Environmental, Social & Governance Report for 2019
In cities around the world, our buses and coaches move people every day.

At NFI Group, our buses and coaches are relied upon by passengers and communities alike, to transport people and their families safely, reliably, and responsibly every day. The world around us is rapidly changing as factors like urbanization, traffic congestion, climate change, and smart city development continue to shape our new mobility paradigm.

Our collective company has grown in size, complexity, and geographic reach as we work to advance our products and services. In 2019, as one of the world’s largest designers, manufacturers and supporters of mobility solutions including buses and coaches, technology, infrastructure, and parts and service, we focused on helping cities around the world move people safely, efficiently, and with a reduced environmental impact.

Beyond environmentally friendly buses, our sustainability goals lead us in building even better products in better facilities. Being responsible to our employees, to our communities, and to our environment, as well as being mindful of the importance of good governance, is how NFI Group is taking care of the road ahead. We chose the words “Better Product, Better Workplace, Better World” to represent this vision - because we believe these words and our actions matter.

The Honourable Brian Tobin, P.C., OC
Chairman of the Board
NFI Group Inc.

Paul Soubry
President & CEO
NFI Group Inc.
INTRODUCTION

We are NFI Group.
We exist to move people.

Passengers around the world are seeking modern sustainable transportation options as traffic congestion and air quality continue to challenge today’s growing cities. That’s why NFI Group Inc., is engineering progressive bus solutions that serve our communities and make our cities smarter, while safeguarding precious natural resources. In doing so, we are creating jobs, supporting community infrastructure and improving lives, the industry and the world around us.

NFI Group, and its subsidiaries, continue to build on their legacy of innovation to deliver transit technology that meets the complex environmental and social demands of communities today and into the future.

With over 9,000 team members, operating from more than 50 facilities across ten countries, NFI is a leading independent global bus and coach manufacturer providing a comprehensive suite of mass transportation solutions under the brands: Alexander Dennis Limited (single and double-deck buses), ARBOC® (low-floor cutaway and medium-duty buses), Carfair Composites (engineered composite products), MCI® (motor coaches), New Flyer® (heavy-duty transit buses), NFI Parts™ (parts, support, and service) and Plaxton (motor coaches).

NFI offers mobility solutions through buses, technology, and infrastructure. Our buses and coaches incorporate the widest range of drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, clean diesel, and diesel-electric hybrid. Our vehicles offer leading technology as well as the widest range of environmentally responsible drive systems. In total, NFI supports nearly 105,000 buses and coaches currently in service around the world, helping millions of people safely reach their destinations each year.
New Flyer is North America’s largest transit bus manufacturer, offering mobility solutions for growing cities with buses, technology, and infrastructure. New Flyer has the most advanced product line under the Xcelsior® and Xcelsior CHARGE™ brands, and through New Flyer Infrastructure Solutions™, offers a service dedicated to providing safe, sustainable, and reliable charging and mobility solutions. New Flyer has designed and manufactured over 48,000 heavy-duty transit buses for customers throughout North America including more than 8,600 powered by electric motors and battery propulsion, and 1,900 that are zero-emission.

→ newflyer.com

Motor Coach Industries (MCI) is North America’s public and private market motor coach leader, building the J4500 (the industry best-seller for 13 consecutive years), the all-new 35-foot J3500 model, and the workhorse D-Series including the breakthrough ADA-accessible MCI D45 CRT LE Commuter Coach offering shorter periods to pick up passengers with access challenges. MCI will add battery-electric propulsion in 2020. With nearly 30,000 MCI coaches on the road, MCI also provides maintenance, repair, 24-hour roadside assistance, parts supply through NFI Parts, and technician training through the industry’s only Automotive Service Excellence (ASE) accredited MCI Academy.

→ mcicoach.com

ARBOC is North America’s low-floor, body-on-chassis (“cutaway”) bus leader serving transit, paratransit, and shuttle applications. With more than 3,000 buses produced, ARBOC leads the low-floor cutaway bus market providing unsurpassed passenger accessibility and comfort. ARBOC also offers the Equess and Liberty, medium-duty buses for transit and shuttle applications.

→ arbocsv.com

ADL is a global leader in the design and manufacture of double deck buses and is also the UK’s largest bus and coach manufacturer. ADL offers single and double deck buses under the Alexander Dennis brand as well as Plaxton coaches, with vehicles in service in the UK, Ireland, Europe, Hong Kong, Singapore, New Zealand, Mexico, Canada and the United States. ADL’s history and heritage of design, engineering and manufacturing excellence spans more than a century. As a pioneer in embracing the latest technology, ADL has brought a wide range of low and zero-emission buses to market.

→ alexander-dennis.com

Carfair Composites Inc. is North America’s leader in engineered fiber-reinforced plastics (FRP) and composite technologies, with over 50 years of experience.

→ carfaircomposites.com

KMG is NFI Group’s part fabrication facility which launched in 2018 in Shepherdsville, Kentucky.
CEO Message    Communities    Core Principles    Better Product    Better Workplace    Diversity & Inclusion    Working Together    Shared Mobility    Health & Safety    Environmental Footprint    Charitable Support

Anniston, AL
Bus Manufacturing
Vehicle Innovation Center

Arnprior, ON
Service Center

Jamestown, NY
Parts Manufacturing
Bus Assembly

Atlanta, GA
Third Party Parts Dealer

Brampton, ON
NFI Parts Distribution Center

Delaware, OH
NFI Parts Distribution Center

East Brunswick, NJ
NFI Parts Distribution Center

Louisville, KY
NFI Parts Distribution Center
Publications
Customer Training

Nashville, TN
Third Party Parts Dealer

Shepherdsville, KY
Part Fabrication

Blackwood, NJ
MCI Service Center

Des Plaines, IL
MCI Service Center

Montreal, QC
MCI Service Center

Winter Garden, FL
MCI Service Center

Middlebury, IN
ARBOC Specialty Vehicles HQ
Cutaway & Medium Duty Manufacturing

Vaughan, ON
Aftermarket
Chassis Manufacturing

Ottawa, ON
Aftermarket

Nappanee, IN
Bus Manufacturing

Anniston, AL
Part Fabrication

Wausaukee & Gillett, WI
Part Fabrication
Fiberglass Fabrication
Bus Shell Assembly

KMG
Part Fabrication
Our Core Principles
OUR CORE PRINCIPLES

Our Principles

1. We pledge to be customer focused
   in providing safe, accessible, reliable, and technologically advanced transportation solutions with the goal of providing the lowest total cost of ownership to keep people and communities moving.

