Savings 15%

Energy Savings 26%

Energy Savings 20%

Reduced Particle Emissions 87%

Increased Efficiency 2%

Noise Reduction 50%

Reduced Emissions 80%

Energy Savings 12%

Energy Savings 20%

Recoverability >95%

Energy Savings 5%

Reduced Lifecycle Costs 25%

Energy Savings 10%

*Trademark(s) of Bombardier Inc. or its subsidiaries.*
“Our trains have to provide outstanding comfort and an enjoyable travel experience but also reliability and efficiency.”
A Product Portfolio That Looks to the Future

Ranging from complete trains to sub-systems, maintenance services, system integration, and signaling, all our products are developed with the challenges of tomorrow in mind. Deep and long-standing relationships with our customers and suppliers help us design smart and eco-friendly solutions to address major mobility challenges and develop liveable cities worldwide. Our EcoDesign methodology targets new standards in environmental performance while maintaining safety, comfort, and reliability. We take a lifecycle-oriented approach to product responsibility and address all stages of product development. This ensures that we deliver continuous technological advancement with a positive impact on the world around us – today and tomorrow.

Satisfying Our Customers through Lean Processes

We continuously strive to distinguish ourselves by delivering not only the most innovative and sustainable mobility solutions, but also outstanding service. To add more customer focus, we launched the internal improvement initiative OneBT in January 2014. This organizational shift will give us the agility needed to enter different markets with robust platforms and respond to our customers’ needs. The leaner, more efficient organization allows us to work more closely with our customers throughout the entire design and production process.

- We employ more than 39,000 people in 38 countries.
- We run production and engineering sites as well as service centers in 27 countries.
- Our products and services are sold in more than 60 countries.
- Our portfolio of innovative rail products remains unsurpassed by our competitors.
- More than 100,000 Bombardier Transportation vehicles are in operation worldwide.
Customer Feedback Drives Innovation

For an innovation driver, regular customer feedback is essential. Workshops with customers from our key markets in Europe, the United States, and Asia help us continue to develop market-driven, competitive solutions for the mobility needs of the future. We therefore introduced a new evaluation process in 2014 in accordance with the International Railway Industry Standard (IRIS). For instance, we invited the top eight customers from our Systems division to participate and were pleased to see that they consistently perceive us as a leader in product innovation.

Our customers demonstrated their appreciation for our high-quality, innovative, and cost-efficient products by awarding the 2014 SNCF Trophy to our Crespin site in France for “Best Manufacturer and Site” and recognizing us as the “Transport Supplier of the Year” at the 2013 UK National Transport Awards. To further grow strong roots in local markets, we have augmented our service and opened 11 new support and maintenance sites across the globe.

One Step Ahead through Research and Development

Continuous investment in research and development enables us to satisfy our customers’ evolving requirements across different markets. In 2013 and 2014, Research Infosource, Canada’s source of R&D intelligence, recognized Bombardier Inc. as Canada’s top R&D investor. Our innovative power allows us to develop safer, cleaner, and more convenient ways of traveling while maintaining our competitive edge and profitability.

A Smooth Ride with New Jersey Transit

New Jersey Transit (NJT) is the third-largest public transportation system in the United States, connecting the major metropolitan areas of New York, New Jersey, and Philadelphia. Until recently, NJT’s New York-bound passengers had to change trains before reaching their destination because the track was only partly electrified.

The BOMBARDIER* ALP*-Dual Powered locomotive solved this problem in March 2013. The new ALP-45DP operates on both electrified and non-electrified tracks, offering passengers a seamless, shorter, and a safer trip to the Big Apple. The first five ALP-45DP locomotives started running from Dover, New Jersey, to Penn Station in New York City in March 2013, a full year ahead of schedule. Since then, NJT has provided reliable, fast, and convenient service for thousands of passengers commuting to Manhattan every day.

Efficiency and Safety Thanks to BOMBARDIER* INTERFLO* 550

While convenience and speed are often a passenger’s main concern, safety is at the top of Bombardier’s list. For example, the INTERFLO 550 is a rail control system that automates the flow of trains. It works wirelessly - without trackside
equipment, which can be damaged or vandalized – and it also prevents any attempt to contravene a movement authority or given speed restriction. In addition, the INTERFLO 550 provides the vehicle driver with up-to-date information about the track that lies ahead.

The system was used as the standard for the European Rail Traffic Management System (ERTMS) due to its safety and reliability and also received the Bombardier Transportation Innovation Award in 2014. It has already been installed on the Västerdal line in Sweden and we expect it to be installed on many routes in emerging markets.

**BOMBARDIER**
**AVENTRA**
**Trains**

**Designed with UK Expertise**

Around 200 million passengers are expected to travel annually to and from London, making congestion in this city of eight million inhabitants a pressing concern. In February 2014, we were selected to supply and maintain 65 AVENTRA Electrical Multiple Units (EMU) for the ambitious Crossrail infrastructure project. This was an important endorsement of our new trains, which feature significantly reduced weight, high reliability, and low energy consumption. The AVENTRA system was developed in the UK by experienced engineers, with input from stakeholders such as train operators, suppliers, and passengers. Each Crossrail train will be just over 200 meters long and provide space for more than 1,500 passengers, making travel in the region quicker and easier, even during peak periods. The AVENTRA system is modular and can be tailored to suit different market requirements, making it an innovative solution for metro trains and intercity connections alike.
A modern public transportation system must be able to respond quickly to the sustainability challenges facing city councils.
SHAPING THE FUTURE OF URBAN MOBILITY

Today, 54% of the world’s population lives in urban areas, and this is expected to increase to 66% by 2050*. Rapid urban growth and the congestion, pollution, and noise that come with this growth create a host of challenges for city planners and public administrations.

