

FINNING[®]



2017
SUSTAINABILITY
REPORT



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TO OUR STAKEHOLDERS

I am pleased to share Finning's 2017 sustainability report, the first in our history.

Sustainability is an integral part of Finning's purpose, vision and values, and is woven throughout our strategy and operations. We see sustainability in the same vein as operational excellence. They both capitalize on efficiencies, focus on doing the right things, and generate significant value for our company, our stakeholders, and the environment.

Our report covers key sustainability topics that we believe are most important to Finning and our

stakeholders. We take pride in doing our part to support and protect our people and the communities in which we operate, working to reduce our impact on the environment, and being a trusted partner and neighbour.

In 2017, Finning formalized our sustainability focus and embarked on our sustainability journey. We made two important commitments. The first was to communicate the progress we have made in safety, environment, people, and community investment. The second was to identify other sustainability aspects relevant to Finning and to develop a plan to improve in those areas.

I am personally committed to leading Finning on our sustainability journey, and to collaborating with our leadership team and our employees every step of the way. I am proud of the progress we've made. Nevertheless, we know this is an ongoing pursuit and we are determined to continue making progress as we implement our plan with expanded areas of focus.

I believe Finning's future holds growth and opportunity as we continue to deliver value in a sustainable manner to our customers, shareholders, employees, and communities. We will continue to focus on partnering and innovating to build and power a better world. That includes enabling access to energy for businesses and communities and helping to build infrastructure around the world. This is only possible by continuing to work together with Caterpillar and customers, offering equipment, solutions, and services that can contribute to environmental stewardship and sustainability.

I would like to thank all previous and current members of the Finning team – employees, management teams, and Board members – for the progress made in the areas covered in this report and throughout the 85-year history of the company. Here's to the next phase of our sustainability journey.

A handwritten signature in black ink, appearing to read "L. Scott Thomson". The signature is fluid and cursive.

Sincerely,
L. SCOTT THOMSON
President and Chief Executive Officer
Finning International Inc.



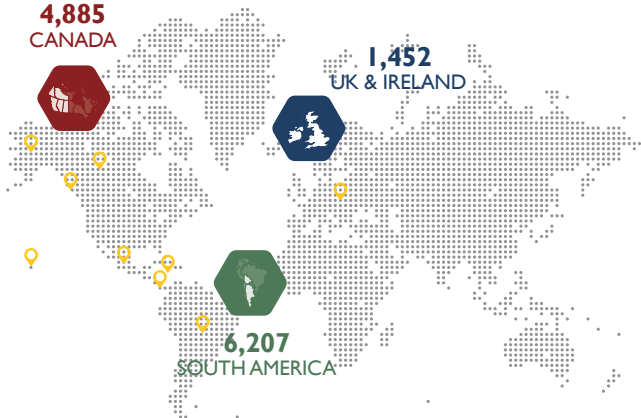
ABOUT FINNING

KEY STATS

221
LOCATIONS*



12,544
EMPLOYEES



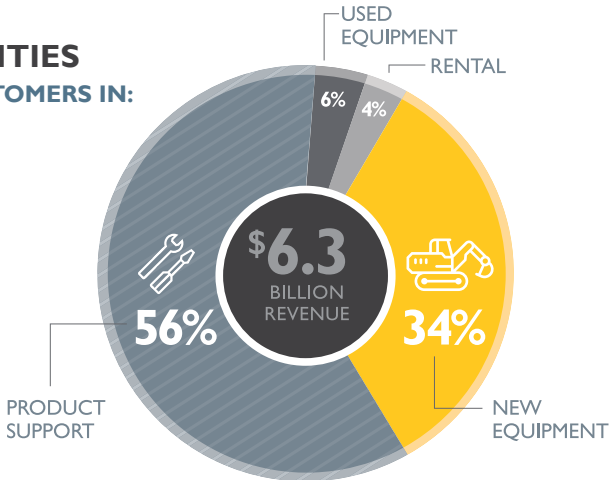
*Includes branches, distribution centres and OEM remanufacturing facility
Data as of December 31, 2017

Finning employs more than 12,500 people world-wide and operates in three geographies, with the head office in Vancouver, Canada.

KEY ACTIVITIES SERVING CUSTOMERS IN:

- Construction
- Mining
- Power systems
- Forestry
- Government

Data as of December 31, 2017



FINNING is the world's largest Cat® equipment dealer, delivering unrivalled service for 85 years. We sell, rent, and provide parts and service for equipment and engines to customers in various industries, including mining, construction, petroleum, forestry and a wide range of power systems applications.

Since 1933, when Finning was established in 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 unmatched service capabilities, we deliver solutions with the goal of enabling customers to achieve the lowest equipment owning and operating costs while maximizing uptime.



PURPOSE

We believe in partnering and innovating to build and power a better world.



VISION

Leveraging our global expertise and insight, we are a trusted partner in transforming our customers' performance.

STRATEGIC PILLARS



FINNING'S PURPOSE AND PATH TO GROWTH

In 2016, our leaders and employees aligned on the purpose, vision, strategy, and values that will guide us as we position Finning for greater growth and success, with a focus on elevating the customer experience and customer outcomes.

OUR PURPOSE answers 'why' our company exists. It conveys the important role we play in shaping our communities by supporting our customers to build infrastructure and deliver energy that raises the standard of living.

OUR VISION answers 'what' success looks like in the future. We developed our vision after examining where we are headed as a company and how we will continue to transform our operations in a quickly changing environment.

OUR VALUES are the essence of our identity and set us apart by telling everyone what we hold most important. Our values are the fabric of our culture. They act as a clear guideline for conduct and serve as a powerful rallying point for employees.

