

FINNING[®]
SUSTAINABILITY
REPORT

GRI SUPPLEMENTAL INFORMATION – 2020

This supplement has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. This supplement contains additional disclosures to fulfill the GRI requirements that are not contained in the body of our Sustainability Report. For more information on the GRI Standards please visit www.globalreporting.org.

GOVERNANCE FOR SUSTAINABILITY

Our Board of Directors has ultimate accountability for sustainability, assisted by the safety, environment and social responsibility (SESr) committee.

The Finning leadership team is responsible for carrying out our sustainability strategy. To help us implement this strategy, we have global and regional sustainability committees, which coordinate and monitor our activities to advance our journey. The global and regional committees are composed of senior leaders who oversee the management of material sustainability topics. The committees collaborate on specific tasks with existing teams that follow up with implementation.

Teams across the company implement programs, track key performance indicators (KPIs) and report progress on our actions. This process fosters accountability to all our stakeholders and allows us to report externally each year.



STAKEHOLDER ENGAGEMENT

We think of stakeholders as persons or groups who are directly or indirectly affected by our operations, decisions and actions, as well as those who can influence our outcomes. The table below illustrates the range of stakeholders with whom we interact, how we engage with them, the concerns they have raised, and how we have responded.

STAKEHOLDERS	HOW WE ENGAGE	KEY TOPICS RAISED	HOW WE RESPONDED
Employees and unions	<ul style="list-style-type: none"> Employee experience survey Pulse surveys Townhalls, Q&A sessions Leadership communication via email Traction intranet, communities and forums Meetings with unions Social media 	<ul style="list-style-type: none"> COVID-19 safety Employee recognition Opportunities for development Challenging economy and job security Business wins and collaborations 	<ul style="list-style-type: none"> Implemented strict COVID-19 protocols Put plans in place to address employee survey results Used Pulse Surveys to test impact of changes Ensure technology-enabled access for all employees
Customers	<ul style="list-style-type: none"> In-person meetings “Voice of the Customer” visits Industry conferences 	<ul style="list-style-type: none"> COVID-19 safety Efficient parts-tracking and delivery Regulatory or non-regulatory drivers to reduce emissions 	<ul style="list-style-type: none"> Implemented strict COVID-19 protocols Launched my.finning.com Promoted CAT Tier 4, dynamic gas blending and other solutions that help customers reduce emissions
Shareholders	<ul style="list-style-type: none"> Quarterly calls Annual general meeting Virtual and in-person meetings News releases Investor conferences 	<ul style="list-style-type: none"> Financial performance and outlook The need for continued conversations on ESG topics Exposure to fossil fuel industry 	<ul style="list-style-type: none"> Provided regular communications on financial and operational performance Published an annual sustainability report Partnered with customers on actions to reduce GHG emissions Report in alignment with SASB and TCFD Ensured we have a diversified customer base
Caterpillar	<ul style="list-style-type: none"> Caterpillar conferences In-person and virtual meetings 	<ul style="list-style-type: none"> Alignment on values Women in leadership and non-traditional roles Environment, Health and Safety (EHS) topics 	<ul style="list-style-type: none"> Engaged in Caterpillar events and shared learnings Continued implementation of EHS strategy
Suppliers	<ul style="list-style-type: none"> Industry conferences In-person and virtual meetings 	<ul style="list-style-type: none"> Trends in sustainable supply chains Inclusion and Diversity (I&D) efforts Environmental stewardship efforts Ethical business practices 	<ul style="list-style-type: none"> Rolled out Supplier Code of Conduct Reviewed environmental sustainability opportunities in quarterly business reviews
Government	<ul style="list-style-type: none"> Virtual and phone meetings/updates 	<ul style="list-style-type: none"> Challenges faced related to recruitment of the next generation of trade and technical workers Impact of COVID-19 and global economic and trade tensions on our global business 	<ul style="list-style-type: none"> Continued investing in apprenticeship programs in all regions Continued supporting access to STEM education Offered to be a subject matter expert for policy development
Communities and Indigenous communities	<ul style="list-style-type: none"> Partnerships with non-profits Attended career fairs Worked with high schools and technical schools Engaged with Indigenous communities and businesses 	<ul style="list-style-type: none"> Need to increase interest of youth in STEM careers Youth desire to understand career choices Alignment with Indigenous communities and businesses on support for responsible and sustainable infrastructure development 	<ul style="list-style-type: none"> Continued to provide funding for STEM organizations Continued to provide mentorship and volunteer time with partners virtually Provided advocacy as needed to demonstrate alignment on responsible and sustainable infrastructure development Launched Indigenous Guiding Principles in Canada

MATERIAL TOPICS: BOUNDARIES

We report on the topics that are most relevant to our stakeholders and that can impact the success of our business. The list of material topics is the result of our materiality assessment. We recognize that through our business relationships we can influence the outcomes of some of these topics. The following table shows the entities in our value chain that contribute to the impact.