Custom Mobility Solutions for Public Partners around the World

With a growing number of people living in urban areas, innovative mobility solutions are vital to improving living standards by providing access to employment, education, healthcare, and cultural centers.

Without cutting-edge technology in public transportation, cities will become increasingly congested and polluted. As CO₂ emissions from the transport sector – mainly from cars – are already approaching 3.5 billion tons worldwide yearly, Bombardier Transportation is connecting individuals and their communities sustainably.

We work closely with city planners, government authorities, civil engineers, and transport operators to create innovative and sustainable methods of eco-friendly and comfortable transportation. With our expertise and flexible financing models, we engage in public-private partnerships that support new infrastructure projects and help deliver mobility solutions to millions of inhabitants.

The following examples illustrate how our collaboration with public authorities shapes urban transportation systems and fosters social development.

Developing a Modern Public Transport System for Saudi Arabia

Saudi Arabia’s capital, Riyadh, is expected to grow from almost six million to eight million inhabitants by 2030 and the construction of the new King Abdullah Financial District is a key project to modernize this flourishing city and make it more liveable. As part of the ArRiyadh New Mobility (ANM) international consortium, city planners have commissioned us to supply, install, operate, and maintain an INNOVIA Monorail 300 system to provide this district with efficient and clean public transportation.

*UN report “World Urbanization Prospects 2014”
The INNOVIA Monorail 300 won the Chicago Athenaeum Museum of Architecture and Design’s GOOD DESIGN® Award in 2014 for its innovative and cutting-edge design. The metro cars will be powered by MITRAC rotary motor propulsion, one of the most efficient and eco-friendly engines on the market. The lightweight FLEXX Eco bogies combined with aluminum car bodies will further limit overall energy consumption. Moreover, the trains offer comfortable seating and feature modern communication and security technologies.

As a business dedicated to growing roots in local markets, we are also supporting the changes in Saudi Arabia’s urban transport infrastructure. The successful realization of these ambitious projects depends on highly qualified professionals and specialists. In 2012, we opened a Project Management Academy (PMA) in Saudi Arabia where recent graduates and engineering or business professionals are given the opportunity to develop their project management expertise through on-the-job training, international assignments, and in-class and online instruction. In 2014, eleven graduates from Saudi Arabia successfully completed the two-year program and received positions within our company. The Academy is to be launched in other countries in the region as our roots in the Middle East become more established.

São Paulo’s New Monorail System Creates Jobs

Just as in Riyadh, city planners in São Paulo agreed that the INNOVIA Monorail 300 system was the right way to provide mobility to their rapidly growing city.

As part of a consortium, Bombardier Transportation has been commissioned to build a new monorail system linking the sprawling city’s center to the eastern suburbs and the outer region in Tiradentes. Currently, the 24-kilometer journey takes about two hours. However, once complete the new monorail system will cut travel time in half, returning some additional leisure time to busy commuters.

The new system will also be the world’s largest and highest-capacity monorail. Designed to comfortably move half a million people per day, the monorail features spacious...
interiors and increased capacity. In particular, its driverless technology allows for greater efficiency as headway times can be shortened to just 75 seconds. The line is set to open in phases and will assume full operations within the next two years.

Moreover, by opening a new production site in the industrial town of Hortôlandia, we have created 250 jobs within the region and supported the creation of another 500 positions with our local suppliers. The consortium has also planted over 3,000 trees to offset carbon emissions and is working with 52 schools, two hospitals, and two medical centers to educate the community about their new transit system. In addition, our INNOVIA Monorail 300 system received the “Systems Supplier of the Year” and “Best Manufacturer of Passenger Vehicles” at the annual Revista Ferroviaria Awards in São Paulo, Brazil, in both 2012 and 2014.

Stylish Design for Gold Coast Trams

In 2014, as part of a consortium, we were commissioned by the government of Queensland, Australia, to design, build, finance, operate, and maintain the first stage of the Gold Coast Rapid Transit light rail public transportation system.

The centerpiece of this system is the 14 distinctive BOMBARDIER* FLEXITY® 2 light rail vehicles. Designed by our Industrial Design team in Brisbane, the trams were intended to reflect the unique characteristics of the Gold Coast. The result was a stylish and modern tram with a wave motif featuring the Gold Coast’s signature colors and the most powerful air-conditioning unit in a tram of its class to beat the heat of the long Australian summers. Perhaps most importantly for the Gold Coasters, their new FLEXITY 2 trams are the first trams to feature built-in racks specially designed to hold surfboards.
“We value the trust and transparency in our long-term relationship with Bombardier Transportation.”
PARTNERING WITH OUR SUPPLIERS WORLDWIDE

We work with thousands of suppliers worldwide to manufacture innovative and high-quality products that also meet increasing requirements for ethical business practices and environmental responsibility. In accordance with our commitment to growing local roots, we support our suppliers in their own corporate responsibility initiatives. Our competitive edge results from long-term partnerships with our suppliers based on mutual trust and transparency.