VALUES

We are **trusted**

We act ethically and honour our commitments

We are **collaborative**

We build diverse and respectful partnerships

We are **innovative**

We look for new and better ways to serve our customers

We are **passionate**

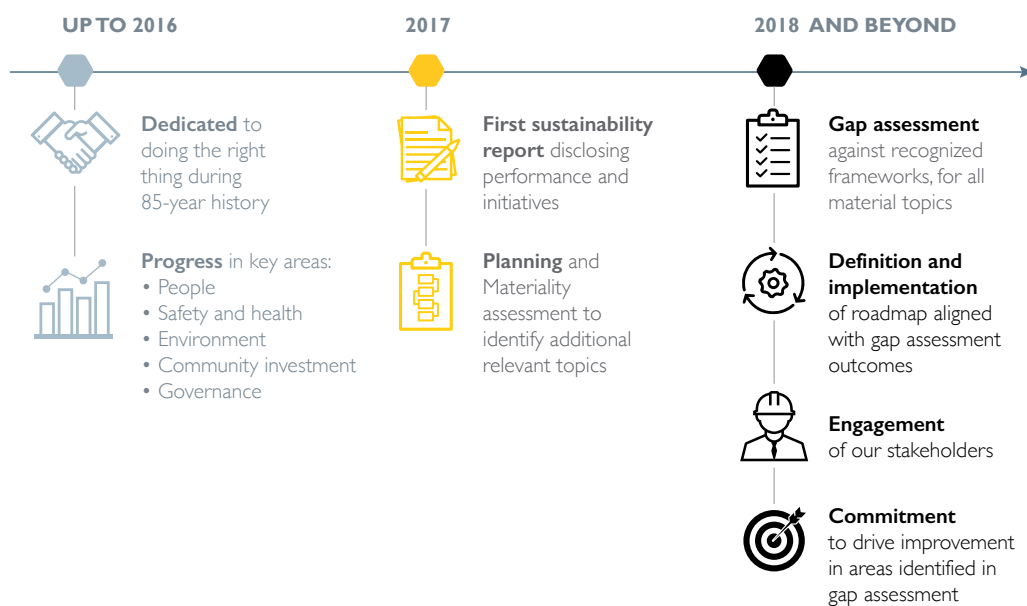
We are driven to safely deliver results

OUR SUSTAINABILITY JOURNEY

Up to 2016, during our 85-year history, we have worked hard to strengthen our governance, improve safety, reduce our environmental impact, engage our employees, and create a positive impact in communities.

In 2017, Finning formalized our sustainability focus and took steps to issue our first sustainability report to communicate progress made in previous years. We also developed assessments to define sustainability topics that are deemed most relevant for Finning and planned the actions needed to develop a 5-year roadmap.

In 2018 and beyond, we will focus on the definition and implementation of a five-year roadmap. We will prioritize actions to address gaps against reference standards and recognized practices from other leading companies, and strengthen engagement with stakeholders. The content of future reports, including the scope of specific improvements that might be needed, will evolve as we implement our sustainability roadmap.



ABOUT THIS REPORT

- The terms “Finning”, “our”, “we”, “us”, “the company”, and “the organization” refer to Finning International Inc. and its subsidiaries, as a whole.
- This report focuses on safety, people, environmental and social initiatives, and supporting metrics for the year ended December 31, 2017. 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 permanent contractors.
- We referenced the Global Reporting Initiative (GRI) Standards when determining the content and related indicators in this report.
- The accuracy of this report is of significant importance. Senior management and relevant employees have reviewed all information and believe it is an accurate representation of our performance.

GOVERNANCE

Our reputation reflects our commitment to our values and culture, and consequently is one of our most valuable assets. It is also an important reason why customers, employees, and shareholders choose Finning. To protect our reputation, we uphold the highest governance and ethical standards.

BOARD OF DIRECTORS

Finning has an established tradition of excellence in corporate governance and our Board of Directors (the Board) is resolute in its commitment to fulfilling its duty of accountability. The Board is also committed to building on its best practices through continual evaluation and improvement.

As of December 31, 2017, the Board comprised 14 members. All directors, other than L. Scott Thomson (who is the president and CEO of Finning), are independent according to the Canadian Securities Administrators' regulations.

The Board carries out its responsibilities directly and through its four standing committees (audit, human resources, corporate governance, and 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 at finning.com or under our company profile on SEDAR at sedar.com

ETHICS

Our corporate culture of integrity and respect for the company's stakeholders is further reinforced by Finning's Code of Conduct, which guides employee actions. Our values, Code of Conduct, and complementary policies set out very clearly how we will achieve our results. The Code outlines key policies and principles for employees at all levels of the company and everywhere we operate.

CORPORATE POLICIES

As part of its oversight responsibilities, the Board has approved the following policies to support Finning's high standards of governance:

- [Code of Conduct](#)
- [Corporate Disclosure Policy](#)
- [Board Diversity Policy](#)
- [Code of Ethics for Senior Executives and Financial Management](#)
- [Global Anti-Bribery and Anti-Corruption Policy](#)
- [Global Political Contributions Policy](#)
- [Policy on Share Trading, Hedging and Use of Material Information](#)
- [Whistleblower Policy](#)

The Code of Conduct applies to all employees and employees at the appropriate level sign the Code of Ethics for Senior Executives and Financial Management. Through this process, these individuals confirm that they are aware of these policies and acknowledge that they are bound by their terms.

GOVERNANCE FOR SUSTAINABILITY

The SESR committee of the Board is the highest governance body responsible to assist the Board in its oversight of sustainability programs. The Finning leadership team is responsible for our strategy in this area. To help us execute our sustainability strategy, we established global and regional sustainability committees in 2017. These groups are multidisciplinary and include representatives from diverse business and functional areas such as safety, environment, supply chain, investor relations, risk management, human resources, community investment, operations and legal. These committees meet regularly to define, coordinate and monitor our strategy to advance in our sustainability journey.



**SAFETY &
HEALTH**

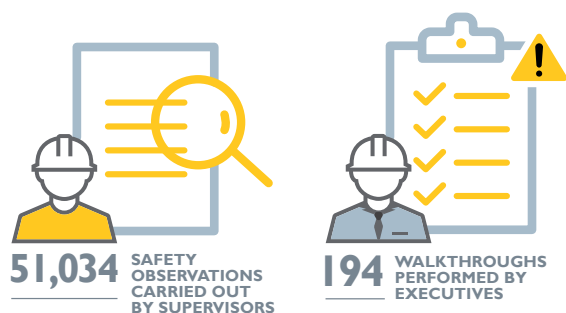
SAFETY AND HEALTH

Our commitment to safety is embedded in the way we operate and is part of our culture. All Finning employees share a responsibility to protect themselves and those they work alongside, and to remain a safe and reliable partner for our customers, contractors, and communities. At Finning, safety aligns with our values and our commitment to act ethically and do the right thing. There is nothing more important than making sure our people go home safely to their families at the end of each shift.

