



# 20 19

**FINNING**  
SUSTAINABILITY REPORT

**PARTNERING &  
INNOVATING TO  
BUILD & POWER  
A BETTER WORLD**

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# CEO LETTER



**A circular economy can be a win-win opportunity when it comes to meeting not only our customers' needs, but our own needs as well.**

## TO OUR STAKEHOLDERS,

I am pleased to share with you our third sustainability report, which reflects on our progress towards our sustainability goals in 2019. At Finning, sustainability is a journey, and we are continuing to learn, grow and evolve our approach as we progress on our roadmap. Our passion and commitment to sustainability is continuing to grow, not only in how we approach our work, but in the way we embed sustainability in how we interact with partners, shareholders, customers, employees and all our stakeholders.

## THE WORLD DOESN'T STAND STILL AND NEITHER DO WE.

We have been in business for more than 85 years and we continue to adapt, embrace rapid technological changes and evolve with customer, shareholder and societal expectations. New advances in e-commerce, machine connectivity and remote monitoring are some of the ways we deliver an enhanced customer experience. In 2019, we launched my.finning.com, a self-serve portal that allows access to capabilities that meet our customers' needs, whenever and wherever they need us. We also completed a strategic acquisition of 4Refuel, a Canadian leader in on-site refueling services, which broadens and enhances the industrial services we offer.

## CUSTOMERS, PARTNERS AND EMPLOYEES, FINNING IS FUNDAMENTALLY A PEOPLE BUSINESS.

Our commitment to employee health and safety is unwavering and we are proud to report that we decreased our total injury frequency by 23% and our total recordable injury frequency by 4% in 2019 from 2018. We are also actively cultivating an inclusive culture, one where everyone feels valued, accepted and psychologically safe. All Finning executives, including myself, are committed to building an inclusive team and have set concrete goals to work towards. In 2019, we invested more than \$7.6 million in training and we will continue to invest in our people to strengthen our safety and health culture and to help them lead the industry by thinking ahead, anticipating customer needs and creating efficient solutions for the benefit of everyone we do business with.

## ENVIRONMENTAL RESPONSIBILITY STARTS WITH OUR OWN OPERATIONS.

We aim to reduce our environmental footprint by focusing on energy efficiency, emissions reductions, finding ways to reuse and recycle our waste streams and being vigilant about the impacts of our facilities on land and water. Through these efforts, we continue

to reduce our greenhouse gas (GHG) emissions year over year, and in 2019, we saw a decrease of 4% in absolute GHG emissions compared to 2018. To accelerate our progress, we signed an agreement in 2019 to procure zero-emission electricity for our UK and Ireland business for the next three years.

## WHERE OTHERS SEE CHALLENGES, WE SEE OPPORTUNITIES.

The need for continuous reduction of environmental impacts associated with economic growth, the transition to a low carbon economy, stringent emission standards for engines, and high diesel costs are just a few of our customers' challenges. Our products and services help our customers work smarter, safer and more efficiently, helping them to reduce their environmental footprint. We estimate that in 2019, through our dual-engine sales, more than 15 million litres of diesel were displaced and replaced with cleaner-burning natural gas. Autonomous mining is giving us a glimpse of what the future of safe mining looks like. And a 10% increase in demand for components in our remanufacturing business in 2019 is a case study for how a circular economy can be a win-win opportunity when it comes to meeting not only our customers' needs, but our own needs as well.

## BUILDING AND POWERING A BETTER WORLD IS NOT POSSIBLE WITHOUT ENGAGING THE NEXT GENERATION.

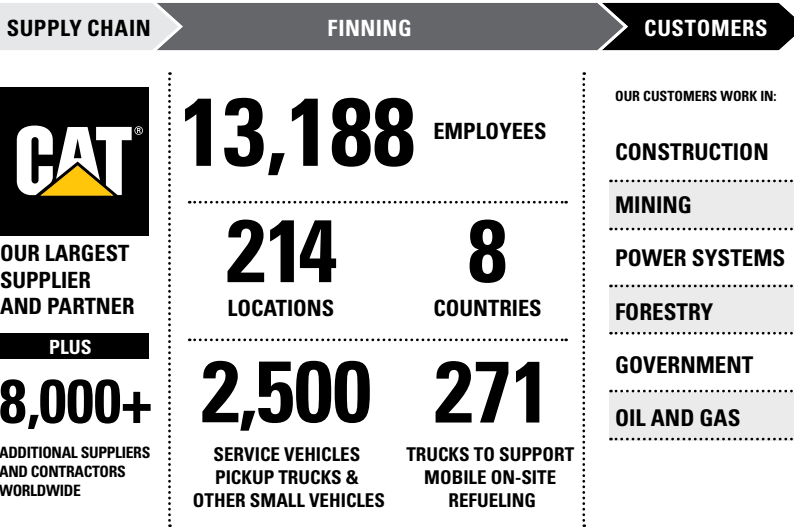
We invest in the communities where we live and create a better future by supporting STEM education. We support training programs for women, girls and Indigenous youth because providing training makes a fundamental difference in the communities where we live and contributes to a stable workforce for Finning and our industry for years to come.

I want to thank all Finning employees, shareholders and customers for their continued support as we work together towards our shared vision. You are the reason we are making a difference, every day.

## L. SCOTT THOMSON

President and Chief Executive Officer  
Finning International Inc.

# ABOUT FINNING



Finning, the world's largest Caterpillar dealer, has been delivering unrivalled service for more than 85 years. We sell, rent and provide parts and service for equipment and engines to help customers in a wide range of industries maximize their productivity.

Since 1933, when Finning was founded in Vancouver, Canada by Earl B. Finning, our name has conveyed integrity, reliability and resourcefulness. Over the years, the company has grown as a result of a genuine commitment to earning customer loyalty.

With our broad product support infrastructure and exceptional service capabilities, we deliver solutions that enable customers to lower their overall cost of ownership while maximizing productivity.

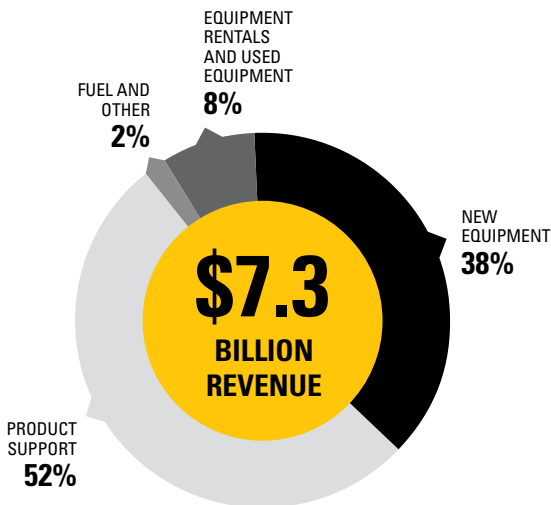
Finning is headquartered in Vancouver, BC and operates in three regions: Western Canada, South America (Chile, Argentina, Bolivia, Uruguay) and the United Kingdom (UK) and Ireland. 4Refuel, our industrial refueling service acquired in 2019, operates in Canada and the US. As of December 31, 2019, Finning employed 13,188 people worldwide and had 214 locations. Finning is traded on the Toronto Stock Exchange under the symbol FTT.



## SIGNIFICANT OPERATIONAL CHANGES

On February 1st, 2019, we completed the acquisition of 4Refuel. 4Refuel is the Canadian leader in mobile on-site refueling, supporting customers in the construction, transportation, oil and gas, power generation and other industrial sectors. 4Refuel also operates in Texas, US. With the acquisition of 4Refuel we added 580 employees to the Finning family.

4Refuel adds value for our customers by providing 24x7 service coverage, which improves equipment productivity, lowers the total cost of equipment ownership, and enhances customer safety.





We believe sustainability is a commitment to balance environmental, social and economic performance. We work to create positive impacts in the communities where we operate, to reduce our environmental impacts, and to continually evolve to meet the needs of our customers, partners and key stakeholders.

## OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability includes:

### FOCUSING ON WHAT MATTERS MOST

We invest our time and resources on managing 13 sustainability topics that represent the most important sustainability-related risks and opportunities for our business. By staying focused, we can make the most progress. See page 6 for details.

### STRONG GUIDANCE AND OVERSIGHT

Our global [Sustainability Policy](#) states our expectations and our Sustainability Roadmap provide strategic direction that is implemented by sustainability committees at global and regional levels.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our company's purpose is to innovate to build and power a better world. We believe a better world is one where we all collaborate to protect people and the environment, reduce inequality, and ensure prosperity for all. We continue to support and contribute toward achieving the UN Sustainable Development Goals<sup>1</sup> (SDGs). Our international presence makes us keenly aware of global challenges, and our position in the value chain between suppliers and customers amplifies our opportunity to drive meaningful change. Although Finning indirectly contributes towards achieving all of the goals, throughout this report we identify the SDGs that are directly supported by specific Finning activities. Here are some of the ways we work towards the SDGs at a high level.



<sup>1</sup> The UN Sustainable Development Goals are 17 global goals set by the United Nations General Assembly to be achieved by 2030. [sustainabledevelopment.un.org/SDGs](https://sustainabledevelopment.un.org/SDGs)

# SUSTAINABLE DEVELOPMENT GOALS

## IN OUR OWN OPERATIONS

## RELATED SDGs<sup>1</sup>

Maintaining a safe and inclusive workplace



Investing in technology and training



Promoting science, technology, engineering and math (STEM) education and helping to develop STEM skills



Monitoring, reporting and managing our greenhouse gas (GHG) emissions



Reducing, reusing and recycling waste from our operations and extending the life of equipment through remanufacturing and component exchange



## IN PARTNERSHIP WITH OUR CUSTOMERS

Enabling vehicle and fleet optimization to reduce GHG emissions on a larger scale



Providing equipment for energy solutions that foster affordable, reliable, and cleaner energy



Providing technical support and equipment for infrastructure solutions that improve access to basic services, transportation, job creation, and raise the standard of living in communities



**“We have set our sights on reducing GHG emissions both inside and outside our company. In our own operations, we focus on efficiency and energy consumption at our facilities. With our customers, we offer products that help them meet their reduction goals and innovative digital services that optimize their fleets and fuel consumption.”**

**Scott Thomson**  
President and CEO

## MATERIALITY ASSESSMENT

In a sustainability context, material topics are those related to environmental, social and governance which can have a significant impact on our business success and represent the interests of our stakeholders. In 2019, we assessed changes to our business, recent sustainability trends, the expectations of our customers and other stakeholders, and societal influences. These factors can affect what sustainability topics are material to our company.

The list of material sustainability topics from 2017 remains relevant and we have included additional content on inclusion and diversity, health, and waste to expand our reporting in areas that are relevant for our stakeholders and the entire society. We plan to review our material sustainability topics regularly to ensure they reflect stakeholder expectations and the changing business environment.

### REPORTING SCOPE

- + The terms “Finning”, “our”, “we”, “us”, “the company”, and “the organization” refer to Finning International Inc. and its subsidiaries, as a whole.
- + This report excludes safety and environmental metrics for 4Refuel operations, as full data systems integration between the two companies has not been completed. We plan to include this data in our 2020 sustainability report.

- + The majority of Human Resources metrics do not include the 4Refuel business, acquired in early 2019. Where 4Refuel data is included it is noted in the footnotes. We plan to include this data in our 2020 Sustainability report.
- + This report describes initiatives related to our material sustainability topics and supporting metrics for the year ended December 31, 2019. When available, additional years of historical data are provided for reference.
- + Financial data is in Canadian dollars and environmental data is in metric units.
- + Safety data includes Finning employees and contractors.
- + This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The GRI index can be found on page 48.
- + Senior management and relevant employees have reviewed the information in this report and believe it is an accurate representation of our performance. We conducted an internal audit of our GHG emissions in all three regions in 2020 for 2019 data. We have not conducted external assurance of any of the metrics included in this report.

