

For the year ended  
December 31, 2021



# Annual Information Form 2021

February 10, 2022

**BOMBARDIER**

# NOTES

- (1) In this Annual Information Form, all monetary amounts are expressed in U.S. dollars, unless otherwise indicated. Certain totals, subtotals and percentages may not agree due to rounding.
- (2) *Bombardier, Challenger, Challenger 350, Challenger 3500, Global, Global 5500, Global 6000, Global 6500, Global 7500, Global 8000, Learjet* and *Smart Services* are trademarks of Bombardier Inc. or its subsidiaries.
- (3) This Annual Information Form contains references to trademarks of third parties for the purpose of describing Bombardier's competitive environment and the development of its business.
- (4) In this Annual Information Form, the term "Bombardier" means, as required by the context, the Corporation and its subsidiaries on a consolidated basis or the Corporation or one or more of its subsidiaries. The term "Transportation" refers to the Corporation's former rail transportation reportable segment, sold to Alstom Holdings (Alstom) on January 29, 2021.
- (5) Information is as at December 31, 2021, unless otherwise indicated.

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# CORPORATE STRUCTURE

## INCORPORATION OF THE ISSUER

Bombardier Inc. (the Corporation or Bombardier) was incorporated by letters patent under the laws of Canada on June 19, 1902 and was continued under the *Canada Business Corporations Act* (the CBCA) by a certificate of continuance dated June 23, 1978, which was subsequently the subject of certain amendments. Over the years, the Corporation has filed articles of amendment in order to, among other things, change the structure of its authorized share capital, including to change the rights, privileges, restrictions and conditions attached thereto, reflect various two-for-one stock splits of the Class A shares (multiple voting) (the Class A shares) and Class B shares (subordinate voting) (the Class B subordinate voting shares), and has filed articles of amalgamation to reflect mergers and amalgamations with, among others, various subsidiaries and affiliates.

The head and registered office of the Corporation is located at 400 Côte-Vertu Road West, Dorval, Québec H4S 1Y9, Canada. Its telephone number is + 1 (514) 861 9481 and its website is [www.bombardier.com](http://www.bombardier.com).

## SUBSIDIARIES

The activities of the Corporation are conducted either directly or through its subsidiaries. As at and for the fiscal year ended December 31, 2021, Learjet Inc., a wholly-owned subsidiary incorporated under the laws of Kansas, was the only subsidiary whose total assets represented more than 10% of the Corporation's consolidated assets or whose revenues represented more than 10% of the Corporation's consolidated revenues.<sup>(1)</sup> The Corporation's other subsidiaries represent, as a group, less than 20% of each of the consolidated assets and the consolidated revenues of the Corporation as at and for the fiscal year ended December 31, 2021.

<sup>(1)</sup> Based on the Corporation's consolidated financial statements for the fiscal year ended December 31, 2021 filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on February 10, 2022.

# GENERAL DEVELOPMENT OF THE BUSINESS

## GENERAL

Having completed the sale of its Transportation business to Alstom on January 29, 2021, the Corporation is focused on its business aircraft activities. The Corporation is present in more than 12 countries including production/engineering sites and its customer support network. The Corporation supports a worldwide fleet of approximately 5,000 aircraft in service with a wide variety of multinational corporations, charter and fractional ownership providers, governments and private individuals.

## HISTORY

The main business developments of the Corporation and its most significant transactions during the past three years are as described below.

On March 7, 2019, Bombardier announced that it successfully closed its offering of \$2 billion aggregate principal amount of new Senior Notes due April 15, 2027, which carry a coupon of 7.875% per annum and were sold at 99.2460% of par.

On March 15, 2019 and March 29, 2019, Bombardier announced the purchase of €353,055,000 aggregate principal amount and €12,960,000 aggregate principal amount, in each case of its 6.125% Senior Notes due 2021, which represented, in the aggregate, approximately 46.93% of the aggregate principal amount of such 6.125% Senior Notes outstanding prior to its previously-announced cash tender offer.

On April 5, 2019, Bombardier announced that it redeemed all of its outstanding 7.750% Senior Notes due 2020.

On March 29, 2019 and April 11, 2019, Bombardier announced the purchase of \$382,148,000 aggregate principal amount and \$313,000 aggregate principal amount, in each case of its 8.750% Senior Notes due 2021, which represents, in the aggregate, approximately 27.32% of the aggregate principal amount of such 8.750% Senior Notes outstanding prior to its previously-announced tender offer.

On May 2, 2019, Bombardier announced that it was consolidating its aerospace assets into a single, streamlined, and fully integrated Bombardier Aviation business unit. As it moved to optimize its global manufacturing footprint, the Corporation also announced that it would pursue the divestiture of the Belfast and Morocco aerostructures businesses. On October 30, 2020, supporting Bombardier's strategic decision to reposition itself as a company exclusively focussed on business aviation, Spirit AeroSystems Holding, Inc. (Spirit) acquired Bombardier's former activities in Belfast (United Kingdom) and Casablanca (Morocco); and its aerostructures maintenance, repair and overhaul (MRO) facility in Dallas (United States) in exchange for cash consideration of \$275 million, Spirit's assumption of liabilities, including government refundable advances, pension obligations, as well as certain adjustments to the parties' trading agreements favourable to Bombardier. The total transaction value was approximately \$1.2 billion.

On May 15, 2019, Bombardier announced the signature of an agreement with Jetex for the establishment of a new Line Maintenance Station in Dubai, further complementing the tip-to-tail maintenance services provided by Bombardier's Service and Support Network in the Middle East and around the globe.

On September 24, 2019, Bombardier announced that the *Global 5500* and *Global 6500* business jets, were awarded TC Type Certification and on October 15, 2019, Bombardier announced that the *Global 5500* and *Global 6500* business jets received the European Union Aviation Safety Agency certification and on December 23, 2019 Bombardier announced that they received the Federal Aviation Administration certification.

On October 1, 2019, Bombardier announced the entry-into-service of the *Global 6500* business jet.

On December 4, 2019, Bombardier announced that it signed a long-term lease agreement with the Greater Toronto Airports Authority to build its *Global* Manufacturing Centre located at Toronto Pearson International Airport.

On February 12, 2020, the Corporation concluded the sale of its remaining interests in Airbus Canada Limited Partnership to Airbus SE (Airbus) and Investissement Québec, supporting the Corporation's strategic decision to focus on its business aircraft franchise while improving the Corporation's liquidity. With this transaction, the Corporation received proceeds of \$591 million from Airbus, net of adjustments, of which \$531 million was paid upon closing. In addition, the Corporation was released from all future funding obligations related to the partnership for 2020 and 2021. As part of the transaction, Airbus, via its wholly owned subsidiary Stelia Aerospace, also acquired the A220 and A330 work package production capabilities in Saint-Laurent, Québec from Bombardier. Finally, the agreement provided for the cancellation of 100,000,000 Bombardier warrants owned by Airbus.

On March 11, 2020, Bombardier announced that Éric Martel had been appointed President and Chief Executive Officer, and a member of the Bombardier Board of Directors, effective April 6, 2020 in replacement of Alain Bellemare.

On March 24, 2020, Bombardier announced that in support of the mandates from the Governments of Quebec and Ontario to help slow the spread of the COVID-19 pandemic, it suspended all non-essential work at most of its Canadian based operations until April 26, 2020, inclusively. This suspension included Bombardier's aircraft and rail production activities in the provinces of Quebec and Ontario and resulted in an overall lower level of production activity and deliveries for the second quarter of 2020. Employees impacted by these temporary shutdowns were placed on furlough, as were corporate office employees whose support functions were less critical in the short-term. Bombardier also suspended its 2020 financial outlook as it evaluated the impact of temporarily closing its Canadian operations, as well as other actions being taken in response to the COVID-19 pandemic.

On April 28, 2020, Bombardier announced that it had begun the process of recalling most of its Canadian based employees who were placed on furlough following government mandates enacted to slow the spread of COVID-19. Suspended manufacturing and service activities gradually resumed as of May 11, 2020. Bombardier also announced that it would utilize the Canada Emergency Wage Subsidy program for the benefit of eligible employees in Canada.

On June 1, 2020, Bombardier completed its previously announced sale of the CRJ Series aircraft program to Mitsubishi Heavy Industries, Ltd (MHI) for a cash consideration of approximately \$550 million, subject to post-closing adjustments and the assumption of liabilities by MHI related to credit and residual value guarantees and lease subsidies amounting to approximately \$200 million (the CRJ Transaction). Under the agreement, the Corporation's interest in the Regional Aircraft Securitization Program (RASPRO) will be transferred to MHI. Through this sale, MHI also acquired the maintenance, support, refurbishment, marketing, and sales activities for the CRJ Series aircraft, including the related services and support network located in Montréal, Québec, and Toronto, Ontario, and its service centres located in Bridgeport, West Virginia, and Tucson, Arizona, as well as the type certificates.

On June 5, 2020, Bombardier announced that it would adjust its workforce to align with current market conditions reflecting the extraordinary industry interruptions and challenges caused by COVID-19 and made the decision to reduce its workforce by approximately 2,500 employees. The majority of these reductions impacted manufacturing operations in Canada and were carried out progressively throughout 2020. Despite the consequences of the COVID-19 pandemic on its manufacturing operations, Bombardier's worldwide customer service operations have continued to operate largely uninterrupted throughout the pandemic.

On June 25, 2020, Bombardier announced the entry-into-service of the *Global 5500* business jet.

On July 27, 2020, Bombardier announced the extension of its worldwide customer support offerings through enhanced structural repair capabilities for its worldwide fleet of business jets. Bombardier's structural repair offerings are a collaborative effort with The Mobile Repair Team, a company which specializes in the completion of aircraft structural repairs worldwide.

On August 19, 2020, Bombardier announced the closing of a three-year senior secured term loan of up to \$1.0 billion (the Facility) with HPS Investment Partners, LLC (HPS), acting as administrative agent, collateral agent and the lead lender for a group that included investment funds and accounts managed by HPS and Apollo Capital Management, L.P., or their respective affiliates, and other funds managed by Ares Management LLC. On February 17, 2021, Bombardier repaid the total outstanding balance of the \$750 million drawn on this facility.

On September 16, 2020, Bombardier announced that it had signed a definitive Sale and Purchase Agreement (SPA), with Alstom and the Caisse de dépôt et placement du Québec (CDPQ) for the sale of its Transportation business to Alstom, following the previously announced Memorandum of Understanding entered into on February 17, 2020. Under the SPA, Bombardier and CDPQ would sell their interests in Transportation to Alstom on the basis

of an enterprise value of \$8.4 billion (then €7.15B). On December 1, 2020, Bombardier and Alstom announced that all necessary regulatory approvals required to complete the sale of Transportation to Alstom had been received. On January 29, 2021, Bombardier announced the closing of the sale of its Transportation business to Alstom. For further information, reference is made to Note 28 "Disposal of Business" of the Corporation's consolidated financial statements for the fiscal year ended December 31, 2021 filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on February 10, 2022, which Note is incorporated by reference into this Annual Information Form.

On October 1, 2020, Bombardier announced that it had begun the process of streamlining its senior leadership team as it transitioned to a pure-play business jet company. As part of this process, the Corporation has eliminated the Aviation president role and announced that David Coleal would depart the Corporation.

On October 6, 2020, Bombardier announced that the *Learjet 75* Liberty light jet, was now in service with the first delivery to long-time *Learjet* operator Alex Lyon & Son, an auctioneering firm that operates throughout the United States and beyond.

As announced on October 13 and October 27, 2020, Bombardier further advanced its aftermarket growth strategy, with the expansion of its service network (i) in Singapore by expanding capabilities and hangar space at its Singapore Service Centre, including a new collaboration with world-renown fixed-based operator (FBO) Jetex who will provide ground handling services through the expanded facility and (ii) in Melbourne, Australia with the development of a new service centre at Essendon Fields Airport, slated to be operational in 2022, both of which is expected to boost Bombardier's customer service footprint in the Asia-Pacific region.

On November 30, 2020, Bombardier announced the appointment of Barton (Bart) Demosky as Executive Vice President and Chief Financial Officer, effective immediately. Bart reports to Éric Martel, President and Chief Executive Officer, replacing John Di Bert.

On December 3, 2020, Bombardier announced the appointment of Annie Torkia Lagacé as Senior Vice President, General Counsel and Corporate Secretary, effective immediately. Annie reports to Éric Martel, President and Chief Executive Officer, replacing Steeve Robitaille who remained with the Corporation in the role of Senior Vice President, Strategic Projects through the completion of the sale of Transportation to Alstom.

On December 23, 2020 and April 6 2021, Bombardier announced the sale of 10 *Challenger 350* business jets to VistaJet, valued at \$267 million based on 2020 list prices.

On December 31, 2020, Bombardier acquired from Lufthansa Technik AG and ExecuJet Aviation Group AG all of the issued and outstanding shares of Lufthansa Bombardier Aviation Services that it did not already own. This transaction enables Bombardier to further expand its worldwide customer service network, as part of its aftermarket growth strategy, by establishing a wholly-owned service centre in Berlin. For further information, reference is made to Note 32 "Acquisition" of the Corporation's consolidated financial statements for the fiscal year ended December 31, 2020 filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on February 9, 2021, which Note is incorporated by reference into this Annual Information Form.

On February 11, 2021, Bombardier announced that it would end production of *Learjet* aircraft at the end of the year but will continue the servicing and support of the almost 2,000 aircraft in the *Learjet* fleet.