Supplier Sustainability Awards Honor Outstanding Initiatives

Our suppliers play an important role in our value chain. Applying responsible business practices and delivering environmentally friendly components benefit our own and our suppliers’ reputations. We recognize outstanding suppliers each year with our Supplier Sustainability Award to acknowledge their contributions. The selection process focuses in particular on product innovation, responsible procurement, and environmental stewardship. In 2014, more than 50 suppliers submitted applications with noteworthy initiatives. Knorr-Bremse AG and Clerprem S.p.A. earned the 2014 Supplier Sustainability Award for their excellent standards. Knorr-Bremse AG, a leading manufacturer of braking systems for rail and commercial vehicles, was recognized for integrating corporate responsibility into its management system and all processes throughout the company. In the category for companies with fewer than 500 employees, Clerprem S.p.A., a manufacturer of components and seating systems for the automotive and rail industries, won an award for its innovative ultra-lightweight seats, which reduce energy consumption, as well as for its societal engagement. In 2013, the award highlighted the dedication of Infineon Technologies AG and Willowglen Systems Inc.
Common Goals and Responsible Practices Guide Our Supplier Selection

Aligned with our OneBT initiative to increase efficiency, our Procurement Strategy Plan 2020 aims to cultivate closer relationships with our key suppliers while safeguarding resilience and flexibility in the supply chain to buffer against possible resource bottlenecks. To ensure that our goals are aligned, corporate responsibility criteria are essential aspects of our supplier selection process. These criteria are reflected in our Supplier Code of Conduct, which forms the foundation of our long-term relationships. It is based on the principles of the United Nations Global Compact and details our expectations regarding legal compliance, labor conditions, health and safety, environmental performance, anti-corruption, business ethics, and government relations. While we require that suppliers adhere to our Code of Conduct, we also support them in improving their own sustainability practices.

Reducing Risk through Audits and Information Sharing

Working with a multitude of suppliers in different geographical regions entails certain risks. To limit our exposure to supply chain disruptions and compliance issues, we have enhanced our supply chain risk management and taken a series of precautionary measures. As an important step to increasing transparency and emphasizing the importance of corporate responsibility, we released our Preferred Supplier Panel 2014. It gives all buyers easy access to our company-wide database of supplier risks. To verify the accuracy of our information, we conducted spot checks and 43 audits in 2013 and 2014.

In the coming years, we plan to intensify our monitoring activities and will commission further third-party audits.

“We work very closely with Bombardier Transportation on product innovation and eco-design, which is increasingly important to our end customers. Being involved in product development from the beginning enables us to quickly and efficiently react to expectations and deliver on them.”

Alexander Tietz, Key Account Manager, Knorr-Bremse AG

Our annual Supplier Day, held for over ten years, provides a forum for suppliers from around the world to share information and mitigate risks. In 2013 and 2014, 240 of our key suppliers followed our invitation to the Supplier Day in Berlin to enhance collaboration along the value chain. Furthermore, as a joint drive with other leading rail technology companies, Bombardier Transportation developed “Railponsible,” a global initiative aimed at fostering responsible procurement and standardizing the CSR assessment framework. As of the time of writing this Report, the initiative had been successfully launched.

Sourcing Locally Benefits the Community

Our CR vision requires that we work towards growing strong local roots in the communities where we operate and at our manufacturing sites. Therefore, whenever possible, we work with local suppliers, a strategy which affords financial benefits and lowers environmental impact. For example, in 2014 we won the bid to produce 240 BOMBARDIER* TRAXX* Africa locomotives as part of a complete renewal program for Gian Roberto Marchesi, CEO of Clerprem S.p.A., receives the Supplier Sustainability Award 2014 from Charles O’Donnell, CPO, Bombardier Transportation.

Dr. Robert Wassmer, Chairman of the European Management Board of Knorr-Bremse Rail Systems, and Stefan Bräuherr, Head of Corporate Responsibility, Knorr-Bremse AG receive the Supplier Sustainability Award 2014.
Transnet Freight Rail in South Africa. In our bid, we committed to building the locomotives locally and sourcing more than 60% of the contract value from local suppliers. We conducted training for Transnet Freight Rail employees and transferred expertise on products and processes. As a result, several South African suppliers were able to meet our high quality standards. We also were able to invest in local manufacturing sites and are building a new site on the outskirts of Johannesburg to serve as a hub for our operations, our local partners, and suppliers.
Here at Bombardier Transportation, we work hand in hand in cross-cultural teams to deliver on our commitments.
OPPORTUNITIES FOR FORWARD-THINKING MINDS

Our employees are our greatest asset and the foundation of our success. We strive to be a world-class employer in order to attract and retain the best talent worldwide in an increasingly competitive environment. Our internal improvement initiative, OneBT, launched in 2014, will help us to increase the efficiency and profitability of our business. It will enhance the agility we need in order to enter different markets with robust platforms while continuing to provide the best opportunities for our employees to develop their full potential. This is our way forward.

Effective Programs to Recruit Top Talent

Recruiting top talent and maintaining a dedicated, dynamic, and diverse workforce are crucial for our continued success everywhere we do business. In response to the concerns of our stakeholders expressed in the company’s 2014 survey regarding a shortage of talented and skilled workers, we have established and expanded a number of programs to enhance our recruitment and development efforts.

The Global Employee Referral Program, launched in November 2013, uses the knowledge of our employees to identify great talent in their personal networks. This has helped us save time and costs associated with traditional recruitment efforts. Since 2013, we have built more than 20 permanent talent pools for our most critical roles. In 2014 we hired 45 employees from those pools.