## OUR MATERIAL SUSTAINABILITY TOPICS ARE:

### PEOPLE

- Safety and health
- Inclusion and diversity
- Employee and leadership development
- Labour relations

### ENVIRONMENT

- GHG emissions and energy use
- Waste management
- Environmental management (spills and wastewater)

### PRODUCTS

- Customer safety
- Customer performance and loyalty
- Product stewardship
- Responsible supply chain

### COMMUNITIES

- Community investment

### ETHICS AND GOVERNANCE

- Ethics and anti-corruption





## SUSTAINABILITY ROADMAP

The pursuit of sustainability requires a commitment to continual improvement. In the past year, we have made progress on our 5-year roadmap by taking action towards our sustainability objectives. Our actions are aimed at developing a safe and inclusive team, protecting the environment, delivering more sustainable products and services, and acting ethically.

	MATERIAL TOPIC	FOCUS AREA
<b>PEOPLE</b>	Safety and health	Advance and embed our safety culture
		Reduce significant incidents and injuries year-over-year
		Strengthen global assurance of safety systems and standards
	Inclusion and diversity	Embed inclusion in our human resources and operational processes
Employee and leadership development	Standardize our human resource processes, including learning management	
	Continue the roll out of our leadership training	
<b>ENVIRONMENT</b>	Environmental management	Develop and issue global environmental standards and protocols
	GHG emissions and energy	Monitor, manage and work to reduce our GHG emissions
	Waste Management	Identify reduction, reuse, and recycle strategies for our waste
<b>PRODUCTS</b>	Customer safety	Promote equipment automation and autonomous operation
	Customer performance and loyalty	Continue our focus on data connectivity and providing insights to our customers
	Product stewardship	Continue our focus on remanufacturing and other contributions to the circular economy
	Responsible supply chain	Develop and roll out Supplier Code of Conduct
Strengthen criteria to evaluate suppliers, including environmental and social factors		
<b>COMMUNITIES</b>	Community investment	Refine and execute our community investment strategy
		Develop Indigenous engagement strategy
<b>ETHICS AND GOVERNANCE</b>	Ethics and anti-corruption	Develop enhanced online ethics training and train employees

2019 PROGRESS	READ MORE
100% of our regions implemented action plans to continue evolving our safety culture	11
44% reduction of our significant injury frequency from 2018	12
23% and 4% reduction in our total injury frequency and our total recordable injury frequency, respectively from 2018	12
92 safety audits performed across all regions	11, 12
6,161 employees trained on our updated Lifesaving Rules	11, 12
100% of Finning executives established a goal to build inclusive and diverse teams	14, 15
100% of employees completed our mandatory Standing Up for Respect training	14, 15
94% of mid level leaders and above completed Building Respectful Teams training	14, 15
30% of senior leadership roles are held by women	14, 15
33% of board members are women	14, 15
At the end of 2019, approximately 3,000 courses were available to employees through our learning management system	12
51% senior-level leaders and 54% mid-level leaders completed leadership training	16
Developed a global standard for spill reporting and response	24
4% reduction of our total absolute GHG emissions from 2018	19
Enhanced global tracking and reporting of waste by disposal method	21
Nine regional waste opportunity assessments conducted in Canada, and action plans defined	21
21 tonnes of plastic and glass recycled from our fluid sampling lab in the UK and Ireland	21
21 autonomous machines currently in operation across our regions	17, 28
Launched my.finning.com as a self-serve platform	29
75% of the CAT equipment in our regions is connected	29
10% increase in the number of components remanufactured at our OEM facility from 2018	31
Developed a new Supplier Code of Conduct	32
Developing a supplier self-assessment to be completed by our top 250 suppliers	32
Approximately 550 hours volunteered by our employees in STEM-related activities	35, 36
More than 200,000 youth engaged through STEM partnerships	35, 36
Developed Indigenous Guiding Principles for our Canadian region	38
Rolled out an enhanced online ethics training in all regions	41
90% of our employees completed the new ethics training	41



# PEOPLE

At Finning, we are fostering a culture of safety and health, promoting meaningful inclusion of diverse talent and perspectives, and providing a living wage and opportunities for learning, growth, and engagement.

## 2019 HIGHLIGHTS

- + Launched updated Lifesaving Rules and applicable training
- + 100% of executives had inclusion and diversity goals
- + 94% of mid-level leaders and above participated in Building Respectful Teams workshops

## SAFETY AND HEALTH

In 2019, we focused on:

### STRENGTHENING OUR SAFETY FOUNDATION

Our safety practices are guided by our global safety management system, standards, and applicable regulations. We continually improve our safety performance by evaluating the effectiveness of our systems through executive reviews and audits, and by incorporating innovative programs and tools.

#### *Global safety audits:*

We conducted 92 safety audits across our regions focused on identifying high-potential hazards and verifying compliance with our standards for energy isolation, lifting and hoisting, vehicle safety, risk assessment, overhead doors, and our Lifesaving Rules. Corrective actions to address high-risk audit findings were completed immediately and additional actions to address other risks were scheduled following the risk-based criteria.

#### *Enhancing our safety culture:*

In response to the conclusions of an assessment of our safety culture, completed in 2018, we implemented improvement action plans in all regions. In 2019, we included safety-related questions in our annual employee experience survey and have incorporated the feedback in our safety culture improvement plans for 2020.

### WHY IS SAFETY AND HEALTH RELEVANT TO FINNING?

Keeping our workers safe and healthy is a core business value. Safety is a fundamental expectation of our employees, their families and the communities where we operate. There is also a correlation between a solid safety culture and productivity. When employees feel supported in their roles, they perform to the best of their ability.

#### *Leveraging technology:*

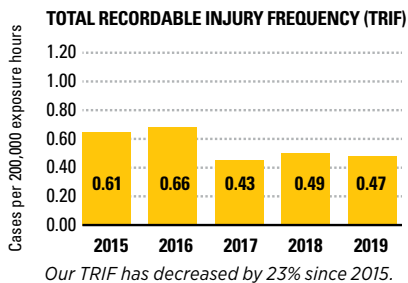
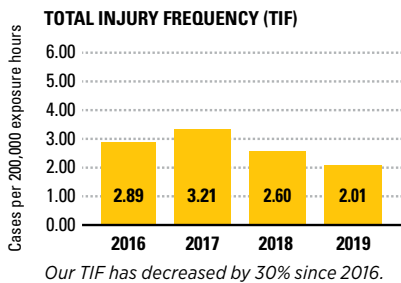
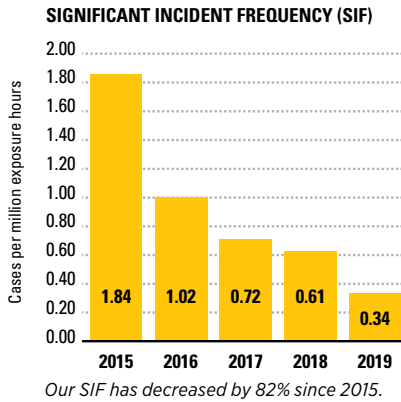
Technology enables more efficient tracking of safety incidents and hazards. Since 2017, our UK and Ireland team has been using a mobile safety app, Logincident, to identify hazards and record observations and incidents. In 2019, we added an electronic job hazard assessment (eJHA) where 1,207 users have received training in this new technology. The new eJHA is supported by satellite-enabled communication devices so employees can use it in remote locations.

#### RELATED SDGs



“Our number one priority is making sure everyone goes home safe. We are unwavering in this commitment and invest in systems and foster behaviours to make this a reality.”

**Juan Pablo Amar**  
President Finning South America



### PREVENTING SIGNIFICANT INCIDENTS

The objective of our safety programs is to eliminate all injuries, but we particularly emphasize the prevention of significant incidents. Significant incidents are incidents that have the potential to cause fatalities or life-altering injuries. Some of our activities in 2019 to prevent significant incidents included:

#### Updating our Lifesaving Rules:

In 2019, we launched an updated set of Lifesaving Rules, which are six concise, easy-to-remember rules designed to prevent serious injuries and fatalities. These rules are in addition to our standard operational and safety procedures. Our Lifesaving Rules outline basic and mandatory expectations related to risk assessment, energy isolation, alcohol and drugs, safe driving and authorized equipment operation, lifting and jacking, and working at heights. We implemented a global training program for the updated rules. As of December 31, 2019, 6,161 workers had completed this training.

### ENHANCING REGIONAL SAFETY PRACTICES

In alignment with global safety and health strategic priorities, policies, and standards, the regional teams take ownership to implement and adapt their specific safety programs depending on the nature of local operations.

#### Targeting behaviours:

In Canada, we focused on behaviours that enhance safety culture. 2,100 of our employees received training on Intervention 2.0, a new course aimed at developing a culture where everyone has the “courage to care” and is accountable and empowered to speak up when safety is at risk. This program equips employees with respectful intervention skills and provides recommendations on how to accept feedback. It also raises awareness of the risks of multi-tasking and the improved accuracy and safety of performing tasks sequentially.

#### Standardizing procedures:

In South America, we created a Standardization Department to develop standard operating procedures (SOPs). SOPs outline a step-by-step method for critical tasks, including all controls and mitigations required to address risks in each step. SOPs help to ensure consistency, improve training, and reduce errors during the execution of critical tasks. At the end of 2019, more than 200 standard operating procedures for critical tasks had been issued. The Standardization Department will be expanded to a global level in 2020.

### TRACKING LEADING INDICATORS

Leading Indicators	2018	2019	% Change
Safety observations	39,375	41,757	6
Hazards Identified/corrected	22,651	28,292	20
Executive walkthroughs	168	286	41

In 2019, we increased all leading indicators.

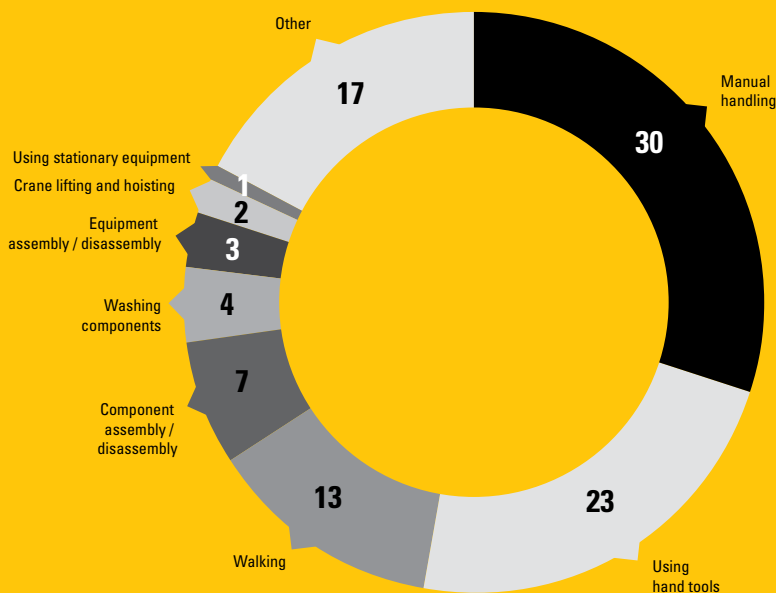
## IN FOCUS

# PREVENTING HAND INJURIES

Hand injuries are the most common type of injury at Finning, comprising 50% of total injuries. In 2019, we focused on hand injury prevention by implementing region-specific plans aligned with our standard. The global standard requires identification of hand-related hazards and implementation of mitigation measures including specific training on hand protection and promotion of safe behaviours, safe tools and appropriate personal protective equipment.

Hand injuries can result from many types of activities, but appropriate personal protective equipment is essential for injury prevention in all cases. Across all regions, our supply chain department worked with our safety personnel to streamline glove selection and raise the minimum standard for protective gloves. Fewer glove options simplifies the glove selection process for employees and increases the likelihood of choosing the right level of protection. Raising the minimum standard of protection means that our workers' hands are better protected even in lower risk tasks. Additionally, in the UK and Ireland, our technicians tested a glove with new technology that provides higher protection against cuts, heat and pressure with improved comfort and dexterity, even allowing the use of touchscreens while wearing gloves.