Finning's environment, health and safety (EHS) and corporate social responsibility (CSR) vision is: "We have a fully embedded culture of health and safety, environmental commitment and community partnership where we operate."

To achieve the first element of this vision, all Finning employees at the global, regional, and local level need to work according to a common framework aligned with our vision, strategic objectives, standards, procedures and policies. These crucial elements form the foundation for a management system that guides local and regional teams in the development of annual action plans.

Safety starts at the top of our organization, with active oversight from the Board's SESR committee and leadership from our executives, and extends to frontline leaders and every single employee in the Finning organization. Our leaders work to model and instil passion and conviction for safety throughout the company by demonstrating a visible and ongoing commitment to safety in all business activities. In 2017, our supervisors reported 51,034 safety observations (positive and negative) and our executives conducted 194 walkthroughs of our operations.



As part of our EHS and CSR management system, Finning has developed global standards for topics considered critical to help us leverage best practices across all our operations. Our safety strategy aims to reduce all injuries with an emphasis on the prevention of significant incidents (e.g., those that can result in fatalities or life-altering injuries). Keys to this focus include rigorous incident investigations, adopting associated learnings, and implementing global standards in four areas considered critical: vehicle safety, lifting and hoisting, overhead doors, and energy isolation. We have rolled out these standards in all operations.

Tracking, analyzing, and learning from incidents has long been a part of our safety practices. In the past two years, we complemented our tracking of lagging indicators, such as TRIF¹ (total recordable injury frequency) and TIF² (total injury frequency), with leading indicators such as executive walkthroughs and observations. Additionally, our employees are required to observe their surroundings and identify hazards in the workplace. Hazard identification is one of the ways we proactively recognize situations that may result in injuries, and implement timely corrective actions to avoid incidents. Our employees proactively reported more than 25,000 hazards and near misses in 2017.

We manage our data on incidents, safety statistics, and progress on annual plans through a global data management tool called FinEHS. Performance on leading and lagging indicators is monitored daily at the branch and regional level, monthly at the global level, and quarterly with the Board's SESR committee.

¹Total recordable injury frequency includes the number of recordable injuries (injuries that resulted in lost time, restricted work cases and medical treatment cases) per 200,000 exposure hours. Type of injuries is classified as per Canadian Association of Petroleum Producers (CAPP) standard.

²Total injury frequency includes the number of recordable injuries and those that required first aid care, per 200,000 exposure hours.

OBJECTIVES

ZERO
FATALITIES OR
LIFE-ALTERING
INJURIES



MORE THAN
40% ↓
TIF COMPARED
TO 2017

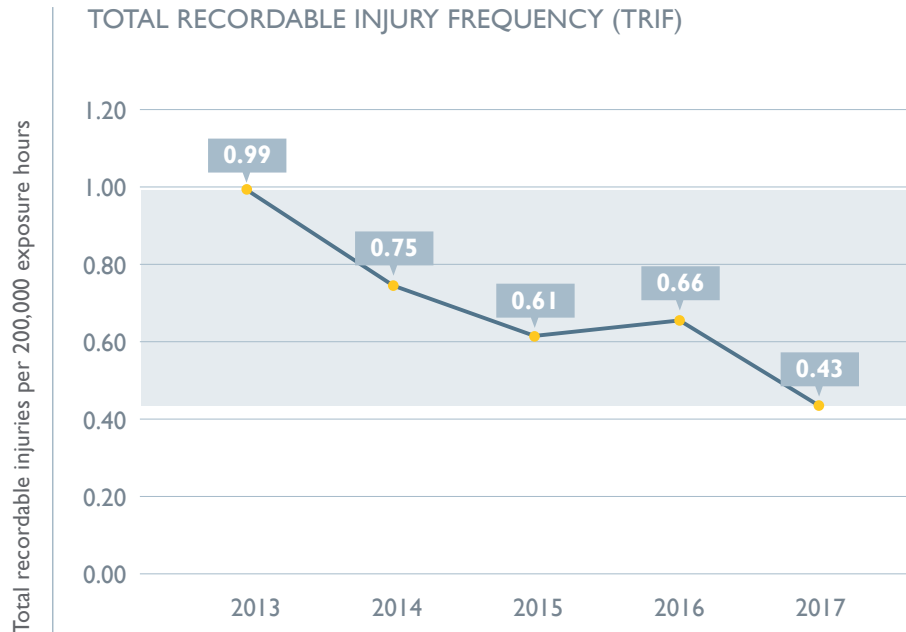


**HEALTH
RISK
MANAGEMENT**
PROCESSES IN PLACE



To ensure progress towards our vision, Finning has set the following safety and health strategic objectives for 2022:

- **Zero fatalities or life-altering injuries**
- **More than 40 percent reduction of TIF compared to 2017**
- **Health risk management processes in place**



As a result of our strong commitment to embedding safety, our total recordable injury frequency has declined 57 percent since 2013.

SAFETY ACROSS FINNING

The following cases illustrate how Finning works on safety and health across the different regions.



Saskatchewan safety journey

In 2015, Finning acquired a dealership business and became the Cat® dealer in Saskatchewan, Canada. We welcomed approximately 440 employees to the Finning organization.

Since this acquisition, we have focused on improving safety performance in our Saskatchewan operations. As an initial step, we conducted baseline audits at all locations and focused on introducing foundational safety practices, formalizing expectations and accountabilities, and providing training at all levels. All employees received basic safety training, frontline leaders received safety leadership training, and employees exposed to higher risks received safety intervention training.

As a result, these branches reduced recordable injury rates by 16 percent in the first year and achieved an impressive zero total recordable injuries in 2017.

Our focus in 2017 was building a safety culture by taking safety home and thinking safety 24/7. Our Saskatchewan employees are now engaging their families in safety conversations.

This shift would not have been possible without our employees' thirst for knowledge and a strong "get it done attitude" that we were able to harness towards safety. This was the first step in our long-term safety journey.





