Bombardier

Global mobility function transformation – Where next?
Bombardier

Global Mobility Transformation:

Where next?

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History – Built on ingenuity

1942-73
- Company start-up
- Development of passenger and personal snowmobiles
- Vertical integration
- Energy crisis provoked market collapse

1974-85
- Diversification into mass transit market
- Learning of new industry
- 1982 New York metro contract secured strong position in American market

1986-93
- Entry into aerospace through Canadair acquisition
- Consolidation of North American mass transit position and reinforcement of presence in Europe
History – Built on ingenuity

Strategic Acquisitions

- **Aerospace:**
  - Short Brothers (U.K.),
  - Learjet (U.S.),
  - de Havilland (Canada)

- **Transportation:**
  - BN (Belgium), ANF (France), Deutsche Waggonbau (Germany),
  - Concarril (Mexico), Talbot (Germany), Adtranz (Germany)

1993-2003

- CRJ Series, Global Express, Challenger 300
- Tilting train, AGC (Autorail Grande Capacité)
- Sale of Recreational products business unit

2003 -

- CRJ1000, CRJ NextGen family, Learjet 85, Q400 NextGen, CSeries, Global 7000, Global 8000
- New aerospace manufacturing centre in Mexico and Morocco
- Hybrid AGC, ZEFIRO, ECO4, PRIMOVEL
- Transportation’s expansion into emerging markets
- Sale of Flexjet’s activities
- Reorganization in aerospace and transportation
- OneBT transformation
Bombardier Inc.
(Fiscal Year ended December 31, 2014)

- Revenues: $20.1 billion
- Order backlog: $69.1 billion
- Adjusted EPS1): $0.35
- Customers in more than 100 countries
- Employees2): 74,000
- 80 production and engineering sites in 28 countries, and a worldwide network of service centers
- Headquarters in Montréal, Canada

1) See Caution regarding Non-GAAP financial measures at the end of this presentation.
2) Includes contractual and inactive employees
Overview

Bombardier Aerospace (Fiscal year ended December 31, 2014)

- Revenues: $10.5 billion
- Order backlog\(^1\): $36.6 billion
- Customers in more than 100 countries
- Presence in 26 countries\(^2\)
- Employees\(^1\): 34,100
- Headquarters in Montréal, Canada

Bombardier Transportation (Fiscal year ended December 31, 2014)

- Revenues: $9.6 billion
- Order backlog\(^1\): $32.5 billion
- Customers in more than 60 countries
- Presence in 41 countries\(^2\)
- Employees\(^1\): 39,700
- Headquarters in Berlin, Germany

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1) As of December 31, 2014
2) Defined as countries with Bombardier Transportation or Bombardier Aerospace employees
Overview – A global company

**Employees – Geographic Segmentation**
- Canada: 44%
- United States: 33%
- Europe: 10%
- Mexico: 6%
- Asia-Pacific: 5%
- Other: 2%

**Total employees**: 74,000

**Revenues – Geographic Segmentation**
- Canada: 13%
- United States: 27%
- Europe: 42%
- Mexico: 13%
- Asia-Pacific: 5%

**Total revenues**: $20.1 billion

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1) As of December 31, 2014
2) For the fiscal year ended December 31, 2014
Overview – A worldwide presence

80 production and engineering sites in 28 countries
Global Mobility aligns with Company Strategy

**AT BOMBARDIER WE’RE SHAPING THE EVOLUTION OF MOBILITY BY...**

- ...CREATING BETTER WAYS TO MOVE THE WORLD
  - INVEST IN LEADING MOBILITY SOLUTIONS
- ...CAPTURING GLOBAL GROWTH OPPORTUNITIES
  - GROW LOCAL ROOTS IN KEY MARKETS
- ...STRENGTHENING OUR CUSTOMER-FOCUSED EXCELLENCE
  - ACHIEVE FLAWLESS Execution EVERY STEP OF THE WAY

**OUR GROWTH STRATEGIES**

- GREAT TALENT GLOBALLY
- STRONG FINANCIAL DISCIPLINE
- ACTIVE RISK MANAGEMENT
- COMMITTED CORPORATE SOCIAL RESPONSIBILITY