MATERIAL TOPIC	SUPPLIERS	FINNING	CUSTOMERS
Safety and health	✓	✓	✓
Inclusion and diversity	✓	✓	
Employee and leadership development		✓	
Labour relations		✓	
GHG emissions and energy	✓	✓	✓
Waste	✓	✓	
Spills and wastewater		✓	✓
Customer safety	✓	✓	✓
Customer performance and loyalty	✓	✓	✓
Product stewardship	✓	✓	✓
Responsible supply chain	✓	✓	
Community investment	✓	✓	✓
Ethics and anti-corruption		✓	

MANAGEMENT APPROACH TO MATERIAL TOPICS

In 2018, we developed a global Sustainability Policy that outlines our beliefs and sustainability commitments. The policy can be found [here](#). The following pages summarize our management approach to our material sustainability topics.

MANAGEMENT APPROACH – PEOPLE	
Topics covered by this Approach:	Inclusion and diversity, Employee and leadership development, Labour relations
POLICIES	<p>Finning maintains global policies that set out minimum standards and guide our behaviour in this area. These are:</p> <ul style="list-style-type: none"> • Sustainability Policy • Code of Conduct • Global Recruitment Policy • Global Respect, Inclusion, and Diversity Policy • Supplier Code of Conduct • Employee Privacy Policy <p>Regions add policies as relevant and/or required by law or best practices.</p>
RESPONSIBILITIES	<p>Departments or teams responsible:</p> <ul style="list-style-type: none"> • Human Resources Committee of the Board of Directors: oversees executive compensation and pay-for-performance link • Finning Leadership Team (FLT): approves major changes to policies or processes • Human Resources (HR) Leadership Team: develops people strategy and leads execution of current people processes, policies and plans in collaboration with management • Workday® Process Ownership Group: global process leaders for the hire-to-retain cycle.
PROCESSES	<p>We have been working on centralizing all of our human resources and people processes through Workday (our human resources and people management platform).</p> <ul style="list-style-type: none"> • HR processes are mapped in Workday and are visible to all HR staff. • The Workday Process Ownership Group comprises HR process leaders. It meets quarterly to determine what is going well and what changes need to be made to our HR processes. It reports to the HR Leadership team who reviews/modifies/approves processes and policies or sends to the FLT for approval in the case of major changes. • The HR Leadership Team reports to the Chief Human Resources Officer (CHRO) and through the CHRO to the FLT and the Board's Human Resources Committee. • Global and Regional I&D Councils, reporting to the CEO, are supported by the HR Leadership Team to monitor quarterly progress of the implementation of a global I&D strategy, including performance against KPIs. • Our employees can join an employee association or trade union of their choice, consistent with national law and practice. We work to have productive relationships with the unions that represent our employees. • We provide training and regular communication to leaders and employees about respect, inclusion, and shared responsibility to overcome bias. • Global Respect, Inclusion, and Diversity Policy.
CHECK/ADJUST	<p>Steps to ensure the effectiveness of our management system:</p> <ul style="list-style-type: none"> • Undertake annual audits, based on risk assessments. • Measure employee experience using surveys.
MANAGEMENT APPROACH – SAFETY AND HEALTH	
Topics covered by this Approach:	Safety and health
POLICIES	<p>Finning has global policies that set out minimum standards and guide our behaviour in this area. These are:</p> <ul style="list-style-type: none"> • Sustainability Policy • Global Energy Isolation Standard • Global Hand Protection Standard • Global Lifting and Hoisting Standard • Global Overhead Door Standard • Global Vehicle Safety Standard • Risk Assessment Standard • Incident Classification and Investigation • Global EHS and CSR management system <p>Regions add policies as relevant and/or required by law or best practices.</p>
RESPONSIBILITIES	<p>Departments or teams responsible:</p> <ul style="list-style-type: none"> • SESR Committee of the Board of Directors • Finning Leadership Team • HR Leadership Team • Environmental, Health and Safety (EHS) Departments <p>Safety performance is included in executive and individual performance assessments and variable compensation.</p>