2. We must earn the trust of those we serve and those they serve through a steadfast commitment to safety and quality delivered as promised.

3. We foster smart leadership
   at every level of the NFI Group to continuously raise standards and advance technological innovation and service performance. We’re passionate about a never-ending pursuit of operational excellence.

4. We believe in sustainability
   and the positive social, economic, and environmental impact of the work we do every day.

5. We value honesty, hard work and team work
   and those who do that work with pride and integrity. We strive to be a great place to build careers.
Environmental
New Flyer's zero-emission Xcelsior CHARGE™ transit buses remove up to 100-160 tons of greenhouse gas emissions per year compared to a 40-foot diesel bus. In addition, NFI Parts continues to seek out green technology with its introduction of no-idle solutions such as solar panel and electronic HVAC systems.

Fuel Economy
New Flyer's heavy-duty, zero-emission, Xcelsior CHARGE™ transit bus has the highest passenger per mile fuel economy of any zero-emission vehicle, based on FTA Altoona fuel economy test protocol.

Energy Costs
New Flyer's Xcelsior CHARGE™ transit bus provides up to $400,000 lower fuel costs over the 12-year life of the bus (compared to a 40' diesel bus, actual savings will depend on regional energy costs and charging methods).

Industry Leading Accessibility
ARBOC led the industry by creating the first patented low-floor cutaway and low-floor non-kneeling cutaway allowing equal access for all passengers. The innovative design of MCI's D45 CRT LE vehicle provides easier boarding and greater independence. New Flyer was also the first to introduce a low-floor transit bus in North America, and continues to lead accessibility in transit.

Quiet
Electric motors emit very little external noise making for a better rider experience and less impact on communities.

Best Selling
MCI's J4500 is the #1 selling motor coach in North America for over 13 straight years, and is the predominant coach for private sector customers. ADL's Enviro200EV is now the single deck EV market leader in the UK.
Better Product
Foster dialogue through discussion, education, and training on the latest zero-emission, connected, and autonomous driving vehicle technologies

Engage learning through interactive exhibits, simulation and hands-on experiences, and observations

Generate interest and commitment to clean air, quality, safety, and economic benefits for people, communities, and businesses

Harness the positive influence of collaboration, environmental stewardship, and social change to advance smart mobility solutions

Advance bus and coach technology through sustainable research and development, fresh innovation, progressive manufacturing, and bold thinking

With increased societal focus on sustainability to protect the environment and preserve natural resources, the demand for zero-emission battery-electric buses is quickly increasing throughout the world. NFI has met this demand and raised the bar with its state-of-the-art VIC.

Since opening, the VIC has welcomed over 1,600 visitors and hosted over 100 major events for transit agencies, regulators, elected officials, suppliers, utility providers, media, and various other stakeholders.

The VIC was awarded both the 2019 American Public Transit Association (APTA) AdWheel Grand Award for Best Marketing and Educational Effort, and the 2019 Canadian Urban Transit Association (CUTA) Corporate Leadership Award for the VIC as an educational hub for electric bus technology and adoption.
Better Workplace
Workplace Culture

NFI fosters a workplace culture that is inclusive, promotes continuous improvement, and embraces efforts to empower team members through employee listening channels and responsive action.

Our vision is to achieve business success through aligned and engaged employees, and the delivery of resources and services to prepare our people to support the growth and profitability of the company guided by the principles of NFI. We do so with these values at work:

- We care about our communities and the environment
- We care about people
- We believe providing a safe work environment is core
- We aim to create a community spirit within the NFI Group through social committees/company events encouraging employee involvement at all levels
- We aim to be a Great Place to Work and an employer of choice in the communities we work in
- We want to empower our people through learning and development and create opportunities for advancement
- We strive to do the right thing and aim to exemplify our core principles in everything we do

In addition to annual performance reviews, NFI provides ongoing team coaching and mentorship by the management support team, and also conducts and assesses leadership performance each year through anonymous peer surveys. In addition, the leadership team has personal and professional goals established each year, which are measured and monitored through a “Management By Objectives” goal structure.

We measure progress in employee satisfaction through our Employee Feedback Framework, utilizing a combination of ways to hear from our teams including employee surveys, round table communication, and 360 leadership feedback.

The results of our most recent employee pulse check to gauge progress and determine the effectiveness of employee engagement activities and action plans continued to show positive progress. A series of ten questions included an overall 85% response rate from all NFI Group employees in ten employee engagement index areas, with the favourable response rate improving from 78% in 2016 to 82% in 2018. The next full survey is scheduled for Summer 2020.

