

Environmental Social Governance Report

—
March 2019

NFI Group Inc.



A better product.
A better workplace.
A better world.



ARBOC

nfi.parts



In cities across Canada and the U.S., our products move people every day.

At NFI, our products are relied upon by passengers and communities alike, to transport people and their families safely, reliably, and responsibly - every day. We are focused on the future of our business and what's next — not only in the bus manufacturing and parts businesses — but the future of mobility and the solutions needed to move groups of people safely, efficiently, and responsibly. As the population ages and accessibility becomes more of a focus for operators in North America, we are proud to serve society and communities in this way. At NFI Group, We are committed to meeting the needs of today while anticipating the needs of tomorrow. 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 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.



Together, we are NFI Group.

Passengers around North America are seeking modern sustainable transportation options as traffic congestion, costs and air quality continue to challenge today's growing cities. That's why NFI Group Inc. (NFIgroup.com) 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 North America's infrastructure and modernizing the industry and the world around us.

NFI Group, and its subsidiaries, continue to build on their nearly 90 year legacy of innovation to deliver transit technology that meets the complex environmental and social demands of communities today and into the future.

With over 6,100 team members, operating from 31 facilities across Canada and the United States, the NFI Group is North America's largest bus and coach manufacturer providing a comprehensive suite of mass transportation solutions under the brands: New Flyer® (heavy-duty transit buses), ARBOC® (low-floor cutaway and medium-duty buses), MCI® (motor coaches), NFI Parts™ (parts, support, and service), and Carfair (engineered composite products).

NFI buses incorporate the widest range of drive systems available including: clean diesel, natural gas, diesel-electric hybrid, and zero-emission electric (trolley, battery, and fuel cell) on proven bus platforms. In total, NFI supports nearly 80,000 buses and coaches currently in service across North America, carrying millions of people to work, community activities, and family gatherings every year.



New Flyer is North America's heavy-duty transit bus leader and offers the most advanced product line under the Xcelsior® and Xcelsior CHARGE™ brands. It also offers infrastructure development through New Flyer Infrastructure Solutions™, a service dedicated to providing safe, sustainable, and reliable charging and mobility solutions. New Flyer actively supports over 41,000 heavy-duty transit buses (New Flyer, NABI, and Orion) currently in service, of which 7,300 are powered by electric motors and battery propulsion and 1,600 are zero-emission.

→ newflyer.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 Equus and Liberty, medium-duty buses for transit and shuttle applications.

→ arbocsv.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 lower dwell times. 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



NFI Parts is North America's most comprehensive bus and motor coach parts organization, providing replacement parts, technical publications, training, service, and support, which results in bus operators being able to provide better service with less environmental impact.

→ nfi.parts



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

→ carfaircomposites.com

Our Business Communities

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A better world.



Crookston, MN

NFI Bus Completion

Ontario, CA

NFI Bus Manufacturing
Fiberglass Fabrication

Renton, WA

NFI Service Center

St. Cloud, MN

NFI Bus Manufacturing
Fiberglass Fabrication

NFI Winnipeg, MB

Parts Fabrication
Fiberglass Fabrication
Bus Shell Assembly
New Product Development



Dallas, TX

MCI Service Center

Hayward, CA

MCI Service Center

Los Alamitos, CA

MCI Service Center

Pembina, ND

MCI-D Shell Completion

Winnipeg, MB

Parts Fabrication
MCI-D Model Shell Assembly
Complete J Models Manufacturing
New Product Development
Fiberglass Fabrication

nfi.parts

Edmonton, AB

Additional Parts Availability

Fresno, CA

NFI Parts Distribution Center

Las Vegas, NV

Additional Parts Availability

Winnipeg, MB

NFI Parts Distribution Center
Publications
Customer Training



Winnipeg, MB

Parts Fabrication

St. Cloud, MN

Parts Fabrication





Anniston, AL

NFI Bus Manufacturing
Vehicle Innovation Center

Arnprior, ON

NFI Service Center

Elkhart, IN

TCB Part Fabrication

Jamestown, NY

Parts Manufacturing/Assembly

nfi.parts

Atlanta, GA

Additional Parts Availability

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

Additional Parts Availability

**KMG Fabrication, Inc.
Shepherdsville, KY**

Parts Fabrication



Blackwood, NJ

MCI Service Center

De 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



Anniston, AL

Parts Fabrication

Wausaukee & Gillett, WI

Parts Fabrication
Fiberglass Fabrication
Bus Shell Assembly
New Product Development

Our Core Values

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A better world.

Our Core Values

Integrity *Passionate* ACCOUNTABILITY Dependability
RESPONSIVE Fair DECISIVE *Citizenship* Ethical

Our core values are rooted in our company's past and present, serving as guideposts for our people every single day. We aim to embody these values in all organizational activities and processes, ensuring these values become the benchmark that all team members work to meet. We encourage leaders to have value-focused conversations during performance and coaching discussions. We work to embed these values in hiring, onboarding, development practices, and customer interactions to enable our core values to permeate every aspect of daily life. By working to integrate these principles into all areas of the organization we are remaining true to our roots while strengthening our values as we push forward.

Guiding Workplace Values

1. We care about our communities and the environment
2. We care about people and aim to exemplify our core values in everything we do
3. We believe providing a safe work environment is core
4. We aim to create a community spirit within the organization through social committees, company events, and encouraging employee involvement at all levels
5. We aim to be a Great Place to Work and an employer of choice in the communities we work in
6. We want to empower our people through learning and development and create opportunities for advancement
7. We will do the right thing



NFI Group Milestones

- **1930** *Western Auto and Truck Body Works founded in Winnipeg*
- **1933** *Fort Garry Motor Body and Paint works builds its first coach*
- **1968** *Introduced first electric trolley*
- **1984** *First coach manufacturer to offer wheelchair lifts*
- **1988** *Introduced first diesel-hybrid bus*
- **1990** *Introduced first low-floor bus in North America*
- **2008** *Introduced first LED headlights in the industry*
- **2008** *First low floor cutaway created*
- **2010** *Introduced industry-leading Xcelsior® bus platform*
- **2012** *Introduced first battery-electric bus*
- **2013** *Acquired Orion Parts and North American Bus Industries (NABI)*
- **2015** *Acquired Motor Coach Industries (MCI) and Frank Fair Industries*
- **2017** *Introduced D45 CRT LE fully accessible commuter coach*
- **2017** *Acquired Carlson Engineered Composites (now Carfair Composites)*
- **2017** *Opened the Vehicle Innovation Center in Alabama*
- **2017** *Acquired ARBOC Specialty Vehicles*
- **2017** *Introduced next-generation battery-electric bus (Xcelsior CHARGE™)*
- **2018** *Delivered 10,000th Xcelsior®*
- **2020** *J and D series coaches available in 100% electric propulsion*