MANAGEMENT APPROACH – SAFETY AND HEALTH, CONTINUED

Topics covered by this Approach:	Safety and health, continued
<p>PROCESSES</p>	<p>We have a formal Global EHS and Corporate Social Responsibility (CSR) Management System. EHS and CSR policies are defined at the regional level. The EHS and CSR management system defines the EHS and CSR plans at all levels (global, regional and branch) and covers all workers and permanent contractors. Regions may go beyond this standard and further align or certify with external standards such as ISO 14005, OSHS 18001 or ISO 45001. In some cases, this is done to meet customer expectations or other external requirements.</p> <p>Our management system has the following elements in place to manage our safety performance:</p> <ol style="list-style-type: none"> 1. Leadership: Maintain EHS and CSR committees at branch, regional and global level. 2. Competency assurance: Define/develop job pre-requisites for critical roles; Develop an annual training and development program to address competence gaps in employees; Conduct induction training with every new and/or transferred employee and all visitors and contractors; Share best practices and compile tool box meeting material in a central system. 3. Risk assessment: Documented job hazard analysis/pre task assessment (JHA/PTA) procedure to be completed before every task; Ensure an EHS risk assessment is completed and updated for every facility; Involve employees in the development of the assessment; Share with all employees in the facility; Conduct occupational health surveillance programs, as required. 4. Operational controls: Identify, implement, monitor and maintain operational controls, including global and regional standards for: Life-saving rules; work procedures (Service Information System (SIS) and non-Cat); preventative maintenance programs; EHS by design; requirements for contractors and visitors; signage; contamination control program; critical equipment/facility inspections; Material Safety Data Sheets (MSDS); engineering controls, among others. 5. Legislation and other obligations: To operate in compliance and in accordance with applicable regulatory requirements in all jurisdictions. 6. Incident reporting and investigation: Report, investigate, classify and analyze incidents as per the regional Incident Investigation Standard; Identify, implement and track corrective actions; Review conclusions of incidents with relevant stakeholders; Analyze quality of incident investigations to ensure appropriate corrective actions are taken; Share lessons learned throughout the organization. 7. Emergency response: Protect our people, assets; Ensure business continuity. 8. Communications: Communicate information to the organization on all critical EHS and CSR topics; Address and document all external communications; Utilize communication methods that engage employees in our business operations; Encourage employee feedback. 9. Specific additional requirements regarding corporate social responsibility: Ensure Finning is taking a proactive approach to being a socially responsible company in the way we conduct our business, in our partnerships and our community investments. 10. Performance measurement and effectiveness reviews: Measure environmental, health and safety performance in a manner that ensures consistent reporting globally; Track progress corporately towards reducing incidents; Establish strategies for continuous improvement in performance; Ensure the effectiveness and continued reliability of the EHS and CSR management system; Monitor performance measures for improvement; Test for program application in a manner that achieves the desired intent. 11. Management of change: Ensure Finning uses a disciplined approach to managing organizational and operational changes for the purpose of continual improvement by reducing the likelihood of introducing unintended risk. 12. Assurance: Define processes that ensure effectiveness of the management system, policy and standards towards meeting the intended levels of risk exposure and performance achievement for the company.
<p>CHECK/ADJUST</p>	<p>Steps to ensure the effectiveness of our management system:</p> <ul style="list-style-type: none"> • Internal and third party EHS audits • Employee surveys <p>Recent changes to how we manage these topics:</p> <ul style="list-style-type: none"> • Updated Lifesaving Rules • Revised Energy Isolation Standard • Launched electronic job hazard assessment in Canada and South America, and a similar tool in UK and Ireland