On April 5, 2021 and April 19, 2021, Bombardier announced that following its tender offer, it had completed the purchase of (i) \$955,552,000 aggregate principal amount and \$913,000 aggregate principal amount of its 8.750% Senior Notes due 2021, (ii) \$315,754,000 aggregate principal amount and \$3,043,000 aggregate principal amount of its 5.750% Senior Notes due 2022 and (iii) \$225,000,000 aggregate principal amount and \$1,142,000 aggregate principal amount of its 6.125% Senior Notes due 2023.

On April 21, 2021, Bombardier announced the opening of a new Line Maintenance Station at Geneva Airport, in Switzerland.

On April 26, 2021, Bombardier announced the appointment of Ève Laurier as Vice President, Communications, Public Affairs and Marketing, effective mid-May. Ève reports to Éric Martel, President and Chief Executive Officer, replacing Mike Nadolski.

On May 3, 2021, Bombardier announced that it had launched consent solicitations with respect to its outstanding senior notes or debentures following receipt on April 22, 2021, of a letter from counsel of a holder of 7.45% Senior Notes due 2034 (2034 Notes) claiming that the Corporation's divestitures of non-core assets, including its transportation business, regional jet program and aerostructures division (the Transactions), constitute a breach of

certain covenants under the indenture governing the 2034 Notes. By May 21, 2021, Bombardier announced it had received the requisite consent from holders of its 6.000% Senior Notes due 2022, 6.125% Senior Notes due 2023, 7.500% Senior Notes due 2024, 7.500% Senior Notes due 2025, 7.875% Senior Notes due 2027, 2034 Notes and 7.35% Debentures due 2026.

On May 12, 2021, Bombardier announced the purchase by Airshare of three *Challenger 350* aircraft with options for an additional 17 business jets.

On May 17, 2021, Bombardier announced that it had completed the repayment in full and complete discharge of its 6.125% Senior Notes due May 15, 2021 utilizing its available liquidities, the payout being in the amount of €426,663,291 covering the outstanding principal amount as well as accrued interest.

On May 18, 2021, Bombardier announced that it had completed the issuance and sale to an institutional accredited investor of \$260,000,000 aggregate principal amount of its 7.45% Senior Notes due 2034 at a purchase price of par.

On June 2, 2021, Bombardier announced an agreement had been entered into between its subsidiary, Learjet Inc. and the U.S. Air Force in support of the Battlefield Airborne Communications Node program. The contract included an immediate firm order for one *Global 6000* aircraft, with up to five additional *Global 6000* aircraft.

On June 8, 2021, Bombardier announced it had successfully closed its offering of \$1,200,000,000 aggregate principal amount of Senior Notes due 2026, which carry a coupon of 7.125% per annum and being sold at 100.00% of par.

On June 17, 2021 and July 2, 2021, Bombardier announced that following its tender offer, it had completed the purchase of (i) \$88,364,000 aggregate principal amount and \$939,000 aggregate principal amount of its 5.750% Senior Notes due 2022, (ii) \$210,183,000 aggregate principal amount and \$434,000 aggregate principal amount of its 6.000% Senior Notes due 2022 and (iii) \$489,937,000 aggregate principal amount of its 6.125% Senior Notes due 2023.

On June 30, 2021, Bombardier announced it had secured a firm order for 10 aircraft representing a total value of \$451.8 million, based on 2021 list prices.

On July 2, 2021, Bombardier announced it had redeemed all of its outstanding 8.750% Senior Notes due 2021.

On July 22, 2021, Bombardier announced that it had redeemed \$475,000,000 of its outstanding 6.00% Senior Notes due 2022 and redeemed all of its outstanding 5.750% Senior Notes due 2022.

On July 6, 2021, Bombardier announced the launch of the Bombardier Certified Pre-owned aircraft program, offering customers pre-owned products, each Bombardier Certified Pre-owned aircraft backed by an exclusive manufacturer one-year warranty.

On August 12, 2021, Bombardier announced it had successfully closed its offering of \$750,000,000 aggregate principal amount of Senior Notes due 2028 carrying a coupon of 6.000% per annum and being sold at 100.00% of par.

On September 13, 2021, Bombardier announced it had redeemed all of its outstanding 6.00% Senior Notes due 2022 and 6.125% Senior Notes due 2023.

On September 14, 2021, Bombardier introduced the new *Challenger 3500* aircraft, with entry-into-service expected in the second half of 2022.

On September 20, 2021, Bombardier announced it had rejoined the S&P/TSX Composite Index.

On September 30, 2021, Bombardier announced it had received a firm order for 20 *Challenger 3500* business jets to an undisclosed customer, representing a value of \$534 million, based on 2021 list price.

On October 12, 2021, Bombardier announced the signature of a Memorandum of Understanding with Signature Flight Support towards a multi-faceted relationship to create a suite of new services, namely with Signature Flight Support being designated as the preferred concierge service provider at Bombardier service centers in the U.S. and Europe, and enhancing the service experience for customers as Bombardier's Mobile Response Team and associated capabilities will be available at various Signature sites across the U.S. and Europe.



# NARRATIVE DESCRIPTION OF THE BUSINESS

## BUSINESS OVERVIEW

As mentioned under “General Development of the Business – History”, Bombardier completed the sale of its Transportation business to Alstom on January 29, 2021. The description of the Corporation’s reportable segment and business overview contained herein gives effect to the completion of such sale, as a result of which the Corporation has now become a company exclusively focused on business aviation.

For further information on the Corporation's former Transportation business, reference is made to Note 28 "Disposal of Business" of the Corporation's consolidated financial statements for the fiscal year ended December 31, 2021 filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on February 10, 2022, which Note is incorporated by reference into this Annual Information Form.

Bombardier designs, develops, manufactures, markets and provides aftermarket support for three families of business jets - *Global*, *Challenger* and *Learjet*<sup>(1)</sup>.

Following completion of the CRJ Transaction on June 1, 2020, Bombardier continues to supply after-market parts for the CRJ. Bombardier also assembled the CRJ backlog on behalf of MHI RJ which concluded in the first quarter of 2021.

For a list of the Corporation's principal subsidiaries, see “Corporate Structure - Subsidiaries” section of this Annual Information Form.

Bombardier has production and engineering sites in Canada (Montréal and Toronto), the United States (Wichita and Red Oak) and Mexico (Querétaro) and an international service and support network in several countries around the world.

The global headquarters are located in Dorval, Québec, Canada.

<sup>(1)</sup> Bombardier is ending the production of the *Learjet* aircraft, as announced on February 11, 2021.

## Market Segments

Information about products and services offered by Bombardier can be found in the section entitled "Profile" of the Corporation's Management's Discussion and Analysis included in its financial report for the fiscal year ended December 31, 2021, which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com) (the MD&A), which section is incorporated by reference herein.

## Principal Markets

Bombardier's customers are located worldwide and are primarily civil owner-operators or aviation service providers. For the financial year ended December 31, 2021, the majority of our revenues were generated in North America. The market comprised of Europe, Russia and the Commonwealth of Independent States (CIS), was in second position in terms of revenues generated, while the market in Middle East & Africa captured the third position. Through its Specialized Aircraft group, Bombardier also supports the needs of governments and other special mission providers around the world by adapting its class-leading jets to cover a broad range of mission types including surveillance and reconnaissance, medical and dignitary transport. Additionally, Bombardier provides aftermarket services to customers comprised of maintenance, parts and *Smart Services* and customer support.

## Distribution Methods

Aircraft ordered by customers are delivered by the Corporation or its subsidiaries. All marketing of the Corporation's products is provided through its office in Dorval. Sales of the Corporation's products (other than aircraft) are done through various offices of the Corporation or its subsidiaries. In the Americas, these offices are located in Dorval, Dallas and Wichita. For Asia, Africa and the Middle East, such offices are maintained in Dubai, Singapore, Hong Kong and Beijing. Parts are available from two main parts distribution hubs in Chicago and in Frankfurt, which are complemented by regional depots in Sydney, San Luis Obispo (California), Hong Kong, Singapore, and Dubai. Maintenance services are also available through service centres located in the United States, Europe and the Asia-Pacific, including a facility in China, as well as various line maintenance facilities and third party authorized service facilities throughout the world.

## Impacts of COVID-19

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant economic uncertainty and disruption of financial markets. Information about the impact that the COVID-19 pandemic can have on Bombardier's operations can be found in the section "Risk and Uncertainties" of the Corporation's MD&A, which section is incorporated by reference herein.

## Competition

In addition, Bombardier faces rigorous competition from a variety of competitors comprising both global players with a broad product and service portfolio and regional competitors with a narrower product focus, including, principally, Gulfstream, Dassault, Cessna, Embraer and Pilatus in aircraft manufacturing and Duncan Aviation, West Star Aviation and ACC Columbia Jet Service in the aftermarket segment.

## Estimated Market Share by Units Delivered and Revenues

For the three-year period ended December 31, 2021, Bombardier captured 24% of the market share, making it the market leader, based on the number of business aircraft units delivered.<sup>(1)</sup>

<sup>(1)</sup> Source: Based on Bombardier's estimates, competitors' public disclosure, the General Aviation Manufacturers Association (GAMA) shipment reports, Ascend Flight Global and Business and Commercial Aviation Magazine list prices.

For the three-year period ended December 31, 2021, Bombardier captured 32% of the market share, ranking second, based on revenues.<sup>(2)</sup>

<sup>(2)</sup> Source: Based on Bombardier's estimates, competitors' public disclosure, the GAMA shipment reports, Ascend Flight Global and Business and Commercial Aviation Magazine list prices.

## New Products and Product Development

Information about Bombardier's new products and product development can be found in the section entitled "Consolidated Results of Operations" of the Corporation's MD&A, which section is incorporated by reference herein.

## Production Methods

The Corporation's products are manufactured in its production facilities located in Canada (Montréal and Toronto), the United States (Wichita and Red Oak) and Mexico (Querétaro). Operations conducted in those facilities vary from manufacturing and assembly of aircraft components and parts to final aircraft assembly, interior finishing, painting and pre-flight activities.

The raw materials, components, items and systems required to manufacture aircraft and aerostructures and system components are procured from suppliers around the world and vary from product to product. Most of these

materials, components and systems are provided by suppliers with which Bombardier has long-term contracts. Bombardier seeks long-term relationships with major direct and indirect suppliers for the delivery of materials, major systems and components to build and deliver aircraft and support customers with related services. Within its supply chain, Bombardier has built relationships with suppliers worldwide in production, indirect goods and services and aftermarket.

## SEGMENTED DISCLOSURE

For information on the Corporation's revenues allocated by country (based on the location of the customer) and revenues by categories reference is made to Note 4 of the Corporation's consolidated financial statements for the fiscal year ended December 31, 2021 filed on SEDAR ([www.sedar.com](http://www.sedar.com)) on February 10, 2022, which Note is incorporated by reference into this Annual Information Form.

## AGREEMENTS RELATED TO THE USE OF CERTAIN TECHNOLOGIES

Some operations of Bombardier are conducted under agreements, which allow the Corporation to use certain technical data and information related to products or technologies developed by others. One key agreement was signed on December 22, 1986 (the CFC Agreement), with Cartierville Financial Corporation Inc. (CFC), ultimately owned by the Canadian federal government, under which Canadair Limited obtained a license granting it the right to use and exploit the technology related to the design of the *Challenger* aircraft and to use and incorporate this technology in the manufacture, development, testing, sale, distribution, maintenance and support of *Challenger* aircraft and any other related product worldwide. The Corporation (as successor in interest to Canadair Limited) has the option to renew the CFC Agreement for three additional consecutive periods of 21 years each, the first of such options was exercised during the 2007 fiscal year.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

### Approach to Sustainability

Sustainability is an integral part of the Corporation's enterprise strategy, and the Corporation is firmly committed to a sustainable and financially resilient future. The Corporation's vision is to be a leader of sustainable aviation with the most advanced and environmentally responsible products, and with a creative, diverse and engaged workforce. In 2021, the Corporation released its ESG plan which focuses on eleven key areas: environmental footprint, sustainable aviation, health and safety, diversity and inclusion, employee engagement, customer satisfaction, data privacy, communities, board and committees, ethics and compliance and responsible supply chain. Underpinning this ESG plan are the Corporation's principles for sustainability: engagement, ambition, determination and transparency.

In 2007, Bombardier signed the United Nations Global Compact, the world's largest corporate citizenship and sustainability initiative, and published its first sustainability roadmap. It has since continued to implement sustainability actions and report on its progress. The Corporation is committed to actively promoting the United Nations Global Compact's fundamental 10 principles on human rights, labour, the environment and anti-corruption through its strategies, policies and procedures and across its operations. As a signatory, Bombardier also endorses the United Nations' 17 Sustainable Development Goals and focuses its efforts and activities specifically on seven of them:

- Goal 4: Quality education
- Goal 5: Gender equality
- Goal 8: Decent work and economic growth;
- Goal 9: Industry innovation and infrastructure;
- Goal 12: Responsible consumption and production;

- Goal 13: Climate action; and
- Goal 17: Partnerships for the goals.

Bombardier's commitment to the United Nations Global Compact and its ESG plan are translated in its policies and codes, including the below:

- Code of Ethics;
- Health, Safety and Environment Policy;
- Supplier Code of Conduct;
- Quality Policy;
- Product Safety Policy;
- Employment Equity Policy;
- Diversity Policy;
- Anti-Corruption Policy and Gift and Entertainment Directive;
- Reporting and Non-Retaliation Policy;
- Third-Party Due Diligence Policy;
- Workplace Harassment Policy;
- Data Privacy Policy;
- Donations, Sponsorships and Memberships Policy; and
- Human Rights Statement.

The Corporation sees the management of ESG risks and opportunities as an inherent part of Bombardier's success as a business. The Corporation regularly tracks the potential sustainability related risks that are shaping its operating environment, and develops and implements strategies to progress its performance across sustainability areas. The Board of Directors has delegated to the Corporate Governance and Nomination Committee oversight of sustainability and corporate social responsibility, including monitoring of the Corporation's ESG plan, practices, related policies, and disclosure with respect to same.