PRODUCT HIGHLIGHTS



ENVIRONMENT

New Flyer heavy-duty, zero-emission, Xcelsior CHARGE™ transit bus reduces up to 100 - 160 tons greenhouse gas (CO₂eq) per year compared to a 40' diesel bus, and 75 - 110 tons compared to a 40' diesel-hybrid bus



FUEL ECONOMY

New Flyer 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 SAVINGS

New Flyer heavy-duty, zero-emission, Xcelsior CHARGE™ transit bus provides up to \$400,000 lower fuel costs over the 12-year life of the bus (actual savings will depend on regional energy costs and charging methods)



QUIET

Electric motors emit very little external noise offering a better experience for riders, other commuters, and the surrounding community



INDUSTRY LEADING

ARBOC led the industry by creating the first patented low-floor cutaway and the first patented low-floor non-kneeling cutaway



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

Better Product



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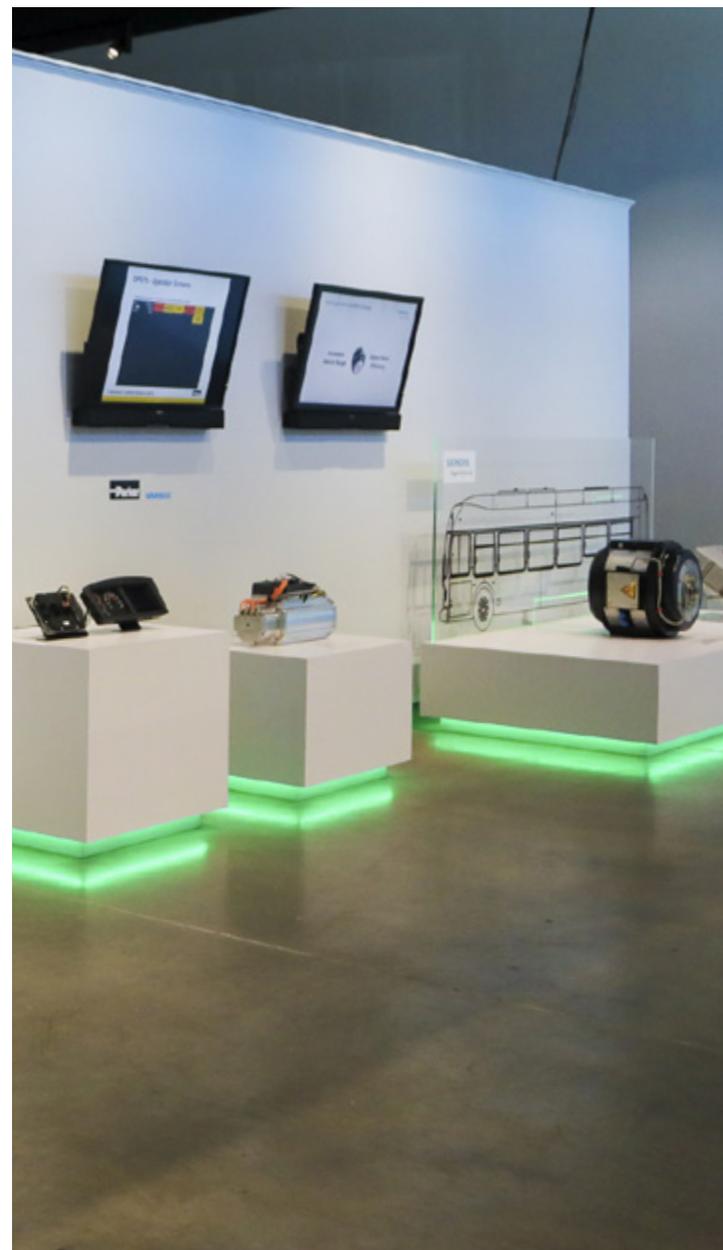
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Preparing for the Future, Today

Our Vehicle Innovation Center (VIC) is North America's first innovation lab dedicated to the exploration and advancement of bus and coach technology connecting people to places. The center's focus is to promote sustainable research and development, fresh innovation, progressive manufacturing, and bold thinking, as well as to:

- ➔ 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

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 across North America. NFI Group has met this demand and raised the bar with its state of the art Xcelsior CHARGE™ battery-electric bus and will begin delivery of 100% electric J and D series coaches in 2020.



Better Workplace

NEW FLYER
Paint - Station 9200
Final Paint

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Workplace Culture

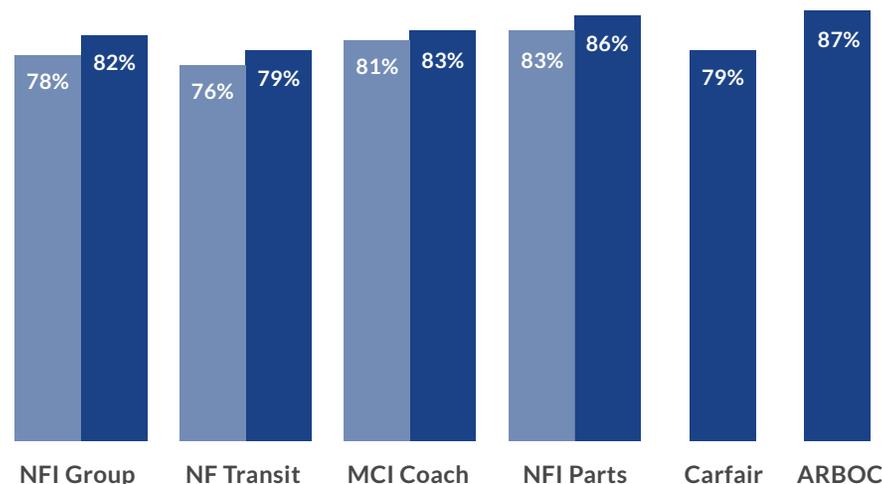
NFI Group fosters a workplace culture that is inclusive, promotes continuous improvement, and embraces efforts to empower team members through employee listening channels and responsive action.