MANAGEMENT APPROACH – ENVIRONMENT

Topics covered by this Approach:	GHG emissions, Spills, Wastewater
POLICIES	<p>Finning has global policies that set out minimum standards and guide our behaviour in this area. These are:</p> <ul style="list-style-type: none"> • Sustainability Policy • GHG Protocol Standard • Pollution Prevention Standard • Global EHS and Corporate Social Responsibility (CSR) management system <p>Regions add policies as relevant and/or required by law or best practices.</p>
RESPONSIBILITIES	<p>Departments or teams responsible:</p> <ul style="list-style-type: none"> • SESR Committee of the Board of Directors • Finning Leadership Team • HR Leadership Team • EHS Departments • Regional Executive Committees
PROCESSES	<ul style="list-style-type: none"> • Our Global EHS and CSR Management System guides environmental processes. • Some of our business areas are externally ISO 14001 certified. All business areas, at a minimum, work to achieve alignment with this ISO standard. • All regions have environmental awareness and compliance training in place. • All regions track environmental data and have KPIs in place for material environmental topics.
CHECK/ADJUST	<p>Steps to ensure the effectiveness of our management system include:</p> <ul style="list-style-type: none"> • Every year we audit select aspects of environmental management through the EHS audits at each facility • In a three-year cycle, our facilities that are ISO 14001 certified are subject to third party audits.

MANAGEMENT APPROACH – PRODUCTS

Topics covered by this Approach:	Customer safety, Customer performance and loyalty, Product stewardship
POLICIES	<p>Finning maintains global policies that set out minimum standards and guide our behaviour in this area. These are:</p> <ul style="list-style-type: none"> • Sustainability Policy • Safety letter completion and implementation procedures • Autonomous operations procedures and standards • Customer loyalty procedures to implement and review feedback received through customer surveys • Reman/rebuild reutilization guidelines <p>Regions add policies, procedures or standards as relevant and/or required by law or best practices.</p>
RESPONSIBILITIES	<p>Departments or teams responsible:</p> <ul style="list-style-type: none"> • OEM Team (responsible for engine and powertrain component remanufacturing/rebuilding operations) • Autonomous Operations Team • Technical teams • Marketing teams • Operational team
PROCESSES	<p>We conduct the following activities to manage our performance.</p> <ul style="list-style-type: none"> • Customer safety - If Caterpillar identifies a part, component or piece of equipment that does not meet their standards, they send: Priority letters for issues that do not pose a safety risk but can affect reliability. The customer has 365 days to complete the service for Caterpillar to reimburse the cost; Safety letters when the issue may have safety implications. Safety letters never expire, and Finning is expected to fully complete service within 364 days after receipt of a safety letter. • Autonomous operations - To ensure safe operations, we provide training to our employees and to customer employees. • Customer loyalty - We conduct regular surveys, collect Net Promoter Score data, and follow up with customers. • Reman/rebuild reutilization guidelines - We have strict procedures at OEM to ensure components are reliable and safe, and meet Caterpillar standards after being remanufactured.
CHECK/ADJUST	<p>Steps to ensure the effectiveness of our management system:</p> <ol style="list-style-type: none"> a. CPS (Cat Production System) in OEM b. Caterpillar Audits and Excellence Programs (applies to Safety Letters and and Customer Loyalty)

MANAGEMENT APPROACH – SUPPLY CHAIN

Topics covered by this Approach:	Responsible supply chain
POLICIES	<p>Finning maintains global policies that set out minimum standards and guide our behaviour in this area. These are:</p> <ul style="list-style-type: none"> • Sustainability Policy • Global Procurement Policy • Supplier Code of Conduct • Global Expense Policy • Global Delegation of Management Authority <p>Regions add policies or procedures as relevant and/or required by law.</p>
RESPONSIBILITIES	<p>Departments or teams responsible:</p> <ul style="list-style-type: none"> • Procurement Department • Parts Supply Chain • Equipment Supply Chain
PROCESSES	<ul style="list-style-type: none"> • While our Procurement Policy is global, we have region-specific procurement processes based on the region that we are operating in; this will include supplier specific onboarding procedures. • Procurement function in each region manages the onboarding of suppliers using specific criteria to ensure our suppliers meet and exceed our expectations that are laid out in our Supplier Code of Conduct. • Suppliers are required to complete a self-assessment that covers specific CSR criteria in our Supplier Code of Conduct. • New suppliers must meet the criteria outlined in our code; existing suppliers are asked to fill out the self-assessments. • Instances where a supplier has not followed the Supplier Code of Conduct are dealt with by the responsible procurement personnel and if the situation is not rectified in an appropriate manner or time frame the supplier may be requested to cease doing business with Finning. • Random audits of supplier self-assessments are conducted. • Business decisions are based on the supplier being able to showcase that they meet the criteria outlined in the supplier code of conduct; a supplier may not be considered if they are not able to meet the minimum requirements (included in our RFX documents).
CHECK/ADJUST	<p>Steps to ensure the effectiveness of our management system:</p> <ul style="list-style-type: none"> • Supply chain functions are audited on a risk-assessed basis • Supplier Code of Conduct, included in our supplier onboarding process; random audits of supplier self-assessments