Logincident mobile app in the UK & Ireland

Safety hazards are typically recorded on paper-based systems, and there are long periods between the time of observation and discussion. If you add in remote locations, mobile employees, complex written language, and decentralized systems, recording hazards can become a burdensome exercise. In 2016, our UK business decided to innovate and test a mobile app to serve as their hazard, near-miss, and incident reporting system.

In 2016, Finning UK and Ireland employees carried out a six-week pilot of the Logincident app. After three months of customization to meet our company's needs, Finning UK & Ireland launched the app for 500 users in January 2017. Users can now record positive observations, hazards, near-misses or incidents all in the same app. The user has the ability to add GPS positioning, photos, voice recordings, videos and drawings/schematics of vehicle damage or personal injuries.

At year-end 2017, the user base was 802 and we plan to expand to 1,500 users in the UK and Ireland in 2018.

Hazard identification helps us recognize situations with the potential to result in injuries, and to apply the appropriate corrective actions to avoid incidents. During 2017, we saw an increase in the number of positive safety observations and overall 1,986 submissions were made into the app, compared to 741 in 2016 through the paper-based system. We plan to make this tool available to our other operations.

Safety acceleration plans in South America



Safety is an on-going effort from behavioral and cultural perspectives. In 2016, we identified specific aspects in South America that require greater attention and developed a two-year acceleration plan to address those aspects. Among many activities, in all or some countries, we:

- Implemented "visible leadership" field activities
- Conducted field verification of compliance with life-saving rules
- Held one-on-one conversations about "safety as a value" with all workers
- Reinforced the lockout/tagout standard (a standard to ensure equipment is shut off, de-energized and locked by each employee before any maintenance is performed) at all sites
- Introduced the safety green card, a stop-work authority card
- Provided behind-the-wheel and defensive driving training

The results are encouraging.

We achieved a 40 percent decrease in the total recordable injury rate when compared to 2016 and experienced no significant injuries in 2017 in South America.

We will continue our efforts to sustain these initial positive results in our safety journey.

ENVIRONMENT

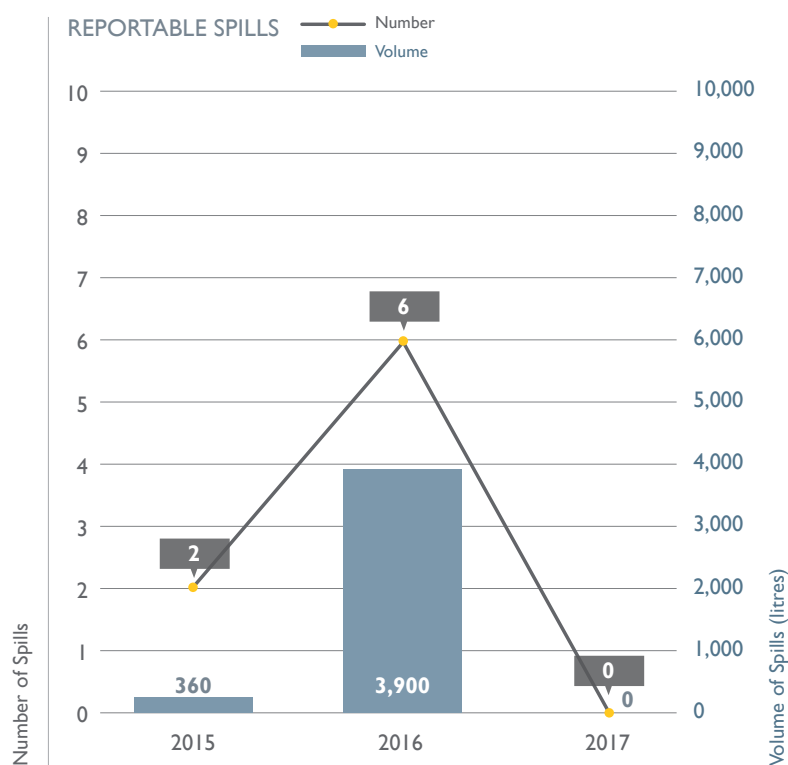


ENVIRONMENT

At Finning, we are committed to conducting our business in a manner that protects the environment. Implementing practices that eliminate or minimize Finning’s environmental impact is a high priority for us.

A key element of our EHS and CSR vision is embedding a culture of environmental commitment. We have fully integrated our environmental management approach into our global EHS-CSR management system. This system allows us to consistently identify, avoid and/or mitigate risks, environmental impacts and regulatory non-compliance to ensure safe and reliable operations.

Progress in this area is an important part of our corporate culture. We strive to reduce our environmental impact by minimizing spills and releases, and by managing our greenhouse gas (GHG) emissions.



In 2017, we recorded zero reportable spills. The majority of our historical reportable spills are glycol and oils (engine, motor, hydraulic, etc.). This graph includes spills reportable to authorities according to each jurisdiction’s regulations.

SPILLS

In our everyday operations, Finning employees interact with thousands of pieces of equipment across the globe. Heavy equipment maintenance involves filling and emptying fuel tanks, working to repair defective hoses or other hydraulic systems, and handling fluids that can potentially result in spills. We remain vigilant in this area to reduce the number and volume of spills globally.

Each region has controls in place to minimize spills in their specific working conditions (e.g., at mine sites, at Finning facilities, during transport). Our systems to prevent spills target spill-prone activities such as equipment fuelling, engine repair, and specific areas in our facilities such as diesel and coolant storage tanks. All spills and releases at Finning are treated seriously and must be reported internally and cleaned up regardless of the volume or product released.