In October 2021, the Corporation published its Environmental, Social and Governance Report (ESG Report), which includes its ESG plan and goals for 2025, as well as the Corporation's sustainability performance of 2020. The ESG Report can be found on our website at [www.bombardier.com/en/sustainability.html](http://www.bombardier.com/en/sustainability.html).

## Environmental

### Environmental Footprint – Management

The Corporation's products as well as its manufacturing and services activities are subject to environmental and social regulations by federal, provincial and local authorities in all jurisdictions in which it operates around the world. The Corporation has established and periodically updates its Health, Safety and Environment policy (the HSE Policy) that defines the Corporation's vision regarding such matters throughout its worldwide operations.

To reduce pollution, improve performance, and minimize environmental risks, the Corporation follows the ISO 14001:2015 Standard in each of its manufacturing and services locations. To date, the Corporation's eligible locations are certified, or in the process to be certified, by external parties according to the ISO 14001:2015 Standard for Environmental Management. Consistent with its policy of stressing environmental responsibility and its desire to maintain legal compliance, the Corporation routinely procures, installs and operates pollution control devices, such as wastewater treatment plants, groundwater monitoring devices, air strippers or separators, incinerators, renewable energy installations and energy saving systems at new and existing facilities constructed or upgraded in the normal course of business. In line with the requirements set by the ISO 14001:2015 Standard, new environmental laws and regulations are tracked and assessed on a regular basis. Future capital expenditures for pollution abatement systems resulting from these emerging regulatory requirements are not currently expected to have a material effect on the Corporation's consolidated financial position.

As part of a triennial process, the external auditors of the Corporation conduct an environmental legal compliance audit program at eligible sites to ascertain compliance of the Corporation's manufacturing and services activities to

all applicable environmental laws and regulations and other specific requirements. These audits also provide opportunities to identify and highlight best practices, which may then be leveraged at a larger scale. These reviews help the Corporation to continuously improve its environmental performance. The Corporation also regularly conducts benchmarks against global peers, which include reviews of its environmental reporting and value creation approaches.

The Corporation strives for the continuous reduction of the detrimental impacts of its operations on the environment as described in the ESG report. Results for 2021 will appear in the Corporation's ESG report to be published in 2022.

## **Environmental Footprint - Laws and Risks**

The Corporation's regulatory risks associated with climate change generally fall under the national and local requirements implemented by each jurisdiction where the Corporation is present. Most countries where the Corporation carries out manufacturing activities are at various stages of developing binding emission allocations and trading schemes. During 2021, the Corporation's regulatory risks associated with climate change mainly fell under its obligations to the European Union Emission Trading Scheme (EU ETS), the United Kingdom Climate Change Agreement, the United Kingdom's Carbon Reduction Commitment energy efficiency scheme (launched in April 2010), the Energy Savings Opportunity Scheme (ESOS), and the Québec carbon market trading scheme (SPEDE). In 2021, Bombardier pursued its commitment of voluntary adhesion to the Western Climate Initiative's (WCI) cap-and-trade system until 2023, for its three main sites in Quebec (St-Laurent, Dorval Plant 3 and Laurent Beaudoin Completion Center) This decision, as part of its strategy on climate change developed in 2021, represents an important step forward in the Corporation's actions to minimize the impacts of its business activities and operations on the environment and on climate change.

Sustainability is an important topic for both Bombardier and its stakeholders, and the Corporation's participation in the WCI carbon market will offer both environmental and cost savings. In addition, it will act as a lever to further invest in energy efficiency measures.

The Corporation continues to monitor risks associated with energy efficiency legislation, carbon or energy taxes, industry standards and other carbon trading mechanisms related to both its activities and products. See also "Risk Factors" section of this Annual Information Form.

During 2021, the Corporation continued working on implementing mechanisms to ascertain compliance of its products and operations with environmental regulations, such as the European Registration Evaluation Authorization and Restriction of Chemicals (REACH) regulation. The Corporation also continues to monitor further developments as well as the emergence of other international regulations and their implementation to ensure full compliance. These regulations are not currently expected to have a material effect on the Corporation's consolidated financial position.

Furthermore, ensuring compliance with environmental legislation and advancing responsible sourcing is an industry-wide issue. Designated Bombardier teams work cooperatively with peers and associations such as the International Aerospace Environmental Group to share best practices and adopt consistent standards regarding the environment, sustainability and responsible sourcing.

For further information and to read the Corporation's ESG Report and relevant policies, visit: [www.bombardier.com/en/sustainability.html](http://www.bombardier.com/en/sustainability.html).

## **Environmental Footprint – Liabilities**

With respect to environmental matters related to site contamination (historical contamination of soil and groundwater), the Corporation periodically conducts studies, both individually at sites owned by the Corporation, and jointly as a member of industry groups at sites not owned by the Corporation, to evaluate the presence of contaminants in the soil and groundwater, to determine the need for and feasibility of various remediation techniques and to define the Corporation's share of responsibility. The Corporation is currently proceeding with decontamination at a small number of sites in North America. The known historical costs for soil and/or groundwater decontamination are not expected to have a material effect on the Corporation's financial position.

## **Environmental Footprint - Potential Liabilities**

Estimating future environmental clean-up liabilities is dependent on the nature and extent of historical and physical data about a given site, the complexity of the contamination, the uncertainty of which remedy to apply, the timing of the remedial action and the outcome of the discussions with regulatory authorities. Although it appears likely that annual costs for remediation activities might increase over time because of ever more stringent legal requirements, these costs are not currently expected to be material to the Corporation.

## **Environmental Footprint - European Union Emissions Trading Scheme**

During 2021, the Corporation purchased carbon credits to cover the surplus of emission allowances (surpluses of 156 t CO<sub>2</sub>e) under the EU Allocation Programs. This did not have a material effect on the Corporation's consolidated financial position.

In line with the obligations imposed by the EU ETS on Bombardier's flight operations at Aviation, Bombardier submitted the required monitoring plans and emission reports to the proper national authorities (the United Kingdom and Germany) covering flights to and from airports within the European Union, Iceland, Norway and Liechtenstein.

Effective April 30, 2014, the EU ETS was revised and non-commercial flight operators with less than 1,000 t CO<sub>2</sub>e emissions per year are now exempt from filing reports and trade certificates until 2030. This exemption applies to Bombardier. See also "Risk Factors" section of this Annual Information Form.

# **SOCIAL**

## **Health and Safety – Management**

The Corporation's products as well as its manufacturing and services activities are subject to health, safety, and social regulations by federal, provincial and local authorities in all jurisdictions in which it operates around the world. The Corporation has established and periodically updates its Health, Safety and Environment policy (the HSE Policy) that defines the Corporation's vision regarding such matters throughout its worldwide operations. Bombardier aims to foster a culture of prevention of harm and to be a leader in health, safety and environment (HSE) management by building a common foundation of expectations for its people, by limiting risks, and by empowering every employee to take individual responsibility for creating a safe and environmentally-responsible workplace. The HSE Policy anchors the Corporation's commitment to protect its employees from occupational illnesses and work-related accidents, striving for zero harm, fostering health in the workplace, and ensuring that its activities have a minimal impact on the environment. The Corporation's HSE management systems are well integrated into Bombardier's business operations, having embraced internationally recognized standards since their establishment several years ago.

The Corporation is currently certified according to the new ISO 45001 Occupational Health and Safety management systems for all of its eligible locations. ISO 45001 proposes a proactive approach towards risk control and leadership involvement in health and safety management.

As part of a triennial process, the external auditors of the Corporation conduct a HSE legal compliance audit at eligible sites to ascertain compliance of the Corporation's manufacturing and services activities to all applicable HSE laws and regulations and other specific requirements. These audits also provide opportunities to identify and highlight best practices, which may then be leveraged on a broader scale. These reviews help the Corporation to continuously improve its HSE performance. The Corporation also regularly conducts benchmarks against global peers, which include reviews of its HSE reporting and value creation approaches. In addition, our Human Resources and Compensation Committee, composed entirely of independent directors, reviews occupational health and safety matters on a quarterly basis.

# GOVERNANCE

## Ethics and Compliance

Ensuring compliance and adherence to the law and internal regulations, and reinforcing strong ethical conduct, remain constant priorities for Bombardier. The Corporation's governance and reporting structure on ethics and compliance is under the oversight of the office of the General Counsel, and the Board of Directors is presented with a report on a quarterly basis. Following a rigorous risk-based approach, the Corporation continues to strengthen the prevention, detection and response components of its compliance program. In 2021, the Corporation further improved its compliance policy framework and launched new processes and controls to ensure ethics and compliance is embedded into the business at all levels of the organization. It has enabled management at various levels with a series of measures and tools that help them promote and foster a culture of integrity in the workplace, where all are treated with dignity and respect. It supports its international Ethics and Compliance Ambassadors Network from which employees regularly seek help and guidance directly at their site of work. The Corporation continues to provide mandatory annual training campaigns on selected ethics or compliance topics. In addition, it has built a robust onboarding process by which all new office employees go through a series of training modules covering topics such as bribery and corruption, export control and data privacy. As part of its awareness efforts, the Corporation maintains a regular flow of communications to employees through a variety of channels. Finally, the Corporation maintains an online reporting system where employees and the general public can, anonymously if desired, share concerns or report potential misconduct.

## Responsible Supply Chain

The Corporation actively engages with its suppliers to improve efficiency, quality and sustainability practices. First, the Corporation's Code of Ethics and its related policies address ethical conduct in Bombardier's work environment, business practices and relationships with external stakeholders, including suppliers. Second, suppliers that sign a contract or acceptance of purchase orders with Bombardier are required to adhere to the Corporation's Supplier Code of Conduct. This practice, together with Bombardier's Code of Ethics and its Human Rights Statement, formalizes the Corporation's commitment to integrate ESG considerations at a global level and clearly indicates its expectations regarding these components to all its business partners. In 2021, the Corporation incorporated specific ESG related questions for suppliers enrolling in the Bombardier Diamond Supplier program, which recognizes outstanding performance of our suppliers across the organization, to strengthen the governance of sustainable practices throughout its supply chain. The answers to such ESG related questions are factored into the Diamond Supplier program eligibility criteria.

## INTANGIBLE PROPERTIES

Bombardier uses various works protected by intellectual property rights that it owns outright or for which it has been granted rights to use. These works include brand names, customer lists, copyrights, patents, trademark designs, trade secrets and know-how. This intellectual property is important to Bombardier's operations and its success. Some of Bombardier's suppliers participate in the development of products such as aircraft platforms. They subsequently deliver major components to Bombardier and own some of the intellectual property on the key components they develop.

The Corporation's registered trademarks are generally renewed at the end of their respective validity periods. The Corporation has and intends to continue to protect its intellectual property rights and maintain its trademarks and the relevant registrations, and will actively pursue the registration and enforcement of trademarks worldwide.

## HUMAN RESOURCES

As world-class employees are crucial to preserving Bombardier's leadership and ensuring its continued growth, attracting and retaining the best talent is a constant priority for Bombardier.

Through various talent management initiatives, Bombardier strives to address challenges in both established and emerging markets. These challenges include:

- Skill shortages;
- Demographic changes;
- Increased competition for the best people;
- Maintaining effective recruiting strategies in key markets;
- Developing and retaining the best talent;
- Leveraging best practices across Bombardier; and
- Continually improving its health and safety performance.

Recruiting, developing and retaining qualified aviation technicians, project management and engineering personnel remains fundamental to the success of Bombardier. Competition for these skill sets, has become intense especially in those areas where in-depth, industry specific expertise is required. Despite these challenges, Bombardier employees are well-trained, engaged and focused on constantly enhancing execution and customer engagement.

Bombardier employs many engineers with a wide breadth of expertise in areas such as aerospace design, aerodynamics, stress and structures, flight tests, avionics, hydro-mechanical and software engineering. To support its recruitment objectives, Bombardier works with educational institutions to train engineers in areas where there are shortages of qualified candidates. Bombardier also provides expertise in teaching and offers internships to complement academic learning with hands on experience. In addition, it continues to expand its internal training programs to continually improve the knowledge of its employees.

Additional information about Bombardier's human resources, including the number of employees as at December 31, 2021, can be found in the sections entitled "Consolidated Results of Operations - Workforce" in the Corporation's MD&A, which sections are incorporated by reference herein.

## RISK FACTORS

The description of risks affecting the Corporation and its activities can be found in the section entitled "Risks and Uncertainties" of the Corporation's MD&A, which section is incorporated by reference herein.



# DIVIDENDS

The Corporation declared the dividends indicated below on its outstanding shares during each of the fiscal years ended December 31, 2021, December 31, 2020 and December 31, 2019. These dividends are denominated in Canadian dollars.

(millions of dollars, except per share amounts)	December 31, 2021		December 31, 2020		December 31, 2019	
	Total	Per share on an annual basis	Total	Per share on an annual basis	Total	Per share on an annual basis
Series 2 Cumulative Redeemable Preferred Shares	3.6	0.6120	4.2	0.7223	5.7	0.9876
Series 3 Cumulative Redeemable Preferred Shares	6.2	0.9958	6.2	0.9958	6.2	0.9958
Series 4 Cumulative Redeemable Preferred Shares	14.7	1.5625	14.7	1.5625	14.7	1.5625
Class A shares	0	0	0	0	0	0
Class B subordinate voting shares	0	0	0	0	0	0

The articles of the Corporation stipulate that no dividends may be paid on the Class A shares or the Class B subordinate voting shares unless all accrued and unpaid dividends on the Series 2 Cumulative Redeemable Preferred Shares (the Series 2 Preferred Shares), Series 3 Cumulative Redeemable Preferred Shares (the Series 3 Preferred Shares) and Series 4 Cumulative Redeemable Preferred Shares (the Series 4 Preferred Shares) have been declared and paid or set aside for payment, or all the outstanding Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares, as the case may be, have been called for redemption and the redemption price of these shares has been deposited in the manner set out in the articles of the Corporation. In addition, the Corporation's ability to pay dividends is limited by the terms of some of its debt instruments.