**INJURY BREAKDOWN BY ACTIVITY (2019)**  
(percent of total injuries)



## HEALTH AND WELLBEING

### RELATED SDGs



Our holistic approach to health includes physical wellbeing, mental health, psychological safety, and occupational health. In 2019, we focused on understanding the current state of our health and wellness programs and developing a three-year path forward.

### OCCUPATIONAL HEALTH

As part of our existing activities to promote occupational health, we identified and evaluated health hazards (such as noise and dust), implemented mitigation actions, and conducted medical surveillance of workers exposed to those hazards.

### DEVELOPING A BASELINE AND PATH FORWARD

In 2019, we analyzed current health plans, available data on disabilities, and employee feedback from more than a third of our employees. Based on our review, we developed a health and wellbeing roadmap to improve health and productivity. The roadmap includes global and regional actions.



## INCLUSION AND DIVERSITY

### RELATED SDGs



In 2019, as part of our five-year inclusion and diversity (I&D) strategic roadmap, we focused on embedding inclusion into our policies and processes and building our capacity to foster inclusion.

### WHY IS INCLUSION AND DIVERSITY RELEVANT TO FINNING?

An inclusive and diverse environment makes our employees feel safe, engaged, valued and a sense of belonging at Finning. Inclusive teams with diverse people are more collaborative, creative and innovative, leading to a stronger company and better performance for our customers.

## BUILDING A CULTURE OF INCLUSION AND RESPECT

We want to build a culture where everyone feels safe, valued, and has a sense of belonging at Finning. In 2019, we continued fostering this culture by encouraging:

### *Accountable leadership:*

An inclusive work culture starts at the top. Inclusion and diversity is now a standing agenda item at executive meetings. In 2019, all Finning executives established a goal, as part of their annual performance plans, to build inclusive and diverse teams.

### *Measurable results:*

As an interim proxy for diversity, we track gender balance in hiring and retention across management levels, the percentage of leaders who have an inclusion and diversity goal, and the level of participation in respect and inclusion programming by leaders and employees in the team.

### *Conscious inclusion:*

In 2019, Finning leaders and HR team members received training on Conscious Inclusion. This training empowers leaders and process owners to embed inclusion, overcome human biases and improve decision quality. Respect as a foundation for inclusion:

Preventing harassment by fostering respect and intervening appropriately is essential to building an inclusive culture. By the end of 2018, all of our employees completed our online anti-harassment training, called Standing up for Respect, which is now mandatory for all new hires. In 2019, we deployed the second phase of this program, called Building Respectful Teams, an in-depth training session that equips leaders to spot the signs of disrespect, bullying and harassment, and to intervene to protect the psychological safety of our employees. 94% of executives and senior and mid-level leaders completed this training in 2019.





### REMOVING BARRIERS TO INCLUSION

We believe everyone deserves to work in an environment that is supportive of their individual circumstances and provides fair access to career support and opportunities. We are actively building our capability to understand the needs of different groups and to remove barriers to inclusion, including supporting flexible working hours and location, subject to business needs.

### PROMOTING GENDER EQUITY AND EQUALITY

Our goal is to hire, engage, and retain more women in our workforce. To guide our efforts, we conducted internal research in 2019 to understand the drivers of female turnover at Finning. Our research found that we needed to prioritize leader development and Building Respectful Teams training, and to conduct global facility audits to inform facility investment.

In response, we audited 100% of our facilities in 2019 to determine if they meet the needs of our female staff, including by providing appropriately sized protective equipment (gloves, boots, coveralls, hard hats), female-specific washrooms and change rooms, and nursing rooms. We used the audit results to develop improvement plans for 2020.

**“Everybody deserves to work for a company where they feel supported and respected. Our actions aim to create a sense of belonging and an environment where everyone who works at Finning feels like they are working towards the same goals.”**

**Chad Hiley**  
Chief Human Resources Officer

Our regions are also undertaking work to promote gender equity and equality based on regional needs, including taking actions to close any gender pay gap.

In Canada, we were included in Equileap’s 2019 Top 10 companies in Canada for gender equality. Equileap ranks more than 3,500 public companies around the world against gender equality criteria, including the gender balance of the workforce, senior management and board of directors, as well as pay gap and parental leave. We were the only industrial company in the Canadian top 10.

In South America, we hosted a day-long workshop at our Antofagasta training center in 2019 as part of the event “Women’s Participation in the Mining Industry” organized by Asia Pacific Economic Council (APEC) Chile and the Canadian embassy. The workshop was held to promote inclusion and initiatives to increase the participation of women in the mining industry.

In the UK and Ireland, we published our second [Gender Pay Gap report](#).

We are committed to eliminating gender bias in our pay practices. We conducted gender pay audits in each region, focusing on roles where employees of both genders are doing the same work. In 2019, gaps were identified in less than 1% of the female population overall and steps were taken to address these gaps.

### SUPPORTING LGBTQ2+ INCLUSION

In Canada, we became supporting members of the non-profit [Pride at Work Canada](#) to build our capability for all employees regardless of gender expression, gender identity, and sexual orientation. As an example, our recruitment team has adopted Pride at Work’s recommendations for inclusive recruitment. We hosted a roundtable with our HR team on how to be an ally for LGBTQ2+ employees. We also supported our executive leaders in Canada in exploring ways they can build their knowledge and demonstrate commitment. In South America, we are a member of [Pride Connection](#), a group of more than 50 companies in Chile that promotes inclusive workspaces for sexual diversity.

### ENGAGING DIFFERENT LEVELS OF ABILITY

As of 2018, companies with more than 100 employees operating in Bolivia and Chile must have at least 2% and 1%, respectively, of their workforce composed of individuals with different levels of physical or mental abilities. We met that target by the end of 2019. As part of this program, we also audited South American facilities for accessibility.

### BROADENING INCLUSION

Members of our UK and Ireland team toured a Royal Electrical and Mechanical Engineers (REME) training facility that maintains military equipment. They observed many transferable skills, and we are now successfully recruiting military personnel.

### Women in Leadership Roles (percent)

BOARD	2018	33
	2019	33
EXECUTIVE	2018	22
	2019	24
SENIOR LEVEL LEADERS	2018	28
	2019	30
MID-LEVEL LEADERS	2018	22
	2019	22
FRONT LEVEL LEADERS	2018	N/A
	2019	15

*We are increasing the percentage of women in leadership roles at most levels of the organization.*

<sup>2</sup>lesbian, gay, bisexual, transgender, transsexual, queer, questioning, and two-spirit

## EMPLOYEE AND LEADERSHIP DEVELOPMENT

In 2019, we expanded our technical apprenticeship program and the use of our online learning system to make training more accessible.

### WHY IS EMPLOYEE AND LEADERSHIP DEVELOPMENT RELEVANT TO FINNING?

Our strategic partner, Caterpillar, and our customers, expect us to have specialized expertise and knowledge. Talent is our competitive advantage, and ultimately, our people are what set us apart.

### TECHNICAL: CONTINUED INVESTMENT IN TRAINING

We continually develop the expertise of our technicians. In 2019, we spent more than \$6 million on technical training for our technicians. Technical training includes ongoing education on foundational and product-specific courses.

### 2019 AVERAGE TRAINING HOURS PER EMPLOYEE, BY TRAINING TYPE

**29** TECHNICAL

**5** SALES

**25** LEADERSHIP

### LEADERSHIP: DEVELOPING LEADERS AT ALL LEVELS

Our Power to Lead (P2L) training program empowers leaders to execute our strategy and deliver on performance objectives and commitments. P2L also develops a pipeline of future leaders. Our \$1.1 million investment in P2L in 2019 reflects the critical importance of our leaders in ensuring Finning's success. As of December 2019, 51% of senior-level leaders and 54% of mid-level leaders completed P2L training. Our aim is that all 1,800 leaders in the company will participate in this program by 2022.

Front-level leaders (i.e., supervisors) are critical to the delivery of our services and meeting our safety objectives. In 2019, we completed a comprehensive learning project to examine what success looks like in the front-level leadership role. We are using what we learned to develop a program for our more than 1,400 front-level leaders that will be rolled out across all regions in 2020.

### WORKDAY: MAKING LEARNING MORE ACCESSIBLE

In 2019, we implemented the online learning module of Workday, our global human resources management system. This module facilitates self-paced learning and development, peer learning, and content sharing, and helps employees and managers report on training outcomes. This module also gives all employees access to a broad range of courses on topics such as compliance, ethics, I&D, leadership development and CAT training. At the end of 2019, approximately 3,000 courses were available to employees and 368,221 training hours were logged in the system.



### FINNING RECOGNIZED AS TOP EMPLOYER

We are proud to be named as one of Canada's Top 100 Employers for 2020 and recognized for offering the right mix when it comes to engagement, benefits and work environment. This is a national competition, now in its 20th year, that compares companies to their peers and recognizes the ones that offer the most progressive and forward-thinking programs.

We stood out because of our supportive workplace and extensive training and development programs, safety programs, a comprehensive wage and benefits package that includes financial planning for retirement and a share purchase plan for employees, and the flexibility and work-life balance that employees need to enjoy life and family time.

## IN FOCUS

# APPRENTICESHIP: INVESTING IN THE FUTURE WORKFORCE

## EMPLOYEE ENGAGEMENT

Engagement is a critical component of our overall success and central to the rich employee experience we cultivate. In addition to providing a living wage, we are committed to providing an environment where individuals feel engaged with the organization and energized at work, and offer effective channels for employees to share feedback, including #AskFining, an online platform where we crowd source questions from employees in Canada and respond to the most common questions on a weekly basis.

In 2019, we conducted our annual employee survey to measure our performance as an employer. 88% of employees participated, and we received a score of 84%.

## LABOUR RELATIONS

We respect the rights of our employees to join an employee association or trade union of their choice, consistent with national law and practice. We strive to develop constructive and stable relationships with our employees and the organizations that represent them, and to negotiate the terms of our agreements in good faith. In 2019, we came to nine signed or verbal agreements, without any interruptions to our operations during negotiations.

### WHY ARE LABOUR RELATIONS RELEVANT TO FINNING?

Approximately 60% of our employees are covered by collective bargaining agreements. Ensuring positive and productive relationships with the unions that represent them is essential to being able to deliver our products and services.

#### RELATED SDGs



We continue to invest heavily in apprenticeship programs to ensure a healthy talent pool, adapting the programs in each region to meet the local requirements of our business.

### CANADA: EXPANDING THE PROGRAM

ThinkBig is a partnership between Finning, Caterpillar and Grande Prairie Regional College. This 20-month diploma-based program allows students to gain technical knowledge and hands-on skills directly related to servicing Caterpillar equipment. In 2019, we updated the program to include new modules and doubled the annual admission of students from 24 to 48. In 2019, 39 students graduated from the program, totalling 354 graduates since 2003.

### SOUTH AMERICA: UPDATING CURRICULUM

The Finning Technical Institute (FIT) in Antofagasta, Chile trains apprentice mechanics and equipment operators. In 2019, we updated our curriculum with a new training program, SIMSchool that uses simulation to develop the skills required for autonomous mining operations. In 2019, FIT provided 108,688 hours of training to Finning 2,437 apprentices and employees so that they have the appropriate skills.

### UK AND IRELAND: TRAINING CONTROLLERS

Our Apprenticeship Academy, a fully accredited educational institution, offers a 4-year program based on Caterpillar's ThinkBig methodology in which students get hands-on experience by assisting our professional technicians.

We also began offering a controller apprenticeship in 2019. Controllers hold a critical customer-facing role for Finning that is fast-paced and demanding. Controllers take calls from customers

and work quickly to understand the customer's needs, before working with technicians to schedule maintenance and order parts. By the end of 2020, 60 existing or aspiring controllers will complete the 18-month program to gain skills and knowledge to more effectively manage people and resources.





# ENVIRONMENT

We work to reduce greenhouse gas (GHG) emissions from our facilities and fleet, enhance waste and wastewater management at our facilities, and minimize potential risks to land and water from spills.