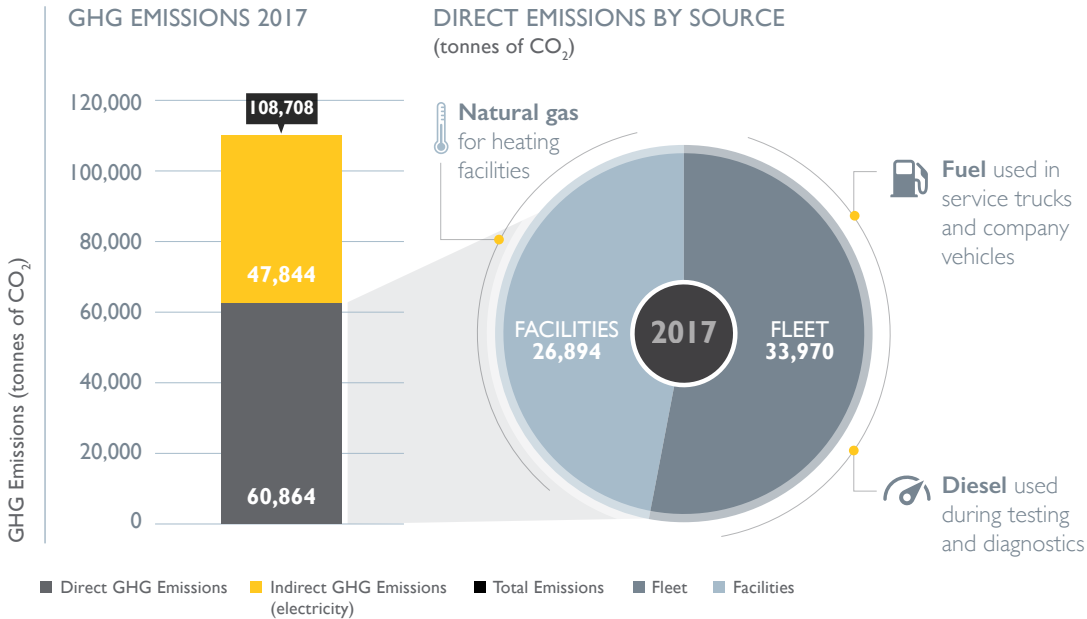
In addition to prevention activities, specific spill scenarios are identified in emergency response plans for each branch. Additionally, each facility must have the appropriate equipment, contacts and response procedures in place.

GHG EMISSIONS

Finning recognizes that climate change is a serious global challenge and that human activity is contributing to increased concentrations of GHG in the atmosphere. We share the concerns of governments and the public about this issue and are committed to monitoring, reporting, and managing the greenhouse gas emissions of our operations. Our annual reporting to the Carbon Disclosure Project (CDP) demonstrates our attention to this topic.

Finning’s direct (Scope 1) emissions come from fuel combustion in our fleet, natural gas use for heating facilities and diesel use for engine and transmission diagnostics. Indirect emissions (Scope 2) are generated from purchased electricity. We operate more than 200 locations and our fleet comprises more than 2,500 vehicles, including cars, pickup trucks, vans, and large service trucks.

In 2016, we established a GHG protocol to ensure consistent reporting and tracking in each of our regions.



ENVIRONMENTAL STEWARDSHIP ACROSS FINNING

The examples below illustrate how we work to reduce our environmental impact in the regions where we operate.



Tackling emissions in Canada

In Canada, we have focused emission reductions on equipment efficiency, energy conservation at facilities and fleet management. Larger capital efficiency projects include LED lighting retrofits and high efficiency facility equipment upgrades. These projects are in the initial stages and emission reductions will be tracked throughout 2018. One of our focus areas has been reducing fleet emissions, and in 2017 we:

- *Installed GPS devices in 85 percent of our vehicles to monitor and improve driving behaviours by measuring speed, idle time, and hard acceleration, all of which lead to unnecessary fuel use.* Data is aggregated into a scorecard and sent to branch leaders who can influence driving behaviour. We plan to have all of our fleet monitored by GPS by the end of 2018.
- Started replacing pickup trucks with models equipped with eco-boost technology to achieve better fuel economy.
- *Installed power packs in 44 percent of our 700 service trucks.* Power packs are external generators that use vehicle fuel to enable ancillary equipment use (e.g., air compressors, generators, welders, battery chargers, hydraulic pumps) without requiring vehicle engine idling. Once all trucks are equipped with this technology and we work to increase driver awareness about idling, we expect a reduction of diesel consumption.



Reducing emissions in the UK & Ireland

At the end of 2015, we installed a heating control system in five of our locations. This technology controls the temperature inside the facility and has overhead door sensors, which switch the heating off when the door is opened. *This action resulted in a 29 percent energy savings in its first year, and an avoidance of approximately 300 tonnes of carbon dioxide (CO₂).* We plan to expand the project to more of our UK facilities.

Another source of emissions is fuel consumption related to driving. Many of our engineers and technicians drive to and from branches to pick up small parts. In 2017, we partnered with a provider of delivery/return facilities and currently have 25 dropbox locations where technicians can pick up or drop off parts. This system reduces driving time, wear and tear on vehicles, fuel consumption and associated CO₂ emissions. *So far, more than 5,000 parts have been delivered through the system. We plan to increase to 60 dropbox locations in 2018.*



Giving a second life to waste in Chile

In 2016, our South America business created a program called Huella Verde (Green Footprint) to find ways to create revenues while reducing our environmental impact. Our focus is on waste minimization and diversion from landfills via recycling, reusing materials in internal projects or selling to third parties. All revenue is reinvested in sustainability initiatives.

The Huella Verde program seeks to find innovative ways to use non-hazardous waste. In the past two years, we implemented six projects. One initiative involved reusing wooden panels from shipping crates to build perimeter walls for three Finning facilities in Antofagasta, Chile. The walls are made from reused panels and metal tracks. *At the three sites, the team was able to reuse between 70 and 90 percent of the panels that were destined for the landfill.* We are currently applying the same concept to other construction projects such as covered bike storage and covered outdoor recreational spaces for employees.

ENABLING CUSTOMER ENVIRONMENTAL IMPACT REDUCTIONS

We recognize that we have an important role to play in supporting our customers to reduce their environmental impact. Finning offers an increasing range of products and services to support this role.



- **Environmentally responsible products:** We were at the forefront of the rollout of Caterpillar's Tier 4 line of equipment, which significantly improves fuel efficiency and reduces emissions. We guarantee our customers the best fuel consumption on certain equipment models and we also sell fuel-efficient and hybrid equipment, such as bulldozers equipped with diesel-electric power trains. As part of our services, we can change the configuration of stationary engines to be powered by alternative fuels such as biodiesel and biogas.



- **Power solutions:** We provide power solutions to customers that meet critical industry and society needs with flexibility, available from less than 1 kW to thousands of kW. Our power systems teams design, engineer and deploy innovative alternative or renewable energy solutions. For example, combined heat and power generators require less fuel to produce the same amount of energy as other systems, and avoid long-distance transmission losses, resulting in emission reductions overall. Our micro-grid solutions often combine solar panels and battery storage with traditional generation, to power on- and off-grid communities, reducing fuel consumption and diesel dependency.