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 and shareholders guided by the values of NFI Group. We do so with these principles at work:

- We care about our communities and the environment
- We care about people and aim to exemplify our core values in everything we do
- We believe providing a safe work environment is core
- We aim to create a community spirit within the organization 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 will do the right thing

Overall Favorable Engagement Index Comparison

■ 2016 ■ 2018



We work to measure our progress in employee satisfaction through our Employee Feedback Framework that includes 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 in 2018. A series of ten questions included an overall 85% response rate from all NFI Group employees and continued to show progress in ten employee engagement index areas, with the favourable response rate improving from **78% in 2016 to 82% in 2018**.

Society & Social Commitments

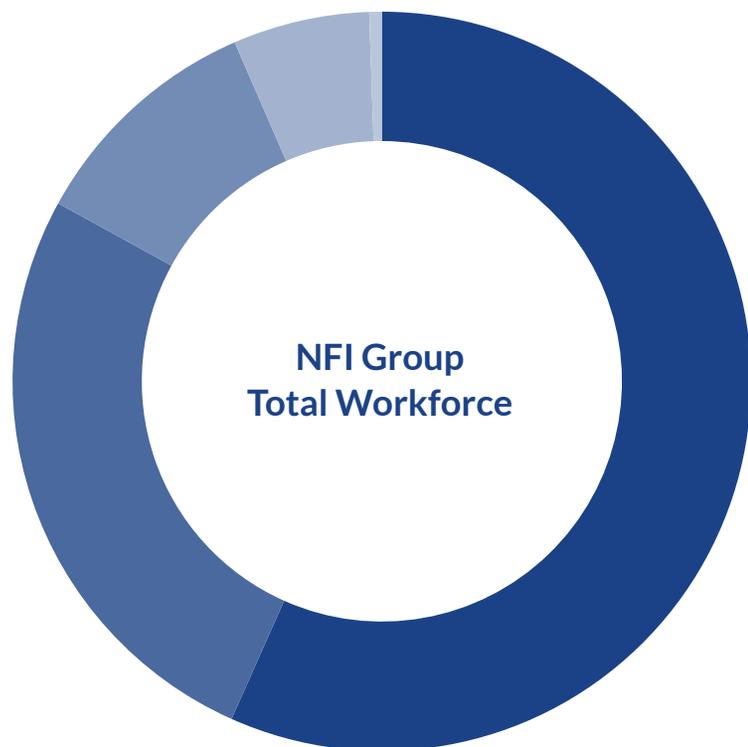
NFI Group is committed to conducting all business activities with the highest standards of fairness, honesty, and integrity, and complying with all legal and regulatory requirements, especially with respect to employees, suppliers, competitors, government and the public. NFI Group strives to outperform 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 NFI Group 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's 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



- New Flyer/ARBOC 3,509
- MCI 1,630
- Carfair 649
- NFI Parts 370
- NFI Group 34

Anti-Corruption Policy

NFI Group is committed to conducting its business free from corruption, bribery, and any improper influencing action when dealing with government and public officials. Cornerstones of NFI Group'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 Group 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@newflyer.com for questions or guidance.

Respectful Workplace

NFI Group has zero tolerance for workplace discrimination and harassment. All employees are responsible for ensuring that the Company is a safe and respectful environment, free of discrimination and harassment where high value is placed on equity, fairness and dignity. 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, and personal characteristics is prohibited. NFI Group 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 Group has robust incident reporting and investigation processes ensuring confidentiality and non-retaliatory behavior.

Equal Employment Opportunity

NFI Group seeks to employ the best qualified team, better representing communities that we work and live in; promoting activities that are free from discrimination, encouraging team building, and respecting and valuing differences leads to a better workplace culture and aligns with our Great Place to Work strategy.

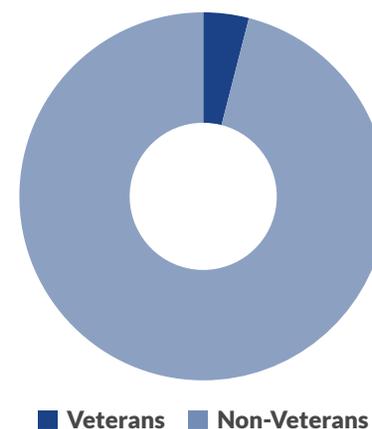
NFI Group is committed to recruit, hire, train and promote into all job levels the most qualified persons without regard to race, color, religion, gender or gender identification, sexual orientation, national origin, age, marital status, genetic information, disability, veteran, or economically or educationally disadvantaged persons placed at special risk by socioeconomic and educational background.

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.

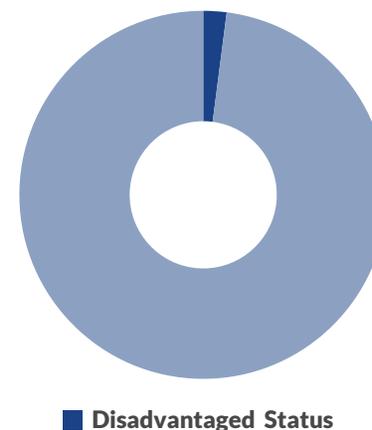
We have instituted action-oriented programs designed to eliminate identified problem areas and help us achieve our improvement goals.

The Diversity and Inclusion section provides information on workforce representation.

**Workforce Representation
Veterans**



**Workforce Representation
Disadvantaged Status**





Supply Chain Management

NFI Group takes pro-active 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's Code of Business Conduct and Ethics, NFI Group is committed to conducting its business following the highest standards of fairness, honesty and integrity and in compliance with all legal and regulatory requirements.

In order to sell buses and coaches to federally-funded agencies in the United States, NFI Group 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 by the NFI Group 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, the NFI Group has a very limited number of suppliers located outside the United States and Canada. All production suppliers, domestic and foreign, are subject to onsite verification audits of their quality and management systems to ensure performance to the NFI Group's specifications and requirements. These supplier verification audits include a review of the supplier's safety management and human resources policies. NFI Group procurement personnel receive training specific to the risks of forced, indentured, involuntary or child labor, or human trafficking, to ensure diligence is sustained within supplier management processes. In the event it is determined that a supplier uses forced, indentured, involuntary or child labor practices, or engages in human trafficking, NFI Group will move to develop alternate sources of supply and will terminate its relationship with the offending supplier.