## GHG EMISSIONS AND ENERGY USE

We recognize that climate change is a serious global challenge and we are committed to managing the GHG emissions and energy consumption resulting from our operations.

Our direct (Scope 1) GHG emissions are generated by three activities: natural gas used to heat our facilities, fuel (gasoline or diesel) consumed by our fleet of more than 2,500 vehicles, and diesel used during engine and transmission diagnostics. To reduce our emissions, we focus our reduction initiatives on:

### Fleet efficiencies:

We continued installing powerpacks in our service trucks. Powerpacks are external generators that can be installed to power ancillary equipment without engine idling. Additionally, many of our trucks have GPS/telemetry systems that allow us to measure and evaluate speed, idle time, and hard acceleration, in order to maximize fuel efficiency. In the UK and Ireland, we also replaced our fleet of service trucks with more fuel efficient and reduced-emissions models.

### Heating systems:

Many of our offices and branches are located in Canada and the UK and Ireland, where cold climates require significant

## WHY ARE GHG EMISSIONS AND ENERGY USE RELEVANT TO FINNING?

GHG emissions and climate change continue to be key concerns for Finning and our external stakeholders, including investors, customers, employees and society.

heating. In Canada, we replaced boilers and heating and ventilation systems with more efficient models and in the UK and Ireland, we installed heating control systems and overhead door sensors that switch off the heat when the door is open.

We continued to reduce our indirect (Scope 2) GHG emissions (which represent almost half of our overall emissions profile) by improving energy efficiency and changing electricity providers where it makes sense.

### LED lighting:

We continued to install LED lighting at facilities globally. LED lightbulbs use at least 75% less energy than incandescent lighting, and last 25 times longer, which also contributes to waste reduction.

### Behavioural reductions:

In Canada, we set minimum conservation requirements for branches, which are monitored monthly by the joint management-worker EHS committee at each branch. Branches are working to reduce energy consumption by powering down equipment and lights when not in use, setting temperature controls, conducting energy conservation toolbox talks and reviewing monthly facility utility reports.

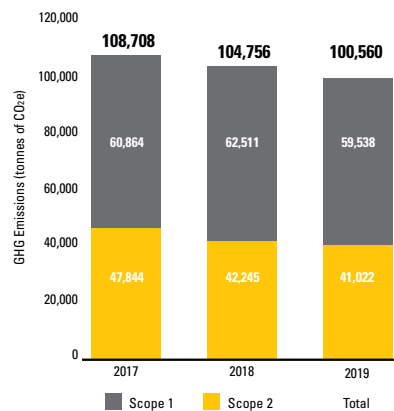
### Renewable electricity:

The UK and Ireland facilities switched to a Renewable Energy of Guaranteed Origin (REGO) electricity supplier in October 2019. As a result, there will be no electricity-related emissions associated with our UK and Ireland facilities in 2020.

## 2019 HIGHLIGHTS

- + Began procuring 100% renewable electricity in the UK and Ireland
- + Reduced total absolute GHG emissions by 7.5% from 2017
- + Retrofitted 15 facilities with LED lighting

## GHG Emissions



We reduced our GHG emissions by 7.5% compared to 2017, largely through electricity conservation.

## 2019 EMISSION REDUCTION INITIATIVES

# Total Estimated CO<sub>2</sub>e Avoided in 2019 – 4,229 Tonnes

**124** powerpacks installed in Canada

**100%** of Canada fleet with GPS/telemetry

**423** tonnes of CO<sub>2</sub>e avoided

### FLEET EFFICIENCIES

We reduced fuel consumption from idling by installing powerpacks and use GPS data to reduce driving behaviours that lead to unnecessary fuel consumption.

**560** tonnes of CO<sub>2</sub>e avoided

### FUEL-EFFICIENT SERVICE TRUCKS

In the UK and Ireland, we replaced our fleet of service trucks with fuel-efficient and reduced-emissions models.

**8** facilities in the UK and Ireland with heating control systems

### HEATING CONTROL SYSTEMS

Our UK and Ireland facilities have heating control systems and overhead door sensors that switch off the heat when the door is open.

**15** facilities across regions switched to LED lighting

**2,225** tonnes of CO<sub>2</sub>e avoided

### LED LIGHTING

LED lighting reduces our energy consumption and GHG emissions. We added seven new projects in South America and eight are either new or ongoing implementation in Canada.

**264** tonnes of CO<sub>2</sub>e avoided

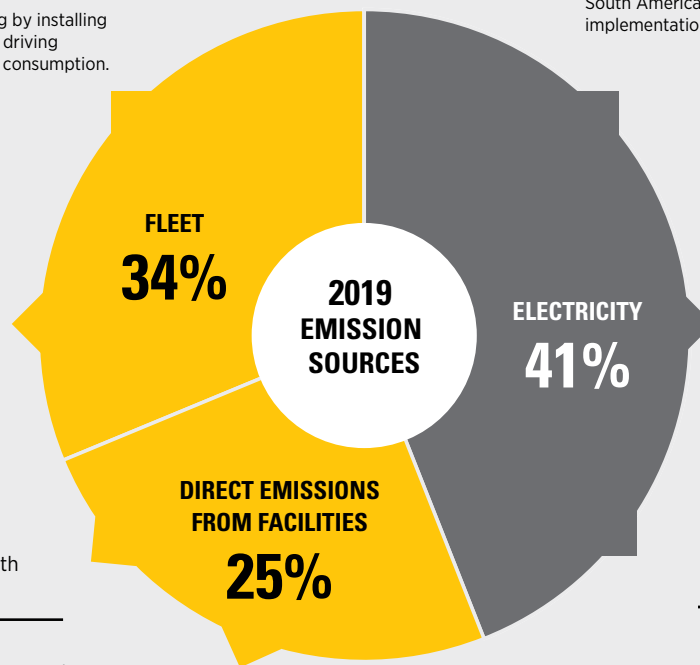
### GREEN ELECTRICITY

UK and Ireland facilities switched to a renewable electricity supplier.

**545** tonnes of CO<sub>2</sub>e avoided

### ENERGY EFFICIENCY AT BRANCHES

In Canada, we made behavioural changes such as powering down equipment and lights when not in use, and setting temperature controls.



**212** tonnes of CO<sub>2</sub>e avoided

### EQUIPMENT UPGRADES

In Canada, we replaced boilers at two facilities and replaced the heating and ventilation system (HVAC) at three facilities.

■ Scope 1   ■ Scope 2

### Notes:

- \*Fleet emissions include diesel used during testing and diagnostics.
- Scope 1 emissions are from activities that are under Finning's control.
- Scope 2 emissions are from purchased electricity.

## WASTE MANAGEMENT

Our most common non-hazardous sources of waste include metal, cardboard, wood, solid dry waste and mixed recyclables. Metal waste comes from engine cores or other used parts from our maintenance facilities. Packaging material varies by part and includes wood pallets and crates, cardboard boxes, and plastic. Most tires replaced during maintenance are sent for recycling.

### WHY IS WASTE MANAGEMENT RELEVANT TO FINNING?

Local and global interest in reducing waste and packaging has increased significantly in recent years. As the world's largest Caterpillar dealer, we manage large volumes of waste that have associated disposal costs for our business.

Common hazardous waste streams include contaminated liquids (e.g., used oil, glycol, wash pit water, wash bay sludge), contaminated soil, oil-contaminated material (e.g., oily rags, used filters, used oil, absorbents) and aerosols. In 2019, for the first time, we will be reporting waste at a global level by disposal method to help us track and manage our waste streams more effectively.

We manage waste across our operations by using a circular economy mindset, which includes reducing waste where possible and finding markets for our waste streams. Some of our regional 2019 activities included:

### CANADA: FINDING WASTE REDUCTION OPPORTUNITIES

We conducted waste assessments at nine of our locations to find opportunities for enhancing the reduction, reuse and recycling of waste streams. Our next step will be to implement waste reduction action plans and to address priority waste opportunities in 2020.

**“As part of our responsibility to future generations, we seek to understand our environmental impacts, and take action to reduce them. We look for ways to conserve resources and to contribute to a more circular economy.”**

**Kevin Parkes**  
President Finning Canada

### SOUTH AMERICA: CONTRIBUTING TO THE CIRCULAR ECONOMY

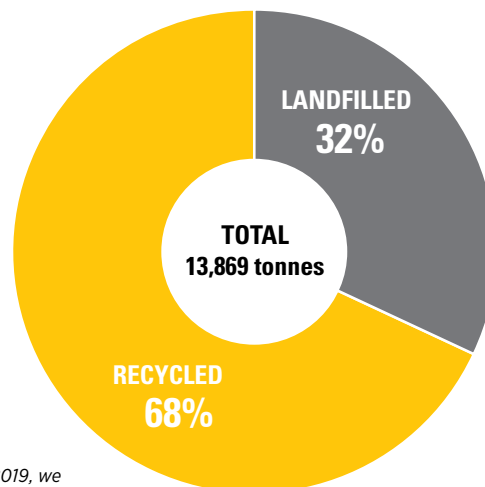
Our Green Footprint (Huella Verde) team in Chile continues to monetize high-value metal and wood waste streams by selling them for reuse and recycling. Additionally, some of this material is reused in building projects at our branches. In 2019, we completed four projects that reused steel frames and wood panels from shipping crates to build fencing, and four outdoor recreational spaces for employees, diverting 3.9 tonnes of material from landfills.

tubes, and oil sample bottles used in customer oil sampling and analysis) to a specialist company that cleans, shreds, granulates and colour-separates the plastic and glass before selling it to the plastic and glass industries. In 2019, the lab generated 17 tonnes of contaminated plastic and 4 tonnes of contaminated glass that has been recycled. We also reduced plastic packaging used for small parts by replacing heavy-duty single-use plastic bags with reduced-weight grip-seal plastic bags designed for reuse.

### UK AND IRELAND: RECYCLING AND REDUCING PLASTICS

We introduced a recycling program that sends all used plastic and glass from the Fluid Analysis Lab (e.g., beakers, test

Waste by Disposal Method



*In 2019, we diverted 68% of our non-hazardous waste from landfills.*

# PROTECTING OUR ENVIRONMENT

We are taking steps to be good stewards of the environment and implementing best practices for environmental management throughout our operations.



Replacing incandescent light bulbs with LEDs at 15 facilities reduces electricity use and associated GHG emissions.



All tanks for liquid waste from maintenance are inspected regularly and are equipped with controls to prevent spills.



Spill kits are required at all facilities and are inspected and replenished regularly.



Chemicals and fuels are stored in accordance with best management practices at our facilities.



All facilities have comprehensive recycling programs in place to reduce waste sent to landfill.



Trucks with power packs consume 30-35% less diesel than regular trucks by reducing idling to run ancillary equipment.





The OEM wastewater treatment plant ensures that wastewater from the facility is properly treated and tested to meet requirements prior to discharge to the sanitary sewer system.

## SPILLS AND WASTEWATER

Our equipment maintenance and service activities, as well as chemical storage at our branches, present potential risks for spills. We focus on spill prevention to minimize the potential to negatively impact land or water quality. Additionally, wastewater from our wash bays needs to be treated to remove dirt, oil, and other residues before it can be returned to municipal water systems.

### WHY ARE SPILLS AND WASTE WATER RELEVANT TO FINNING?

Water is a finite resource that we share with our communities. By protecting water quality, we help protect the availability of this shared resource.

### PREVENTING SPILLS

Minimum requirements for spill prevention include regular site inspections, regular equipment maintenance to prevent leaks, procedures for fueling and fuel delivery, and the use of spill containment equipment such as drip pans during fueling and double-walled storage tanks. We also have spill kits at all facilities and on all service trucks to minimize impacts if spills happen. All spills are reported and any spill that has the potential to impact the environment is further investigated.