Overall Favorable Engagement Index Comparison

<table>
<thead>
<tr>
<th>Company</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFI Group</td>
<td>78%</td>
<td>82%</td>
</tr>
<tr>
<td>New Flyer</td>
<td>76%</td>
<td>79%</td>
</tr>
<tr>
<td>MCI Coach</td>
<td>81%</td>
<td>83%</td>
</tr>
<tr>
<td>NFI Parts</td>
<td>83%</td>
<td>86%</td>
</tr>
<tr>
<td>Carfair*</td>
<td></td>
<td>79%</td>
</tr>
<tr>
<td>ARBOC*</td>
<td></td>
<td>87%</td>
</tr>
</tbody>
</table>

No information available for 2016; Carfair Composites and ARBOC both acquired by NFI in 2017.
Society & Social Commitments

NFI Group is committed to conducting all business activities with the highest standards of fairness, honesty, and integrity, and complying with all legal and regulatory requirements, especially with respect to employees, suppliers, competitors, government and the public. We strive to outperform our competitors fairly and honestly, while always following ethical and legal business practices.

Each director, officer, employee and agent of NFI Group is bound by the Code of Business Conduct and Ethics when hired or retained. Employees in leadership, administrative, and customer roles are provided a copy of the Code on an annual basis. All other employees are provided a copy of the Code on a bi-annual basis. Each employee is required to sign and acknowledge their obligation to adhere to the Code. NFI Group Business Code of Conduct and Ethics training is conducted via NFI’s learning management system and a quiz is completed to test that all team members understand the Code and how it applies to them.

The NFI Group Code of Business Conduct and Ethics may be obtained at: nfigroup.com

The NFI Group Whistleblower Policy outlines procedures for the receipt, retention, and treatment of complaints regarding actual or apparent violations of the Code, the Disclosure and Insider Trading Policy, and the law generally and specifically regarding internal accounting controls or auditing matters. NFI Group Whistleblower Policy may be obtained at: nfigroup.com
Anti-Corruption and Bribery Policy

NFI Group is committed to conducting its business free of corruption, bribery, and any improper influencing action when dealing with government and public officials.

NFI’s anti-corruption principles govern relationships and giving things of value to public officials, payments and records of payments, and third-party dealings. Additionally, NFI employees within scope of this policy are trained to familiarize themselves with additional restrictions and specific requirements of the public agencies with whom they interact. Training for all employees within the policy’s scope is conducted on an annual basis.

The Ethics Officer, who is the Executive Vice President, General Counsel and Corporate Secretary of NFI Group can be reached at ethics@nfigroup.com for questions or guidance.

Respectful Workplace

NFI has zero tolerance for workplace discrimination and harassment. All employees are responsible for ensuring that the NFI is a safe and respectful environment, free of discrimination and harassment where high value is placed on equity, fairness and dignity.

Discrimination and harassment based on race, gender or gender identity, sexual orientation, color, national or ethnic origin, religion, marital status, family status, citizenship status, veteran status, age or disability (ableism) is prohibited. NFI has zero tolerance for acts of violence, threats of violence, and acts of intimidation against another person or group.

All employees are required to complete ongoing training regarding the Respectful Workplace policy and reporting procedures. NFI has robust incident reporting and investigation processes ensuring confidentiality and non-retaliatory behavior.
BETTER WORKPLACE

Equal Employment Opportunity

NFI seeks to employ the best qualified team, better representing communities we work and live in, and promoting activity free from discrimination. We encourage team-building and respecting unique differences, all of which leads to a better culture, respectful workplace, and aligns with our Great Place to Work strategy.

NFI is committed to recruit, hire, train and promote into all job levels the most qualified persons without regard to race, color, religion, gender or gender identification, sexual orientation, national origin, age, marital status, genetic information, disability, veteran, or disadvantaged status (defined as being homeless, being a custodial single parent, receiving public assistance, lacking a general education development or high school diploma, having a criminal record or other involvement with the criminal justice system, suffering from chronic unemployment, or emancipated from the foster care system).

We actively support actions to advance employment for all persons and are committed to administer all employment matters such as compensation, benefits, transfer, layoffs, company-sponsored training, education, tuition assistance, and social/recreational programs in accordance with this approach at all levels of employment.

We have instituted action-oriented programs designed to eliminate identified obstacles and help us achieve our improvement goals.

The Diversity and Inclusion section provides further information on workforce representation.

Workforce Representation Disadvantaged Status

2019

Self-Identified Disadvantaged Status

2.11%

Veterans

2.69% All including ADL

Workforce Representation Veterans

2019
BETTER WORKPLACE

Supply Chain Management

NFI takes proactive steps to ensure that it does not conduct business with persons or entities that use forced, indentured, involuntary or child labor, or engage in human trafficking. As set out in the NFI Group Code of Business Conduct and Ethics, NFI is committed to conducting its business following the highest standards of fairness, honesty and integrity and in compliance with all applicable legal requirements.

In order to sell buses and coaches to federally-funded agencies in the United States, NFI must comply with Buy America regulations (49 CFR 661) that require 70% of the value of components are of U.S. domestic content. Therefore, the majority of components purchased in North America by NFI are manufactured in the United States and utilize U.S. manufactured sub-components, representing a low risk that forced, indentured or involuntary labor was used in their manufacture. Consequently, NFI’s North American operations have a very limited number of suppliers located outside the United States and Canada.

NFI Supply Chain policies require that all NFI Group suppliers, domestic and foreign, are subject to comply with safety management and human resources policies including, but not limited to, the following:

- Minimum living wages
- Human Rights and Freedoms
- No use of forced, indentured or involuntary labour
- Acceptable living conditions
- No use of Child Labour
- Onsite verification audits of their quality and management systems to ensure performance to the NFI Group's specifications and requirements

In the event it is determined that a supplier is not in compliance, NFI will move to develop alternate sources of supply and will seek to terminate its relationship with the offending supplier. The Supply Chain program is overseen by the EVP of Supply Management who is dedicated to developing supply standards, ensuring supplier compliance with targets, and leading NFI’s supply and sourcing program.

