

FINNING UK GENDER PAY GAP REPORT 2017.



FINNING

Message from Scott Thomson

President & CEO Finning International Inc.



Finning globally is committed to building an inclusive workplace where any individual – regardless of ethnic background, sexual orientation, gender, or age – can thrive.

Diverse thoughts, experiences and perspectives are key to our future growth and success. We need to foster an inclusive environment where all employees feel like they can contribute in a meaningful way. While this has always been the right thing to do, research confirms that diversity enhances business performance. That's why we've embedded inclusion and diversity in our business strategy.

From building inclusive training into our global leadership development programming to increasing gender diversity in all regions, we continued to make strides on our inclusion journey in 2017. While there is more to do, we saw a 3% increase in the inclusion index of our annual employee opinion survey – a sign of progress.

Our focus in respect of gender pay gap is also global, and although this report calls out some of the activities in our UK operations, similar discussions are taking place in our Canadian and South American operations as part of our global commitment to inclusion & diversity.

Thank you for your interest

Scott Thomson
President & CEO
Finning International Inc.

Message from Lynne Smith

HR General Manager



The UK government introduced mandatory reporting for companies with 250 or more employees, with April 2017 being the effective date of the first reporting period. We welcome the opportunity to reflect on our results, how we move forward and the conversations with employees this data will generate.

While our pay gap is similar within our industry, we know we can and must act to bring this disparity down, even if the gap is due in part to societal norms. Change does not happen without taking the first step.

We will be thoughtful in the action plans developed to close our gap through policies valued by ALL employees, regardless of gender. We need to focus on actions that will produce change in a meaningful, sustainable and positive way.

We have already started to lay the foundations of positive change. We are proud of the progress made on our inclusion and diversity strategy, with roll out of programmes planned throughout 2018. We have also developed a STEM Ambassador programme, which is discussed further in this report.

Increased recruitment of women into management and leadership roles is a priority for Finning, and we have made progress in this area over recent times.

We are committed to this journey, one we are all on together.

Lynne Smith
HR General Manager
Finning (UK) Ltd

What is the Gender Pay Gap



The **gender pay gap** measures the difference in the average pay of men and women across the entire organisation, expressed as a percentage of men's earnings.

This is different than **equal pay**, which measures the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value, which is unlawful to do.

All organisations with 250+ employees are required to report:

- Mean and median gender pay gap (ordinary pay)
- Mean and median bonus gap (bonus pay)
- Percentage of males and females receiving a bonus
- Percentage of males and females in each pay quartile

Ordinary pay includes basic pay, allowances, pay for piecework, pay for leave and shift premium pay. It only includes money payments. Ordinary pay does not include pay related to overtime, redundancy or termination of employment, pay in lieu of annual leave or pay which is not money.

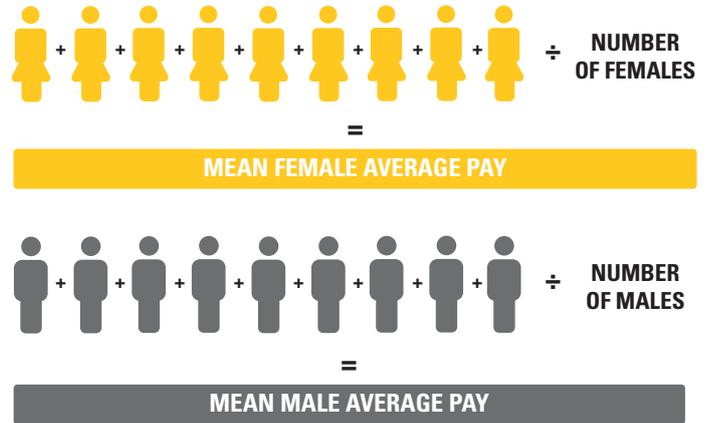
Bonus pay includes anything that relates to profit sharing, productivity, performance, incentive and commission. This must be received in the form of cash, vouchers, or securities. Long service awards with a monetary value (cash, vouchers or securities) are also included.

Pay Quartiles are calculated by dividing the relevant workforce into four equal pay bands and then calculating the percentage of males and females included in each quartile. This is not to be confused with the pay ranges that Finning uses.

Gender Pay Gap Measures Calculated Using Two Types of Averages

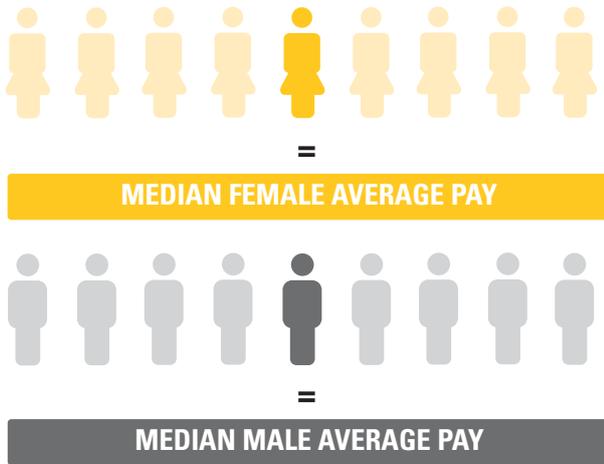
Mean average

Adding up all of the numbers and dividing the result by how many numbers are in the list. This is useful because it places the same value on every number used, giving a good overall indication of the gender pay gap. It can be skewed by relatively large or small values.