One of our time-tested programs to attract bright and motivated people is the Global Graduate Program, which prepares young talent with a global mindset for a future role at Bombardier Transportation. Since 2008, more than 170 Global Graduates have accepted challenging positions at our business locations worldwide. As emerging economies are growth-drivers for our business, we are also expanding our presence in these markets. In order to build local communities and leverage local knowledge, we work closely with NGOs and universities such as Kasetsart University in Thailand to support the development of the rail engineering program. To date, we have hired 50 graduates through this program.

“Our students benefit from Bombardier’s expertise in rail transportation through on-the-job training and special lectures from experts in the field, especially on signaling and rolling stock technology.”

Associate Professor Dr. Thanya Kiatiwat, Dean of the Faculty of Engineering, Kasetsart University, Thailand
In 2013, we launched our Young Leaders Program in India. This program provides comprehensive on and off-the-job training over a month-long development sequence. So far, we have recruited 55 graduates from leading engineering schools. This program, together with other successful recruitment and development programs will be expanded in coming years.

The Right Training for a Successful Career

Our goal is to provide our employees with the best opportunities for professional growth, and career development and training plays a key role in our operations. Despite increased cost containment measures in the context of our OneBT improvement program, we offered our employees 700,000 hours of training in 2013 and 2014 to leverage their managerial and technical skills. We support our employees and managers to improve their talent-development skills. In 2014, we launched the People Manager Program as a pilot and trained 100 employees in engaging, coaching, and developing their teams to their greatest potential. The program will now be implemented throughout our operations. Since its inception in 2011, over 900 employees in management and leadership positions have completed the three-day Making Great Leaders Program - this is in addition to the training sessions we offered at the senior manager and director levels.

Our Global Mobility Program and Bombardier Inc.’s Global Mobility Policy also support employees aspiring to work abroad. In 2014, at the Expatriate Management & Mobility Awards, we were recognized for having the “Best Global Mobility Program in the Industrial/ Energy Sector” for the Europe, Middle East, and Africa region.

Engaging with Our Employees

We remain as committed as ever to maintaining high levels of employee engagement. Even though the 2014 employee engagement survey coincided with our restructuring announcement, we are proud to report that a total of 85% of our employees participated in the voluntary survey. While the 2014 results declined 5 percentage points in engagement and 1 percentage point in enablement compared to the previous year, for the most part scores continue to exceed the global management consulting firm Hay Group’s Manufacturing Norm. The OneBT initiative will focus on achieving six Bombardier Transportation differentiating capabilities and on improving employee engagement and enablement by the end of 2015.

Limiting Risk through a Preventive Health & Safety Culture

The health and safety of our employees and the responsible operation of our sites are non-negotiable. We therefore adhere to international standards like the Occupational Health and Safety Assessment Series (OHSAS) 18001, the environmental management system ISO 14001, and the Eco-Management and Audit Scheme (EMAS) to proactively limit risk and track our performance in the areas of health, safety, and the environment (HSE).
To emphasize the importance of HSE, Bombardier Inc. established an HSE Council, which defines a company-wide strategy, oversees performance, and reports to the Board of Directors. Dedicated HSE teams support our sites to implement the HSE roadmap. Our HSE policy is based on a preventive culture that recognizes and addresses risks before negative outcomes occur. To further improve HSE performance, a five-year roadmap with specific goals and actions was established in 2013. One year later, several milestones, including the launch of an HSE leadership training pilot program, were reached. In October 2014, the third HSE Leadership Conference was held to foster an exchange of best practices and lessons learned across all operations.

While we strive to reach zero occupational illnesses and injuries every year, we regret to report that we suffered three employee fatalities over the last two years. We have investigated the incidents thoroughly and shared the results of those investigations with the appropriate authorities. As a result, we have further reviewed and improved the measures to increase safety in all business segments. Maintaining the highest standards of health and safety practices is not only an obligation at Bombardier, but a matter of respect for our employees and their families.

Diversity as a Key Factor for Long-term Success

Bombardier values its diverse workforce. The experience, skills, and backgrounds of the employees, representing 120 nationalities, are a key factor for our long-term business success. In 2013, Bombardier Transportation in Germany signed the Charter of Diversity, a business initiative supported by the local government. By participating in initiatives such as the German Diversity Day 2014, management at our Berlin, Görlitz, and Kassel sites made a clear statement about the importance of diversity and its impact on business success.

One particular area where we aim to improve is gender diversity. In 2013, we set a goal to increase the percentage of women in management positions to 25% by 2018 (up from 16% in 2014). To make Bombardier Transportation a more attractive employer for women, we created the Female Engineering Network (FEN) in 2008. Through this network, we provide training, mentoring, and opportunities for collaboration around the world. In December 2014, the network had more than 300 members across 30 global sites. To inspire the next generation of female experts, FEN supports the “EnterTechnik” project in Berlin, Germany, which prepares young women for technical professions and is promoted by the European Union and the German Federal Ministry of Labor and Social Affairs.
“Even though we haven’t decided what career we want to pursue, the insight into a technical working environment at Bombardier was a great hands-on experience!”
PARADIGM SHIFT TOWARD SHARED VALUE

We have moved away from philanthropic donations and towards an impact-oriented strategy aligned with our core business and values. Our company-wide 3E strategy focuses on education, environment, and entrepreneurship as we strive to build the foundation for sustainable growth in the communities in which we operate.