On February 12, 2015, the Corporation announced the Board of Directors' decision to suspend the declaration of dividends on the Corporation's Class A shares and Class B subordinate voting shares, until further notice of the Board of Directors, considering that, in keeping with the Corporation's objectives, the Corporation's free cash flow would be more appropriately applied to bolstering the Corporation's financial structure and investing in its core programs and businesses.

Information about regular dividends declared and paid by the Corporation is made available through its website, accessible at [www.bombardier.com](http://www.bombardier.com).

# GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of (i) an unlimited number of preferred shares without nominal or par value issuable in series (the Preferred Shares), of which 12,000,000 have been designated as the Series 2 Preferred Shares, 12,000,000 have been designated as the Series 3 Preferred Shares and 9,400,000 have been designated as the Series 4 Preferred Shares, (ii) 3,592,000,000 Class A shares, and (iii) 3,592,000,000 Class B subordinate voting shares. As at December 31, 2021, the Corporation had outstanding 5,811,736 Series 2 Preferred Shares, 6,188,264 Series 3 Preferred Shares, 9,400,000 Series 4 Preferred Shares, 308,734,229 Class A shares and 2,132,798,999 Class B subordinate voting shares.

The Class B subordinate voting shares are restricted securities (within the meaning of the relevant Canadian regulations respecting securities) in that they do not carry equal voting rights as compared with the Class A shares. In the aggregate, all voting rights associated with the Class B subordinate voting shares represented, as at December 31, 2021, 40.86% of the voting rights attached to all of the issued and outstanding voting securities of the Corporation.

## Class A shares and Class B subordinate voting shares

### Subordination and Voting Rights

The Class A shares and the Class B subordinate voting shares rank after the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation. At each meeting of shareholders of the Corporation, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote, each Class A share entitles the holder thereof to 10 votes and each Class B subordinate voting share entitles the holder thereof to one vote.

### Dividends and Liquidation

The holders of Class B subordinate voting shares are entitled to receive, in each fiscal year, if declared by the Board of Directors of the Corporation, in priority to the holders of Class A shares, a non-cumulative dividend at the rate of Cdn \$0.0015625 per share per annum. After payment or setting aside for payment of said dividend, the holders of Class A shares and the holders of Class B subordinate voting shares are equally entitled, share for share, to any additional dividend which may be declared by the Board of Directors of the Corporation in such fiscal year with respect to the Class A shares and Class B subordinate voting shares.

In the event of the liquidation or winding-up of the Corporation or of any other distribution of its assets among its shareholders for the purpose of winding up its affairs, the holders of Class A shares and the holders of Class B subordinate voting shares will be entitled, share for share, to receive on a pro rata basis all of the assets of the Corporation remaining after payment of all of its liabilities, subject to the preferential rights attached to any shares ranking prior to the Class A shares and Class B subordinate voting shares.

### Subdivision or Consolidation

In the event of the subdivision or consolidation of the Class A shares or the Class B subordinate voting shares, the Class A shares or the Class B subordinate voting shares, as the case may be, shall be subdivided or consolidated at the same time and in the same manner.

### Conversion Privilege

Each Class A share is convertible at any time by the holder thereof into one fully paid and non-assessable Class B subordinate voting share. Each Class B subordinate voting share is convertible by the holder thereof into one fully paid and non-assessable Class A share at any time upon and after the occurrence of either one of the following events: (i) if an Offer (as defined in the articles of the Corporation) is made to all holders of Class A shares to acquire Class A shares and such Offer is accepted by the majority shareholder of the Corporation, namely, the

Bombardier family; or (ii) if the Bombardier family ceases to hold, directly or indirectly, more than 50% of the outstanding Class A shares.

Except for the rights, privileges, restrictions and conditions attached to the Class A shares and Class B subordinate voting shares as described above, the Class A shares and the Class B subordinate voting shares have the same rights, are equal in all respects and are treated by the Corporation as if they were shares of one class only.

## **Preferred Shares as a Class**

### **Issuable in Series**

The Preferred Shares are issuable in series, each series consisting of such number of shares and having such rights, privileges, conditions and restrictions as may be determined by the Board of Directors prior to the issue thereof, subject to the provisions of the CBCA, the articles of the Corporation and to the conditions attached to any series of preferred shares outstanding.

### **Priority**

The Preferred Shares of each series rank equally with the Preferred Shares of all other series and rank ahead of the Class A shares and the Class B subordinate voting shares with respect to the payment of dividends and the distribution of assets, to the extent described in the articles of the Corporation, in the event of the liquidation, dissolution or winding-up of the Corporation or of any other distribution of its assets among its shareholders for the purpose of winding up its affairs.

### **Dividends**

The holders of Preferred Shares are entitled to receive preferential dividends in such amounts and at such intervals as may be determined by the Board of Directors of the Corporation with respect to each series prior to the issue thereof.

### **Rights on Liquidation**

In the event of any liquidation, dissolution or winding-up of the Corporation or any other return of capital or distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Preferred Shares shall be entitled to receive Cdn \$25.00 per Preferred Share held, together with accrued and unpaid dividends.

### **Voting Rights**

The holders of Preferred Shares do not have the right to receive notice of, attend, or vote at, any meeting of shareholders except to the extent otherwise provided in the articles of the Corporation with respect to any series of Preferred Shares or when holders of Preferred Shares are entitled to vote separately as a class or as a series as set forth in the CBCA or any successor statute, as amended from time to time. In connection with any matter requiring the approval of the Preferred Shares as a class, each holder is entitled to one vote for each dollar of the issue price of the Preferred Shares held. Each holder of Preferred Shares of a particular series shall be entitled, on a series vote, to one vote for each Preferred Share of such series held. Holders of Preferred Shares have no preemptive rights.

### **Modifications**

The class provisions of the Preferred Shares may be amended at any time with such approval as may be required by the CBCA. The CBCA currently provides that such approval may be given by at least two-thirds of the votes cast at a meeting of the holders of Preferred Shares. The articles of the Corporation provide, with respect to meetings of

holders of Preferred Shares, that a quorum is constituted by two or more persons, representing together, in their own right or as proxy holders or as representatives of such legal person or association, a number of Preferred Shares carrying at least 25% of the voting rights attached to all the outstanding Preferred Shares, in the case of a meeting of the holders of Preferred Shares as a class, or a number of Preferred Shares of any series carrying at least 25% of the voting rights attached to all the outstanding Preferred Shares of such series, in the case of a meeting of the holders of Preferred Shares of that series as a series. However, at any adjourned meeting, the quorum will be constituted by the persons present at such adjourned meeting, irrespective of the percentage of outstanding Preferred Shares held by such persons.

## **Series 2 Preferred Shares**

The Series 2 Preferred Shares are non-voting (except if the Corporation fails to pay in full 24 monthly dividends, until all arrears of dividends on the Series 2 Preferred Shares have been paid), redeemable at the Corporation's option (with respect to all and not less than all outstanding Series 2 Preferred Shares) at Cdn \$25.50 per share (together with accrued and unpaid dividends), convertible on a one-for-one basis on August 1, 2022 and on August 1 of every fifth year thereafter into Series 3 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 2 Preferred Shares on the conversion date, such remaining number shall be automatically converted into an equal number of Series 3 Preferred Shares. Likewise, if the Corporation determines 14 days before the conversion date that at such time, there would be less than 1,000,000 outstanding Series 3 Preferred Shares, then no Series 2 Preferred Shares may be converted. Variable adjustable cumulative preferential cash dividends are payable monthly on the 15<sup>th</sup> day of each month, if declared by the Board of Directors, with the annual variable dividend rate set between 50% and 100% of the Canadian prime rate, adjusted as follows. The dividend rate will vary in relation to changes in the prime rate and will be adjusted upwards or downwards on a monthly basis up to a monthly maximum of 4% of the prime rate if the trading price of the Series 2 Preferred Shares is less than Cdn \$24.90 per share or more than Cdn \$25.10 per share.

None of the provisions of the articles of the Corporation relating to Series 2 Preferred Shares as a series shall be amended or otherwise changed unless the series provisions relating to Series 3 Preferred Shares are amended or otherwise changed in the same proportion and in the same manner.

## **Series 3 Preferred Shares**

The Series 3 Preferred Shares are non-voting (except if the Corporation fails to pay in full eight quarterly dividends, until all arrears of dividends on the Series 3 Preferred Shares have been paid), redeemable at the Corporation's option (with respect to all and not less than all outstanding Series 3 Preferred Shares) at Cdn \$25.00 per share (together with accrued and unpaid dividends) on August 1, 2022 and on August 1 of every fifth year thereafter, convertible on a one-for-one basis at the option of the holder on August 1, 2022 and on August 1 of every fifth year thereafter into Series 2 Preferred Shares. Fourteen days preceding a conversion date, if the Corporation determines after having taken into account all shares tendered for conversion by holders that there would be less than 1,000,000 outstanding Series 3 Preferred Shares on the conversion date, the remaining number shall be automatically converted into an equal number of Series 2 Preferred Shares. Likewise, if the Corporation determines 14 days before the conversion date that at such time, there would be less than 1,000,000 outstanding Series 2 Preferred Shares, then no Series 3 Preferred Shares may be converted. The Series 3 Preferred Shares carry an annual dividend rate of 3.983% for the five-year period from August 1, 2017 to and including July 31, 2022, payable quarterly on the last day of January, April, July and October, if declared by the Board of Directors. The quarterly dividend rate will be fixed by the Corporation at least 45 days and not more than 60 days before each subsequent five-year dividend period. Each five-year fixed dividend rate selected by the Corporation shall not be less than 80% of the Government of Canada bond yield as defined in the Articles of Amendment creating the Series 3 Preferred Shares.

None of the provisions of the articles of the Corporation relating to Series 3 Preferred Shares as a series shall be amended or otherwise changed unless the series provisions relating to Series 2 Preferred Shares are amended or otherwise changed in the same proportion and in the same manner.

## Series 4 Preferred Shares

The Series 4 Preferred Shares are entitled to fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors of the Corporation, at a rate equal to Cdn \$1.5625 per share per annum. Dividends are payable quarterly on the last day of January, April, July, and October each year at a rate of Cdn \$0.390625 per share per quarter. The Series 4 Preferred Shares are non-voting (except if the Corporation fails to pay in full eight quarterly dividends, until all arrears of dividends on the Series 4 Preferred Shares have been paid).

The Corporation may, on not less than 30 nor more than 60 days' notice, redeem for cash the Series 4 Preferred Shares in whole or in part, at the Corporation's option, at Cdn \$25.00 (together with accrued and unpaid dividends). Alternatively, the Corporation may, on not less than 30 nor more than 60 days' notice, and subject to stock exchange approvals, convert all or any part of the outstanding Series 4 Preferred Shares into fully paid and non-assessable Class B subordinate voting shares of the Corporation. The number of Class B subordinate voting shares of the Corporation into which each Series 4 Preferred Share may be converted will be determined by dividing the applicable redemption price per Series 4 Preferred Share together with all accrued and unpaid dividends to but excluding the date of conversion by the greater of Cdn \$2.00 and 95% of the weighted average trading price of such Class B subordinate voting shares on the Toronto Stock Exchange (TSX) for the period of 20 consecutive trading days which ends on the fourth day prior to the date specified for conversion or, if that fourth day is not a trading day, on the immediately preceding trading day (the Current Market Price). Fractional Class B subordinate voting shares shall not be issued on any conversion of Series 4 Preferred Shares but in lieu thereof the Corporation shall make cash payments in an amount per fractional Class B subordinate voting share otherwise issuable equal to the product of the fraction of the Class B subordinate voting share otherwise issuable and the greater of Cdn \$2.00 or 95% and such Current Market Price. The Corporation may, at its option, at any time grant the holders of Series 4 Preferred Shares the right, but not the obligation, to convert their shares upon notice into a further series of Preferred Shares on a share-for-share basis.

## Ratings

As at February 9, 2022, the Corporation had a long-term issuer credit rating of CCC+ from Standard & Poor's (S&P) with a stable outlook. The Corporation has also received a Corporate Family Rating of Caa1 and a long-term debt instrument rating of Caa1 from Moody's Investors Service, Inc. (Moody's) both with a stable outlook. S&P has also rated the preferred shares of the Corporation as CC on the global scale and on the Canadian scale.

S&P rates long-term debt by rating categories ranging from a high of AAA to a low of D, Moody's ratings range from a high of Aaa to a low of C.

A CCC+ long-term debt rating by S&P is the seventh rating of ten categories. An obligation rated in the CCC category is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation. The modifier "+" indicates that the obligation ranks in the higher end of the CCC rating category; no modifier 2 indicates a mid-range ranking; and the modifier "-" indicates a ranking in the lower end of the CCC rating category.

A Caa1 long-term debt rating by Moody's is the seventh rating of nine global categories. A Caa rating is used for long term debt judged to be of poor standing and subject to very high credit risk. The modifier 1 indicates that the obligation ranks in the higher end of the Caa rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of the Caa rating category.

A preferred share rating in the CC category from S&P indicates that the obligation is highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuance of securities as well as an issuer's credit quality and disregard certain factors such as market risk or price risk. These factors should be considered by investors as risk factors in their investment decision making process.