Median average

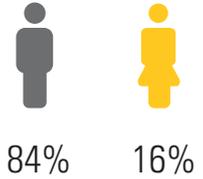
Listing all of the numbers in numerical order and finding the middle value. This is useful because it indicates what the “typical” situation is and is not skewed by the large or small values. It can however, hide a gender pay gap issue.



Finning's 2017 Results

(Data effective April 4, 2017)

Employees in the UK – 1,280



Gender Pay Gap - Ordinary Pay

Mean	21.0%	Median	17.3% <small>National 18.4%</small>
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Gender Pay Gap - Bonus

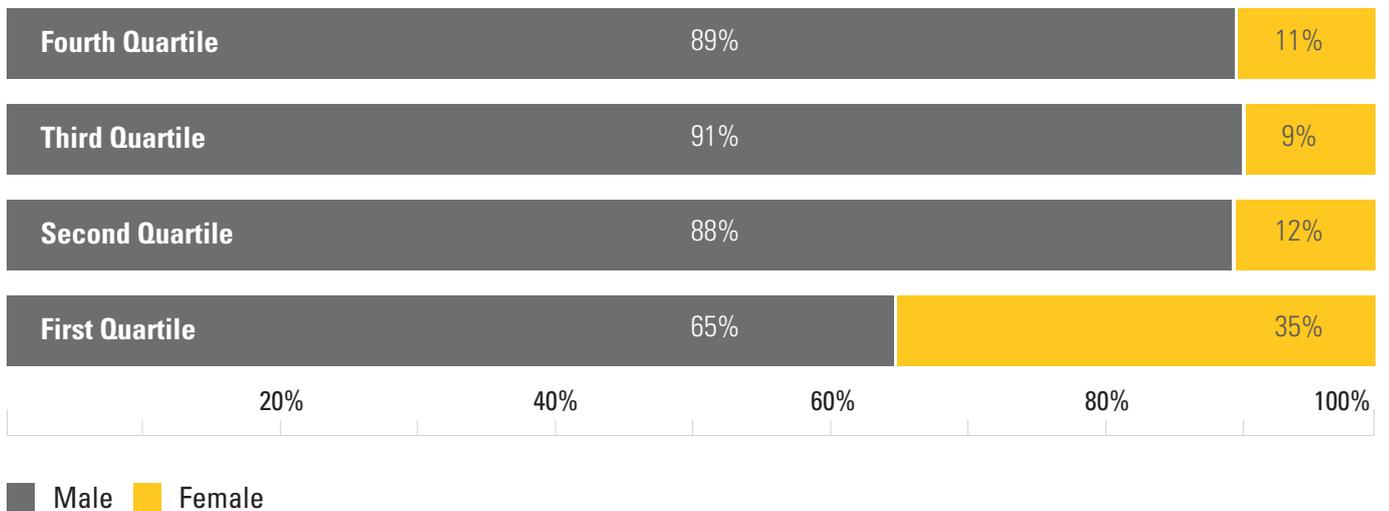
Mean	31.8%	Median	43.7%
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Bonus Pay - Percent Receiving