We had two reportable spills in 2019. The first involved a forklift puncturing a plastic oil container during loading, releasing 1,000 litres of oil onto the trailer, loading dock, and pavement. The second spill resulted from an equipment failure that released 300 litres of oil onto the service vehicle and the concrete pad. The spills were contained on site,

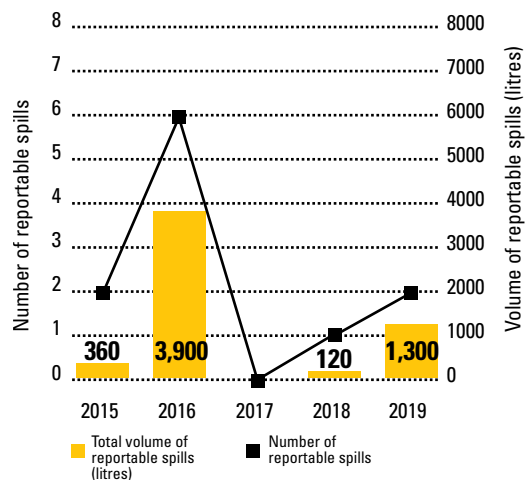
remediated with no impact to soil or water, and they were investigated and reported to the regulator. Corrective actions were developed and implemented.

In 2019, we developed a Pollution Prevention Standard, aligning requirements for spill reporting and response across our global operations.

### TREATING WASTEWATER

All Finning facilities that discharge effluent back into municipal or other systems treat the wastewater through interceptors or separation systems prior to discharge. For example, our largest facility in Canada, OEM Remanufacturing, has an on-site wastewater treatment facility that treats water to required quality standards before discharging back to the municipal water system. Many of our branches also have a third-party sampling program to ensure compliance. Our UK and Ireland facilities have detailed drainage plans, colour-coded drain covers, and multiple technologies for water treatment including reedbeds that use aquatic plants to enable bacteria, fungi and algae to digest the sewage and clean the water.

### Reportable Spills



*In 2019, we had two reportable spills. Both spills were contained on site by the pollution prevention system. Reportable spills include spills that must be reported to regulators based on the relevant jurisdiction's requirements.*







# PRODUCTS

We provide customers with solutions to improve safety and enhance performance by combining leading technology with data-driven insights, all while reducing their environmental footprint. In the delivery of products and services, we aim to partner with suppliers who share our values and standards.

## 2019 HIGHLIGHTS

- + Expanded operations of autonomous mining trucks at customer sites
- + Launched **my.finning.com**, our self-serve customer platform
- + Enabled significant reductions in diesel consumption through the sale of engines that use a combination of diesel and natural gas

## CUSTOMER SAFETY

We work closely with Caterpillar to ensure the products we sell are safe to operate and maintain. We promote customer safety by remaining vigilant while working at customer sites, executing safety letters and repairs in a timely manner, promoting the use of autonomous equipment, and providing customer operator training.

### SAFETY AT CUSTOMER SITES

Many of our workers conduct maintenance or repair activities directly at customer sites. During the provision of those services, we uphold strict safety standards and procedures to avoid injuries to our workers or our customers' employees.

### SAFETY LETTERS AND REPAIRS

Efficiently processing safety letters and repairs on behalf of Caterpillar is one of the largest direct impacts we have on customer safety. If Caterpillar identifies a part, component, or piece of equipment that does not meet their standards, they send us either a Priority letter (in response to issues that do not pose a safety risk but might affect product reliability) or a Safety letter (when an issue may have safety implications). Executing on Priority letters and Safety letters is a priority at Finning. We dedicate significant resources to ensure we implement all of them on a timely basis.

### AUTONOMOUS TRUCKS

Autonomous trucks do not require an onboard operator and as such have significant positive benefits for safety and production efficiency, especially in the mining industry. Read more in our case study on page 28.

## WHY IS CUSTOMER SAFETY RELEVANT TO FINNING?

Preventing safety incidents at customer sites and incidents related to our products helps us maintain the trust of our customers.

### OPERATOR TRAINING

Training in the safe operation and maintenance of equipment is essential to support customer safety. All our regions provide training to our customers' operators. In Chile alone, we provided more 3,894 hours of training to 531 operators at Finning Instrucción Técnica (FIT), our technical training institute. In 2019, we also created SIMSCHOOL, as part of FIT, to train Finning and customer employees on the operation of autonomous trucks and CAT MineStar products using simulation software and tools. In 2020, we will start providing training in autonomous operations to customers' employees.

## IN FOCUS

# SAFER MINING WITH AUTONOMOUS MACHINES

### RELATED SDGs



Mine sites present different challenges: difficult terrain, remote locations, and the use of large machinery. The use of autonomous trucks is one way to make mining safer. Autonomous mining trucks use advanced sensors, machine intelligence and advanced control systems to complete loading, unloading and hauling tasks required for mining.

Fully autonomous mining trucks navigate the mine on a predesigned path without the requirement of an on-board operator. Autonomous truck operations are continually monitored from a control centre at or near the mine site.

The safety record of autonomous trucks is remarkable. With more than 255 CAT autonomous trucks operating globally, these vehicles have driven 60 million kilometres and hauled over 1.8 billion tonnes of material, while incurring zero lost-time injuries.

We are partnering with [Teck](#), a diversified mining company headquartered in Canada, to deploy autonomous haul trucks in two mines:

### HIGHLAND VALLEY COPPER

Highland Valley Copper is a copper mine in British Columbia, Canada, where Teck currently operates an autonomous haul truck pilot. Autonomous mining has the potential to increase productivity and improve safety, supporting a potential extension of operations at the mine beyond the current 2028 mine life along with continued jobs and economic activity. For this project, Finning employees monitor the equipment on site. We also provided training to support Teck's adoption of the technology. The pilot will provide further information about the use and potential this technology. Read more [here](#).

### QUEBRADA BLANCA 2 (QB2):

Quebrada Blanca 2 is a low-cost, long-life copper project being built by Teck and is one of the world's largest undeveloped copper resources in Chile. We will be supplying a fleet of autonomous haul trucks starting in 2020 and are currently training Teck personnel in the technology and skills required to manage autonomous operations.

## CUSTOMER PERFORMANCE AND LOYALTY

RELATED SDGs

9



Our connected equipment and performance services enable Finning to provide not only a world-class experience but also critical data-driven insights, which lower the cost of ownership, reduce emissions and improve efficiency for our customers. Our digital offerings that enhance customer performance include:

### CONNECTED EQUIPMENT

Connected equipment is fitted with sensors, software and hardware that provide data to inform operational decisions. Connectivity is a standard feature in new CAT equipment; older models can be upgraded. As of December 31, 2019, 75% of the CAT equipment in our regions is connected. Connected equipment allows Finning and our customers to track equipment health<sup>3</sup> by monitoring parameters including fuel use, idle time, downtime, and fault codes such as engine overheating. Optimizing fuel use reduces the environmental impact of equipment.

### ONLINE PLATFORM

Our new online customer-facing self-serve platform, [my.finning.com](http://my.finning.com), launched in Canada in 2019 and will be available in all regions in 2020. [my.finning.com](http://my.finning.com) is available to all customers and provides access to powerful technology that enables:

#### *Parts ordering, tracking and returns:*

Customers can order and return parts and track shipments in real time. Being able to predict delivery times allows customers to plan equipment downtime and reduce overstocking of parts on site. When optimized, this contributes to lower inventory costs, a reduced need for warehouse space, and reduced transportation emissions.

#### *Asset monitoring:*

Customers with connected equipment can remotely view equipment health metrics, from a single machine to an entire fleet. They can use this data to identify and proactively resolve issues before they cause unexpected downtime or costly repairs.

**“Access to machine data and the use of e-commerce when transacting are creating new business model possibilities for us and our customers. This rich data combined with the insights from the 85 plus years of experience of our talented Finning team, drives both performance results for our customers and is helping us increase our potential.”**

**David Cummings**

EVP Chief Digital Officer

### DATA-DRIVEN INSIGHTS

Connected equipment produces vast amounts of data. Our team pairs this data with their technical knowledge and experience to help customers optimize their operations. Some of the ways we use technology and data to provide insights to our customers are:

#### *Improved inspections:*

We conduct regular in-person inspections of our customer equipment as part of our Customer Support Agreements (CSAs). These inspections now have digital components, which can include photos or videos. Providing this easily accessible visual data to our customers has improved leak monitoring and repairs because Finning employees and customers can easily understand and act on inspection findings. We have also incorporated special barcodes (QR codes) into our oil sampling process in Canada. Employees use QR code stickers on the packaging and equipment to speed up the process and help eliminate paper waste and human error.

#### *Preventive maintenance:*

Finning employees can analyze data from connected equipment and make recommendations to customers for intervention. We are advocates for preventive maintenance because it reduces unscheduled and total downtime and can help to prevent more expensive repairs, ultimately reducing the cost of ownership. Maintenance and service tracking lets customers know that preventive and scheduled maintenance services are performed on time.

#### *Improved productivity and reduced emissions:*

Connected equipment track many parameters including fuel consumption and idle time. By analyzing a machine's idle time, we can suggest ways to minimize idling and reduce fuel consumption. Idle time can easily add up to 40-50% of a machine's total running time. At 3.8 litres<sup>4</sup> of fuel for every hour a machine idles, the emissions and costs of excess idle time can add up quickly.

#### *Remote monitoring:*

Connectivity enables Finning to remotely monitor machines for customers who choose this service, helping them to avoid unplanned component failures and improve productivity. At Finning's Integrated Knowledge Centres in Antofagasta, Chile, and Edmonton, Canada, our employees monitor more than 600 machines 24/7 for our mining customers. We also have monitoring centres in Chile, Argentina and Canada for customers in the construction industry.

### WHY IS CUSTOMER PERFORMANCE AND LOYALTY RELEVANT TO FINNING?

Shareholders and customers make significant investments in Finning and expect reliable and consistent performance in return. Satisfied and loyal customers sustain our business.

<sup>3</sup>Equipment health is a range of physical characteristics (temperature, vibration, oil or other fluid characteristics) that indicate proper equipment function. The system generates an alarm when these characteristics deviate from pre-defined parameters.

<sup>4</sup>Source [https://www.cat.com/en\\_US/by-industry/mining/articles/idle-time-download.html](https://www.cat.com/en_US/by-industry/mining/articles/idle-time-download.html)

## IN FOCUS

# REMOTE MONITORING & PRODUCTIVITY



We are always looking for ways to use data from connected equipment to improve our customers' productivity. In 2014, we entered into a contract with CEMEX, a large multinational cement and concrete manufacturer, to supply and maintain a fleet of CAT equipment at their Dove Holes Quarry near Buxton, England. The project included productivity monitoring and operational excellence consultancy.

The objective of the project was to deliver a whole site solution, incorporating the latest equipment, technology and quarry management expertise. The ambitious goals included increasing production volumes according to a projected increase in demand from a recovering market. To achieve operational excellence, we set out to understand how people, machine technology and site conditions all play their part to deliver continuous performance improvement for the operation of the site.

Since 2014, we have seen a 33% increase in production with a 6% fleet size reduction and with only a 5% increase in machine hours. This has allowed more time for planned machine maintenance and a 13% increase in machine availability. Our production reporting provided insights that allowed CEMEX to make significant gains in safety and environmental performance including a 4% increase in tonnes hauled per litre of diesel.

Learn more in this [video](#).

## PRODUCT STEWARDSHIP

### RELATED SDGs



We have an opportunity to partner with our customers to reduce the environmental impacts of the products we sell. We offer our customers equipment that meets strict emission standards, power solutions with reduced emissions, and remanufacturing services to extend the life of their equipment.

### WHY IS PRODUCT STEWARDSHIP RELEVANT TO FINNING?

Our customers are increasingly seeking ways to be more environmentally responsible and are looking to Finning and Caterpillar to provide products and services that help them do so. Helping our customers reduce their environmental impact and increase productivity contributes to effective partnerships and customer loyalty.