We collaborate closely with our NGO partners to measure the success of our projects against specific key performance indicators and evaluate the positive impact of our societal investments. By contributing the expertise of our employees in volunteering initiatives we foster strong and long-lasting relationships with our local partners. This is how we create shared value, for the communities and for our business. Educational programs help strengthen the future of the region by developing a sustainable workforce and a strong infrastructure.

MAKING AN IMPACT IN OUR COMMUNITIES

Supporting local initiatives in the communities where we work is something we are passionate about, and creating strong infrastructures is a prerequisite for our success. We want to be a responsible employer and reliable business partner and make an impact everywhere we do business.

- Protecting the environment is at the core of our business. We support projects and initiatives that explore effective ways of protecting our natural living spaces. By providing the best products and services, we are driving The Evolution of Mobility sustainably.

- Entrepreneurship drives innovation and sustainable economic growth. We help young entrepreneurs develop their skills and launch their businesses, allowing them to become the independent business owners, customers, suppliers, and partners of the future.

Overall, Bombardier Inc. has committed to contributing 1% of the previous year’s pre-tax earnings (EBT) to community involvement projects, and we have made it our goal to devote 80% of our worldwide financial support to the 3Es by 2015. In 2014, we allocated 58% to initiatives that are aligned with the 3Es. This reflects a robust positive trend and shows an improvement over 2012, which saw a 46% investment in 3E projects.
Investing in Education to Integrate Youth in Local Job Markets

Business skills are the prerequisite for economic well-being. Society in India faces, in particular, challenges in girls’ education and the underdeveloped vocational training field. For Alka, a young woman from a disadvantaged family in West Delhi, her ambition to be independent has become reality. She was able to join the Saksham educational program promoting youth employment by providing practical life and work skills. Bombardier Transportation has supported this program since 2012 by partnering with Plan India, an NGO with a strong reputation for its effectiveness and governance. Since then, 175 young adults between the ages of 18 and 29 have received vocational training and 119 were successfully employed in the retail and hospitality industries. Alka is one of them. She comments:

“Saksham has given me a life I could only have dreamt of. I found a job allowing me to support my family and to continue my own studies as well.”

Because of the program’s success, we are now considering expanding the program to other production sites in India as well.

Rebuilding Schools and Lives

In November 2013, Typhoon Haiyan devastated parts of Cebu, Philippines, where many of our local employees are raising families. In accordance with our 3E strategy, we raised a call for employee donations and these funds were matched by Bombardier Transportation for a total contribution of US$125,000. Partnering with the local branch of the non-profit organization Habitat for Humanity, we helped fund the rebuilding of three schools in the storm-stricken communities of Tapilon, Kawit, and Remigio. The donation strengthened the bond between our company and these communities as 4,500 children are now able to continue their studies in a safe learning environment, which contributes to a higher standard of living, both today and in the future.
Sharing Skills with Our Communities

Our employees are highly skilled experts with profound professional knowledge, passion, and leadership abilities. These qualities make them great assets not only for our company, but also for the communities in which we operate. Bombardier Inc. has therefore set the goal of establishing skills-based volunteering projects in our key markets by 2020.

One example is the Huerdenspringer+ (hurdle jumper), a Berlin-based project carried out in partnership with the local NGO UNIONHILFSWERK. Last year, nine employees from our Berlin and Hennigsdorf sites qualified to serve as mentors for teenagers, mainly from disadvantaged backgrounds, and support the teens’ efforts to enter the job market. Today, the teenagers are meeting with their mentors regularly to discuss their ongoing job search. In 2015, we will expand the program to allow more employees to volunteer for a Bombardier-preferred cause or as part of a team-building initiative.

“We are delighted to see the local industry taking social responsibility. Engaging in community projects such as Huerdenspringer+ supports the development of teenagers and offers perspectives for their future careers.”

Stefanie Corogil, Project Leader, Mentoring Project Huerdenspringer+

Honoring the Founder’s Vision

In 1965, the J. Armand Bombardier Foundation was established to provide support for communities in Canada, the home of Bombardier Inc. and its founder Joseph-Armand Bombardier. Since then, the foundation has generously supported community initiatives to improve healthcare and education. In 2014, Bombardier Inc. contributed US$3.7 million to the foundation, which celebrates its 50th anniversary in 2015.
SHAREHOLDERS, INVESTORS, AND ANALYSTS

“Companies that achieve consistent financial performance by demonstrating responsible business practices are the investor’s preferred choice.”
Bombardier Inc. is headquartered in Montreal, Canada, has business operations around the world, and is listed on the Toronto Stock Exchange. Bombardier Transportation, based in Berlin, is a business segment of Bombardier Inc. and covers the full spectrum of rail solutions. As a global company, we have a responsibility for the markets and communities we impact. Conducting our business in a sustainable and ethical manner is thus imperative for earning the trust of our shareholders and other stakeholders worldwide.

A New Structure and Solid Financials Position Us for Future Growth

Trends like urbanization, population growth, and climate change are strengthening interest in public transportation solutions. However, market dynamics alone will not guarantee sustainable growth. In order to adapt our business to these changing conditions we launched our internal improvement initiative OneBT in 2014. This organizational shift and strong financial discipline enable us to increase efficiency and profitability while remaining innovative and competitive.