The credit ratings accorded by S&P and Moody's are not recommendations to purchase, hold or sell securities. There is no assurance that the ratings will remain in effect for any given period of time or that the rating will not be revised or withdrawn entirely by S&P or Moody's in the future if it is in their judgment that circumstances so warrant.

During the past two years, the Corporation has made normal course payments to Moody's and S&P in connection with their rating services, which include annual surveillance fees covering Bombardier's outstanding securities, in addition to one-time rating fees when securities are initially issued. In the first quarter of 2021, Fitch Ratings Ltd. (Fitch) withdrew its ratings of the Corporation. The reason for the withdrawal is commercial since Fitch had provided an unsolicited rating since 2016.

# MARKET FOR THE SECURITIES OF THE CORPORATION

The Corporation's Class A shares, Class B subordinate voting shares, Series 2 Preferred Shares, Series 3 Preferred Shares and Series 4 Preferred Shares are listed for trading on the TSX under the symbols "BBD.A", "BBD.B", "BBD.PR.B", "BBD.PR.D" and "BBD.PR.C", respectively. The following table sets forth the reported high, low and closing sale prices in Canadian dollars and the cumulative volume of trading of each of the Corporation's securities listed for trading on the TSX for the periods indicated:

Month of year ended		Class A Shares "BBD.A"	Class B Subordinate Voting Shares "BBD.B"	Series 2 Preferred Shares "BBD.PR.B"	Series 3 Preferred Shares "BBD.PR.D"	Series 4 Preferred Shares "BBD.PR.C"
2021						
December	High	\$1.87	\$1.84	\$14.86	\$17.99	\$19.00
	Low	\$1.52	\$1.45	\$12.82	\$15.36	\$17.70
	Close	\$1.73	\$1.68	\$14.78	\$17.98	\$18.99
	Volume	2,318,540	124,132,375	132,513	111,304	111,222
November	High	\$2.14	\$2.10	\$14.98	\$17.75	\$21.00
	Low	\$1.70	\$1.65	\$13.09	\$15.04	\$18.30
	Close	\$1.77	\$1.73	\$14.96	\$17.75	\$18.30
	Volume	5,840,302	149,018,254	185,192	117,582	218,030
October	High	\$2.33	\$2.28	\$15.00	\$17.63	\$21.70
	Low	\$2.06	\$1.93	\$12.90	\$15.20	\$18.70
	Close	\$2.08	\$1.99	\$15.00	\$17.63	\$21.00
	Volume	3,183,481	153,496,868	124,946	99,300	412,548
September	High	\$2.30	\$2.23	\$14.05	\$17.19	\$18.74
	Low	\$1.87	\$1.80	\$12.02	\$14.45	\$18.00
	Close	\$2.24	\$2.16	\$14.05	\$17.19	\$18.72
	Volume	4,167,834	255,716,987	101,425	105,653	158,008
August	High	\$2.05	\$1.84	\$13.09	\$15.98	\$18.00
	Low	\$1.66	\$1.45	\$10.86	\$13.77	\$16.89
	Close	\$1.88	\$1.84	\$13.09	\$15.98	\$17.99
	Volume	3,509,491	126,645,985	168,350	146,122	221,980
July	High	\$1.92	\$1.52	\$11.34	\$14.96	\$17.93
	Low	\$1.47	\$1.26	\$9.91	\$12.00	\$15.98
	Close	\$1.74	\$1.49	\$11.05	\$14.96	\$17.50
	Volume	4,209,907	175,457,956	152,651	110,232	249,463
June	High	\$1.62	\$1.32	\$10.67	\$12.74	\$17.49
	Low	\$1.16	\$0.97	\$9.61	\$11.20	\$15.68
	Close	\$1.46	\$1.17	\$10.67	\$12.74	\$17.40
	Volume	2,908,937	124,972,182	110,679	105,208	167,655
May	High	\$1.20	\$1.00	\$10.00	\$12.00	\$16.00
	Low	\$1.05	\$0.86	\$9.11	\$10.00	\$15.35
	Close	\$1.17	\$0.98	\$10.00	\$11.75	\$15.80
	Volume	1,184,622	98,827,989	66,785	111,247	146,994
April	High	\$1.30	\$1.05	\$9.49	\$11.01	\$17.24
	Low	\$1.07	\$0.85	\$8.90	\$9.68	\$13.76
	Close	\$1.12	\$0.92	\$9.49	\$10.97	\$15.37
	Volume	2,945,885	131,223,547	114,156	134,084	312,671

March	High	\$1.15	\$0.98	\$9.17	\$11.01	\$14.95
	Low	\$0.83	\$0.56	\$8.28	\$9.22	\$11.55
	Close	\$1.15	\$0.97	\$9.16	\$10.30	\$14.95
	Volume	3,473,406	247,649,867	133,057	130,928	299,840
February	High	\$0.95	\$0.75	\$9.21	\$9.98	\$12.40
	Low	\$0.76	\$0.53	\$7.87	\$8.55	\$11.47
	Close	\$0.82	\$0.56	\$8.85	\$9.75	\$11.60
	Volume	2,594,654	149,584,613	118,786	114,293	258,957
January	High	\$1.05	\$0.79	\$9.25	\$10.00	\$12.50
	Low	\$0.76	\$0.46	\$7.56	\$9.10	\$10.40
	Close	\$0.86	\$0.61	\$9.25	\$10.00	\$12.21
	Volume	2,878,283	172,415,538	141,914	143,751	308,006



# DIRECTORS AND EXECUTIVE OFFICERS

The names of the directors and executive officers of the Corporation, their municipality of residence, the positions held by them within the Corporation, the principal occupations of the directors, the period during which each director has exercised his or her mandate, as well as the number of Class A shares or Class B subordinate voting shares, as the case may be, of the Corporation that the directors, as at February 9, 2022, owned beneficially or over which they exercised control or direction, are indicated below. No Series 2 Preferred Shares, Series 3 Preferred Shares or Series 4 Preferred Shares are held by any director.

## Directors

Name, Municipality of Residence, Principal Occupation(s) and Position(s) Held Within the Corporation	Period of Service as a Director	Class A Shares	Class B Subordinate Voting Shares
<b>Pierre Beaudoin</b> <sup>(1)</sup> Westmount, Québec, Canada Chairman of the Board of Directors	2004 to date	512,859	952,761
<b>Éric Martel</b> Town of Mont-Royal, Québec, Canada President and Chief Executive Officer of the Corporation	2020 to date	—	100,000
<b>Joanne Bissonnette</b> <sup>(2)</sup> Montréal, Québec, Canada Corporate Director	2012 to date	—	5,824
<b>Charles Bombardier</b> <sup>(3)</sup> Montréal, Québec, Canada Corporate Director	2019 to date	—	16
<b>Diane Fontaine</b> <sup>(4)</sup> Montréal, Québec, Canada Senior Portfolio Manager and Investment Advisor, RBC Dominion Securities Inc.	2019 to date	—	—
<b>Diane Giard</b> <sup>(a)(c)</sup> Bromont, Québec, Canada Corporate Director	2017 to date	—	—
<b>Anthony R. Graham</b> <sup>(a)(b)</sup> Toronto, Ontario, Canada Chairman, President and Chief Executive Officer, Sumarria Inc. (an investment holding company)	2019 to date	—	—
<b>August W. Henningsen</b> <sup>(a)</sup> Hamburg, Germany Corporate Director	2016 to date	—	26,500
<b>Douglas (Doug) R. Oberhelman</b> <sup>(b)(c)(d)</sup> Edwards, Illinois, United States Corporate Director	2017 to date	—	100,000
<b>Melinda Rogers-Hixon</b> <sup>(b)(c)</sup> Toronto, Ontario, Canada Deputy Chair, Rogers Communications Inc.	2021 to date	—	—

<b>Eric Sprunk</b> <sup>(a)</sup> Seattle, Washington, United States Corporate Director	2021 to date	—	—
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<b>Antony N. Tyler</b> <sup>(b)(c)</sup> Hong Kong Corporate Director	2017 to date	—	—
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<sup>(1)</sup> Claire Bombardier Beaudoin, mother of Pierre Beaudoin, exercises, through holding companies which she controls, control or direction over 61,373,490 Class A shares, which include 500,000 Class A shares over which Claire Bombardier Beaudoin exercises controls jointly with her husband, Laurent Beaudoin, through Beaudier Inc., a holding company of the Beaudoin family which is controlled by Laurent Beaudoin and Claire Bombardier Beaudoin, through holding companies which they control. Claire Bombardier Beaudoin also exercises control or direction jointly with her husband, Laurent Beaudoin, through Beaudier Inc. over 8,695,136 Class B subordinate voting shares.\*

<sup>(2)</sup> Janine Bombardier, mother of Joanne Bissonnette, exercises, through holding companies which she controls, control or direction over 61,973,491 Class A shares and 7,110,137 Class B subordinate voting shares.\*

<sup>(3)</sup> J. R. André Bombardier, father of Charles Bombardier, exercises, through holding companies which he controls, control or direction over 65,401,042 Class A shares and 7,335,910 Class B subordinate voting shares.\*

<sup>(4)</sup> Huguette Bombardier Fontaine, mother of Diane Fontaine, exercises, through holding companies which she controls, control or direction over 60,701,887 Class A shares and 7,070,136 Class B subordinate voting shares.\*

\* Based on information available on the System for Electronic Disclosure by Insiders (SEDI) as of February 9, 2022.

<sup>(a)</sup> Member of the Audit Committee

<sup>(b)</sup> Member of the Human Resources and Compensation Committee

<sup>(c)</sup> Member of the Corporate Governance and Nominating Committee

<sup>(d)</sup> Lead Director

Each director remains in office until the following annual shareholders' meeting or until the election of his/her successor, unless he/she resigns or his/her office becomes vacant as a result of his/her death, removal or any other cause.

## Executive Officers who are not Directors

Name and Municipality of Residence	Position Held Within the Corporation
Daniel (Dan) Brennan Montréal, Québec, Canada	Senior Vice President, People and Sustainability
Barton (Bart) Wade Demosky Westmount, Québec, Canada	Executive Vice President and Chief Financial Officer
Jean-Christophe Gallagher Montréal, Québec, Canada	Executive Vice President, Services and Support and Corporate Strategy
Ève Laurier Montréal, Québec, Canada	Vice President, Communications, Public Affairs and Marketing
Peter Likoray Montréal West, Québec, Canada	Senior Vice President, Sales and Marketing, New Aircraft
David Murray Blainville, Québec, Canada	Senior Vice President, Transformation, Operational Excellence and Information Technology (IT)
François Ouellette Westmount, Québec, Canada	Senior Vice President, Legal Services and Contracts
Michel Ouellette St-Laurent, Québec, Canada	Executive Vice President, Specialized Aircraft, Programs and Engineering
Paul Sislian Kirkland, Québec, Canada	Executive Vice President, Operations and Operational Excellence
Annie Torkia Lagacé Montréal, Québec, Canada	Senior Vice President, General Counsel and Corporate Secretary

As at February 9, 2022, the directors of the Corporation and the executive officers of the Corporation, as a group, owned beneficially, directly or indirectly, 512,859 Class A shares and 2,637,749 Class B subordinate voting shares, representing 0.17% and 0.12% respectively, of the outstanding shares of each such class.

The directors and executive officers of the Corporation who have not occupied their current principal occupations for more than five years have otherwise had the following principal occupations during that period:

- Pierre Beaudoin has been Chairman of the Board of Directors of Bombardier since July 2017, prior to which he was Executive Chairman of the Board of Directors of Bombardier since February 2015.
- Charles Bombardier joined the Board of Directors of Bombardier on May 2, 2019. He has been President of Gestion Charles Bombardier Inc. as well as other Canadian private entities since over 20 years and a director of the Board of BRP Inc. since May 28, 2020. Between 2018 and 2019, he also worked as senior consultant for the International Civil Aviation Organization (ICAO) (a specialized agency of the United Nations). In addition, since November 2016, Mr. Bombardier has been conducting research at the Université de Sherbrooke, where he develops neurofeedback systems applied to new product development.