MANAGEMENT APPROACH – COMMUNITIES

Topics covered by this Approach:	Community investment (STEM education and skills development)
POLICIES	<p>Finning has global policies that set out minimum standards and guide our behaviour in this area. These are:</p> <ul style="list-style-type: none"> • Sustainability Policy • Sponsorship Policy (only in the UK and Ireland) <p>Regions add policies as relevant and/or required by law or best practices.</p>
RESPONSIBILITIES	<p>Departments or teams responsible:</p> <ul style="list-style-type: none"> • Finning Leadership Team (FLT) • Local Finning Branches (independently, or in collaboration with Regional Executive teams and the FLT) • Regional Executive Committees
PROCESSES	<ul style="list-style-type: none"> • Large investments and partnerships with non-profit organizations are made based on alignment with our corporate commitment to support STEM education and training, indigenous communities, women and disadvantaged or at-risk communities
CHECK/ADJUST	<p>Steps to ensure the effectiveness of our management system:</p> <ul style="list-style-type: none"> • Regular review of donations and partner organizations <p>Recent changes to how we manage these topics:</p> <ul style="list-style-type: none"> • Introduced Indigenous Guiding Principles • Developed a strategy and guidelines for community engagement and investment

MANAGEMENT APPROACH – ETHICS

Topics covered by this Approach:	Ethics/anti-corruption
<p>POLICIES</p>	<p>Finning has global policies that set out minimum standards and guide our behaviour in this area. These are:</p> <ul style="list-style-type: none"> • Sustainability Policy • Code of Conduct* • Code of Ethics for Senior Executives and Financial Management* • Corporate Disclosure Policy* • Global Anti-Bribery and Anti-Corruption Policy • Global Political Contributions Policy* • Policy on Share Trading, Hedging and Use of Material Information* • Whistleblower Policy <p>Policies/procedures/documents specific to the management system:</p> <ul style="list-style-type: none"> • Ethics Program Charter <p>Regions add policies as relevant and/or required by law or best practices.</p>
<p>RESPONSIBILITIES</p>	<p>Departments or teams responsible</p> <ul style="list-style-type: none"> • The Audit Committee of the Board of Directors • The Global Ethics Committee oversees governance and ethics for Finning, and is chaired by our General Counsel and Corporate Secretary, who is our compliance officer • Each region has an Ethics Committee chaired by the head of the regional Legal department, which reports to the Global Ethics Committee. • FLT and Regional Executive committees • Internal Audit and Human Resources Departments • Legal Departments
<p>PROCESSES</p>	<ul style="list-style-type: none"> • All reports of suspected violations of the Code of Conduct are consolidated into a case management system • Each regional Ethics Committee reviews and responds to reports (or “cases”) that arise in their regions. They report at a minimum, quarterly to the Global Ethics Committee. The Global Ethics Committee reviews and responds to reports or cases that arise at the corporate level • Cases are presented for closure to the Global Ethics Committee on a quarterly basis, or more frequently if required or appropriate. • If appropriate rigour has been applied, conclusions validated, and appropriate action taken, the case will be closed.
<p>CHECK/ADJUST</p>	<p>Steps to ensure the effectiveness of our management system:</p> <ul style="list-style-type: none"> • Two main mechanisms for evaluation: (1) Annual self-assessment by each Ethics Committee, and (2) the Audit Committee of the Board receives quarterly reports on statistics, including nature of cases, outcomes, case closure rates, and summaries of higher risk cases, and on an annual basis reviews the Ethics Program Charter, considers improvements recommended by management and suggests improvements. • Policies marked with a * above are reviewed annually by the Ethics Committees, and by relevant committees of the Board. Others are reviewed on as “as needed” basis.