Approved suppliers are required to manufacture products and provide services in accordance with all other applicable laws, statutes, rules, regulations, ordinances, and standards of all applicable government agencies and authorities, including environmental, occupational health and safety standards, employment and minimum wage requirements, and export/import requirements.

NFI is proud to provide Disadvantaged Business Enterprises (DBE) and Minority Women Business Enterprises (MWBE) the opportunity to participate in the sourcing of components and materials used in manufacturing. We establish an annual goal of MBE/DBE/MWBE participation in our Supply Chain and actively work to identify, onboard and develop minority and disadvantaged businesses.

The NFI’s Supplier Terms and Conditions may be requested through: nfigroup.com/contact
**Better Workplace**

**Political Advocacy**

NFI Group will not make contributions of any kind (money, employee work time, goods or services), directly or indirectly, to political parties or candidates, or to promote or support ballot initiatives, initiative measures, propositions or similar proposals or measures including through intermediary organizations such as: political action committees, campaign funds, or trade or industry associations.

The NFI's Political Contribution Policy may be found at: nfigroup.com/investor-relations/corporate-governance.

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**Data Security & Privacy**

NFI has established data and cyber security policies outlining our guidelines and provisions for preserving the security of our data and technology infrastructure.

We understand that the more we rely on technology to collect, store, and manage information, the more vulnerable we can become to security breaches. For this reason, we have recently implemented several security measures outlined in our mobile device usage, social media, and email/internet usage policies that provide instructions on how to protect personal and company devices, email safety, password management, and transferring data securely.

NFI Group has established a group data privacy policy outlining our commitment to comply with all applicable privacy laws in the countries in which we operate or conduct business. The applicable NFI Group companies comply with the General Data Protection Regulation (GDPR) regarding the use and management of personal data in regions in which GDPR applies.

We have taken additional measures to implement a Privacy and Data Security Incident Response Plan which outlines workforce responsibilities and how to report any suspected incidents. Regular training is provided to employees regarding how to detect scam and phishing emails, and we encourage our employees to reach out with questions or concerns.  

The Privacy Officer, who is the Executive Vice President, Human Resources of NFI Group, can be reached at privacy@nfigroup.com for questions or further information.
NFI Group Learning Institute

Approximate total invested in NFI training in 2019 was $7.2 million.

NFI delivers training and educational programming that is directed at supporting the success of the organization and its workforce. The NFI Learning Institute drives training and development across all businesses through the delivery of training programs that support the diverse needs of our workforce. To ensure that the programming is relevant and meets the ever-changing requirements of NFI Group and the industry, the NFI Learning institute engages in maintaining strong internal local and regional partnerships that help support training priorities aligned with organizational priorities.

NFI focuses on all areas of development which include a robust orientation program for those joining NFI Group, technical and professional development that supports the workforce in their current and future roles, as well as leadership training and workshops for our current and emerging leaders.

To meet the training needs of a geographically widespread workforce, the NFI Learning Institute conducts training in classrooms, via webinars or live via camera, recorded sessions and eLearning.

2019 Hours of NFI Group Training:

<table>
<thead>
<tr>
<th>Category</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>163</td>
</tr>
<tr>
<td>Computer</td>
<td>7,340</td>
</tr>
<tr>
<td>Finance</td>
<td>76</td>
</tr>
<tr>
<td>Leadership</td>
<td>3,227</td>
</tr>
<tr>
<td>On-the-Job Training</td>
<td>55,035</td>
</tr>
<tr>
<td>Operational Excellence</td>
<td>4,840</td>
</tr>
<tr>
<td>Orientation</td>
<td>21,138</td>
</tr>
<tr>
<td>Professional</td>
<td>3,025</td>
</tr>
<tr>
<td>Quality</td>
<td>1,662</td>
</tr>
<tr>
<td>Safety</td>
<td>15,617</td>
</tr>
<tr>
<td>Technical</td>
<td>43,385</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>155,508</td>
</tr>
</tbody>
</table>
Diversity & Inclusion
DIVERSITY & INCLUSION

Diversity & Inclusion

NFI celebrates diversity through the creation of programs that recognize and support our differences, working to foster diversity in ways that create a sense of belonging while enabling uniqueness.

Diversity + Inclusion = Success

A key step in creating an environment that encourages diversity and inclusiveness is to educate individuals on the benefits.

An interactive Diversity and Inclusion training program was first rolled out to our leadership team in 2015 and has been delivered many times since then. This program describes the benefits of diversity and takes each leader on a journey of exploration of their personal biases and how they can impede their ability to create an inclusive environment. This program has been firmly embedded into our leadership program and to date has been delivered to more than 600 leaders ranging from executives to team leads.

NFI embeds itself firmly in the communities where we do business. We are such an integral part of our business that they have been built into our stakeholder and workforce development frameworks. We work closely with community groups on the development of programs that support skill and career development for groups that are underserved in many workplaces which include: women, Indigenous groups, African Americans, minorities, newcomers to our countries, persons with disabilities, the LGBTQ2S+ community and youth.

NFI measures diversity to ensure the representation is tracking in a positive direction, adjusting focus where required, and implementing actions to more effectively and inclusively manage a diverse workforce.

Although growth in organizational headcount due to acquisitions has impacted year-over-year numbers, we have instituted action-oriented programs focused on training, workforce development, and community outreach designed to address problem areas by region and representation.