- Dan Brennan has been Senior Vice President, People and Sustainability since October 1, 2020 prior to which he was Senior Vice President, Human Resources since February 10, 2017. Between December 2014 and January 2017, he was Group Director Human Resources and Talent Development at CHR Plc.
- Bart Demosky has been Executive Vice President and Chief Financial Officer since November 30, 2020 prior to which he was Co-Founder of Agility Rail from August 2017 to November 2020 and President & CEO of Universal Rail Systems Inc. from August 2015 to May 2017.
- Diane Fontaine joined the Board of Directors of Bombardier on May 2, 2019. She has been Senior Portfolio Manager and Investment Advisor since 2021 before which she was Vice President and Portfolio Manager since 2005, of RBC Dominion Securities Inc., the investment and wealth management firm of The Royal Bank of Canada.
- Jean-Christophe Gallagher has been Executive Vice President, Services and Support, and Corporate Strategy since October 2020, prior to which he was Vice President and General Manager, Customer Experience since September 2016 and held positions of increasing responsibility at Bombardier since 2002.
- Diane Giard joined the Board of Directors of Bombardier on December 12, 2017. She was Executive Vice President - Personal-Commercial Banking and Marketing of National Bank of Canada from March 2017 until her retirement in June 2018, prior to which she held the position of Executive Vice President - Personal & Commercial Banking since 2012.
- Anthony R. Graham joined the Board of Directors of Bombardier on May 2, 2019. He is Chairman, President and Chief Executive Officer of Sumarria Inc., an investment holding company, prior to which he was Vice Chairman of Wittington Investments, Limited from May 2014 to May 2019.
- Ève Laurier has been Vice President, Communications, Public Affairs and Marketing since May 2021, prior to which she was General Manager at Daniel J. Edelman Holdings, Inc., Montréal office since October 2014.
- Peter Likoray has been Senior Vice President, Sales and Marketing, New Aircraft since October 2020 prior to which he was Senior Vice President Worldwide Sales, Marketing and Communications, Aviation since April 2015.
- Éric Martel joined the Board of Directors of Bombardier on April 6, 2020, prior to which he was President and Chief Executive Officer of Hydro-Québec since July 2015.
- David Murray has been Senior Vice President, Transformation, Operational Excellence and Information Technology (IT) since October 11, 2021. He was Head of Innovation and Executive Vice-President for Production at Hydro-Québec since June 2020, prior to which he was Chief Operating Officer and President of Hydro-Québec Production from April 2018, President of Hydro-Québec Distribution from 2016 and Chief Information Officer since September 2015.
- Doug R. Oberhelman joined the Board of Directors of Bombardier on November 2, 2017. He was Executive Chairman of Caterpillar from January 2017 until his retirement in March 2017, prior to which he had been Chief Executive Officer of Caterpillar from 2010 until December 2016.
- François Ouellette has been Senior Vice President, Legal Services and Contracts since December 2020 prior to which he was Vice President, Legal Services and Contracts, Aviation since September 2014.
- Michel Ouellette has been Executive Vice President, Specialized Aircraft, Programs and Engineering since October 2020 prior to which he was Senior Vice President, Program Management and Engineering, Aviation since November 2018 and Senior Vice President, *Global 7500* Program and *Global 8000* Program, Aviation since September 2015.
- Paul Sislian has been Executive Vice President, Operations and Operational Excellence since October 2020 prior to which he was Chief Operating Officer of Aviation since June 2019, President of Bombardier Aerostructures since February 2019 and Chief Operating Officer of Aviation since September 2015.
- Melinda Rogers-Hixon joined the Board of Directors of Bombardier on May 6, 2021. She is a member of the board of directors of Rogers Communications Inc., a telecommunications company since January 2002 and Deputy Chair since 2018, as well as Vice Chair of the Rogers Control Trust since 2008.
- Eric Sprunk joined the Board of Directors of Bombardier on May 6, 2021. He was at the time of his retirement in August 2020, Chief Operating Officer of Nike, Inc. since 2013.
- Annie Torkia Lagacé has been Senior Vice President, General Counsel and Corporate Secretary of Bombardier since December 2020, prior to which she was Executive Vice President of Stornoway Diamond Corporation, from November 2014 to June 2020.
- Antony N. Tyler joined the Board of Directors of Bombardier on May 11, 2017. He was Director General and Chief Executive Officer of the International Air Transport Association, a position he held from 2011 until his retirement in September 2016.

# LEGAL PROCEEDINGS

In the normal course of operations, the Corporation is a defendant in certain legal proceedings before various courts or other tribunals including in relation to product liability and contractual disputes with customers and other third parties. The Corporation's approach is to vigorously defend its position in these matters.

While the Corporation cannot predict the final outcome of legal proceedings pending as at December 31, 2021, based on information currently available, the Corporation does not expect the resolution of these legal proceedings to have a material adverse effect on its financial position.

## Sweden

Since the fourth quarter of 2016, the Swedish police authorities have been conducting an investigation in relation to allegations concerning a 2013 contract for the supply of signaling equipment and services to Azerbaijan Railways ADY (the "ADY Contract"). In October 2016, the Corporation launched an internal review into the allegations which is conducted by external forensic advisors, under the supervision of the General Counsel and external counsel. The internal review is still on-going. On August 18, 2017, charges were laid against a then employee of the Swedish subsidiary of the Corporation for aggravated bribery and, alternatively, influence trafficking. The trial on these charges took place from August 29 to September 20, 2017. No charges were laid against the subsidiary of the Corporation. In a decision rendered on October 11, 2017, the then employee was acquitted of all charges. The decision was appealed regarding all charges on October 25, 2017 by the Prosecution Authority. On June 19, 2019, the Prosecution Authority confirmed that the acquittal on charge of influence trafficking is no longer being appealed; accordingly, this acquittal on this charge stands as a final judgment. The case is still pending with the Swedish Court of Appeal with a likely scenario that the Swedish Court of Appeal will set a date for the appeal trial. On June 9, 2021, charges were laid against a different former employee of the former Swedish subsidiary of the Corporation for aggravated bribery. The trial took place from November 11 to November 24, 2021. On December 22, 2021 the former employee was acquitted by the Swedish District Court. A notice of appeal was filed by the Prosecution Authority on January 12, 2022. The date for the trial in appeal has not been scheduled with the Swedish Court of Appeal.

The ADY Contract is being audited by the World Bank Group pursuant to its contractual audit rights. The audit is on-going. The Corporation's policy is to comply with all applicable laws and it is cooperating to the extent possible with the investigation and the audit. As reported publicly in the media, on November 15, 2018, the World Bank Integrity Vice Presidency (INT) issued a 'show cause' letter to Bombardier, outlining INT's position regarding alleged collusion, corruption, fraud and obstruction in the ADY Contract. The Corporation was invited to respond to these preliminary findings and has done so. As the World Bank's audit process is governed by strict confidentiality requirements, the Corporation can only reiterate that it strongly disagrees with the allegations and preliminary conclusions contained in the letter.

On February 10, 2020, counsel assisting Bombardier with the World Bank Group audit received a letter from the U.S. Department of Justice (the "DOJ") requesting the communication of documents and information regarding the ADY Contract. Bombardier is cooperating with the DOJ's ongoing requests and is currently providing documents and information in response to same.

The Corporation's internal review about the reported allegations is on-going but based on information known to the Corporation at this time, there is no evidence that suggests a corrupt payment was made or offered to a public official or that any other criminal activity involving Bombardier took place.

While this matter relates to the Transportation business, which has been divested as part of the sale to Alstom on January 29, 2021, the Corporation remains involved in this legal proceeding and remains liable to Alstom, as acquirer of Transportation, in the event of any damage suffered in connection thereof.

## Transnet

The Corporation learned through various media reports of the appointment of a Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector, including organs of state (the "Zondo Commission") for which the terms of reference were published by presidential proclamation on January 25, 2018. Before and after the creation of the Zondo Commission, the media reported allegations of irregularities with respect

to multiple procurements regarding the supply of 1,064 locomotives by South African train operator Transnet Freight Rail. On September 7, 2018, Bombardier Transportation South Africa (Pty.) Ltd. (BTSA) was informed that the Special Investigation Unit (SIU), a forensic investigation agency under the Department of Justice in South Africa, had opened an investigation with respect to the acquisition of the 1064 locomotives by Transnet, in 2014.

The Corporation conducted an internal review into the allegations by external advisors under the supervision of counsel. Based on information known to the Corporation at this time, there is no reason to believe that the Corporation has been involved in any wrongdoing with respect to the procurement by Transnet of 240 TRAXX locomotives from Bombardier Transportation. Following the sale of the Transportation business to Alstom, Alstom has been managing the Zondo Commission and SIU related aspects of the matter.

On January 11, 2021, counsel for Bombardier received an additional request from the DOJ for the communication of documents and information regarding contracts with Transnet and the Passenger Rail Agency of South Africa, and also about an alleged related sale of a *Global 6000*. Bombardier is cooperating with the DOJ's ongoing requests. Also, while the National Prosecution Agency (NPA) of South Africa has not communicated any request to the Corporation, the Corporation understands that NPA is investigating the Transnet contracts.

While this matter relates to the Transportation business, which has been divested as part of the sale to Alstom on January 29, 2021, the Corporation remains involved in this matter and remains liable to Alstom, as acquirer of Transportation, under certain circumstances.

## **Indonesia**

In May 2020, the Indonesian Corruption Court convicted the former CEO of Garuda Indonesia (Persero) TBK and his associate of corruption and money laundering in connection with five procurement processes involving different manufacturers, including the 2011-2012 acquisition and lease of Bombardier *CRJ1000* aircraft by Garuda Indonesia (Persero) TBK (the "Garuda Transactions"). No charges were laid against the Corporation or any of its directors, officers or employees. Shortly thereafter, the Corporation launched an internal review into the Garuda Transactions, which is being conducted by external counsel.

The Corporation understands that the U.K. Serious Fraud Office (SFO) has commenced a formal investigation into the same transactions. The Corporation has met with the SFO to discuss the status of the Corporation's internal review and its potential assistance with the SFO investigation on a voluntary basis.

Both the SFO investigation and the internal review are on-going. On February 26, 2021, counsel for Bombardier received a request from the DOJ for the communication of documents and information regarding the Garuda Transactions. Bombardier is cooperating with the DOJ's ongoing requests. On July 27, 2021, Bombardier received a communication from the RCMP's Sensitive and International Investigation Unit advising that it would be undertaking an investigation on this matter, and requested communication of documents from the Corporation.

## **Claim from Certain Holders of Senior Notes due 2034**

On January 31, 2022, the Corporation received a letter (the "Letter") from counsel to certain holders of 7.450% Senior Notes due 2034 (the "2034 Notes"), and has learned that such holders also filed a complaint before the Supreme Court of the State of New York (the "Action"), reiterating claims made in a letter addressed to the Corporation in April 2021 (the "April 2021 Letter") substantially to the effect that the Corporation's divestitures of non-core assets, including its transportation business, regional jet program and aerostructures division, constitute a breach of certain covenants under the indenture governing the 2034 Notes and further alleging that the actions of the Corporation in May 2021, addressing the matters raised in the April 2021 Letter, breached the rights of such holders. The Corporation believes that these allegations are without merit and intends to vigorously defend itself against the Action.

## **Class action**

On February 15, 2019, the Corporation was served with a Motion for authorization to bring an action pursuant to Section 225.4 of the Quebec Securities Act and application for authorization to institute a class action before the Superior Court of Québec in the district of Montréal against Bombardier Inc. and Messrs. Alain Bellemare and John Di Bert (Motion) (formerly the President and Chief Executive Officer and the Senior Vice President and Chief Financial Officer, respectively, of Bombardier) to claim monetary damages in an unspecified amount in connection

with alleged false and misleading representations about the Corporation's business, operations, revenues and free cash flow, including an alleged failure to make timely disclosure of material facts concerning its guidance for 2018. In the class action component of the Motion, the Plaintiff Denis Gauthier seeks to represent all persons and entities who have purchased or acquired Bombardier's securities during the period of August 2, 2018 to November 8, 2018, inclusively and held all or some of these securities until November 8, 2018. Both the action pursuant to the Quebec Securities Act and the class action requires an authorization from the Court before they can move forward. Until they are authorized, there are no monetary claims pending against the defendants in the context of these Court proceedings.

Bombardier Inc. and Messrs. Bellemare and Di Bert are contesting this Motion. The Corporation's preliminary view at this juncture is that the possibility that these Court proceedings will cause the Corporation to incur material monetary liability appears to be remote.

# TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for each class of the Corporation's publicly listed securities is Computershare Investor Services Inc. at its principal office in each of the Canadian cities of Montréal, Toronto, Calgary and Vancouver.



# MATERIAL CONTRACTS AND SECURITY HOLDER DOCUMENTS

## Material Contracts

No material contracts were filed during the year ended December 31, 2021 on SEDAR in accordance with National Instrument 51-102 Continuous Disclosure Obligations.

## Certain Documents Affecting the Rights of Security Holders

In addition, the following is a list of the indentures to which the Corporation is a party and that relate to the notes and debentures of the Corporation that were issued and outstanding as of December 31, 2021, all of which have been filed on SEDAR in accordance with National Instrument 51-102 Continuous Disclosure Obligations:

- a) Indenture dated November 27, 2017 between Bombardier, as issuer, Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent, and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer agent, providing for the issue of \$1,000 million aggregate principal amount of 7.50% Senior Notes due December 2024;
- b) Indenture dated March 13, 2015 between Bombardier, as issuer, Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent, and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer agent, providing for the issue of \$1,500 million aggregate principal amount of 7.50% Senior Notes due March 2025;
- c) Indenture dated June 8, 2021, between Bombardier, as issuer and Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent, and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer agent, providing for the issue of \$1.2 billion aggregate principal amount of the 7.125% Senior Notes due 2026;
- d) Indenture dated December 20, 1996, between Bombardier, as issuer, and Montreal Trust Company (now Computershare Trust Company of Canada), as trustee and registrar, providing for the issue of Cdn\$150 million aggregate principal amount of 7.35% Debentures due December 2026;
- e) Indenture dated March 7, 2019 between Bombardier, as issuer, Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent, and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer agent, providing for the issue of \$2,000 million aggregate principal amount of 7.875% Senior Notes due April 2027;
- f) Indenture dated August 12, 2021, between Bombardier, as issuer and Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent, and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer agent, providing for the issue of \$750 million aggregate principal amount of the 6.000% Senior Notes due 2028;
- g) Indenture dated April 21, 2004 between Bombardier, as issuer, and the Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank), as trustee and registrar, providing for the issue of \$250 million aggregate principal amount of 7.45% Notes due May 2034;<sup>(1)</sup>
- h) First supplemental indenture dated as of May 11, 2021, between Bombardier, Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer agent supplementing the Indenture dated as of November 27, 2017 providing for the issuance of the 7.500% Senior Notes due 2024;
- i) First supplemental indenture dated as of May 11, 2021, between Bombardier, Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer

agent supplementing the Indenture dated as of March 13, 2015 providing for the issuance of the 7.50% Senior Notes due 2025;

- j) First supplemental indenture dated as of May 21, 2021, between Bombardier, and Computershare Trust Company of Canada (formerly Montreal Trust Company – Compagnie Montreal Trust) supplementing the Indenture dated as of December 20, 1996, providing for the issuance of the 7.35% Debentures due 2026;
- k) First supplemental indenture dated as of May 11, 2021, between Bombardier, Deutsche Bank Trust Company Americas, as U.S. trustee, U.S. registrar, U.S. paying agent and U.S. transfer agent and Computershare Trust Company of Canada, as Canadian trustee, Canadian registrar and Canadian transfer agent supplementing the Indenture dated as of March 7, 2019 providing for the issuance of the 7.875% Senior Notes due 2027;
- l) First supplemental indenture dated as of May 20, 2021 between Bombardier, and The Bank of New York Mellon as successor to JPMorgan Chase Bank, National Association (formerly known as JPMorgan Chase Bank), as Trustee supplementing the Indenture dated as of April 21, 2004, providing for the issuance of the 7.45% Notes due 2034.