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 local government agencies and authorities, including environmental, occupational health and safety standards, employment and minimum wage requirements, and export/import requirements.

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

The NFI Group's **Supplier Terms and Conditions** may be requested through: nfigroup.com/contact

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 Group's Political Contribution Policy** may be requested through: nfigroup.com/contact

Data Security & Privacy

NFI Group 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 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.

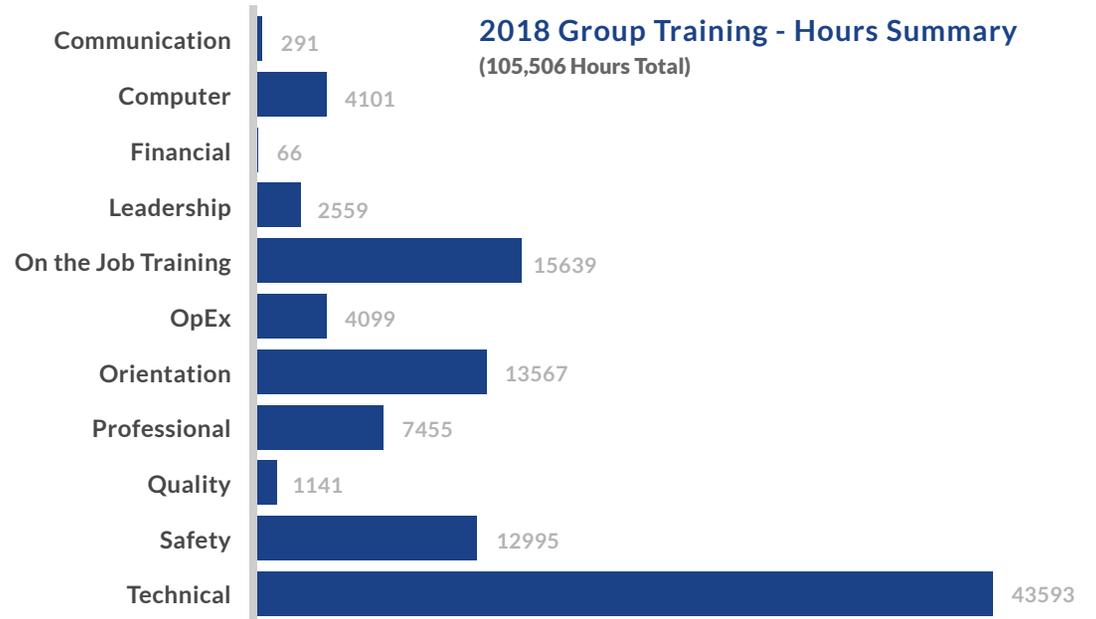
We have taken additional measures to implement a **Privacy and Data Security Incident Response Plan** which outlines workforce responsibilities and how to report any suspected incidents. Regular training is provided to employees regarding how to detect scam and phishing emails and we encourage our employees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

NFI Group Learning Institute

Approximate total NFI Group training investment in 2018 was \$6.5 million.

NFI Group has developed a robust training framework that enables us to meet the needs of the business and our employees. The training and education function, named the NFI Group Learning Institute, is dedicated to developing and maintaining partnerships with local, regional and national manufacturing programs and organizations to further workforce development initiatives, as well as working with educational institutions to recognize and give credit for NFI certifications.

NFI Group also focuses on development of all employees with leadership responsibilities. Learning and development offerings range from programs required for the production and distribution teams, to leadership and talent management development; as well as a multitude of professional development offerings to enhance career options and continuous improvement.



Diversity & Inclusion

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NEW FLY

Diversity & Inclusion

The NFI Group celebrates our diversity through the creation of programs that recognize and support our differences. We are working to bring together and harness diversity in way that creates a sense of belonging while enabling uniqueness.

Diversity + Inclusion = Success

The first 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 rolled out to our leadership team in 2015. 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 501 leaders ranging from executives to team leads.

The NFI Group embeds itself firmly in the communities where we do business. They are such an integral part of our business that they have been built into our stakeholder model. We work closely with community groups on projects and the development of programs that support skill and career development for groups that are under represented in the workplace which include; women, Indigenous groups, minorities, newcomers to Canada, persons with disabilities, the LGBTQ community and youth.

	2016	2017	2018
Women	25%	25%	21%
Women in middle management and above	21%	33%	27%
Women in executive roles	15%	14%	25%
Visible minorities	29%	44%	41%
Visible minorities in middle management and above	17%	13%	7%
Visible minorities in executive roles	0%	10%	9%
People with disabilities	N/A	N/A	2%
Indigenous people *	0.9%	0.5%	3.0%

** Indigenous representation increases to 6% for Canadian employee population.*

NFI Group measures our 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 can impact year over year numbers, we have instituted action oriented programs focused on training, employment development, and workforce planning designed to address problem areas.

Our Objectives

- ➔ Advance 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 recognize the importance and benefit of having a board of directors and senior management of NFI Group comprised of diverse background reflecting the changing demographics of the communities in which the Company 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 thirty members comprising NFI's executive leadership team of which six (or 20%) are women, this represents an increase of 2.5% from 2017.



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 Reconciliation include:

- ➔ Partnerships with Canadian Aboriginal Human Resources Development (CAHRD) and Neeginan College to create GAS Tungsten Arc Welding and Industrial Welding Programs and hire Indigenous graduates from these programs
- ➔ Measure and monitor workforce demographics to understand workforce representation and identify improvement opportunities
- ➔ Implemented diversity and inclusion training as a required leadership development module to promote awareness of diverse workplace and understanding of unconscious and implicit bias
- ➔ Participation in the Youth CEO Career Connections promoting Indigenous employment support
- ➔ Launching further training in 2019 to develop Cultural Competence and Awareness understanding

NFI Group 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.



Better World: Working Together

NFI Group Inc.