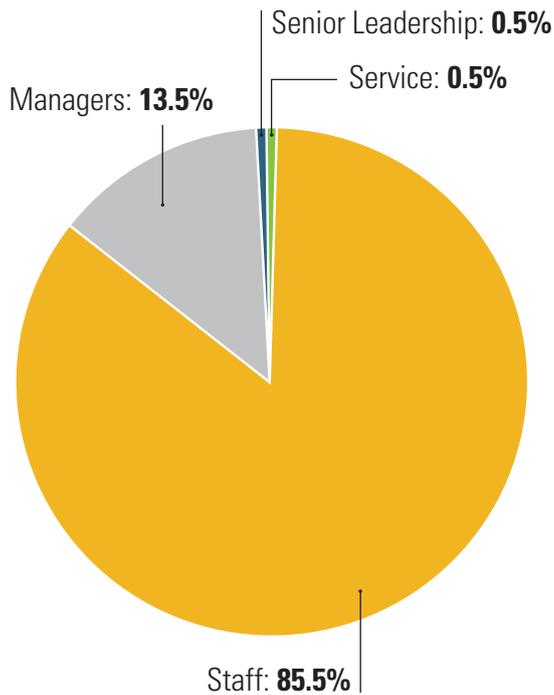
Pay Quartiles

Proportion of Males and Females by Quartile



What Does the Data Mean to Finning

Females by Role Level Breakdown



Total female population was **214**

- The largest contributor to our pay gap is the ratio of men and women in our workforce. Similar to many organisations in our sector our workforce is male dominated – 84% of our total population.
 - We need to see more females in our engineering and service roles. Today, only a handful of our Workshop and Field Engineers are women hence our involvement in promotion of STEM in schools.
- Men hold more of the senior roles and women hold more of the roles in the staff/administration area, which are mainly found in the first quartile (35%). This results in mean and median earnings being higher for men.
 - Executive roles do not have large populations or high turnover
- Eligibility for bonus programmes impacts our pay gap. The females in the first quartile are predominantly in staff/administration positions and do not attract incentives, bonus payments or commissions.
- Elements of our compensation policies impact our pay gap.
 - We use pay bands to determine base salary. These bands are impacted by function, job level and market rates. Differences in the market, by role, result in different levels of pay. The more senior roles, by their nature, are paid higher. With these roles being held largely by men, the pay gap will be impacted.
- Lack of females in certain disciplines contributes to the predominantly male workforce. We have a large population within the field of engineering, which is historically a “male” occupation. We need to encourage women to join this area of the workforce, which will reduce our pay gap.

Our Action Plans



1. BRING OUR INCLUSION AND DIVERSITY STRATEGY TO LIFE

We have worked hard over the last two years to build our global I&D strategy. Our long terms goals include:

- Increasing female participation - both in our leadership ranks and overall employee numbers
- Identifying and reducing unconscious bias in our culture and work practices

Every Finning employee has a role to play in building a more inclusive culture. In support of our strategy, we are all being asked to make a commitment to make Finning a more inclusive and diverse organisation. We'll start with small changes that have a positive impact for our team and stakeholders.

We have created an I&D Council that meets quarterly to discuss challenges, solutions, ideas, learning and engagement.

Workshops on unconscious bias have been held, raising awareness of the behaviours we engage in. These sessions also helped to gain buy in for programmes currently under development. We are excited to see them rolled out over the next year.

2 . RECRUITMENT

We are working to develop & refine inclusive recruitment practices globally at Finning.

In the UK, we created an in-house recruitment team in 2017 to ensure our Inclusion & Diversity strategy is embedded within our recruitment practices. Practices include the introduction of gender diverse recruitment panels and requirements for gender diverse shortlists.

3. GENERATE FEMALE INTEREST IN THE ENGINEERING FIELD

With only 9% of engineers in the UK being female, there is a large, untapped population that should be engaged.

That is where our STEM Ambassador program comes in. Our strategy is to target both males and in particular females at schools and colleges to attract them to a career in engineering with Finning by deploying volunteers (STEM Ambassadors) from across the business to talk to people about the career possibilities in our industry.

The overall goal is to increase the number of women in the engineering field.

4. WORKFORCE PLANNING

Our population is male dominated and we need to shift the scales by increasing the number of females in the organisation.

It's not only engineering where we want to focus our attention. Opportunities to improve diversity across all areas, including management, sales and operations exist, and we have specific plans in all of these areas which we believe will drive improved business results as well as help close the pay gap.

By developing a deep understanding of our workforce needs in the immediate and long term, we will be able to determine how best to meet our goals (staff our operations), whether through succession plans and developing our current workforce or through recruitment and finding the necessary skillsets immediately.

5. COMPENSATION PROGRAMMES

Through 2018 and 2019, we will look at ways to remove bias from our compensation programmes. Some key areas to focus our efforts include:

- The development of more robust guidelines and compensation policy administration practices. Putting these guidelines in place will provide stronger ties to the I&D strategy and reinforce our commitment as an organisation to closing the gap.

- Review our annual salary adjustment programme guidelines. We want to ensure our defined budget is applied to employees in a meaningful way. By looking at how we differentiate performance and the corresponding increases, we can focus our investment where needed.

6. REVIEW HR POLICIES AND PROGRAMMES

We have enhanced our flexible working programmes over recent years and have been encouraged by the increased take-up we have seen.

We do believe however that these arrangements should be reviewed on a regular basis to ensure they provide the flexibility to support all employees, regardless of gender.

These action plans are long term in nature and we realise impacting our gender pay gap will take time. We want to do the right things for our employees in order to make Finning an employer to be proud of and we believe we are on the right path. In our 2017 annual employee opinion survey, 68% said they were proud to work at Finning and 65% felt they were supported and encouraged to develop their careers. We will use this solid foundation and continue to build an even better Finning.



**ALL EMPLOYEES,
DESERVE TO
WORK IN AN
ENVIRONMENT
THAT IS SUPPORTIVE
OF THEIR INDIVIDUAL
CIRCUMSTANCES.**

We confirm the data reported is accurate.

Kevin Parkes

Managing Director, Finning UK & Ireland

Lynne Smith

HR General Manager, Finning UK & Ireland