<sup>(1)</sup> Following the issuance of an additional \$260 million of 7.45% Notes due May 2034 to an institutional investor on May 18, 2021, the total aggregate principal amount of the 7.45% Notes due May 2034 is \$510 million.

Each of the above-noted series of notes and debentures is redeemable at the option of Bombardier at any time at the applicable redemption price (which may be a customary “make-whole” premium) set forth in the respective indentures governing such instruments. Each of the foregoing series of notes and debentures is unsecured and is not guaranteed by any subsidiary of Bombardier. The respective indentures under which the notes and debentures were issued contain restrictive covenants and event of default provisions customary for investment grade debt instruments, including limitations on liens, mergers and consolidations and sales of assets. If an event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then-outstanding notes under the respective indentures governing the foregoing issuances of notes may declare all of such notes to be due and payable immediately (such acceleration being automatic in the event of our bankruptcy or insolvency).

## INTEREST OF EXPERTS

Ernst & Young LLP is the independent auditor who prepared the Auditors' Reports to the shareholders of Bombardier Inc. under Canadian generally accepted auditing standards. Ernst & Young LLP has confirmed to the Corporation that it is independent within the meaning of the Rules of Professional Conduct of the *Ordre des comptables professionnels agréés du Québec*. These rules are equivalent or similar to Rules of Professional Conduct applicable to Chartered Professional Accountants in the other provinces of Canada.

# AUDIT COMMITTEE DISCLOSURE

## Audit Committee Information

Diane Giard is the Chair of the Audit Committee, and Anthony R. Graham, August W. Henningsen and Eric Sprunk are its other members. Each of them is independent and financially literate within the meaning of National Instrument 52-110 - Audit Committees.

The Charter of the Audit Committee is reproduced in Schedule 1 attached to this Annual Information Form.

The education and related experience of each of the members of the Audit Committee are described below.

**Diane Giard (Chair)** Ms. Giard was appointed Chair of the Audit Committee effective June 5, 2018. She was, from March 2017 until her retirement in June 2018, Executive Vice President, Personal and Commercial Banking and Marketing at the National Bank of Canada. She joined National Bank of Canada in 2011 as Executive Vice President, Marketing and less than a year later became responsible for Personal & Commercial Banking. Ms. Giard has more than 30 years' experience in the banking industry, including several years at the Bank of Nova Scotia (Scotiabank), which she joined in 1982 and where she held various executive positions of increasing responsibility including Senior Vice President of Quebec & Eastern Ontario Region. Ms. Giard has a bachelor's degree in Economics from Université de Montréal and a Master's in Business Administration from Université du Québec à Montréal.

**Anthony R. Graham** Mr. Graham was appointed as a member of the Audit Committee at the meeting of the Board of Directors of the Corporation held on May 2, 2019. He is Chairman, President and Chief Executive of Sumarria Inc. He served as Vice Chairman of Wittington Investments, Limited from May 2014 to May 2019, after having been its President since 2000. Before joining Wittington Investments, Limited he held senior positions in Canada and the United Kingdom with National Bank Financial Inc. He attended the University of Western Ontario and was awarded an Honorary Doctor of Laws Degree from Brock University. He is a member of the Audit Committee of Graymont Limited and was a member of the Audit Committees of President's Choice Bank, George Weston Limited and Loblaw Companies Limited.

**August W. Henningsen** was appointed as a member of the Audit Committee at the meeting of the Board of Directors of the Corporation held on May 6, 2021. He was Chief Executive Officer of Lufthansa Technik AG from April 2000 until his retirement in April 2015. Prior to that, he had been General Manager and Chief Executive Officer of Ameco Beijing from August 1997 until March 2001. He began his career at Lufthansa in 1979 and held numerous positions of increasing responsibility in the Lufthansa group until July 1997. He holds a Master's degree in Mechanical and Aeronautical Engineering from the Technical University of Braunschweig. Mr. Henningsen is the Chairman of the Board of Directors of Hamburg Airport and also sits on the Board of Directors of Lufthansa Technik AG.

**Eric Sprunk** was appointed as a member of the Audit Committee at the meeting of the Board of Directors of the Corporation held on May 6, 2021. At the time of his retirement in August 2020, he was Chief Operating Officer of Nike, Inc. since 2013. During his 27 years at Nike, Mr. Sprunk held various executive positions of increasing responsibility, including Executive Vice President, Global Product and Merchandising from 2008 to 2013 and Executive Vice President and General Manager, Global Footwear from 2001 to 2008. He is a member of the Board of Directors of General Mills, where he also chairs the Public Responsibility Committee and is a member of the Audit Committee. Mr. Sprunk has a Bachelor's degree in Business Administration and Accounting from the University of Montana.

## Appointment of Auditors

For each of the financial years ended December 31, 2021 and 2020, Ernst & Young LLP billed the Corporation the following fees for services:

Fees	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2020
Audit fees	\$2,894,000	\$8,469,000
Audit related fees	\$644,000	\$2,422,000
Tax fees	\$2,501,000	\$5,475,000
All other fees	\$—	\$23,000
<b>Total Fees</b>	<b>\$6,039,000</b>	<b>\$16,389,000</b>

In the table above, the terms in the column “Fees” have the following meanings: “Audit fees” refers to all fees incurred with respect to audit services, being the professional services rendered by the Corporation’s independent auditors for the audit of its consolidated annual financial statements and those of its subsidiaries and the review of the Corporation’s quarterly consolidated financial statements as well as services normally provided by the Corporation’s independent auditors in connection with statutory and regulatory filings and engagements; “Audit-related fees” refers to the aggregate fees billed for assurance and related services by the Corporation’s independent auditors that are reasonably related to the performance of the audit or review of its consolidated financial statements and are not reported under “Audit fees” including audits of the Corporation’s employee benefit plans and other attest services, as well as due diligence and other related services; “Tax fees” refers to the aggregate fees billed for professional services rendered by the Corporation’s independent auditors for tax compliance, expatriate and global mobility compliance services, tax advice and tax planning, including the preparation or review of tax returns, transfer pricing documentation and assistance with tax audits, rendered to the Corporation and its many subsidiaries around the world; and “All other fees” refers to the aggregate fees billed for products and services provided by the Corporation’s independent auditors, other than “Audit fees”, “Audit-related fees” and “Tax fees”, consisting primarily of cybersecurity risk assessment services for the fiscal year ended December 31, 2020. The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the independence of the Corporation’s independent auditors. The Audit Committee has adopted a policy that prohibits the Corporation from engaging its independent auditors for “prohibited” categories of non-audit services and requires pre-approval by such Committee of audit services and other services within certain permissible categories of non-audit services.

# ADDITIONAL INFORMATION

Additional information relating to the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's management proxy circular for its most recently completed financial year. Additional financial information is provided in the Corporation's financial statements and MD&A for its most recently completed financial year. The above-mentioned documents may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

All information incorporated by reference into this Annual Information Form is contained or included in one of the Corporation's continuous disclosure documents filed with the Canadian securities regulatory authorities which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

Where a section of this Annual Information Form incorporates by reference information from one of the Corporation's other continuous disclosure documents, such section makes specific reference to the document in which such information is originally contained or included, as well as to the relevant section.

# FORWARD-LOOKING STATEMENTS

This Annual Information Form includes forward-looking statements, which may involve, but are not limited to: statements with respect to the Corporation's objectives, anticipations and outlook or guidance in respect of various financial and global metrics and sources of contribution thereto, targets, goals, priorities, market and strategies, financial position, financial performance, market position, capabilities, competitive strengths, credit ratings, beliefs, prospects, plans, expectations, anticipations, estimates and intentions; general economic and business outlook, prospects and trends of an industry; customer value; expected demand for products and services; growth strategy; product development, including projected design, characteristics, capacity or performance; expected or scheduled entry-into-service of products and services, orders, deliveries, testing, lead times, certifications and execution of orders in general; competitive position; expectations regarding revenue and backlog mix; the expected impact of the legislative and regulatory environment and legal proceedings; strength of capital profile and balance sheet, creditworthiness, available liquidities and capital resources, expected financial requirements, and ongoing review of strategic and financial alternatives; the introduction of, productivity enhancements, operational efficiencies, cost reduction and restructuring initiatives, and anticipated costs, intended benefits and timing thereof; the anticipated business transition to growth cycle and cash generation; expectations, objectives and strategies regarding debt repayment, refinancing of maturities and interest cost reduction; expectations regarding availability of government assistance programs, compliance with restrictive debt covenants; expectations regarding the declaration and payment of dividends on the Corporation's preferred shares; intentions and objectives for the Corporations' programs, assets and operations; and the impact of the ongoing COVID-19 pandemic on the foregoing and the effectiveness of plans and measures the Corporation has implemented in response thereto; and expectations regarding the strength of the market and economic recovery in the aftermath of the COVID-19 pandemic.

Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "shall", "can", "expect", "estimate", "intend", "anticipate", "plan", "foresee", "believe", "continue", "maintain" or "align", the negative of these terms, variations of them or similar terminology. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Corporation's current objectives, strategic priorities, expectations, outlook and plans, and in obtaining a better understanding of the Corporation's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

By their nature, forward-looking statements require the Corporation to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Corporation's actual results in future periods to differ materially from forecast results set forth in forward-looking statements. While the Corporation considers these assumptions to be reasonable and appropriate based on information currently available, there is risk that they may not be accurate. The assumptions underlying the forward-looking statements made in this Annual Information Form include the following material assumptions: growth of the business aviation market and Corporation's share of such market; proper identification of recurring cost savings and executing on the Corporation's cost reduction plan; optimization of our real estate portfolio, including through the sale or other transaction in respect of real estate assets on favorable terms; and access to working capital facilities on market terms. For additional information, including with respect to other assumptions underlying the forward-looking statements made in this Annual Information Form, refer to the Guidance and forward-looking statements section in the MD&A which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). Given the impact of the changing circumstances surrounding the ongoing COVID-19 pandemic, including because of the emergence of variants, and the related response from the Corporation, governments (federal, provincial and municipal), regulatory authorities, businesses, suppliers, customers, counterparties and third-party service providers, there is inherently more uncertainty associated with the Corporation's assumptions as compared to prior years.

Certain factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, risks associated with general economic conditions, risks associated with the Corporation's business environment (such as risks related to developing new products and services; development of new business; order backlog; the continuing transition to a company focused exclusively on business aviation; the certification of products and services; the execution of orders; pressures on cash flows and capital expenditures based on seasonality and cyclicity; execution of our strategy, productivity enhancements, operational efficiencies, restructuring and cost reduction initiatives; doing business with partners; product performance warranty and casualty claim losses; regulatory and legal proceedings; environmental, health and safety risks; dependence on certain customers, contracts and suppliers; supply chain risks; human resources including the global availability of a skilled workforce; reliance on information systems; reliance on and protection of

intellectual property rights; reputation risks; risk management; tax matters; and adequacy of insurance coverage), financing risks (such as risks related to liquidity and access to capital markets; retirement benefit plan risk; exposure to credit risk; substantial debt and interest payment requirements; restrictive debt covenants; reliance on debt management and interest cost reduction strategies; and reliance on government support), market risks (such as foreign currency fluctuations; changing interest rates; increases in commodity prices; and inflation rate fluctuations). For more details, see the Risks and uncertainties section in Other in the MD&A which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). Any one or more of the foregoing factors may be exacerbated by the ongoing COVID-19 pandemic and may have a significantly more severe impact on the Corporation's business, results of operations and financial condition than in the absence of such pandemic. As a result of the current COVID-19 pandemic, additional factors that could cause actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to: risks related to the impact and effects of the ongoing COVID-19 pandemic on economic conditions and financial markets and the resulting impact on our business, operations, capital resources, liquidity, financial condition, margins, prospects and results; uncertainty regarding the magnitude and length of economic disruption as a result of the COVID-19 pandemic and the resulting effects on the demand environment for our products and services; uncertainty regarding market and economic recovery in the aftermath of the COVID-19 pandemic; emergency measures and restrictions imposed by public health authorities or governments, fiscal and monetary policy responses by governments and financial institutions; disruptions to global supply chain, suppliers, customers, workforce, counterparties and third-party service providers; further disruptions to operations, orders and deliveries; technology, privacy, cyber security and reputational risks; and other unforeseen adverse events

Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on forward-looking statements. Other risks and uncertainties not presently known to the Corporation or that the Corporation presently believes are not material could also cause actual results or events to differ materially from those expressed or implied in the Corporation's forward-looking statements. The forward-looking statements set forth herein reflect the Corporation's expectations as at the date of this Annual Information Form and are subject to change after such date. Unless otherwise required by applicable securities laws, the Corporation expressly disclaims any intention, and assumes 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 Annual Information Form are expressly qualified by this cautionary statement.