**OUR COMPETITIVE FOUNDATION**
Our Journey

Great Talent Globally
• 2013 Revision of Global Mobility Policy
• moving away from Long-term & Short-term approach
• building the bridge between Global Mobility and Talent, i.e. Quadrant Model
• Focus on permanent transfers
• Transferee Satisfaction Survey

Strong Financial Discipline
• Creation of Global Mobility Shared Service Organizations
• 2015 Merger of Aerospace and Transportation Global Mobility Functions under BBD Inc.
• Review and cost optimization of Global Mobility provider contracts
• Implementation of aligned communication and knowledge technology

Active Risk Management
• 2013 Creation of Global Mobility Risk Governance
• Capturing Frequent Business Travelers in Global Mobility scope
• 2014 Participation on HR driven workforce planning initiatives
Global Mobility Organizational Structure

Head of Global Mobility

Mobility Advisors

Policy Governance

Compliance Governance

Lead

Americas Advisors

EMEA Advisors

APAC Advisors

GLOBAL Mobility Policy

GLOBAL Relocation Services

GLOBAL Transformation

GLOBAL Employee Tax

GLOBAL Immigration

GLOBAL International Payroll

Global Mobility Shared Service Organizations (Mobility SSOs)

BT SSO in Cluj, Romania

BA SSO in Querétaro, Mexico

BA Compliance team in Dorval, Canada

Corp. Tax

Corp. Legal
Global Mobility Transformation

Transformation
The term transformation has its origin in Latin and means:

- trans = other
- form = form

Literally it means to fundamentally change a subjects’ or objects’ condition or form. For our purposes it basically means:

- Change of political system
- Change of social or economic order
What is the Pressure on Global Mobility?

External Pressure
Continuous alignment of external regulators and therefore increase of Compliance requirement

Internal Pressure
HR / Talent has their external pressure, i.e. lack and/or war for talent with competing companies which requires them to recruit, develop and retain staff globally.
Why Global Mobility Transformation?

Global Mobility Function has to transform from people move facilitator to proactive strategic advisor for HR Business Partners.

External and Internal Pressure have impact on role of Global Mobility!

Historic Role of Global Mobility
Main role of Global Mobility has been to transfer employees from one country to another country. Focus points were conditions to make employee moving.

Current Role of Global Mobility
- Global Mobility is the function understanding external Compliance requirements, maintains relations to Group Tax, Legal and Finance; and can determine financial risks related to workforce transfers.
- Global Mobility is the natural link for HR Talent to source globally located staff.
Bombardier’s Global Mobility Transformation

Awareness Phase (reached its peak in 2014)

- Creation of awareness about increasing overall external Compliance risks
- Deviating Tax Compliance positions between Aerospace and Transportation
- Cost inefficient maintenance of two separate Global Mobility functions at Aerospace in North America and Transportation in Europe
- Creation of business case for Bombardier Senior HR Management
- Presentation of road map and future to be state of function incl. org chart and integration of Global Mobility Shared Services Organizations
- Approval given to start Transformation by Senior HR Management
Bombardier’s Global Mobility Transformation

Transformation Phase (started effective 1 January 2015)

- Explanation of HR Senior Management decision to Global Mobility staff
- Definition of Global Mobility strategy, vision and mission
- Implement reality, i.e. make Mobility staff one team initially by structure; try to switch from different systems and infrastructures to one; define new job descriptions; extend business advisory
- At the same time try to keep historic core Mobility deliverables stable such as employee transfer conditions and cost projections

Continuous Improvement Phase (officially to start in 2016)
Bombardier’s Global Mobility Transformation

Challenges

• Short time window between Senior HR Management decision for Transformation and Implementation start
• Adequate up-skilling of current Global Mobility staff requires long time
• Increase of Mobility staff turn-over
• Delivery stretched to its limits
• Alignment of historically deviated two Mobility functions is complex due to different maturity levels in various areas (technology, knowledge, off-shoring, country expertise, proximity to divisional leadership)

Transformation → Change → Communication

What is required for a successful Transformation is mostly clear
Transformation Cycle

Transformation → Change Management → Communication → Success

What is required for a successful Transformation is mostly clear.

How it is implemented given people and organizational constraints is the most crucial part. Each company or organization needs to find its own specific way.
BOMBARDIER
the evolution of mobility