- **Digital solutions:** We help customers improve their job site efficiencies and resource use through technologies such as Cat Connect, Product Link, and Vision Link. These technologies help our customers monitor and manage their fleet, and reduce fuel consumption and associated emissions.



- **Re-manufacturing:** Our mechanics evaluate opportunities to extend the life of the equipment we sell and our remanufacturing facilities help rebuild equipment components, greatly reducing resource inputs and minimizing waste. We are increasingly taking a circular economy approach to keep equipment and resources in the operational loop and out of the waste stream. Remanufacturing avoids the majority of the energy required to make the original component and helps our customers and us view equipment components from a total lifecycle perspective. In 2016, we rebuilt more than 11,000 components and pieces of equipment and in 2017, more than 12,000.



- **Operator training:** We support and deliver a program to train plant operators on driving efficiency by providing practical best practice operating techniques for specific operations. This program, launched eight years ago in the UK and Ireland, has helped the plant industry operations sector reduce its fuel consumption and carbon footprint. This group training can be delivered at a customer site or a Finning facility in UK and Ireland. Similar programs are delivered across other parts of our business.



OUR PEOPLE

OUR PEOPLE

Finning’s vision of becoming a trusted partner in transforming our customers’ performance is only possible with the engagement of all our employees. Finning employs more than 12,500 talented and dedicated professionals who provide a distinct competitive advantage. To strengthen this advantage, we remain focused on developing a safe, talented and inclusive team.

COMPETENCIES AND EMPLOYEE ENGAGEMENT

In 2016, Finning refreshed its employee and leadership competencies and values to align to its new purpose, vision and strategy (see page 4).

The key competencies Finning looks for in new hires and seeks to develop in each of our employees are: customer focus, cultivates innovation, drives results, and courage.

Additionally, we foster in our leaders: a commercial mindset, decision quality, situational adaptability, and the ability to develop talent. These competencies are observable, measurable skills and behaviours that contribute to workplace effectiveness and career success, and underpin all talent management and employee development programs and performance objectives at Finning. In 2017, Finning rolled out our new values and competencies to employees, and embedded them into employee programs.

In September 2017, we conducted our 10th annual employee opinion survey, which 89 percent of employees completed globally. We view this high participation rate as a strong indicator that our employees believe their feedback is valued. Through this survey, we evaluated our employees’ perceptions of 19 different topics. Safety is our highest scored topic globally and in all of the regions, confirming the importance we all place on the safety and well-being of one another.

INCLUSION AND DIVERSITY

Being a global leader starts with inclusive behaviours. Inclusion helps us diversify our talent and drive engagement to achieve better business performance, while at the same time collaborating with our stakeholders and positioning us for the future.

Finning recognizes the opportunity and importance of drawing on different experiences, cultures and perspectives to generate innovative insights, respond to changing markets, and meet evolving customer demands. We define diversity to be inclusive of individuals regardless of gender, race, national and ethnic origin, colour, religion, age, sexual orientation, marital and family status, and physical or mental disabilities.

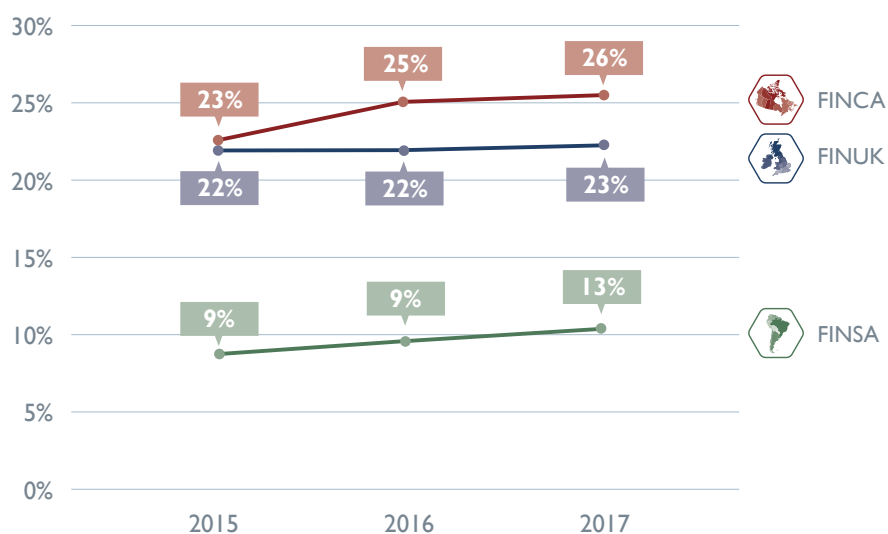


25%
FEMALE
BOARD
MEMBERS

While our focus is on diversity in its broadest sense, gender diversity and the under-representation of women in our industry continue to present the greatest opportunities to harness a larger share of talent from a sizeable pool of high-quality employees. Acknowledging the importance of setting a positive example at the top, our Board of Directors continually aspires to have female directors comprise not less than 30 percent of the Board. Following the election of Directors at Finning’s annual general meeting in May 2017, our board had 25 percent female members. At the 2018 annual meeting, four of the twelve directors standing for election are female, representing 33% of the Board. We also continue to work to attract, retain, and advance women at all levels of our organization, with a spotlight on women in leadership and operational roles.

We have seen an increase in women in leadership roles across our operations and regions and continue to work to increase the participation of women at all levels.

WOMEN IN LEADERSHIP ROLES AT FINNING



In 2017, Finning launched its first global inclusion and diversity (I&D) strategy and five-year roadmap to embed inclusion in our organizational processes. Our strategy includes a compelling business case for inclusion and diversity, and demonstrates how it supports our corporate strategy.

As part of the strategy, we added three new leading and lagging annual metrics. These metrics support improvements to recruitment and hiring practices such as the creation of gender diverse interview panels and the requirement to have gender diverse short-lists for candidates.