In 2014, revenues for our rail activities totaled US$9.6 billion, compared to US$8.8 billion in 2013. Our EBIT and EBIT margin before special items amounted to US$486 million and 5.1%, compared to US$505 million and 5.8% respectively in 2013. Both increased revenues and greater order intake demonstrate that we are developing the right products and pursuing the right opportunities. New commissions were concluded across all segments and geographies, e.g. a US$2.7 billion contract with the State of Queensland, Australia, a US$2.1 billion order from Transport for London, U.K., and a US$1.2 billion order from Transnet Freight Rail, South Africa. These developments demonstrate our customers’ continued confidence in our products and in our commitment to innovation.
We have established a range of explicit guidelines that define how we protect and support human rights in our operations. Bombardier Inc. is a signatory to the United Nations Global Compact and has embedded the Compact’s ten principles in our Code of Ethics and Business Conduct, providing clear guidelines for all employees regarding human rights, labor relations, environmental protection, correct payments, and anti-corruption in their relationships with customers, suppliers, colleagues, and communities.

Corporate governance is an important part of our corporate responsibility efforts. Many of our company-wide initiatives have been guided by strong corporate governance policies for years. Nevertheless, we have undertaken special efforts to strengthen this area further:

- The Board of Directors establishes policies and priorities at the highest level of the organization. Bombardier Inc.’s Ethics Advisory Council (BEAC) is responsible for the implementation of the policies and refers violations to the President and CEO or to the Board of Directors. Starting at the director level, Bombardier Inc.’s management is required to renew its commitment to the Code of Ethics and Business Conduct every year and acknowledges with its signature that it follows the guidelines and has no knowledge of any violations of the Code. We offer our stakeholders and third parties multiple channels to report suspected breaches of the Code, including an anonymous reporting system. In 2014, Bombardier Inc. received 83 complaints regarding compliance issues, but after further investigation, none of them proved to be significant violations.

- In 2013, Bombardier Inc. implemented a policy that allows bonuses and other incentives to be recovered in the event of fraud, dishonesty, or misconduct. So far, we have not had to make use of the policy.

- Aside from providing training for new employees and issuing semi-annual ethics newsletters, in 2014 Bombardier Inc. launched the first two of six interactive learning modules, which were jointly developed with UN Global Compact. The first module was completed by 71% of our employees in the Transportation segment while the second module, still in progress, has been completed by 56% of our Transportation employees.

- Bombardier Inc. has instituted a Supplier Code of Conduct, which sets forth specific principles by which Bombardier expects all its suppliers and, in turn, the suppliers’ business partners and affiliates to conduct their business. The anti-corruption training will be intensified in 2015 and will include additional specialized training sessions for our sales, supply chain, and contracts teams.

Managing Risk at Every Stage and Business Level

As a leading global business in the transportation and aerospace industries, Bombardier Inc. faces certain risks. They include both internal factors such as supply chain disruption and occupational health and safety and external factors like political instability and volatile fuel prices. To minimize the potential impact of such factors, we make risk
management an integral part of our planning activities and decision-making processes. Our risk management tools include internal and external audits, information systems and compliance processes, risk analysis, and stakeholder engagement. These measures are carefully designed with all our financial, operational, and strategic goals in mind.

Our Sustainability Efforts Receive International Recognition

Bombardier Inc. has been recognized for its responsible business leadership and has been included in several sustainability indices. Being part of these indices is evidence of our already highly ethical practices, but also serves as an incentive to continuously improve our corporate governance and sustainability activities.

- Bombardier Inc. has been included in the Dow Jones Sustainability Index and the Dow Jones North America Sustainability Index for eight consecutive years and has been named industry leader in its respective category for the third year in a row.

- In the Corporate Knights’ 2014 Global 100 Index, Bombardier Inc. was listed as the 24th most sustainable company in the world and came in third in the ranking of Canada’s Best 50 Corporate Citizens in 2014.

- We have received an A-list ranking in the Carbon Disclosure Project of the Climate Performance Leadership Index 2014, making us one of 187 companies on the Toronto Stock Exchange that has received an A grade for its performance in mitigating climate change.

- Further recognitions include a listing in the Global Compact 100 Stock Index and the award of Prime status by oekom research, a rating agency that provides guidance on sustainable investing.

While we at Bombardier Transportation as a business segment of Bombardier Inc. share these rankings and awards with our parent company, our business has also been recognized separately for its ethical conduct on several occasions. In the category of companies with more than 5,000 employees, we were among the five finalists for the Corporate Social Responsibility Award of the German Federal Government in 2014. Bombardier Transportation was also honored with the Gold recognition level for its environmental and social performance by the CSR assessment platform EcoVadis in 2013.

Our Major Rankings and Ratings

- Member of Dow Jones Sustainability Indices
- BEST 50 CORPORATE CITIZENS
- Corporate Responsibility Prime
- CSR-PREIS DER BUNDESREGIERUNG
- Member of Global Compact 100 Stock Index
- Prime status by oekom research
- A-list ranking by the Carbon Disclosure Project
- Gold recognition level by EcoVadis in 2013

While we at Bombardier Transportation share these rankings and awards with our parent company, our business has also been recognized separately for its ethical conduct on several occasions. In the category of companies with more than 5,000 employees, we were among the five finalists for the Corporate Social Responsibility Award of the German Federal Government in 2014.
We report in a transparent and fact-based manner about our corporate responsibility performance, guided by the Global Reporting Initiative (GRI). The following tables list important key figures for the years 2012 to 2014. Some figures have been rounded, which may result in slight deviations from the totals stated.