## EMISSION-REDUCED PRODUCTS

We believe that selling emission-reduced products can contribute to emission reductions on a larger scale. We offer two types of solutions to help our customers reduce emissions from equipment:

### *Equipment that meets Tier 4 standards:*

In 2015, the US Environmental Protection Agency implemented Tier 4 regulations on emissions of particulate matter, black soot, and nitrogen oxides from diesel engines. Caterpillar has been producing a wide range of equipment (e.g., excavators, backhoe loaders, tractors) with engines that meet the Tier 4 regulations since 2012. We also sell other emission reduced equipment such as electric-drive mining trucks and hybrid excavators that reduce fuel consumption by approximately 20 to 25% compared to traditional diesel models, by combining diesel and electric components.



### Dynamic Gas Blending engines (DGB) for non-power applications:

CAT's 3512 DGB engines use a combination of natural gas and diesel, displacing diesel consumption by up to 85%, without sacrificing performance. Certain engines can be retrofitted in existing machines, which allows for up to 65% diesel displacement, which means the machine is using less diesel volume compared to a traditional diesel engine. A common non-power application for DGB engines is oil and gas development (e.g., equipment needed to pump liquid into an oil/gas formation, cementing units, hydraulic power). Some customers can also use excess gas from their oil and gas operations to run their DGB engines, reducing the need for flaring or venting. We estimate<sup>5</sup> that the DGB systems currently in operation at our customers' sites helped displace approximately 15 million litres of diesel in 2019.

### POWER SOLUTIONS

We design solutions and procure and connect a range of hybrid, renewable and reduced-emissions power equipment for our customers. We offer four electricity generation solutions:

#### Natural gas:

Using generators with DGB engines to displace diesel with natural gas in electricity generation reduces fuel costs and emissions from customer operations. DGB equipment can be used for either continuous or standby on-site power generation. During 2018 and 2019, we sold natural gas power generators with 17.7 MW of capacity. We estimate<sup>5</sup> that the generators we sold in the last two years will help our customers displace approximately 8.6 million litres of diesel and reduce 300,000 kg of nitrous oxides emissions (NOx) in one year of operation.

#### Combined Heat and Power (CHP):

CHP systems burn fuel (e.g., natural gas, oil, or biogas) to generate electricity, while capturing and using waste heat from the turbine or engine for a secondary purpose (e.g., steam generation). In 2019, we sold CHP systems with more than 4.5 MW capacity. In 2020, we will commission a large-scale CHP system at the Edmonton

Airport with three natural gas generators to provide electrical power and heat recovery to increase efficiency and reduce waste heat.

#### Biogas:

Some biogas power generating projects can utilize CHP systems to capture and use methane (a by-product from landfills and forestry and wastewater treatment plants) as fuel and avoid the use of additional fossil fuels. In Canada, we installed four CHP systems that use digester gas from wastewater treatment plants and five CHP systems that use landfill gas.

#### Microgrids:

Ideal for remote areas and mine sites, microgrids pair non-renewable with renewable energy sources (often solar) and storage solutions (e.g., lithium ion battery banks). The benefits of microgrids are that they can be remotely monitored, increase system resiliency and leverage the most cost-effective power source.

### REMANUFACTURING

We contribute to the development of a circular economy by working to keep products in use for as long as possible and reducing waste. Our remanufacturing and product exchange programs extend the life of equipment and components. They also result in reduced energy and material consumption from a lifecycle perspective, since the original component retains much of the energy and resources that went into making it in the first place.

Our component remanufacturing center, OEM Remanufacturing (OEM), in Edmonton, Canada, gives new life to aging components by remanufacturing them into components with the same quality and warranty as new products at a reduced price. The program includes all types of equipment components, such as engines, final drives, hydraulic pumps, motors, cylinders, torque converters, transmissions, differentials, axles and undercarriages. OEM remanufactured over 12,000 components in 2019. We estimate that, through our remanufacturing efforts, we diverted at least 10,000 tonnes of metal from scrap yards or landfills.

Our component exchange program allows customers to return a used component

### CASE STUDY:

## ANNACIS ISLAND WASTEWATER TREATMENT PLANT

#### RELATED SDGs



We partnered with Metro Vancouver at their Annacis Island wastewater treatment plant to generate electricity from methane gas. We delivered four engines that will use digester gas (a methane-rich by-product of sewage treatment) as fuel, with the capacity to generate 8 MW of electricity and additional heat for the plant's processes. The project will capture approximately 236 million m<sup>3</sup> of methane annually and is targeted for completion in 2020.

More details in this [video](#).

and receive a remanufactured component for a reduced cost, creating a shared-value opportunity. There was a 10% increase in the number of components remanufactured between 2018 and 2019 and we hired 60 additional employees (8% increase) at OEM in 2019 to keep up with this increased demand.

In addition to our component remanufacturing and exchange programs, a Caterpillar Certified Rebuild Program is in place across all regions. The program offers a variety of options, from a like-new machine with a like-new warranty to a single component rebuilt to Caterpillar specs, all at a fraction of the cost of a comparable new product. In 2019, the number of components and equipment that were rebuilt and certified were 61 CCRs (CAT certified rebuild) and 18 CCUs (CAT Certified Used).

<sup>5</sup> For DGB in non-power applications, we assume continuous operations for 2,000 hours/year. For DGB for power applications, we assume 200 hours/year of operation and 60% NOx reduction when comparing diesel to natural gas.

<sup>5</sup> A conservative estimate based on 2019 number of components, total component weight, and an assumption that only 50% of the components would have ended up in disposal.

## RESPONSIBLE SUPPLY CHAIN

### RELATED SDGs



Caterpillar is our main supplier and partner. We also procure goods and services from more than 8,000 suppliers worldwide. In 2019, we made significant progress in formalizing our procurement process to ensure our suppliers uphold our strong environmental, social, ethical and performance standards. We are also working to increase investment in businesses owned by underrepresented groups, including female and indigenous-owned businesses.

### WHY IS RESPONSIBLE SUPPLY CHAIN RELEVANT TO FINNING?

Ensuring that our suppliers share our values and uphold our standards reduces risk and contributes to environmental and social protection around the world.

### SUPPLIER CODE OF CONDUCT

In 2019, we developed our new Supplier Code of Conduct (supplier code). The supplier code outlines the environmental, ethical and social expectations we have of our suppliers, including policies to address safety and health, inclusion and diversity, anti-harassment, and the participation of underrepresented

and/or marginalized groups, including women. It also addresses anti-bribery, modern slavery, data protection, and environmental and community involvement programs. The supplier code will be rolled out in 2020.

### SUPPLIER RECOGNITION

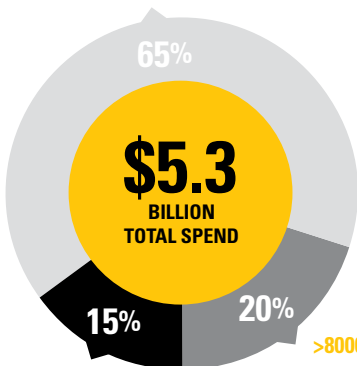
We held supplier awards in Canada and South America in 2019. These awards recognize our suppliers across various industry segments. Awards are presented to suppliers that deliver goods and services safely and on time, that go the extra mile to support our operations, and that are aligned with our core values of being trusted, collaborative, innovative and passionate.

### INCLUSION AND DIVERSITY SUPPLIER FAIRS

Our Procurement and Inclusion and Diversity (I&D) teams collaborated to host I&D Supplier Fairs in our three regions. The goal was to provide suppliers with an opportunity to showcase how their products and services contribute to Finning's inclusion journey and to increase awareness of these products and services among Finning's employees. More than 25 suppliers and 200 employees attended the fairs.

#### CATERPILLAR SPEND

*Most of our supply chain spending is related to Caterpillar products.*



#### >8000 SUPPLIERS

##### INDIRECT SPEND

*non-CAT parts, logistics, fleet, facilities, corporate and professional, travel, digital and IT, Maintenance, Repair and Operations.*







# COMMUNITIES

We give back to the communities where we live and work by partnering with organizations that inspire young people to participate in STEM (science, technology, education and mathematics) careers, build capacity in the communities where we operate, and create opportunities for shared value with Indigenous communities.

## 2019 HIGHLIGHTS

- + More than 200,000 youth engaged through STEM partnerships
- + 879 community members, underserved by educational institutions, received technical training at Finning Instrucción Técnica (FIT)
- + Developed our Indigenous Guiding Principles

## STEM EDUCATION

STEM disciplines produce the engineers, data analysts, chemists, biophysicists and other technical and scientific practitioners who help drive today's innovation-oriented world.

We give financial and practical support to programs that inspire students to participate in STEM careers and the technical trades by partnering with non-profits to support programming, and by directly participating in STEM-related activities.

## STRATEGIC PARTNERSHIPS

We have multi-year funding commitments with the following non-profit organizations that provide inclusive STEM education and promote STEM career choices:

### *Actua:*

Actua provides STEM outreach with a focus on Canadian youth populations that are underserved and underrepresented in STEM: 4,912 girls, 13,860 Indigenous youth, and 38,393 new Canadians, at-risk youth and children living with socio-economic challenges. With our support, Actua helped 140,094 youth access STEM programming and receive more than 918,412 hours of experiential learning.

### *ComunidadMujer:*

ComunidadMujer promotes gender equity in our industry starting with breaking down gender stereotypes in career choices in South America. Read a case study on page 37.

### *Girls Inc.:*

Girls Inc. provides mentors and hands-on STEM programming to girls in Canada. Our support of their Operation S.M.A.R.T program provides mentorship in STEM to girls in the Regional Municipality of Wood Buffalo and two scholarships of \$1,000 to female students from the region entering their first year of post-secondary in a STEM program.

### *Let's Talk Science:*

Let's Talk Science delivers free hands-on STEM learning experiences to children and youth through visits to Canadian elementary and high school classrooms, libraries and community centres. With our support, they engaged 74,770 youth and had 664 educator interactions in Western Canada during the school year.

### *STEM Learning:*

STEM Learning delivers STEM outreach programming in the UK at schools and community events. 20 of our UK employees are STEM Ambassadors, who volunteer to visit schools or events to share their experiences and inspire students by sharing their experience and career paths.

### *Science in Motion:*

Telus World of Science Edmonton offers Science in Motion, a mobile science program that visits schools in rural communities in Alberta. With our support educators travel over 35,000 km to 70 rural communities annually.

## RELATED SDGs



**“It’s a privilege to invest our time and resources in the communities where we operate. When our employees volunteer as mentors or when we partner to provide hands-on STEM education in communities, we are creating a better present and more importantly we are building a better future.”**

**David Primrose**  
Managing Director Finning United Kingdom and Ireland

## STEM ACTIVITIES

We inspire students to pursue STEM careers by providing access to facilities, volunteering as mentors and participating in events that showcase STEM activities.

### FINNING FACILITY TOURS

We believe that seeing STEM in action is inspiring. We offer tours of our facilities in every region to give students an opportunity to learn about Finning and the industry. In 2019, 26 students attending Actua summer camps in Canada received a tour of our Fort McKay, Alberta facility. In Chile, 56 high school students participated in A Day at Finning. In the UK and Ireland, 15 high school students spent five days at a local dealership.

### MENTORSHIP

Mentorship can be a powerful predictor of career choice. In 2019, 10 employees volunteered and mentored young people

in the STEM disciplines through our partnerships with Actua and Girls Inc. in Canada and 20 employees through our STEM Ambassador program in the UK.

### EDUCATIONAL EVENTS

We participate in events where high school students can see technical careers in action and participate in STEM educational activities. Some of the events we attended in 2019 include:

+ Skills Canada Competition: 30,000 junior and senior high school students toured the live Skills Canada Competition to see apprentices (including two Finning apprentices) compete in different trade categories, and to learn about trades and potential future employers. Finning apprentices Ryan Goodin, electrical apprentice at the Regina, Saskatchewan branch, and Calvin Skjeie, a heavy equipment technician apprentice at the Kamloops, British Columbia branch, won their respective categories at the provincial and national levels.

+ Career day for Indigenous youth: We partnered with Actua to support an event at NorQuest College in Edmonton, Canada where 22 Finning volunteers and approximately 80 high school students from surrounding Indigenous communities explored hands-on STEM activities.

+ Eisteddfod: Ten Finning employees volunteered to showcase STEM activities at a week-long career fair in Wales, UK where 15,000 school children and young people participated.