Our global inclusion and diversity council, chaired by our CEO, as well as our regional I&D councils meet quarterly to discuss strategy, review progress, and share best practices. The councils consist of executives, and senior and mid-level leaders from sales, operations, and corporate functions. The councils are accountable for performance of the I&D strategy, while the executives and their teams are responsible for executing the strategy in their respective regions.

Bringing our global inclusion and diversity strategy to life.

We each play a role in building and powering a better world...



...and it starts with being inclusive.

To demonstrate the commitment to inclusion and diversity at the highest level of our organization, in 2017, our CEO Scott Thomson:

- Joined the **30% Club**, a global campaign that aims to develop a diverse pool of talent for all businesses through the efforts of its chair and CEO members who are committed to better gender balance at all levels of their organizations.
- Signed the **Catalyst Canada Accord**, an initiative that encourages corporate Canada to increase representation of women on boards of directors and in executive positions and set the pace of change for business leadership in Canada.
- Signed the **Minerva Pledge**, through which CEOs from companies in British Columbia, Canada commit to creating opportunities that support women's advancement and leadership.

In addition, we embedded inclusive leadership into our existing leadership development program and rolled out conscious inclusion awareness sessions for executives and senior leaders. These interactive sessions facilitated dialogue about the compelling business case for I&D at Finning, where we are currently, and the leadership commitment required to move forward.

INCLUSION ACTIVITIES ACROSS FINNING

We encourage regional flexibility within our global I&D strategy framework. In addition to global activities, each regional I&D council champions actions in its own region, which are summarized below:



CANADA

- **Conscious inclusion:** 20 executives and general managers participated in conscious inclusion awareness sessions.
- **Inclusion and diversity roundtable with Board members:** Two female Board members led a conversation with Finning employees about the shared responsibility to build an inclusive culture at Finning.
- **Internal career fair:** We featured career opportunities, mini-skills training, and talent management resources for employees. 99 employees attended and we followed up with interview and resumé training to improve internal career advancement.
- **Inclusion world café:** A subsection of senior and mid-level leaders participated in an interactive world café format discussion about their role in fostering more inclusion at Finning.
- **Partnership with Women Building Futures:** In September, we signed a partnership with [Women Building Futures](#) to support a program that provides practical and academic training required for women to become heavy equipment technicians, with the ultimate goal of achieving a journey person certificate.



SOUTH AMERICA

- **Partnership with ComunidadMujer:** Since 2016, we have collaborated closely with [ComunidadMujer](#), a Chilean non-profit that promotes the advancement of women. We leverage their knowledge and experience in several initiatives. For example, more than 40 leaders took part in a day-long event on gender bias in the work environment.
- **Women in leadership mentorship program:** The purpose of this year-long mentorship program is to develop leadership skills and competencies in female Finning employees to help them succeed. In 2017, the mentorship program paired 32 female employees with external experts who provided feedback and expertise to navigate career challenges.
- **Workshops on bias:** We hosted workshops, facilitated by [Fundacion Iguales](#), to raise awareness about sexual orientation and gender identity as sources of bias in the workplace. More than 150 employees attended these workshops.
- **Welding training program:** This initiative was jointly promoted with the National Service of Women and Gender Equality of the Region of Antofagasta in Chile. Currently, there are 15 female participants. Once the course is finished, a recruitment and selection process will be opened for those who obtain their welding qualification.



UK & IRELAND

- **Conscious inclusion with leaders:** We held inclusion training sessions with executives, managers, human resources staff, and members of the regional I&D council.
- **Selecting for Success:** 114 recruiting managers and 23 female ambassadors attended the Selecting for Success course on new leadership competencies, values, and conscious inclusion.
- **Recruitment suppliers:** After a rigorous selection process, we awarded contracts to four recruitment agencies that provided evidence of I&D best practices.
- **Women in Leadership:** A global Finning team attended Caterpillar's annual Women in Leadership Conference and our UK & Ireland managing director Kevin Parkes joined the dealer principal panel to talk about the power of advocacy and why an inclusive culture is so important to our business.



COMMUNITIES

COMMUNITIES

We focus our primary community investment efforts in an area that we believe can make a fundamental difference to communities and their citizens, while also developing talent that can contribute to our industry and to our company's purpose. Finning is supporting youth-focused STEM (science, technology, engineering and mathematics) education in collaboration with strategic non-profit partners.

In addition to our global focus on STEM, we seek to support causes and projects that are important for our employees in each of our regions:



In Canada: Each year, our employees demonstrate their strong support for the United Way and its goal of eliminating poverty by participating in the annual campaign, holding fundraising events and volunteering for community agencies. Also, since 1986 Finning has contributed hundreds of thousands of dollars to BC Children's Hospital. In 2009, Finning made a \$1-million commitment to support the construction of the new acute care centre at BC Children's Hospital, which opened in late 2017.



In the UK & Ireland: Each year, Finning UK hosts two charity fundraising days for organizations that employees select. In 2017, they selected [Make-A-Wish® UK](#) and [Cancer Research](#). Finning matched the funds employees raised for these organizations.



In South America: Since 2012, we have implemented an innovative fundraising program that encourages healthy competition among our employees. Individual employees or teams submit proposals for social projects. The winning projects are financed by Finning and implemented by employees in collaboration with local non-profits or community members. In 2017, we received 30 proposals and selected nine to receive funds. Through the collaboration of 66 Finning employees and 98 external volunteers, 683 volunteer hours were invested in these projects.

WHAT IS STEM AND WHY DOES IT MATTER?

STEM is the acronym for science, technology, engineering and mathematics—disciplines that produce the engineers, analysts, chemists, biophysicists and other technical and scientific practitioners that help drive today's innovation-oriented world.

In our society, STEM can help us tackle environmental and societal challenges, such as climate change, food security and water scarcity. For Finning, STEM-trained professionals are essential to achieving our purpose and vision. Technology is changing the way we live, work, and do business. The power of connectivity and big data has transformed our industry globally and is changing our company. As the world becomes more connected, STEM skills are even more important.

For today's youth, STEM training is widely considered an excellent path to viable, challenging, and rewarding careers. Communities benefit too, as STEM-trained populations make it easier for communities to attract advanced industries and the high-value employment they provide. Unfortunately, not all youth and not all communities have access to the programs, mentoring and mindset that support STEM-based studies. This is where Finning is getting involved, both financially and practically.