<table>
<thead>
<tr>
<th></th>
<th>2017 without ADL</th>
<th>2018 without ADL</th>
<th>2019 without ADL</th>
<th>2019 ADL Only</th>
<th>2019 All Including ADL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>25.0%</td>
<td>21.0%</td>
<td>22.0%</td>
<td>10.5%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Women in middle management and above</td>
<td>25.0%</td>
<td>21.0%</td>
<td>22.1%</td>
<td>15.8%</td>
<td>19.6%</td>
</tr>
<tr>
<td>Women in executive roles</td>
<td>12.5%</td>
<td>20.6%</td>
<td>19.4%</td>
<td>22.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Women in Board roles</td>
<td>25.0%</td>
<td>25.0%</td>
<td>N/A</td>
<td>N/A</td>
<td>38.0%</td>
</tr>
<tr>
<td>Visible minorities</td>
<td>19.4%</td>
<td>23.5%</td>
<td>24.6%</td>
<td>5.4%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Visible minorities in middle management and above</td>
<td>11.7%</td>
<td>11.2%</td>
<td>10.3%</td>
<td>1.7%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Visible minorities in executive roles</td>
<td>3.7%</td>
<td>3.4%</td>
<td>6.9%</td>
<td>0.0%</td>
<td>5.6%</td>
</tr>
<tr>
<td>People with disabilities</td>
<td>No information</td>
<td>2.0%</td>
<td>2.2%</td>
<td>1.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Indigenous people</td>
<td>0.5%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.0%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
Our Objectives

- Advancing workplace inclusion through developing a culture of belonging
- Promoting inclusive leadership-challenging bias and nurturing diverse talent
- Building upon practices to facilitate a diverse future

Our diversity goals are rooted in our Board Diversity Policy established in 2016, which recognizes the importance and benefit of having a board of directors and senior management of NFI comprised of diverse backgrounds, reflecting the changing demographics of the communities in which NFI operates.

NFI Group has reached and maintains a target objective that the Board will be comprised of 25% women Directors, reinforcing its commitment to gender diversity.

There are now forty-one members comprising NFI's executive leadership team, of which eight (or 20%) are women, which represents an increase of 25% from 2018.
NFI is committed to enhancing its workplace diversity and inclusion efforts. In 2019, New Flyer, in partnership with the Transportation Diversity Council (TDC), developed a Community Benefit Framework (CBF) to build on existing approaches to support workforce development, while enhancing the hiring of diverse, underserved, and underrepresented individuals. The CBF serves as the guiding framework from which formal agreements outlining our local community partnership and workforce development commitments will be created and implemented.

Established in 2010, the Transportation Diversity Council is a nonprofit organization delivering world-class education and development programs that promote diversity in the transportation and construction industries. TDC maintains a wide range of successful community-based partnerships across America, and has extensive experience in recruitment, training, and retention of employees in advanced manufacturing.

The New Flyer CBF will help facilitate local agreements with transit agencies and partners, all focused on unique community needs. For details, visit newflyer.com/CBF.
DIVERSITY & INCLUSION

Truth & Reconciliation Efforts

In order to redress the legacy of residential schools and advance the process of Canadian reconciliation, the Truth and Reconciliation Commission made 94 calls to action, including some directed at businesses.

We have examined these calls to action and our employment practices to implement applicable aspects of the calls to action within our business operations and to promote and advance reconciliation with our employee groups and the communities we serve.

Important steps we have taken to adopt actions and practices that align with the Commission’s calls to action include:

- Workforce development initiatives to promote tangible hiring and retention results
- Measuring and monitoring workforce demographics to understand workforce representation and identifying improvement opportunities
- Delivering diversity and inclusion training as a required leadership development module to promote awareness of diverse workplace and understanding of unconscious and implicit bias
- Participating in the Youth CEO Career Connections promoting Indigenous employment support
- Committing to further training in 2020 to develop intercultural understanding and awareness
- Participating in TRC92 Employer Consortium Youth Employment Initiative

NFI is committed to building respectful relationships, to ensure that Indigenous peoples have equitable access to jobs and training, and to develop leadership and workforce intercultural competencies. We continue to focus on approaches to advance reconciliation efforts in our operations.
ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT FOR 2019

Better World
As a responsible corporate citizen, NFI is committed to protecting human and environmental health within our facilities.

NFI considers the interests of our stakeholders when making decisions. In 2009, we implemented a stakeholder engagement system which encompasses the various parties displayed in the model.

In some jurisdictions, NFI participates in consultations with representatives of the residential communities in the immediate vicinity of our production facilities.

These community meetings are used to discuss any significant process or production rate changes that could impact the environmental conditions in the area. These meetings are the forum used to highlight safety and environmental improvements incorporated into our manufacturing operations.

Our suppliers are subject to our environmental, labor, and human rights codes of conduct; verified through site visits. Our environmental, health and safety policy affects all facilities, operations, contractors, and vendors/suppliers.

We recognize via our Environmental Management System (EMS) the impact of our direct operations, supply chain, and consumer use of our products and services, on the consumption of natural resources, energy, water, and the generation of waste. Our comprehensive EMS identifies how our operations interact with the environment and commits to continually improving our efforts to minimize environmental impacts. Our commitment is further shown through the certification of our transit bus and cutaway vehicle manufacturing divisions. New Flyer was the first North American original equipment manufacturer to achieve all three ISO certifications: ISO 9001 (quality), ISO 14001 (environmental) and ISO 45001 (safety). ARBOC was awarded ISO 9001:2008 in 2009. MCI was awarded ISO 9001 Quality Certification in 2005. ADL was awarded ISO 9001 Certification for Guildford, Scarborough and Falkirk facilities, with Guildford also achieving ISO 14001.