In 2019, our employees volunteered approximately 550 hours in STEM-related activities.

## WHY IS COMMUNITY INVESTMENT IN STEM EDUCATION AND SKILLS DEVELOPMENT RELEVANT TO FINNING?

STEM can help us tackle environmental and societal challenges, and STEM careers enable individuals to raise their standard of living and meaningfully contribute to their communities. For Finning, STEM-trained professionals are essential to achieving our purpose and vision.



## IN FOCUS

# HELPING BREAK DOWN GENDER STEREOTYPES

### RELATED SDGs



Since 2016, we have been partnering with ComunidadMujer and Liceo Mejillones Chile. Our shared goal is to inspire girls to follow STEM careers and help change gender stereotypes that impact career choices. ComunidadMujer is a non-profit that works to promote women's rights and improve public policies for greater equality and equity. Liceo de Mejillones is a K-12 educational centre that provides high school diplomas or technical trade apprenticeships in the mechanical or electrical trades.

In 2019, we continued our efforts by:

#### IMPROVING LEARNING FACILITIES

We provided funding to renovate the mechanics and welding workshop at Liceo Mejillones, improving the safety and learning conditions of the space for students in technical and mechanical specialties.

#### HOSTING A DAY AT FINNING

52 students from the school received a guided tour of our facilities, which included a visit to the Finning Instrucción Técnica (FIT), our technical training institute, and a repair centre to observe our work in action. They saw our facilities, observed safety practices in action, and had conversations with women working at Finning.



#### HOLDING A WORKSHOP FOR STUDENTS AND PARENTS

Seven Finning employees facilitated a 4-hour workshop with students and parents from Liceo de Mejillones. The workshop was called Breaking Down Gender Stereotypes in Career Choice. It was an opportunity to raise awareness about gender biases in career choices and to discuss opportunities for and misperceptions about women in the mining industry.

#### UPDATING CURRICULUM

FIT instructors worked with teachers from Liceo de Mejillones in a roundtable session to jointly update curriculum for their programs to reflect current best practices and meet industry needs.

#### SERVING AS ROLE MODELS

Two of our female employees in technical roles visited the school to discuss their experience as women in the trades and to serve as role models to the students.

We are encouraged by the results of this collaboration. The number of female students in 10th grade at Liceo de Mejillones choosing STEM careers doubled from 2016 to 2018.

## CASE STUDY: WOMEN BUILDING FUTURES

### RELATED SDGs



Women Building Futures is a Canadian organization that offers training and affordable housing for women looking to enter the construction, maintenance and driving industries. Students' tuition is paid through sponsorships from Finning and other partners.

There are 15 female apprentices currently enrolled in Women Building Futures' Heavy Equipment Technician program.

The program's combination of skill development, affordable housing and paid work provides a transformational opportunity in the lives of these women and contributes to gender diversity in our industry.

Learn more about the program [here](#).

### RELATED SDGs



## SKILLS DEVELOPMENT

In 2019, we continued to help individuals from underserved or underrepresented groups in our communities gain valuable skills through direct training, internships, and scholarships.

### TRAINING FOR COMMUNITIES

The main purpose of our technical institute in Chile, Finning Instrucción Técnica (FIT), is to build capacity in our employees and customers, but we also provide training to women, people at social risk, immigrants and students who would otherwise not have access to training opportunities. With support from tax benefits, and in partnership with other organizations, we helped close skills gaps identified in communities near our branches by training and certifying 879 individuals in 2019 as heavy equipment mechanics, equipment operators, and logistics administrators. The following groups were represented:

#### *Women:*

We provided training to 171 women so they can participate in technical careers and obtain their certification in forklift operations and/or logistics administration. In partnership with the local labour office and Department of Women and Gender Equity in Antofagasta, Chile, and Fundacion Tierra de Esperanza, we offered training to 149 women who live in challenging circumstances.

#### *Young offenders:*

In partnership with Fundacion Tierra de Esperanza, we provided training to young offenders to help them become employable and productive members of society. In 2019, 50 individuals graduated from the program as forklift operators and/or logistics administrators.

#### *New immigrants:*

In 2019, we provided training to 10 new immigrants to Chile in the Antofagasta, Bio-Bio and Metropolitan regions to help them integrate into the workforce and economy.

#### *Students:*

We have 21 active partnerships with technical schools in Chile. In 2019, 226 students from these schools received instruction at our facilities.

## INTERNSHIPS

Hands-on training and work experience are essential in developing the tradespeople of the future. In addition to our apprenticeship programs (page 17), we also have two internship programs:

- + In Canada, 2019 was our first year participating in the Women Building Futures Heavy Equipment Technician program. Read more in the Case Study on the left-side of the page.
- + In the UK and Ireland, each year we offer a 12-month internship to two university students. Interns get the opportunity to experience different working environments in line with their future career aspirations.

## SCHOLARSHIPS

We provide scholarships to increase access to technical careers. In 2019, we established an endowment fund at Keyano College in Fort McMurray, Canada that funds four annual scholarships, including one for a female student enrolled in trades, and one for an Indigenous student from the Fort McMurray area. We also provide two scholarships to Indigenous female students from the Wood Buffalo region in northern Alberta, Canada through [Girls Inc.](#) These scholarships support the recipients as they pursue a post-secondary education in a STEM-related field.

## INDIGENOUS ENGAGEMENT

We operate in communities with large Indigenous populations, especially in northern Canada. To further our commitment to inclusion, in 2019 we developed Indigenous Guiding Principles that will guide how we engage with Indigenous individuals, businesses and communities. The principles will guide our processes for recruitment, procurement, new business and strategic relations, and community investment in order to better reflect the diversity of the communities where we serve and operate.







# ETHICS & GOVERNANCE

Strong ethics and good governance are essential to maintaining our reputation and being a trusted partner to our stakeholders.

## 2019 HIGHLIGHTS

- + 1,220 employees participated in a risk perception survey
- + Updated our Code of Conduct training with 90% of employees completing the training in 2019

## ETHICS

Our values and expectations for ethical behaviour are defined in Finning's Code of Conduct (the Code). The Code is our guide for putting our principles of transparency, ethics and professionalism into practice each day. In 2019 we continued fostering an ethical business culture by:

### COMPLETING OUR RISK CULTURE SURVEY ANALYSIS

We surveyed 1,220 employees in 2018 to understand their perceptions of our leaders' approach to ethics and risk, how well we communicate about risk management, how risks are incorporated into decision making and how open we are to having risk conversations. We analyzed the responses in 2019 and learned that 84% of participants felt our leaders set an example of integrity and strong ethical values through their words and actions. However, employees noted that appropriate disciplinary action is not always taken when policies and procedures are violated. As a result, we are currently enhancing our investigation competencies and practices.

### UPDATING OUR ETHICS TRAINING

We revised our ethics training to be more interactive and include real-life scenarios that are relevant to our employees. We rolled out the training and follow-up assessment across the organization using our online learning management system. All employees must pass the assessment by achieving a score of at least 80%. On completion of the training module, employees confirm their understanding of and compliance with the Code and other key ethics-related policies. 90% of our employees completed the ethics training in 2019. All employees are required to complete this training annually.

## WHY IS ETHICAL BEHAVIOUR AND STRONG GOVERNANCE RELEVANT TO FINNING?

Our rigorous standards of business conduct are a key reason why employees work for us, customers and suppliers partner with us, and shareholders invest in us. We believe that ethics and high governance standards are essential to operate effectively, enhance shareholder value, and enable us to be a trusted business partner and community member.

### IMPROVING OUR CLAIM RESOLUTION TIMES

In 2018, we set internal targets for the number of days to resolve claims. In 2019, worked to improve our processes to meet those targets.

### EMPOWERING EMPLOYEES TO SPEAK UP

We empower our employees to speak up when they are concerned about a behaviour or activity that does not align with our values and the expectations in the Code. They can use the ethics hotline or website (both anonymous), or talk to their local supervisor or human resources, legal or risk department.

### SETTING CLEAR EXPECTATIONS

Finning has zero tolerance for bribery or corruption in all business dealings and relationships. Our Code of Conduct and Global Anti-Bribery and Anti-Corruption Policy set our expectations in this area.

#### RELATED SDGs



**“Ethics isn’t an academic exercise, it is how we act every day in every situation. Building an ethical culture requires acting with integrity from the boardroom to the workshop.”**

**Greg Palaschuk**  
Executive Vice President and Chief Financial Officer

## BOARD & GOVERNANCE INFORMATION

Size of board	12*
Average age of directors	64
Number of independent directors	11*
Mandatory retirement age	72
Separate chair and CEO	Yes
Comprehensive board assessment process	Yes
Independent chair	Yes
Average board tenure	5 years and 9 months
Annual election of directors	Yes
Proxy access	Yes
Majority voting policy	Yes
Code of Conduct for directors, officers and employees	Yes
Board meetings held in 2019	7
Stock ownership guidelines for directors and executive officers	Yes
Board and committee meeting attendance in 2019	96.61%
Policy on share trading and hedging	Yes
Say on Pay advisory vote	Yes
Five-year average support of our approach to executive compensation	93.10%
Women Board members	33%*
Board diversity policy	Yes
In-camera sessions held with independent directors only at every Board and committee meeting	Yes

\*Provided following the election of Directors at Finning Annual General Meeting each May.

## GOVERNANCE

Our Board has four standing committees: Audit, Human Resources, Governance and Risk, as well as Safety, Environment, and Social Responsibility (SESR). To find out more about our Board, please refer to our most recent Management Proxy Circular, which is available [here](#).

Along with our Board of Directors, who provide oversight and accountability, our Finning Leadership Team builds on best practices through continual evaluation and improvement, providing the foundation for Finning’s success. Some of our key governance practices and metrics are summarized in the table to the left.



## DATA GOVERNANCE

Data is increasingly important to our customers, suppliers, partners, and employees, and we take data governance seriously. We have put in place a data governance framework over the last year, including:

### *Customer/Supplier/Partner Consent*

We continually review and update our consent practices to ensure we are in-line with the applicable data protection legislation.

### *Protecting Data*

We continually evaluate and update our practices and tools to exceed industry standards.

### *Data Breach Response Procedures*

We developed a Data Breach Escalation and Management Policy to ensure systematic and minimally disruptive responses to data breaches.

### *Storing Data*

Our Records Retention Policy ensures that inactive or outdated customer information is securely deleted.

### *Internal Training*

Ongoing internal education ensures we understand all rules and requirements and apply them in accordance with our Data Governance Statement.

### *Commitments in Writing*

Our commitment to protect data is listed in all contracts at Finning, so our customers, suppliers and partners understand our obligations when it comes to legislative requirements.

### *Employee Privacy*

We have developed a Global Employee Privacy Policy that covers how employee data is collected, used, processed, and disclosed. It will be rolled out in January of 2020.

## PERFORMANCE TABLE

The following table summarizes our performance in key sustainability areas. In most cases, we use standard industry and regulatory calculation methodologies and definitions that may be updated periodically to improve accuracy.