**ENVIRONMENT**

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption (direct and indirect) (millions of gigajoules or 10^6 GJ)</td>
<td>1.59</td>
<td>1.69</td>
<td>1.65</td>
</tr>
<tr>
<td>Direct energy consumption (10^6 GJ)</td>
<td>0.65</td>
<td>0.71</td>
<td>0.69</td>
</tr>
<tr>
<td>Natural gas (non-renewable) (10^6 GJ)</td>
<td>0.63</td>
<td>0.69</td>
<td>0.62</td>
</tr>
<tr>
<td>Kerosene (non-renewable) (10^6 GJ)</td>
<td>0.01</td>
<td>0.01</td>
<td>0</td>
</tr>
<tr>
<td>Other non-renewable energy (direct) (10^6 GJ)</td>
<td>0.02</td>
<td>0.01</td>
<td>0.07</td>
</tr>
<tr>
<td>Proportion of direct renewable energy (%)</td>
<td>Less than 1%</td>
<td>Less than 1%</td>
<td>Less than 1%</td>
</tr>
<tr>
<td>Total indirect energy consumption (10^6 GJ)</td>
<td>0.94</td>
<td>0.98</td>
<td>0.96</td>
</tr>
<tr>
<td>Hot water (10^6 GJ)</td>
<td>0.20</td>
<td>0.22</td>
<td>0.21</td>
</tr>
<tr>
<td>Steam (10^6 GJ)</td>
<td>0.05</td>
<td>0.08</td>
<td>0.08</td>
</tr>
<tr>
<td>Electricity (10^6 GJ)</td>
<td>0.69</td>
<td>0.68</td>
<td>0.65</td>
</tr>
<tr>
<td>Electricity from renewable sources (10^6 GJ)</td>
<td>0.03</td>
<td>0.05</td>
<td>0.10</td>
</tr>
<tr>
<td>Total GHG emissions (direct and indirect) (thousands of tons of CO2-equivalent or 10^3 tCO2e)</td>
<td>118.20</td>
<td>127.42</td>
<td>124.24</td>
</tr>
<tr>
<td>Direct (10^3 tCO2e)</td>
<td>38.99</td>
<td>40.95</td>
<td>42.01</td>
</tr>
<tr>
<td>Indirect (10^3 tCO2e)</td>
<td>79.20</td>
<td>86.47</td>
<td>82.23</td>
</tr>
<tr>
<td>Emissions of ozone-depleting substances (% of total GHG)</td>
<td>0.2</td>
<td>0.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Total water withdrawn (millions of cubic meters)</td>
<td>0.50</td>
<td>0.53</td>
<td>0.59</td>
</tr>
<tr>
<td>Municipal / water utility withdrawal (%)</td>
<td>83</td>
<td>77</td>
<td>75</td>
</tr>
<tr>
<td>Total waste generated (hazardous and non-hazardous) (thousands of tons)</td>
<td>32.14</td>
<td>33.46</td>
<td>34.98</td>
</tr>
<tr>
<td>Hazardous waste (10^3 tons)</td>
<td>2.98</td>
<td>3.44</td>
<td>3.55</td>
</tr>
<tr>
<td>Non-hazardous waste (10^3 tons)</td>
<td>29.15</td>
<td>30.02</td>
<td>31.64</td>
</tr>
<tr>
<td>Waste to landfill (hazardous and non-hazardous) (10^3 tons)</td>
<td>2.46</td>
<td>3.06</td>
<td>3.39</td>
</tr>
<tr>
<td>Valorized waste (hazardous and non-hazardous) (% of total waste)</td>
<td>98%</td>
<td>88%</td>
<td>More than 95%</td>
</tr>
</tbody>
</table>
Following a consumption inventory, we also optimized facility management processes at Hennigsdorf and shut down several oversized air compressors.

Our long-term goal is to achieve zero occupational health and safety-related accidents. Currently, our accident frequency remains stable at an industry-leading low level. Most regrettably, we suffered two employee fatalities in 2014 and one each in 2013 and 2012. As maintaining highest standards of health and safety at our sites is a non-negotiable priority, we have correspondingly reviewed and improved related measures in all business segments.

### PERFORMANCE DATA

#### HEALTH & SAFETY 2014 2013 2012

<table>
<thead>
<tr>
<th>Health &amp; Safety metric</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident frequency (without restricted duty) (injury rate)</td>
<td>0.4</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>in Europe</td>
<td>0.5</td>
<td>0.7</td>
<td>0.5</td>
</tr>
<tr>
<td>in Asia-Pacific</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>in North America</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>in other regions</td>
<td>0.4</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Accident severity (without restricted duty) (last day rate)</td>
<td>15</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>in Europe</td>
<td>17</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>in Asia-Pacific</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>in North America</td>
<td>5</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>in other regions</td>
<td>17</td>
<td>26</td>
<td>7</td>
</tr>
<tr>
<td>Number of work-related fatalities (employees and contractors)</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Incident rate</td>
<td>1.5</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>in Europe</td>
<td>1.1</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>in Asia-Pacific</td>
<td>0.7</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>in North America</td>
<td>2.8</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>in other regions</td>
<td>2.9</td>
<td>2.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Percentage of total workforce represented in formal joint management-worker health &amp; safety committees (%)</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
</tbody>
</table>