Our commitment to minimizing environmental impacts is why each bus is designed and programmed for fuel efficiency and, in turn, a reduction in emissions. Our electric and hybrid products demonstrate our commitment to a sustainable future. Environmental design criteria are integrated into the creation of our products, enhancing environmental considerations of emissions, resource use, and waste. Engines are designed to be efficient and meet and sometimes exceed regulatory emissions and efficiency requirements per country. On-board emissions measurements systems are employed during driving to reduce fuel consumption.
Shared Mobility Principles
Our Shared Mobility Principles

In 2018, New Flyer signed on to the Shared Mobility Principles for Livable Cities, making it the first bus manufacturer in the world to do so.

The principles, launched in 2017, are designed to guide urban decision-makers and stakeholders toward the best mobility outcomes for all, and are supported by a founding coalition of eight global sustainability groups including C40 cities, Transportation for America, and the Shared-Use Mobility Center, and other signatories such as Uber, Lyft, Via, and ZipCar. The Shared Mobility Principles for Livable Cities include ten commitments to ensure sustainable, efficient, and collaborative mobility development on a global scale:

- We plan our cities and their mobility together.
- We prioritize people over vehicles.
- We support the shared and efficient use of vehicles, lanes, curbs, and land.
- We engage with stakeholders.
- We promote equity.
- We lead the transition towards a zero-emission future and renewable energy.
- We support fair user fees across all modes.
- We aim for public benefits via open data.
- We work towards integration and seamless connectivity.
- We support that autonomous vehicles in dense urban areas should be operated only in shared fleets.

That’s why New Flyer signed on to the principles in 2018, and today remains committed to leading collaboration, cooperation, and technological advancement of smart mobility in North America, and to supporting development of Smart Cities through advanced transit solutions.

NFI will work with industry leaders, transit authorities, regulators and industry advocates, and other service providers and manufacturers in the multi-modal space, to further collaboration and development within the Smart Mobility space.

In 2018 New Flyer participated in CharIN, OppCharge, Canadian Urban Transit Research and Innovation Consortium, CALSTART’s Global Commercial Drive to Zero, and the Transportation Electrification Accord. In 2019, New Flyer furthered its commitment to zero-emission adoption, development of interoperable charging standards, and advancement of Smart Mobility by: launching New Flyer Infrastructure Solutions™, a service dedicated to providing safe, reliable, smart, and sustainable charging and mobility solutions; introducing Connect 360™, a real-time, cloud-based business analytics dashboard for Xcelsior CHARGE™ battery-electric buses; launching its Automated Vehicle technology program, which includes development and deployment of technology for Advanced Driver-Assistance Systems (“ADAS”) and Automated Vehicles (“AV”), with a guiding principle focused on public safety, and announcing a partnership with Robotic Research to further advance automated bus technology.

More information may be found at nfigroup.com/news-and-events
ENVIRONMENT, HEALTH & SAFETY

Environment, Health & Safety
Our Environmental, Health & Safety Policy

Understanding the importance of sustainability, NFI is committed to protecting human health and the environment within our facilities and globally. We recognize the impact we have through our direct operations, supply chain, and consumer use of our products and services, through the consumption of natural resources, energy, water, and the generation of waste. As such, this policy applies to all of our facilities, operations, contractors, and suppliers.

At NFI, we believe that nothing is more important than the health and safety of our team members and others visiting or working in our facilities, and the protection of the environment. We are committed to meeting our Environment, Health and Safety (EHS) responsibilities and maintaining a safe working environment at all locations. Health, safety and the protection of the environment is the responsibility of all personnel.

We are committed to complying with all applicable EHS laws and other requirements to which we subscribe. We consider the integration of risk-based, cost-effective management practices into site activities aimed to continually improve EHS performance at all NFI locations.

Adherence to the EHS policy is the responsibility of all employees and persons working at or visiting our facilities.

New Flyer was the first North American OEM to achieve all three ISO certifications: ISO 9001 (quality), ISO 14001 (environmental) and ISO 45001 (safety). ARBOC was awarded ISO 9001:2008 in 2009. MCI was awarded 9001 Quality Certification in 2005.

With world class workplace environments and manufacturing facilities, NFI continues to lead the industry in the design, build, and delivery of fuel-efficient and zero-emission buses and coaches.

Our Environment, Health & Safety Policy may be requested through: nfigroup.com/contact
ENVIRONMENT, HEALTH & SAFETY

Our Ongoing Commitments

- We will seek to integrate EHS considerations into our product and process design, manufacturing and business planning.
- Consider the life cycle perspective.
- Protect assets.
- Provide safe and secure facilities for employees, customers and visitors.
- Maintain and improve a progressive EHS management system with programs designed to prevent incidents and provide effective procedures in the event of emergency.
- Maintain and support active health and safety committees or representatives at each location.
- Continuously strive to maintain a clean and organized workplace, free from debris and recognized hazards.
- Provide support for all EHS procedures, including but not limited to supervisory training and the prompt elimination of recognized hazards.
- Ensure that contractors, suppliers, and their workers meet or exceed all NFI Group EHS program requirements.
- Develop an understanding among those in leadership positions of their responsibilities to provide and promote a safe, healthy and environmentally responsible workplace.
- Prevent pollution with top priority of waste prevention at source, elimination of wasteful practices, and recycling.
- Responsibly, efficiently, and sustainably use natural resources such as energy, water and wood products.
- Minimize our contribution to climate change, and develop and produce products that transport people while also reducing greenhouse gas emissions.
- In accordance with our EHS management system requirements, periodically review this policy statement to ensure its continuing suitability and communicate changes and additions as appropriate.
ENVIRONMENT, HEALTH & SAFETY

2019 Occupational Health & Safety Performance

Safety performance is tracked and measured against our respective North American Industry Classification System (NAICS) codes as a benchmark for similar industry performance. Reports are produced and shared monthly with management and employees.