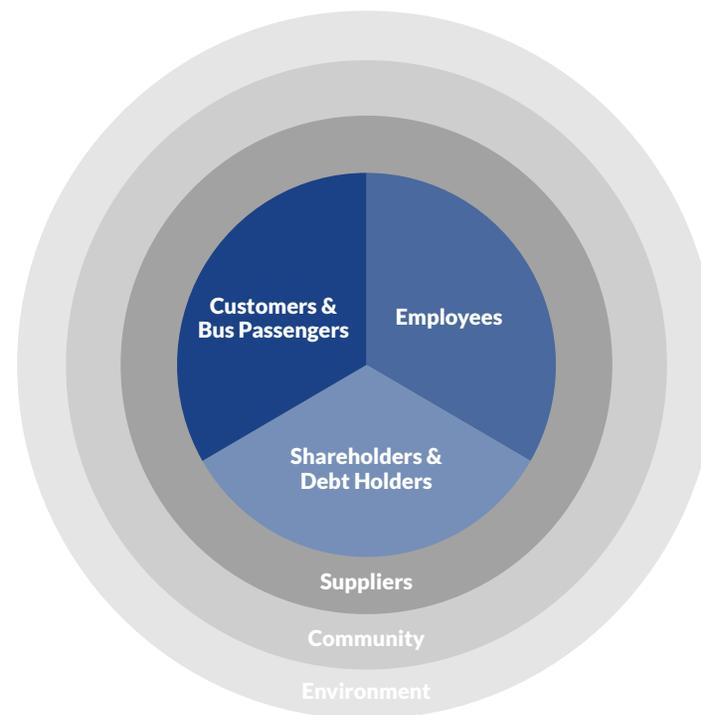
Seeking Balance for Long-Term Success

NFI Group considers the interests of our stakeholders when making decisions. We have formally implemented a stakeholder engagement system which encompasses the various parties displayed in the model.

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

These community meetings are used to disclose any significant process or production rate changes that could impact the environmental aesthetics 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 policy, labor, and human rights codes of conduct; verified through site visits. Our Environmental, Health and Safety policy encompasses all facilities, operations, contractors, and vendors/suppliers.



Our road to a sustainable future: *It is our ambition to secure sustainable mobility for the future with increased innovative technologies, which is our contribution to society and the environment.*

As responsible corporate citizens, NFI Group is committed to protecting human and environmental health within our facilities and across North America. 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 OEM to achieve all three ISO certifications: ISO 9001 (quality), ISO 14001 (environmental) and OSHAS 18001 (safety). ARBOC was awarded ISO 9001-2008 in 2009.

That 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 regulatory emissions and efficiency requirements per country. On-board emissions measurements systems are employed during driving to reduce fuel consumption, reducing greenhouse gas emissions.

Shared Mobility Principles

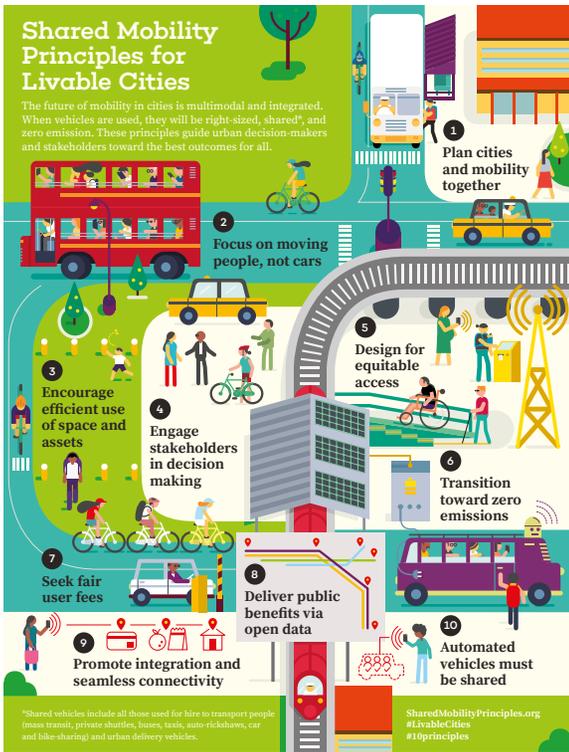


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Our Shared Mobility Principles



New Flyer has signed on to the Shared Mobility Principles for Livable Cities, making New Flyer the first bus manufacturer in the world to sign on.

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:

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

A “livable” city is one that attracts citizens to live and work there. Safe, clean, efficient, and connected multimodal transportation (combining mass transit, ridesharing services, biking, and walking) is known as “Smart Mobility”. This why, in February 2018, New Flyer committed to leading collaboration, cooperation, and the technological advancement of Smart Mobility in North America; supporting the development of Smart Cities through advanced transit solutions.

As North America’s leading bus and motor coach manufacturer and parts distributor, NFI Group is working with industry leaders, transit authorities, the American Public Transportation Association, and other service providers and manufacturers in the multi-modal space, to further collaboration and development within the Smart Mobility space.

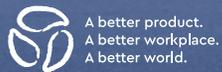
NFI Group continues its near 90-year commitment to innovation by exploring and advancing bus and coach technology through research and training at the Vehicle Innovation Center (VIC) in Anniston, Alabama. A few other relevant actions New Flyer took in 2018 to further its commitment to zero-emission adoption, development of interoperable charging standards, and advancement of Smart Mobility include: **CharIN, OppCharge, Canadian Urban Transit Research and Innovation Consortium (CUTRIC), CALSTART’s Global Commercial Drive to Zero, Transportation Electrification Accord.**

Further information may be found at nfigroup.com/news/releases

Environmental Health & Safety



NFI Group Inc.





Our Environmental, Health & Safety Policy

Understanding the importance of sustainability, NFI Group 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 encompasses all facilities, operations, contractors, and vendors.

At NFI Group, 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 legislation 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 Group locations.

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

NFI Group continues to lead the industry in the development of more fuel-efficient buses and coaches, as well as, electric buses and coaches.