# SCHEDULE 1

## CHARTER OF THE AUDIT COMMITTEE

### BOMBARDIER INC.

#### Audit Committee

#### 1. Membership and Quorum

- A minimum of three directors who shall all be (except to the extent permitted by applicable laws, rules and regulations as determined by the Board of Directors) independent.
- All the members of the Audit Committee shall be financially literate or shall become financially literate within a reasonable period of time after their appointment to the Audit Committee; a member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Bombardier's financial statements.
- Quorum: a majority of the members.

#### 2. Frequency and Timing of Meetings

- Normally, in conjunction with the meetings of the Board of Directors of Bombardier (the Board of Directors).
- At least four times a year and as necessary.

#### 3. Chairman of the Audit Committee

One of the members of the Audit Committee shall act as its Chairman. The responsibilities of the Chairman of the Audit Committee include the following:

##### A. PROVIDING LEADERSHIP TO ENHANCE THE AUDIT COMMITTEE'S EFFECTIVENESS

- ensuring that the Audit Committee works as a cohesive team and providing the leadership essential to achieve this;
- ensuring that the resources available to the Audit Committee (in particular timely and relevant information) are adequate to support its work.

##### B. MANAGING THE AUDIT COMMITTEE

- setting the agenda of the Audit Committee, in consultation with the Senior Vice President and Chief Financial Officer, and prior to the meeting of the Audit Committee, circulating the agenda to the members of the Audit Committee;
- adopting procedures to ensure that the Audit Committee can conduct its work effectively and efficiently, overseeing the Audit Committee structure and composition, scheduling and management of meetings;
- ensuring that the conduct of the Audit Committee meetings provides adequate time for serious discussion of relevant issues;
- ensuring that the outcome of the meeting of the Audit Committee and any material matters reviewed at such meeting are reported to the Board of Directors at its next regular meeting.

#### 4. Mandate of the Audit Committee

##### A. PURPOSE

- i. OVERSEEING FINANCIAL REPORTING AND AUDIT

The Audit Committee is a Committee of the Board of Directors formed to assist it in fulfilling its oversight responsibilities in relation to:

- the financial reporting process;
- the independent auditor; and
- the Corporate Audit Services and Risk Assessment.

ii. *MONITORING RISK MANAGEMENT*

The Audit Committee further assists the Board of Directors in fulfilling its oversight responsibilities in relation to:

- risk management matters;
- the financing activities of Bombardier;
- retirement plan fund management;
- environmental matters; and
- any additional matters delegated to the Audit Committee by the Board of Directors.

B. *OBJECTIVES*

The objectives of the Audit Committee are:

- to help the directors meet their responsibilities with respect to accountability;
- to assist in maintaining good communication between the directors and the independent auditor;
- to assist in maintaining the independent auditor's independence;
- with the assistance of the Senior Vice President and Chief Financial Officer, to ensure that an appropriate system of internal accounting and financial controls and appropriate risk management frameworks are maintained in view of the significant risks and exposures facing Bombardier;
- to maintain the credibility and objectivity of financial reports;
- to investigate and assess any issue that raises significant concern to the Audit Committee, with the assistance, if so required by the Audit Committee, of the Chief Audit Executive (or the executive performing an equivalent function), and/or the independent auditor.

C. *MEETINGS*

- Any member of the Audit Committee or the independent auditor or the Chief Audit Executive (or the executive performing an equivalent function) may request a meeting of the Committee.
- The Chairman of the Board of Directors, the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer shall attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving all or some of these officers as determined by the Audit Committee.
- The President and Chief Executive Officer may, at his option, only attend that part of the meeting of the Audit Committee during which the quarterly or annual, as the case may be, consolidated financial statements of Bombardier, the related management's discussion and analysis and the press release to be issued on the consolidated financial statements are reviewed by the Audit Committee members.
- Each of the independent auditor and the Chief Audit Executive (or the executive performing an equivalent function) shall have direct access to the Audit Committee and shall receive notice of and have the right to attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him or her.
- As relates to finance and risk management: the Treasurer shall have direct access to the Audit Committee and shall receive notice of and attend all meetings of the Audit Committee, except such part of the meeting, if any, which is a private session not involving him or her.

- The President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Chief Audit Executive (or the executive performing an equivalent function) or any other representative of management whose presence is requested by the Chairman of the Audit Committee or any of the Audit Committee members, and the independent auditor shall meet separately with the Audit Committee, in a private session held during the course of a meeting, at least once annually.
- Minutes of the meetings of the Audit Committee shall be kept by the Corporate Secretary. Supporting documents reviewed by the Audit Committee shall be kept by the Corporate Secretary. A copy of the minutes of any meeting or of any supporting document shall be made available for examination by any director of Bombardier upon request to the Corporate Secretary.

*D. DUTIES AND RESPONSIBILITIES*

- As they relate to the Board of Directors and financial reporting:
  - a. Assist the Board of Directors in the discharge of its oversight responsibilities to the shareholders, potential shareholders, the investment community, and others relating to Bombardier's financial statements and its financial reporting practices and the system of internal accounting and financial controls, the corporate audit and risk assessment function, the management information systems, the annual external audit of Bombardier's financial statements and the compliance by Bombardier with laws and regulations and its own Code of Ethics.
  - b. Maintain a free and open line of communication with the management of Bombardier, the Chief Audit Executive (or the executive performing an equivalent function) and the independent auditor.
  - c. Review, before their disclosure, Bombardier's quarterly consolidated financial statements, the related management's discussion and analysis and the press release on the quarterly financial results and, if appropriate, recommend to the Board of Directors their approval and disclosure.
  - d. Review, before their disclosure, Bombardier's annual audited consolidated financial statements, the related management's discussion and analysis, and the press release on the annual consolidated financial results and, if appropriate, recommend to the Board of Directors their approval and disclosure.
  - e. Review the presentation and impact of significant, unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks and changes in provisions, estimates or reserves included in any financial statements.
  - f. Obtain explanations for communication to the Board of Directors for all significant variances between comparable reporting periods.
  - g. Review any litigation, claim or other contingency, including tax assessments and environmental situations, that could have a material adverse effect upon the financial position or operating results of Bombardier, and the manner in which these matters are disclosed in the financial statements.
  - h. Review the appropriateness of the accounting policies used in the preparation of Bombardier's financial statements, and consider recommendations for any material change to such policies.
  - i. To the extent not previously reviewed by the Audit Committee, review and, if appropriate, recommend to the Board of Directors the approval of all financial statements included in the prospectus and other offering memoranda and all other financial reports required by regulatory authorities and requiring approval by the Board of Directors.
  - j. Review the statement of management's responsibility for the financial statements as signed by the management of Bombardier and included in any published document.
  - k. Ensure that adequate procedures are in place for the review of Bombardier's public disclosure of financial information extracted or derived from Bombardier's financial statements, other than the public disclosure referred to in paragraph c) or d) above, and periodically assess the adequacy of those procedures.
  - l. Ensure that procedures are in place for: (i) the receipt, retention and treatment of complaints received by Bombardier regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of Bombardier of concerns regarding questionable accounting or auditing matters.

- m. Where there is to be a change of independent auditor, review all issues related to the change, including any differences between Bombardier and the independent auditor that relate to the independent auditor's opinion or a qualification thereof or an independent auditor's comment.
  - n. Monitor the application of, and, if need be, review and make appropriate recommendations to management in order to update the Corporate Disclosure Policy of Bombardier.
- As they relate to the independent auditor:
    - a. Explicitly affirm that the independent auditor is independent and accountable to the Board of Directors and the Audit Committee, and in that context, work constructively with the independent auditor to build an effective relationship that allows for full, frank and timely discussion of all material issues, with or without management, as appropriate in the circumstances.
    - b. Recommend to the Board of Directors a firm of independent auditors for submission to the shareholders of Bombardier.
    - c. Review and make recommendations to the Board of Directors with respect to the fees payable for the external audit.
    - d. For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the terms of the independent auditor's (i) annual audit services engagement letter and (ii) the quarterly review services engagement letter; each of these letters shall be signed by the Chairman of the Audit Committee.
    - e. For each fiscal year, in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee, review and approve the scope of the (i) annual audit and of other audit related services and (ii) the quarterly review services to be rendered by the independent auditor; in that context, ensure that the independent auditor has access to all books, records, facilities and personnel of Bombardier.
    - f. Review with the independent auditor the contents of its report with respect to the annual consolidated financial statements of Bombardier and the results of the external audit, any significant problems encountered in performing the external audit, any significant recommendations further to the external audit and management's responses and follow-up in that context and ensure that the independent auditor is satisfied that the accounting estimates and judgments made by management's selection of accounting principles reflect an appropriate application of generally accepted accounting principles.
    - g. Review any significant recommendations by the independent auditor to strengthen the internal accounting and financial controls of Bombardier.
    - h. Review any unresolved significant issues between management and the independent auditor that could affect the financial reporting or internal controls of Bombardier.
    - i. To the extent practicable, assess the performance of the independent auditor at least once a year.
    - j. Ensure that the independent auditor shall not provide the following services to Bombardier:
      - bookkeeping or other services related to the accounting records or financial statements of Bombardier;
      - financial information systems design and implementation;
      - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
      - actuarial services;
      - internal audit outsourcing services;
      - management functions;
      - human resources;
      - broker or dealer, investment adviser, or investment banking services;
      - legal services; and
      - expert services unrelated to the audit.
    - k. All non-audit services shall require the prior approval of the Audit Committee in accordance with the terms and conditions of the then current Audit and Non-Audit Services Pre-Approval Policy adopted by the Audit Committee.
    - l. Review and approve Bombardier's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor of Bombardier.

- As they relate to the Chief Audit Executive (or the executive performing an equivalent function):
  - a. At least four times a year, in conjunction with the Board of Directors' meetings, review the report of the Chief Audit Executive (or the executive performing an equivalent function) on the results of the work that the Corporate Audit Services and Risk Assessment function has performed and with respect to its organization, staffing, and independence.
  - b. Review and, if appropriate, approve the annual Corporate Audit Services and Risk Assessment plan.
  - c. Assess the Corporate Audit Services and Risk Assessment reporting lines and make such recommendations as are necessary to preserve the independence of the Chief Audit Executive (or the executive performing an equivalent function).
  - d. Review significant Corporate Audit Services and Risk Assessment findings and recommendations and management's responses thereto.
  - e. Once a year, assess the performance of the Chief Audit Executive (or the executive performing an equivalent function), and if the circumstances so warrant, review and recommend the removal of the then current incumbent and the appointment of his successor and report the findings and conclusions of the Audit Committee to the Human Resources and Compensation Committee and to the President and Chief Executive Officer of Bombardier.
  - f. Once a year, review the terms of the charter of the Corporate Audit Services and Risk Assessment to ensure that they continue to be relevant and, if need be, make any appropriate modifications thereto.
- As they relate to finance and risk management:
  - a. Periodically (i) review with management Bombardier's material risks of a financial nature and the steps management has taken to monitor, control and manage such risks, (ii) review the adequacy of policies, procedures and controls designed by management to assess and manage these risks, and (iii) report its findings and conclusions to the Board of Directors with respect to any of these matters;
  - b. Review any significant or unusual transactions or projects related to Bombardier's ongoing activities (for example, joint ventures, equity investments, unusual long-term contracts, aircraft programs etc.), significant business opportunities, mergers, acquisitions, divestitures, significant asset sales or purchases, or equity investments and report its findings, conclusions and, if appropriate, recommendations to the Board of Directors for its approval; subsequently, monitor, on a periodic basis, the performance of Bombardier in connection with such transactions or projects;
  - c. Periodically review the financial situation of Bombardier, including its:
    - capital structure;
    - liquidity level and requirements;
    - long-term debt repayment profile;
    - short-term capital availability; and
    - dividend policy,
 and, as required, make appropriate recommendations to the Board of Directors;
  - d. Periodically review current and expected future compliance with covenants under all credit facilities and trust indentures;
  - e. Periodically review Bombardier's relationship with credit rating agencies and the ratings given to Bombardier, including any potential issues concerning such ratings;
  - f. Periodically review customer financing activities and programs offered by Bombardier in support of its business objectives, including off-balance sheet transactions, secured and unsecured financing, equity investments, letters of credit, guarantees or other forms of financial accommodation and the management of the related contingent obligations;
  - g. Periodically review policies, procedures and controls with respect to:

- foreign exchange hedging;
  - interest rates; or
  - derivatives instruments;
- h. Periodically review Bombardier's insurance program coverage and related insured risks, including coverage for property damage, business interruption, liabilities, and directors and officers;
  - i. Periodically review the fulfillment of Bombardier's obligations towards its various retirement plans and the investment of assets of such retirement plans, and receive appropriate information concerning investment policies, investment performance, actuarial liability profile, funding and accounting deficits and related impact on results, funding policies, compliance reports in relation to various investment policies or legislative requirements and the audited financial statements of the retirement plans;
  - j. Periodically review the corporate management's report on environmental matters; and
  - k. Fulfill any other duties and responsibilities delegated to the Audit Committee by the Board of Directors.
- As they relate to the Audit Committee's terms of reference, each year, review the Charter of the Audit Committee in order to ensure that it continues to be relevant and make recommendations to the Corporate Governance and Nominating Committee or the Board of Directors regarding its responsibilities therein.

## **5. Miscellaneous**

If required, the Audit Committee may obtain advice and assistance from outside legal, accounting or other advisors, as well as consultants, and is provided with the appropriate funding for payment of the independent auditors and any advisors or consultants retained by it.

While the Audit Committee has the responsibilities and powers set forth in this mandate, it is not the duty of the Audit Committee to plan or conduct audits or to determine that Bombardier's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Such matters are the responsibility of management, the Chief Audit Executive (or the executive performing an equivalent function) and the independent auditor.

Nothing contained in the above mandate is intended to transfer to the Audit Committee the Board of Directors' responsibility to ensure Bombardier's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the directors or the members of the Audit Committee.