- 2019 NFI Group OSHA Rate: 5.72
- 2019 NFI Group Lost Time Rate: 1.43
- 2019 NFI Group Fatality Rate: 0.00

OSHA and Lost Time incident rates are tracked and reported monthly to both management and employees. Weekly and monthly reports capture all NFI employees. Contractor injuries are investigated and recorded with the Primary Contractor responsible for work. NFI is focused on employee safety and the Company has not had a fatality at any of its locations.

Safety

NFI's focus on occupational health and safety has resulted in strong and continuous improvements over the past two decades. Management believes that the Company's dedicated commitment to safety and health improvements is not only a competitive advantage for the organization, but is essential to the creation of a safe and healthy working environment for NFI's employees and operations.
Reducing Environmental Footprint
ENVIRONMENTAL FOOTPRINT

NFI Group’s 2019 Environmental Performance at a Glance

Each NFI facility is reviewed to determine and categorize activities which may potentially impact the environment or health and safety.

This review is performed annually by the EHS personnel responsible for the facility. The scope of the annual review considers the environmental footprint of our manufacturing processes and includes parameters such as air emissions, raw material and natural resource usage, and waste generation. The majority of our greenhouse gas (GHG) emissions are related to heating and ventilating our facilities. NFI’s production is not energy intensive, and consideration is given to reduce energy consumption and GHG emissions for each facility upgrade. Monitoring of key environmental metrics helps provide the basis for more focused improvement initiatives.

Note on reporting: While some year over year reporting may show increases in output, NFI did add facility count due to acquisitions, in addition to improving fidelity of environmental reporting.

<table>
<thead>
<tr>
<th>Consumption</th>
<th>Units</th>
<th>2019 Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy Consumption</td>
<td>GWh</td>
<td>550</td>
</tr>
<tr>
<td>Gross Renewable Energy</td>
<td>GWh</td>
<td>35</td>
</tr>
<tr>
<td>Gross Non-Renewable Energy</td>
<td>GWh</td>
<td>515</td>
</tr>
<tr>
<td>Percentage Electricity</td>
<td>%</td>
<td>54</td>
</tr>
<tr>
<td>Non-Renewable Electricity</td>
<td>%</td>
<td>46</td>
</tr>
<tr>
<td>Carbon Dioxide Emissions - CO₂ total (facility heating total)</td>
<td>US tons</td>
<td>98,623</td>
</tr>
<tr>
<td>Methane Emissions - CH₄ total (facility heating total)</td>
<td>US tons</td>
<td>1.865</td>
</tr>
<tr>
<td>Nitrogen Oxide Emissions - N₂O total (facility heating total)</td>
<td>US tons</td>
<td>1.784</td>
</tr>
<tr>
<td>Particulate Matter Emissions &lt;30 um (facility heating total)</td>
<td>US tons</td>
<td>6.163</td>
</tr>
<tr>
<td>Sulfur Dioxide Emissions - SO₂ total (facility heating total)</td>
<td>US tons</td>
<td>0.487</td>
</tr>
<tr>
<td>Volatile Organic Compound Emissions - VOC total (facility heating total)</td>
<td>US tons</td>
<td>4.460</td>
</tr>
<tr>
<td>Solvents Emissions (VOC)</td>
<td>US tons</td>
<td>415</td>
</tr>
<tr>
<td>Particulate Matter Emissions &lt;30 um (production total)</td>
<td>US tons</td>
<td>1.30</td>
</tr>
<tr>
<td>Hazardous Air Pollutant (HAPs) Emissions</td>
<td>US tons</td>
<td>136</td>
</tr>
<tr>
<td>Total Water Consumption</td>
<td>US gal</td>
<td>39,384,983</td>
</tr>
<tr>
<td>Total Hazardous Waste</td>
<td>US tons</td>
<td>540</td>
</tr>
<tr>
<td>Total Industrial Waste</td>
<td>US tons</td>
<td>8930</td>
</tr>
<tr>
<td>Recycled Cardboard</td>
<td>US tons</td>
<td>1080</td>
</tr>
<tr>
<td>Recycled Metal</td>
<td>US tons</td>
<td>3280</td>
</tr>
<tr>
<td>Recycled Wood</td>
<td>US tons</td>
<td>1470</td>
</tr>
<tr>
<td>Production Total: Buses &amp; Coaches (various propulsion systems)</td>
<td>Vehicles</td>
<td>3915</td>
</tr>
</tbody>
</table>

Indirect emissions (such as produced vehicle usage) not yet included. Vehicle production total does not include Alexander Dennis buses. Recent acquisition, data to be included in 2021 report.

NFI has divided its emission profile into two streams representing building and process energy requirements, compared to direct chemical emissions from the manufacturing process.
ENVIRONMENTAL FOOTPRINT

Climate Change

NFI continues to work on electrification and battery technologies that reduce the demand for fossil fuel consumption, and our Vehicle Innovation Center illustrates our abilities in these areas. Insourcing various components, such as through our KMG fabrication facility in Shepherdsville, Kentucky, centralizes production and in turn reduces our carbon footprint and overall impact on climate change.

Note on reporting: Carbon Dioxide (CO2), Methane (CH4), Nitrogen Oxide (N2O) and fluorinated gases (none). The majority of the NFI’s manufacturing facilities are located in cold climate regions, and facility heat represents the majority of our energy consumption. Reduction projects focus on facility energy usage. Process energy is minimal by comparison.

Energy

Conserving energy is important to NFI. Energy reduction is a key strategy to mitigate our contributions to GHG and climate change risks, as well as to minimize resource usage. Electrical energy metrics for 2019 are provided to the right.

Energy conservation is advanced on a project basis. Wherever possible, projects that are directly related to energy consumption aim to reduce consumption by 10%, within the context of the project. Each project’s energy consumption data is summarized, validated, and reported to our leadership group on an annual basis.