Our Ongoing Commitments

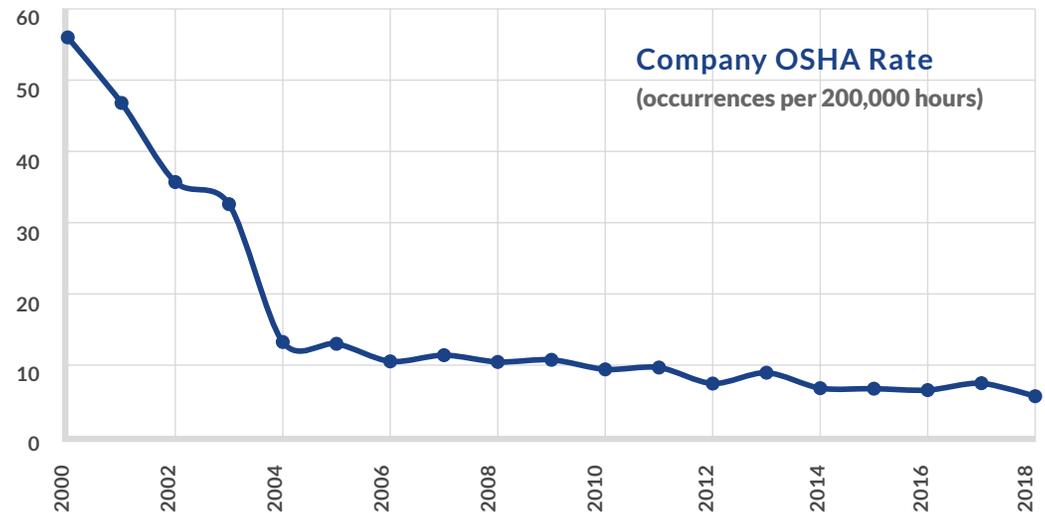
- We will integrate EHS considerations into our product and process design, manufacturing and business planning.
- Considering the life cycle perspective.
- We will protect assets.
- We will provide safe and secure locations for employees and visitors.
- We will maintain and improve a progressive EHS management system with programs designed to prevent incidents and provide effective procedures in the event of emergency.
- We will maintain and support active EHS committees or representatives at each location.
- We will continuously strive to maintain a clean and organized workplace, free from debris and recognized hazards.
- We will provide support for all EHS procedures, including but not limited to supervisory training and the prompt elimination of recognized hazards.
- We will seek to ensure that contractors, suppliers, and their workers meet or exceed all NFI Group EHS program requirements.
- We are committed to developing an understanding among those in leadership positions of their responsibilities to provide and promote a safe, healthy and environmentally responsible workplace.
- Prevention of pollution with top priority of waste prevention at source, elimination of wasteful practices, and recycling.
- Responsible, efficient and sustainable use of natural resources such as energy, water and wood products.
- Minimizing our contribution to climate change, and developing and producing products that transport people while also reducing greenhouse gas emissions.
- In accordance with our Management System requirements, we will periodically review this policy statement to ensure its continuing suitability and communicate to all employees, contractors, vendors, and the public through selected media.

2018 Occupational Health & Safety Performance

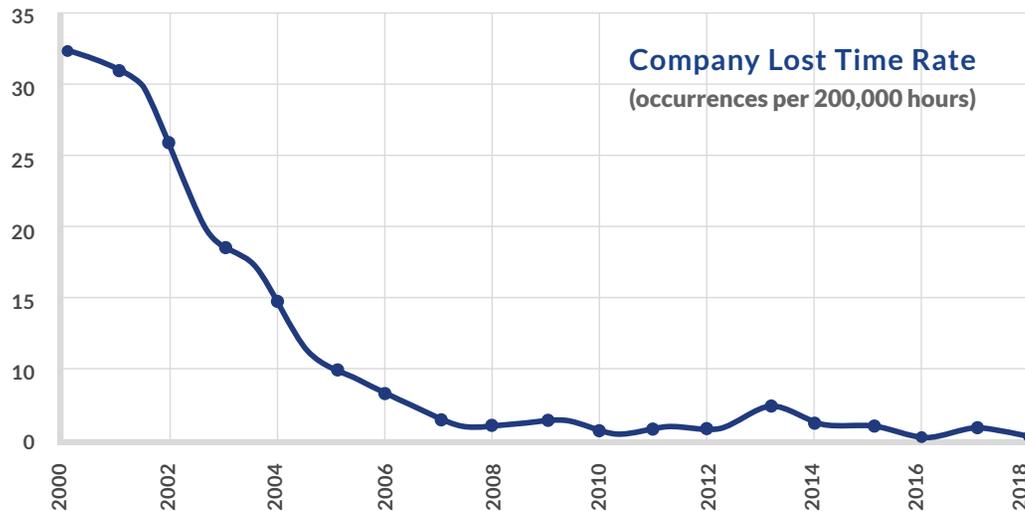
Safety performance is tracked and measured against their respective North American Industry Classification System (NAICS) codes as a bench mark for similar industry performance. Reports are produced and shared monthly with management and employees.

- 2018 NFI Group OSHA Rate: 5.69
- 2018 NFI Group Lost Time Rate: 1.24
- 2018 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 report captures all NFI Group employees. Contractor injuries are investigated and recorded with the Primary Contractor responsible for work.



Since 2000, Our OSHA and Lost Time Rates have reduced by 90% and 96% respectively.



Safety

NFI Group's focus on occupational health and safety has resulted in strong and continuous improvements over the past decade. 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 the Company's employees and its operations.

Reducing Environmental Footprint

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A better workplace.
A better world.

NFI Group's 2018 Environmental Performance at a Glance

Each New Flyer 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 includes parameters such as Emissions to Air, Emissions of Water, Waste Generation, Raw Material & Natural Resource Usage, Storage Tanks and Hazardous Materials.

Our focus has evolved to include efforts to reduce the environmental footprint of our manufacturing processes.

The majority of our greenhouse gas (GHG - CO₂eq) emissions are related to heating and ventilating our facilities, as production is not energy intensive.

Targets for reducing GHG emissions are process driven and consideration is given to each project to reduce the energy consumption and GHG emissions.