(a) The total number of employees represents the sum of all active employees, inactive employees, and contractual employees.
(b) Active includes employees that are permanent full-time, permanent part-time, temporary full-time, temporary part-time, and paid apprentices.
(c) Inactive includes employees on short-term leave, maternity and parental leave, and other long-term leave including long-term disability.
(d) Contractual employees include consultants and agency-outsourced employees.
(e) Senior leadership positions are defined as direct reports to the Transportation President and COO.
(f) Management positions are defined as manager and above.
(g) New hire is a measure of permanent employees (active and inactive) hired externally within the reporting period.
(h) Turnover measures the percentage of employee turnover explained by voluntary departures (employee-initiated terminations).
(i) Number of different nationalities registered for all employees included in the employed workforce at the end of the reporting period.
(j) The percentage of respondents who have answered favorably or very favorably to questions within the engagement dimension, which measures employee commitment and discretionary effort.
(k) The percentage of respondents who have answered favorably or very favorably to questions within the enablement dimension, which measures role optimization and level of support in the environment.
(l) The scope of our reported environmental and energy data includes: buildings we own or lease long term and manage as the sole tenant, with more than 4,600 square meters (50,000 square feet) of conditioned space; sites having 150 employees or more; sites that are considered primary production/operation and service facilities, Group headquarters; and joint ventures where we have operational control (where we own more than 50% of voting shares).
(n) Some of this data has been third-party verified.
(o) Some of this environmental data has been third-party verified. The verification covers sites participating in the European Union Eco-Management and Audit Scheme (EMAS).
(p) Direct energy/emissions are from sources that are owned or controlled by the company.
(q) Indirect energy/emissions result from company activities but are generated at sources owned or controlled by another organization. This relates mainly to electricity.
(r) Direct renewable resources are capable of being replenished within a short time through ecological cycles, as opposed to resources such as minerals, metals, oils, gas, and coal that do not renew in short time periods.
(s) Indirect renewable electricity covers consumption from Quebec, Belgium, and Sweden.
(t) Valorized waste refers to hazardous and non-hazardous waste which has been redirected to a process that reuses, recycles, composts, and combusts the waste into useful products or sources of energy. The number reported is the percentage of valorized waste as compared to our total waste generated (including both hazardous and non-hazardous).
(u) The accident frequency rate measures the number of recordable cases, expressed per 200,000 hours worked. The total number of lost time accidents cases (excluding restricted duty) includes:
- a. The total number of work-related fatalities
- b. The total number of lost time accidents cases (excluding restricted duty)
- c. The total number of restricted duty cases
- d. The total number of occupational sickness and disease cases (excluding restricted duty)
- e. The total number of occupational sickness and disease restricted duty cases
- f. The total number of medical treatment days
- g. The total number of restricted duty days (excluding restricted duty)
- h. The total number of occupational sickness and disease restricted duty cases
- i. The total number of restricted duty days (excluding restricted duty)
- j. The total number of occupational sickness and disease restricted duty cases
- k. The total number of medical treatment days
- l. The total number of occupational sickness and disease restricted duty cases
- m. The total number of medical treatment days
Performance data in the Bombardier Transportation Corporate Responsibility Report summarizes corporate responsibility information for Bombardier Transportation only and covers the period from January 1, 2013 to December 31, 2014. Financial information is given in U.S. dollars, unless otherwise specified. For more detailed information regarding our financial disclosures and explanations for the year ended December 31, 2014, please see the Bombardier Inc. Financial Report 2014.

The content in the Report is chiefly guided by the Bombardier Inc. 2014 materiality assessment, which was conducted through a survey and one-on-one conversations with employees and a range of external stakeholders. We want this Report to be a key element of our ongoing stakeholder engagement and welcome your feedback and questions. Please share your thoughts by contacting us at csr@bombardier.com.

Forward-looking Statements

By their nature, forward-looking statements require us to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecasted results. While we consider our assumptions to be reasonable and appropriate based on information currently available, there is a risk that they may not be accurate. The forward-looking statements set forth herein reflect our expectations as of the date of publishing this Report and are subject to change after such date. Unless otherwise required by applicable securities laws, we expressly disclaim any intention and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this Report are expressly qualified by this cautionary statement.

Data Verification

The information provided for our environmental indicators is only partially verified by an external party. Energy and greenhouse gas (GHG) emissions data from our Belfast, U.K., site is verified by external parties under the European Union Emissions Trading Scheme (EU ETS), which includes BSI Assurance UK Ltd., located at Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8PP.

In addition, seven German sites, as well as our sites in Matranovak (Hungary), Ceska Lipa (Czech Republic), Vienna (Austria), Vado Ligure (Italy), and the Wroclaw site in Poland receive annual external verification of all environmental data under the EU Eco-Management and Audit Scheme (EMAS).

In 2011 and 2013, our Corporate Audit Services and Risk Assessment (CASRA) function conducted an audit of our CR Report’s conformity with the GRI principles, the effectiveness of the processes and systems we use to report CR data, and the reliability and quality of our performance indicators. Totally independent from our business entities, CASRA can be regarded as a second-party verifier. It applied recognized standards such as AA 1000 and ISAE 3000 to conduct the audit. We have continued to define and implement action plans to improve the quality of data. For HSE data, this has included a standardized procedure to report data to our central data management system.
Innovating Rail Solutions for the Future.

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