STEM PARTNERSHIPS ACROSS FINNING

By partnering closely with leading non-profit organizations in each of our regions, and backing our investments with volunteer support, we are working to level the playing field for youth who might otherwise miss out on the significant opportunities that STEM education provides.

IMPACT IN WESTERN CANADA OF FINNING'S CONTRIBUTION TO ACTUA



ACTUA IN CANADA

In Canada, we have a multi-year partnership with Actua, a STEM education outreach organization focused on engaging youth ages six to 26. The **Actua** team works with 35 university and college STEM outreach organizations to deliver programs to kids in communities across every province and territory. Actua employs undergraduate science, engineering and education students as instructors and involves high school students as volunteers.

Finning's contribution is aimed at engaging underserved and underrepresented youth in Western Canada. In addition to the company's financial support, more than 100 Finning employees participated in Actua events in 2017.



SKILL-BUILDING IN SOUTH AMERICA



Since 2016, we have been working with **ComunidadMujer**, a non-governmental organization that works to promote greater participation of women in the workplace. One of this organization's focus areas is to identify and address the gender biases that result in the underrepresentation of women in STEM-based careers.

As part of our efforts, Finning provided funding for a project at Liceo Mejillones, an educational center to promote the participation of girls in STEM careers, like electrical and mechanical, by evaluating the influence of gender stereotypes in vocational decisions for both men and women.

Additionally, we have 20 partnerships with technical-professional educational centers where we train teachers, advise on the updates to a system to map teacher know-how (**MESH**) and give scholarships for training and opportunities to work at Finning.

For the second year in a row, we worked with the **Tierra de Esperanza** Foundation to support labour inclusion. This foundation aims to strengthen the employability of young people who comply with sanctions under the adolescent criminal responsibility law. *To date, we have trained about 40 youth in welding and five of the young trainees have joined Finning.*

STEM LEARNING IN THE UK



In 2017, we partnered with **STEM Learning**, the largest provider of STEM education and career support in the UK. Their aim is to connect companies and youth organizations to help bridge the STEM skills shortage.

This multi-stakeholder organization includes governments, charitable organizations and employers, and collaborates with schools, colleges and other groups working with young people across the UK. *In 2017, eight Finning employees took the necessary training to become STEM Ambassadors.* Their role is to help students put theory into practice by involving them in real life problems and supporting them with experience and problem-solving skills. Ambassadors also participate in activities at local schools and colleges such as STEMettes Monster Confidence conference, an event to promote STEM subjects to young women in Ireland.

Finning strongly supports this effort and ambassadors volunteer at these events during work hours. We hope to double the number of Finning ambassadors as the program becomes embedded in 2018 and to host young people at our facilities so they can learn more about careers in engineering.

PERFORMANCE SUMMARY

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
Safety				
Recordable injury frequency (TRIF) ¹	cases per 200,000 exposure hours	0.61	0.66	0.43
Total injury frequency (TIF) ¹		n/a	2.89	3.21
Lost time injury frequency (LTIF) ¹		0.17	0.17	0.13
Significant injury frequency (SIF) ¹	cases per million exposure hours	n/a	1.02	0.72
Fatalities	count	0	0	0
Vehicle incidents ²	count	n/a	n/a	39
Near misses and hazard identification ³	count	26,633	25,334	18,210
Supervisory observations	count	n/a	n/a	51,034
Executive walkthroughs	count	n/a	n/a	194
Workplace				
Number of employees (excludes contractors)		13,003	11,877	12,544
Employees by region				
Canada	count	5,090	4,657	4,885
South America	count	6,253	5,821	6,207
UK and Ireland	count	1,660	1,399	1,452
Employees covered by collective bargaining agreements	percent	66	67	64
Gender diversity				
Women on Board of Directors ⁴	percent	18	17	25
Women in the workforce				
Canada	percent	20	19	20
UK/Ireland	percent	16	16	17
South America	percent	10	10	11
Women in leadership roles				
Canada	percent	23	25	26
UK/Ireland	percent	22	22	23
South America	percent	9	9	13

PERFORMANCE SUMMARY				
	Units	2015	2016	2017
Workplace (continued)				
Rate of hiring ⁵	percent	n/a	n/a	17
Voluntary turnover	percent	6	6	6
Total turnover	percent	18	18	12
Employee participation in the survey	percent	84	87	89
Employee engagement index	score out of 100	75	72	75
Total hours of technical training	hours	294,250	186,656	180,725
Total hours of leadership training	hours	16,260	18,048	14,878
Environment				
Spills and releases				
Number of reportable spills ⁶	count	2	6	0
Total volume of reportable spills	litres	360	3,900	0
Greenhouse gas emissions ⁷				
Direct (scope 1)	CO ₂ e tonnes	n/a	n/a	60,864
Indirect (scope 2)	CO ₂ e tonnes	n/a	n/a	47,844
Direct emissions by source				
Facilities	CO ₂ e tonnes	25,665	24,984	26,894
Fleet ⁸	CO ₂ e tonnes	35,070	33,687	33,970
Waste				
Non-hazardous waste ⁹	tonnes	3,944	6,370	8,698

n/a = data not available

NOTES:

1. Safety rates are calculated using exposure hours of employees and permanent contractors.
2. Includes only vehicle incidents caused by company drivers.
3. Common global definitions were implemented in 2017.
4. Following the election of Directors at Finning's annual general meeting each May.
5. Rate of hiring is the number of new employees hired during the year divided by the total number of employees at the end of the year.
6. Reportable spills include spills that must be reported to regional authorities according to each jurisdiction's regulations.
7. Data for 2015 and 2016 is not included due to data limitations in Bolivia, Argentina and Saskatchewan.
8. Includes diesel used for diagnostics.
9. 2015 data excludes Canada. In Canada, non-hazardous waste includes recycled and landfilled waste.

FORWARD-LOOKING STATEMENTS

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 are based on a number of assumptions that Finning believed were reasonable on the day the company made the forward-looking statements and include, but are not limited to, the (i) execution of the company's vision and growth strategy; (ii) projected safety performance of the company; (iii) projected employee retention and engagement; and (iv) projected environmental management performance of the company. 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. 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 (vi) 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 non-recurring 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.