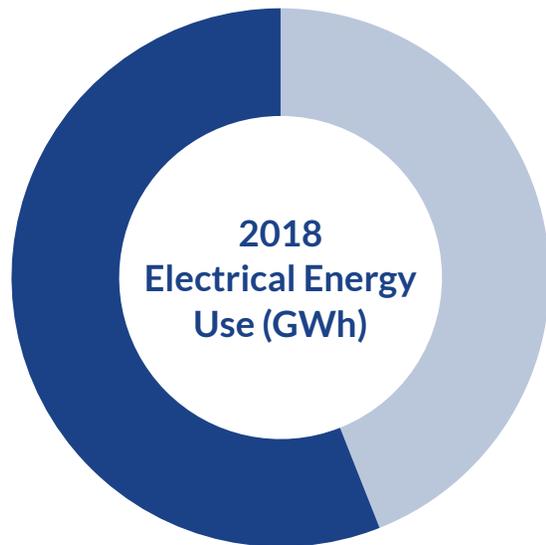
Each energy related project aims to reduce consumption by a minimum of 10%, within the context of the project. Each project's energy consumption data is summarized, validated, and reported to our leadership group on an annual basis. Monitoring of key environmental metrics helps provide the basis for more focused improvement initiatives.

Consumption	Units	2018 Quantity
Total Energy Consumption	GWh	844
Gross Renewable Energy	GWh	37
Gross Non-renewable Energy	GWh	807
Percentage Renewable Electricity	%	56
Percentage Non-renewable Electricity	%	44
Carbon Dioxide Emissions - CO ₂ total	t (US tons)	156,151
Methane Emissions- CH ₄ total	t	2,992
Nitrogen Oxide Emissions - N ₂ O total	t	2,862
Particulate Matter Emissions <30 um (facility heating total)	t	9,887
Sulfur Dioxide Emissions - SO ₂ total	t	0,781
Volatile Organic Compound Emissions - VOC total	t	7,155
Solvents Emissions (VOC)	t	346
Particulate Matter Emissions <30 um (production total)	t	0,67
Hazardous Air Pollutant Emissions (HAPs)	t	144
Total Water Consumption	US Gal	94,544,995
Total Hazardous Waste	t	586
Recycled Cardboard	t	886
Recycled Metal	t	2,777
Recycled Wood	t	1,796
Production Total: Buses & Coaches (various propulsion systems)	Vehicles	3,811

Indirect emissions not included. No fleet vehicle usage. Vehicle production total does not include 502 ARBOC buses.

Climate Change

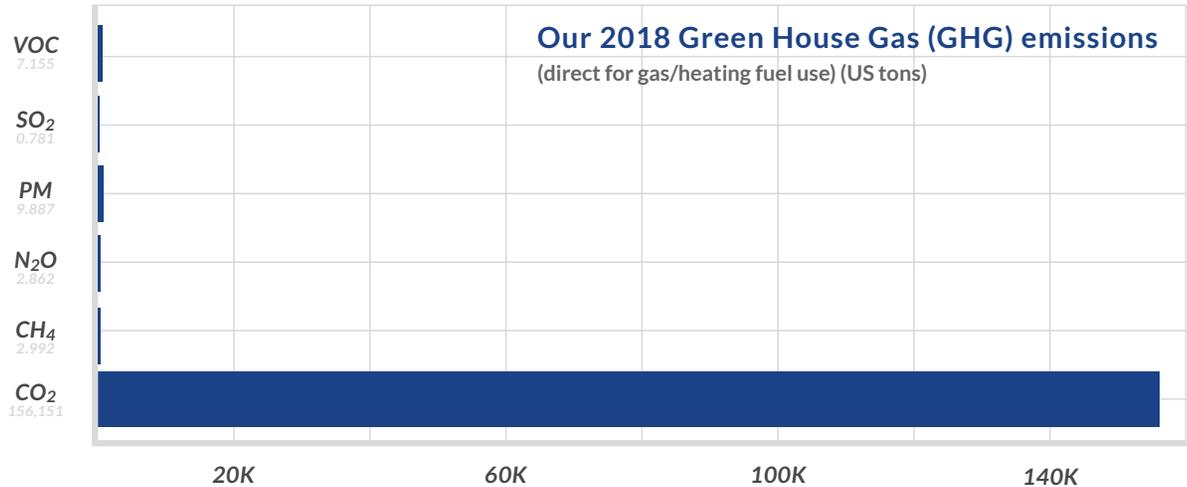
We continue to work on electrification and battery technologies and our recently opened Vehicle Innovation Center showcases our abilities in these areas. We have also opened a fabrication facility (KMG Manufacturing in Shepherdsville Kentucky) to insource various components which centralizes production and in turn reduces our carbon footprint.



Renewable 56%

Non-Renewable 44%

2018 Electrical usage represented in Gigawatt Hours



Carbon Dioxide (CO₂) Methane (CH₄) Nitrogen Oxide (N₂O) Particulate Matter (PM) Sulfur Dioxide (SO₂) and fluorinated gases (none). The majority of the NFI Group's manufacturing facilities are located in northern climatic 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

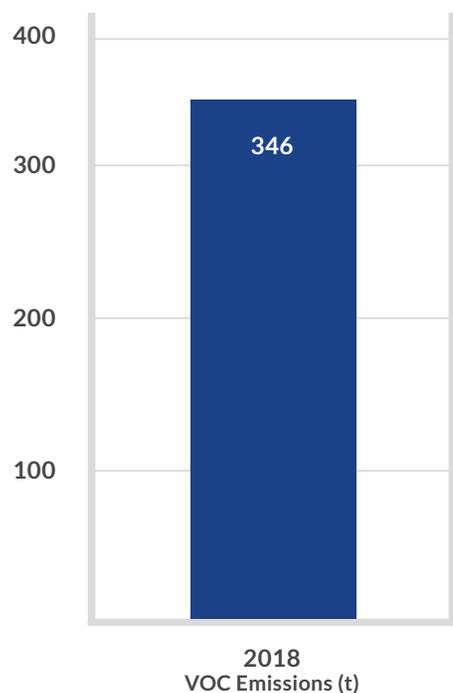
Conserving energy is important to the NFI Group. Energy reduction is a key strategy to mitigate NFI Group's contributions to GHG and climate change risks, as well as to minimize resource usage. Energy conservation is completed on a project basis. 2018 electrical energy metrics are provided to the left.

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.

