



March 26, 2018

Bombardier Inc.

Symbol: BBD (TSX/BBD)

Annual Meeting Date: May 3, 2018

Proxy Alert

Recommendation:

FOR shareholder proposal at
Bombardier Inc.

Filer: OceanRock Investments Inc., supported by the Shareholder Association for Research & Education (SHARE)

Shareholder proposal on oversight and disclosure of corporate political spending

Bombardier Inc. is actively engaged in lobbying activity in a number of Canadian and foreign jurisdictions. Recently, a number of concerns have been raised publicly with the company's operations internationally and the processes through which the company lobbies for government contracts, including the launch of an official investigation by South Africa's Public Protector into lobbying for rail contracts in that country.

There is little additional detail available to investors about the extent and content of Bombardier's lobbying activity, its oversight by management and the board, and the outside organizations that are involved in policy activity to which Bombardier contributes in a given year.

Shareholders do not tend to have problems with legal involvement in lobbying activity where it is clearly connected to and consistent with building company value, but they do value strong governance, oversight and transparency of any potentially controversial activities including political activity. Lobbying activity and political campaign spending by corporations has associated reputational and regulatory risks that are best assessed when the corporation's activity is fully transparent and well overseen by the board.

The proposal filed by OceanRock Investments Inc., represented by the Shareholder Association for Research and Education (SHARE), seeks information about the oversight and extent of Bombardier's contributions to political activity:

Resolved, shareholders request the Board prepare a report, updated annually, disclosing:

- Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
- Payments or dues paid by the Company that may be used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
- The Company's membership in and/or payments to any tax-exempt organization in Canada or the USA that writes and endorses model legislation or advocates for policy change.
- Description of the decision making process and oversight by management and the Board for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation, regulation, or government policy (b) reflects a view on the legislation, regulation or policy and (c) encourages the recipient of the communication to take action with respect to the legislation, regulation or policy. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which the Company is a member. Both "direct and indirect lobbying" and "grassroots lobbying communications" include lobbying at the local, provincial, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees of the Board and posted on the company's website.

Vote recommendation rationale

The company says that its lobbying activity is disclosed in public registries in the applicable jurisdictions. However these registries are often incomplete or inconsistent¹, and only include lobbying within Canada and the US federal level despite the company's global operations. Without direction and disclosure from the company it may not be clear to investors which jurisdictions the company is active within, and not every jurisdiction will have transparent and accessible lobbyist registries.

The company notes that "the Corporation is also a member of associations and coalitions in which it works with industry partners and represents the Corporation's interests." It says the "Board believes that additional disclosures regarding specific payments made to these organizations would not necessarily present an accurate reflection of the Corporation's positions on certain public policy issues or advocacy efforts."

The complete absence of disclosure of the company's involvement with third party organizations that lobby governments provides an even less accurate reflection of the company's efforts, and forces investors to rely on news articles rather than the company's own explanation of its policy activities. Hundreds of companies have disclosed similar details when asked by

shareholders, and where they felt necessary have included a disclaimer that the company may not agree with every position taken by the trade associations or other organizations to which they belong. This is acceptable as long as it is clear that there is a regular review process for contributions and memberships to guard against serious policy misalignments or reputational risks.

That oversight mechanism does not appear to be in place at Bombardier. The company reports only that its Vice President of Government Affairs oversees government affairs, and that a Compliance Officer reports on compliance with legal obligations to the Audit Committee of the Board.

Absent the additional disclosure requested in this resolution, shareholders will remain in the dark about:

- the company's positions and priorities for policy activity;
- which external associations the company supports;
- the company's oversight and review process for aligning association contributions and memberships with business priorities and shareholder value; and
- how the company reviews memberships for potential risks to the company's reputation.



SHARE's Recommendation
SHARE recommends a
vote FOR this proposal.

Link to full proposal:

<https://share.ca/share-proposals/disclosure-of-political-spending-and-lobbying-2/>

Contact:

Kevin Thomas
Director of Shareholder Engagement
Shareholder Association for Research & Education
kthomas@share.ca
416-306-6453

¹ See "Canada's Lobbyist Registries: What can they tell investors about corporate lobbying?"
https://share.ca/documents/investor_briefs/Governance/2017/Lobbyist_Registry_Scorecard.pdf