Energy savings are being realized in our facilities with the installation of LED lighting (including emergency and exterior lighting), radiant heating, improved ventilation and heating, boiler system upgrades, infrared water heaters, variable frequency compressors, and paint booth exhaust fans, as well as insulating/sealing of our facilities.

Our Green House Gas Emissions (US Ton)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC</td>
<td>7155</td>
<td>4,460</td>
</tr>
<tr>
<td>SO2</td>
<td>0.781</td>
<td>0.478</td>
</tr>
<tr>
<td>PM</td>
<td>9,887</td>
<td>6,163</td>
</tr>
<tr>
<td>N2O</td>
<td>2,862</td>
<td>1,784</td>
</tr>
<tr>
<td>CH4</td>
<td>2,992</td>
<td>1,865</td>
</tr>
<tr>
<td>CO2</td>
<td>156,151</td>
<td>98,623</td>
</tr>
</tbody>
</table>

NFI has divided its emission profile into two streams representing building and process energy requirements, compared to direct chemical emissions from the manufacturing process.

Electrical Energy Use (GWh)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable</td>
<td>56%</td>
<td>54%</td>
</tr>
<tr>
<td>Non-Renewable</td>
<td>44%</td>
<td>46%</td>
</tr>
</tbody>
</table>
Air emissions from NFI operations are quantified, monitored and managed to meet and, where commercially feasible, reduced beyond just compliance with regulatory requirements. Volatile Organic Compounds (VOCs), Particulate Matter (PM), and Hazardous Air Pollutant (HAP) air emissions from painting and fiberglass manufacturing activities are managed by maintaining best practices and air pollution control equipment. NFI has implemented powder coating technology wherever practicable to reduce air emissions. Production of one equivalent bus unit produces about the same quantity of VOC emissions as the fabrication of 12 passenger vehicles.

NFI has divided its emission profile into two streams representing building and process energy requirements, compared to direct chemical emissions from the manufacturing process.
ENVIRONMENTAL FOOTPRINT

Water Use

Conserves water during the manufacturing process through on-site recycling and re-use of the large quantities required during extreme weather leak testing. Significant water use reduction was achieved through reduced product water testing requirements.

Waste

NFI manages waste in an environmentally conscious manner, and waste management programs are in place at each of our facilities. Lean manufacturing methodologies drive efficiencies in the use of raw materials, which then reduces our overall waste footprint.

Hazardous waste is disposed using certified hazardous waste disposal contractors. All chemicals used in production are reviewed prior to use in order to minimize the use of hazardous products, and to evaluate the substitution of more environmentally and health conscious products.

Through Lean practices, NFI consistently attempts to reduce consumption and waste generation. Waste streams are reduced through recycling where applicable. In 2019, NFI diverted 1,470 tons of wood and 1,080 tons of cardboard from landfills, and recycled 2,777 tons of metal.

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**Total Water Consumption (US Gallons)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>94,544,995</td>
</tr>
<tr>
<td>2019</td>
<td>39,384,983</td>
</tr>
</tbody>
</table>

**Total Hazardous Waste (tons)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>586</td>
</tr>
<tr>
<td>2019</td>
<td>540</td>
</tr>
</tbody>
</table>

**Total Industrial Waste (tons)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>760</td>
</tr>
<tr>
<td>2019</td>
<td>8930</td>
</tr>
</tbody>
</table>
Community & Charitable Support
COMMUNITY & CHARITABLE SUPPORT

Community & Charitable Support

NFI is proud to support community, charitable, and not-for-profit initiatives through community partnerships, sponsorships, and customer support.

Program support is focused on community, non-profit, volunteer, public service, or charitable organizations focusing in the areas of youth, health, and community development. Our program objectives are as follows:

- Promote and enhance community relations
- Promote citizenship and active roles in our communities
- Support corporate objectives and the NFI Group core principles
- Promote and enhance customer relations
- Provide widespread community benefit
- Provide our employees the opportunity to actively participate and contribute

Donations are approved in accordance with NFI Group Code of Business Conduct and Ethics, NFI Group Political Contribution Policy, NFI Group Gift and Entertainment policies, and applicable Customer’s Code of Conduct, Business Ethics, or Gift Acceptance policies.

More than 50 different charitable organizations received support and contributions from NFI Group in 2019. We support a variety of community, health, and youth organizations such as Winnipeg Jets Hockey Academy, YMCA/YWCA, Autism and Cancer care programs, Scouts, and Big Brothers/Big Sisters programs. In addition, the NFI team collectively invests hundreds of hours back to the communities where they work, and live each year.

In 2019, the second NFI Group wide United Way campaign was held across 31 locations, and our team came together to donate $462,757 to United Way agencies across North America - proudly supporting 22 different United Way agencies in the U.S. and Canada, in or nearby communities we operate in. We recognize we are better together, and that our communities can thrive as a strong collective.

NFI collectively has donated more than 2.5 million dollars to the United Way from its workplace campaigns over the past decade.
Team & Community Spirit

Teamwork, community involvement, and a collaborative spirit are inherent aspects of NFI culture. Employee-led social committees are established in various business units, with over 100 unique employee planned events throughout the NFI locations annually. We are proud of these efforts to build stronger communities, and to create a fun and caring workplace.

Over 100 employees were recognized by their peers in a “Shout-Out” or “Standing Ovation” recognition over the past year. Shout-Outs provide a way to say thank-you to someone at NFI for going the extra mile and we take a moment to say so - publicly! The Standing Ovation is a way for colleagues to recognize their fellow team member for their efforts in the local community. We want to recognize our NFI Group community for their accomplishments outside of the workplace walls. Whether someone has run a marathon, volunteered with a local charity, or has an accomplishment they want to share with others, we want to hear and share their story.