PERFORMANCE SUMMARY						
	UNITS	2015	2016	2017	2018	2019
<b>COMPANY CONTEXT</b>						
Revenues <sup>1</sup>	million \$	6,257	5,628	6,256	6,996	7,290
Number of locations <sup>2</sup>	number	-	-	221	225	214
<b>SAFETY <sup>3</sup></b>						
Total Recordable injury frequency (TRIF)	cases per 200,000	0.61	0.66	0.43	0.49	0.47
Total injury frequency (TIF)	exposure hours	-	2.89	3.21	2.60	2.01
Significant injury frequency (SIF)	cases per million exposure hours	1.84	1.02	0.72	0.61	0.34
Fatalities	count	0	0	0	2	0
Vehicle incidents <sup>4</sup>	count	-	-	85	102	74
All injuries by activity:						
Manual handling	percent	-	-	-	-	30
Using hand tools	percent	-	-	-	-	23
Walking	percent	-	-	-	-	13
Component assembly / disassembly	percent	-	-	-	-	4
Washing components	percent	-	-	-	-	4
Equipment assembly / disassembly	percent	-	-	-	-	2
Crane lifting and hoisting	percent	-	-	-	-	2
Using stationary equipment	percent	-	-	-	-	1
Other	percent	-	-	-	-	17
Near misses and hazard identification <sup>5</sup>	count	26,633	25,334	18,210	22,651	28,292
Supervisory observations	count	NA	NA	51,034	39,375	41,757
Executive walkthroughs	count	NA	NA	194	168	286
<b>PEOPLE</b>						
Number of employees (excludes contractors and 4Refuel) <sup>6</sup>	count	13,003	11,877	12,544	13,146	12,608
Number of Employees (4Refuel)		-	-	-	-	580
Total number of employees (excludes contractors)	count	-	-	-	-	13,188
Employees by region (excludes contractors)						
Canada (includes 4Refuel employees)	count	5,090	4,657	4,885	5,427	5,818
South America	count	6,253	5,821	6,207	6,252	5,870
UK and Ireland	count	1,660	1,399	1,452	1,467	1,500
Number of employees (includes contractors) <sup>7</sup>	count	14,325	13,039	14,077	14,732	14,290
Employees covered by collective bargaining agreements (includes 4Refuel)	percent	66	67	64	60	64
<b>INCLUSION</b>						
Workforce by age group:						
Under 30 years	percent	-	-	-	20	17
30 - 50 years	percent	-	-	-	62	64
Over 50 years	percent	-	-	-	18	19
Gender diversity						
Female	percent	-	-	-	16	16
Male	percent	-	-	-	84	84
Women in leadership roles						
Board <sup>8</sup>	percent	18	17	25	33	33
Executive	percent	-	-	-	22	24
Senior level leader	percent	-	-	-	28	30
Mid-level leader	percent	-	-	-	22	22
Front-level leader	percent	-	-	-	-	15

## PERFORMANCE SUMMARY

	UNITS	2015	2016	2017	2018	2019
<b>RETENTION AND ENGAGEMENT</b>						
Rate of hiring	percent	NA	NA	17	17	10
Voluntary turnover rate	percent	6	6	6	7	6
Voluntary turnover rate (male)	percent	-	-	-	-	6
Voluntary turnover rate (female)	percent	-	-	-	-	9
Total turnover rate	percent	16	18	12	13	13
Employee experience survey response rate employee	percent	84	87	89	89	88
Experience index <sup>9</sup>	score out of 100	72	72	75	85	84
<b>RETENTION AND ENGAGEMENT – EMPLOYEE DEVELOPMENT</b>						
Employees receiving performance reviews						
Executive	percent	-	-	-	-	85
Senior level leader	percent	-	-	-	81	88
Mid-level leader	percent	-	-	-	91	92
Front level leader	percent	-	-	-	89	95
Individual contributor (non-union)	percent	-	-	-	95	93
Average training hours, by training type:				-		
Technical	hour/eligible employee	-	-	-	23	29
Sales		-	-	-	17	5
Leadership		-	-	-	30	25
Spending on training, by type <sup>10</sup>						
Technical	\$	-	-		5,379,840	6,084,662
Sales	\$	-	-		556,920	337,106
Leadership	\$	-	-		1,627,793	1,270,991
<b>ENVIRONMENT</b>						
Greenhouse gas emissions (total) <sup>11</sup>	CO <sub>2</sub> e tonnes	-	-	108,708	104,756	100,560
Direct (scope 1)	CO <sub>2</sub> e tonnes	-	-	60,864	62,511	59,538
Indirect (scope 2)	CO <sub>2</sub> e tonnes	-	-	47,844	42,245	41,022
Direct emissions by source						
Facilities	CO <sub>2</sub> e tonnes	-	-	26,894	27,892	25,674
Fleet <sup>12</sup>	CO <sub>2</sub> e tonnes	-	-	33,970	34,619	33,864
Energy use (total)	Gigajoules				1,275,283	1,192,356
Fuel – gasoline	Gigajoules	-	-	-	140,316	148,705
Fuel – diesel	Gigajoules	-	-	-	374,100	373,194
Gas Oil	Gigajoules	-	-	-	1,691	1,785
Electricity	Gigajoules	-	-	-	262,441	243,987
Natural Gas	Gigajoules	-	-	-	496,735	424,685
Spills <sup>13</sup>						
Number of reportable spills	count	2	6	0	1	2
Total volume of reportable spills	litres	360	3,900	0	120	1,300
Hazardous Waste <sup>14</sup>						
Landfilled	tonnes	-	-	-	-	9,956
Recycled	tonnes	-	-	-	-	2,178
Incinerated and deep well injection	tonnes	-	-	-	-	554
Total	tonnes	-	6,119	7,649	9,935	12,688
Non-hazardous waste						
Landfilled	tonnes	-	-	-	-	4,447
Recycled	tonnes	-	-	-	-	9,422
Total	tonnes	-	12,378	11,911	14,215	13,869

## PERFORMANCE TABLE

PERFORMANCE SUMMARY						
	UNITS	2015	2016	2017	2018	2019
<b>PRODUCTS</b>						
Connected assets (% of addressable population)	percent	-	-	-	68	75
Number of components remanufactured (OEM facility)	units	-	-	-	10,000	12,000
<b>COMMUNITIES</b>						
Volunteer hours (STEM only)	hours	-	-	-	875	550
<b>ANTI-CORRUPTION AND ETHICS</b>						
Total number of employees who completed code of conduct training	percent	-	-	-	-	90

Data for new indicators where no historical data is available is denoted with a "-" symbol.

### PERFORMANCE NOTES:

1. Revenues reported in Canadian dollars. All financial data is consistent with Finning annual reports.
2. Locations include branches, training facilities, distribution centers and OEM.
3. Safety rates are calculated using exposure hours of employees and contractors.
4. Vehicle incidents are incidents caused by a company driver and they include any collision type incident with another vehicle, object or person. 2017 data updated to align with this definition.
5. Global definitions were instituted in 2017 for near misses and hazard identification.
6. Number of employees (excluding contractors) is used for all people, inclusion, retention and engagement calculations in this report and performance table.
7. Number of employees (including contractors) is used for all safety calculations in this report and performance table. The definition of contractor is aligned with Canadian Association of Petroleum Producers (CAPP) standards.
8. Percentage of women on our Board is provided following the election of Directors at Finning's Annual General Meeting each May.
9. Sustainable engagement score from the annual survey sent to all eligible employees to measure the engagement levels in the organization. For engagement to be sustainable over time, employees need to be engaged, enabled and energized.
10. Training dollars reported in Canadian dollars.
11. GHG emissions were subjected to internal audits in 2017-2019.
12. Fleet emissions also include diesel used for engine diagnostics.
13. Reportable spills include spills that must be reported to regional authorities according to each jurisdiction's regulations.
14. Data limitations exist for hazardous and non-hazardous waste. Canada portion of waste does not currently include facilities that do not fall under our national waste management contract.





## GRI INDEX

This report has been prepared in accordance with the GRI Standards: Core option. The index below maps disclosures in this report or other public documents to the GRI requirements. Some of the qualitative information required to meet the GRI standards can be found on a separate document referred to as GRI Supplemental Information.

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103	Management approach	GRI supplement page 7
302-1	Energy consumption	45
305-1	Direct GHG emissions	45
305-2	Indirect emissions	45
<b>COMPLIANCE (EFFLUENTS, WASTE)</b>		
103	Management approach	GRI supplement page 7
306-2	Waste, by type and disposal	45
306-3	Significant spills, number and volume	45
<b>CUSTOMER SAFETY</b>		
103	Management approach	GRI supplement page 7
403-7	Prevention/mitigation of occupational health/safety impacts directly linked by business relationships (customer safety)	27-28
Company Indicator	In development	
<b>CUSTOMER PERFORMANCE AND LOYALTY</b>		
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<b>PRODUCT STEWARDSHIP</b>		
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Company indicator	Number of components remanufactured	46
<b>SUPPLY CHAIN</b>		
103	Management approach	GRI supplement page 8
Company indicator	In development	
<b>COMMUNITY INVESTMENT</b>		
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Company indicator	Volunteer hours (STEM only)	46
<b>ETHICS/ANTI-CORRUPTION</b>		
103	Management approach	GRI supplement page 9
205-2	Communication about anti-corruption	46

*\*partially meets the GRI requirements*

**ENDNOTES:**

*Note 1: Although we have not formally adopted the precautionary principle (as described in the U.N. Rio Declaration of 1992), our sustainability practices and performance demonstrates our commitment to proactively identify, and prevent or mitigate negative impacts.*

*Note 2: Finning belongs to the 30% club, is a member of Catalyst, is a signatory of the Minerva pledge and is a member of the Cat Dealership EHS networks in the regions we operate in.*

# FORWARD LOOKING STATEMENT

This report contains statements about Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement Finning makes is forward-looking when it uses what the company knows and expects today to make a statement about the future. Forward-looking statements may include terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. Forward-looking statements in this report include, but are not limited to, statements with respect to: safety and environmental metrics to be achieved by 4Refuel; projected environmental management performance of the company; expansion of the Standardization Department in our South American operations to mitigate risks; development and implementation of plans related to the promotion of gender equity and equality; participation in Finning's leadership development program, Power to Lead; development and implementation of a leadership training program for Finning's front-level leaders; participation in the company's controller apprenticeship program in the UK and Ireland; electricity-related emissions associated with our UK and Ireland facilities; implementation of waste reduction action plans in our Canadian operations; training of customer employees in autonomous operations; the expectation that my.finning.com will be available in all regions in 2020; expectations that autonomous mining in Highland Valley Copper will increase productivity, increase safety, support a potential extension of the mine beyond the current 2028 mine life and continue jobs and economic activity; the supply of autonomous haul trucks to Teck for use at the Quebrada Blanca 2 mine; the expectation that Finning will commission a large-scale CHP system at the Edmonton Airport; the expectation that Annacis Island wastewater treatment plant will capture approximately 236 million m<sup>3</sup> of methane annually and will be completed in 2020; and the roll out of Finning's supplier code. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated, forward-looking statements in this report reflect Finning's expectations at the date of this report. Except as may be required by Canadian securities laws, Finning does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that Finning's business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, Finning cannot guarantee that any forward-looking statement will materialize.

Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: general economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services; Finning's ability to maintain its relationship with Caterpillar; Finning's dependence on the continued market acceptance of its products, including Caterpillar products, and the timely supply of parts and equipment; Finning's ability to manage cost pressures as growth in revenue occurs; Finning's ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary approvals, and secure financing on attractive terms or at all; Finning's ability to manage its growth strategy effectively; Finning's ability to attract sufficient skilled labour resources as market conditions, business strategy or technologies change; the intensity of competitive activity; Finning's ability to maintain a safe and healthy work environment across all regions; and changes in political and economic environments in the regions where Finning carries on business. Forward-looking statements are provided in this report for the purpose of giving information about management's

current expectations and plans and allowing investors and others to get a better understanding of Finning's sustainability efforts. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this report are based on a number of assumptions that Finning believed were reasonable on the day the company made the forward-looking statements including but not limited to (i) that general economic and market conditions will be maintained; (ii) that the level of customer confidence and spending, and the demand for, and prices of, Finning's products and services will be maintained; (iii) Finning's ability to successfully execute its plans and intentions; (iv) Finning's ability to attract and retain skilled staff; (v) market competition; (vi) the products and technology offered by the company's competitors; and (vii) that our current good relationships with Caterpillar, our suppliers, service providers and other third parties will be maintained.

Finning cautions readers that any risks described in this report, or in Finning's MD&A or AIF are not the only ones that could impact the company. Additional risks and uncertainties not currently known to the company or that are currently deemed to be immaterial may also have a material adverse effect on Finning's business, financial condition, or results of operations.

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any nonrecurring or other unusual items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of this report. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. Finning therefore cannot describe the expected impact in a meaningful way or in the same way Finning presents known risks affecting its business.





**FINNING**

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