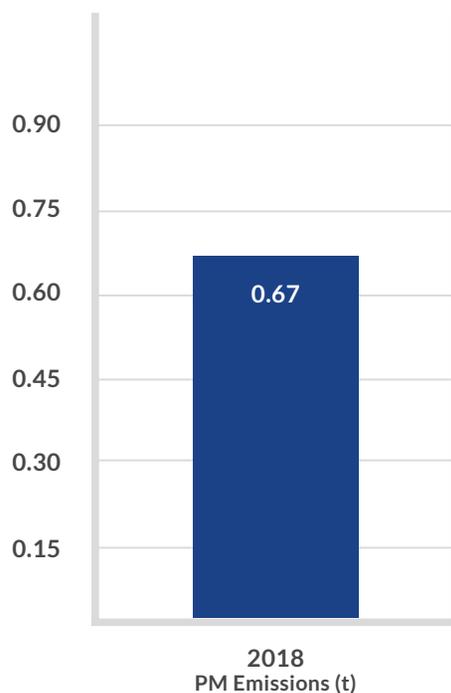
Air Emissions

Air emissions from our operations are quantified, monitored and mitigated to be below regulatory requirements. Volatile Organic Compounds (VOCs), Particulate Matter (PM) and Hazardous Air Pollutant (HAP) air emissions from painting activities are managed through good painting practices and air pollution control equipment.

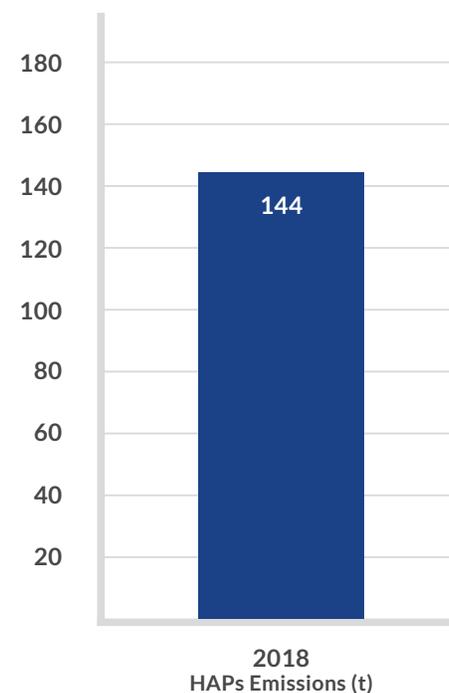
VOC Emissions (t)



PM Emissions (t)



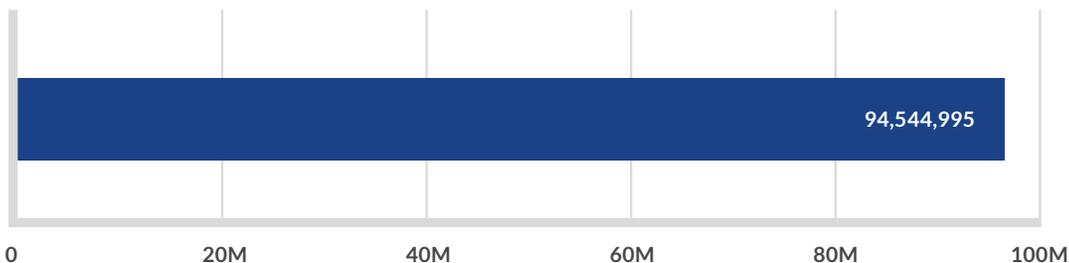
HAPs Emissions (t)



NFI Group has implemented powder coating technology wherever practicable to reduce air emissions. VOC auto industry emissions about 14.5 lbs/vehicle. New Flyer VOC emissions about 178 lbs/equivalent unit (EU). One EU is equal to approximately 12 vehicles.

Total Water Consumption

(US Gallons)



Water is conserved during the manufacturing process through on-site recycling and re-use of the large quantities required during extreme weather leak testing. Leak test water recycling in the St. Cloud facility reduces total company water usage by approximately three times.

Water Use

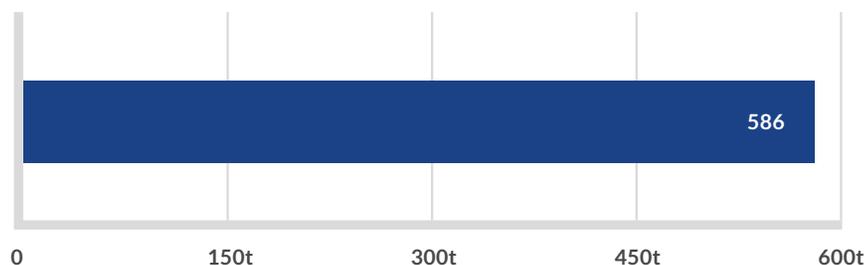
Lean methodologies employed enterprise-wide drive efficiencies in raw material use reducing our overall water usage. Water use is summarized on the left.

Waste

A business and packaging waste recycling and management program is in place at each of our facilities with a mandate to recycle and manage waste in an environmentally conscious manner. Lean methodologies employed enterprise-wide, drives efficiencies in raw material use reducing our overall waste footprint. Hazardous waste disposal is done using certified hazardous waste disposal contractors. All chemical production aids are reviewed prior to use/approval in order to minimize the use of hazardous products and to evaluate the substitution of more environmentally and health conscious products.

Total Hazardous Waste

(t)



Through Lean practices, the NFI Group consistently attempts to reduce consumption and waste generation. Waste streams are reduced through recycling where applicable. In 2018, the NFI Group diverted 1,796 t of Wood, 886 t of cardboard from landfills, and recycled 2,777 t of metal.

Community & Charitable Support

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Community & Charitable Support

NFI Group 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
- ➔ Support corporate objectives and the NFI Group core values
- ➔ 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's 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 organizations** received support and contributions from NFI Group in 2018. We support a variety of community, health, and youth organizations such as YMCA/YWCA, Heart and Stroke Foundation, Scouts, and Big Brothers/Big Sisters programs. The first Company-wide United Way campaign was held across all 31 NFI Group locations. Our team came together to donate **over \$425,000** to United Way agencies across North America. NFI proudly supports 16 United Way agencies located in or nearby communities where we operate in Canada and the U.S. We recognize we are better together and that our communities can thrive as a strong collective.





Team & Community Spirit

Employee-led social committees are established in various business units with over 100 unique employee planned events throughout the NFI Group locations. We are proud of their efforts to make a better world and to create a fun and caring workplace.

Over 100 employees were recognized by their peers in a “Shout-Out” or “Standing Ovation” recognition. Shout-Outs provide a way to say thank-you to someone at NFI Group 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.



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