

**WE ARE STEWARDS
WE ARE RIDERS
WE ARE RESPECTFUL
WE ARE PASSIONATE
WE ARE VIGILANT
WE ARE VOLUNTEERS
WE ARE INNOVATORS
WE ARE MINDFUL
WE ARE ALL IN
WE ARE POLARIS**



POLARIS®

2016 STEWARDSHIP REPORT

WARNING
CAUTION
ATTENTION

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New and recycled plastic pellets for our injection molding.



“
WE ARE PROUD
OF THESE
ACCOMPLISHMENTS,
BUT WE ARE
COMMITTED TO
DOING EVEN
BETTER.
”



Polaris Executive Management Team

POLARIS was founded by three avid outdoorsmen who wanted to help others enjoy the wonders nature has to offer. Sadly, this year we said goodbye to our last remaining founder, David Johnson. But David’s commitment to riders, and to doing the right thing, lives on as a core component of our culture. **We Are Polaris** embodies that culture. It means all 10,000 of us recognize we must be good environmental stewards, so future generations can continue to enjoy the Powersports lifestyle.

Last year, we issued the debut 2015 Polaris Stewardship Report, which established a baseline for measuring the impact of our environmental stewardship and workplace safety efforts. In 2016, we made good progress in several areas. For example, we:

- Reduced energy consumption by 5 percent from 2015.
- Reduced greenhouse gas (GHG) emissions by 3 percent.
- Reduced the number of safety incidents among all employees by 3 percent.

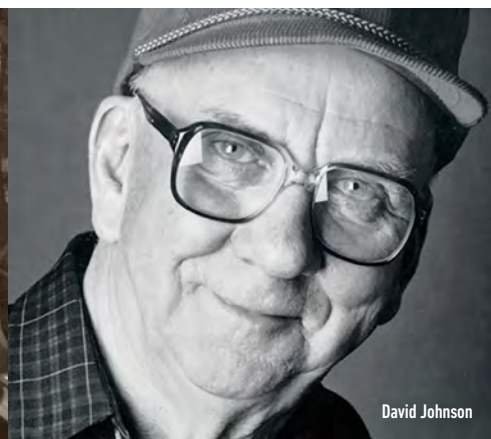
- Designed and funded a new national safety training center for the Boy Scouts of America® as part of our 10-year partnership to promote respectful and safe riding with the organization’s young members.

We are proud of these accomplishments, but we are committed to doing even better. With the company-wide implementation of our Value Improvement Process (VIP) program, we now provide an avenue for employees to make continuous improvement recommendations related to operations, safety and stewardship. We closely measure the results of our VIP projects, because continuous improvement is one of our core business principles. Between this passion to innovate, our commitment to furthering Powersports and our desire to preserve nature for all to enjoy, we are driven to create an ever-safer and more-sustainable environment for future generations of Polaris customers.

Scott W. Wine
Chairman and Chief Executive Officer



Polaris founders, from left: Allan Hetteen, Edgar Hetteen and David Johnson



David Johnson



Edgar Hetteen with an early Polaris Sno-Traveler

OUR VISION

Fuel the passion of riders,
workers and outdoor enthusiasts
around the world by delivering
innovative, high-quality
vehicles, products, services
and experiences that
enrich their lives.

POLARIS INDUSTRIES INC.

FOUNDED: 1954

PRODUCTS:

All-Terrain Vehicles (ATV)
Side-by-Side Vehicles (SxS)
Commercial Utility Vehicles (UTV)
Light-Duty Haulers
People Movers
Personal Quadricycles
Snowmobiles
Mid-Size and Heavyweight Motorcycles
Moto-Roadsters
Ultra-Light Tactical Vehicles
Parts, Garments and Accessories (PG&A)

BUSINESSES:

Off-Road Vehicles (ORV) and Snowmobiles
Motorcycles
Global Adjacent Markets

EMPLOYEES: ~10,000

COUNTRIES SERVED: 100+

HEADQUARTERS: Medina, Minnesota

2016 SALES: \$4.5 billion

NYSE SYMBOL: PII



“
**OUR CODE OF
CONDUCT
HIGHLIGHTS THE
IMPORTANT
STANDARDS THAT
UNDERLIE OUR
BUSINESS ETHICS.**
”

OUR CODE OF CONDUCT

All of us at Polaris are committed to promoting and practicing ethical and legal business conduct. Our Code of Conduct highlights the important standards that underlie our business ethics. It serves as a guideline for employees, officers, our Board of Directors and our partners—so everyone associated with Polaris understands what is expected of them when conducting the business affairs of the company. The Code also provides multiple mechanisms for reporting violations, including the ability to report violations anonymously. Upon hire, all new employees review and acknowledge their receipt and understanding of the Code of Conduct. Thereafter, employees go through Code of Conduct training on an annual basis and recertify their understanding of, and commitment to abide by, the Code.

[> View our Code of Conduct](#)

Our Conflict Minerals Policy

Since 2013, we've supported the humanitarian goal to end violence and human rights violations in the Democratic Republic of Congo (DRC) through our Conflict Minerals Policy. Conflict Minerals include tantalum, tin, tungsten and gold.

We work with our suppliers to increase transparency regarding the origin of minerals contained in our products. We require our suppliers to undertake reasonable due diligence to identify any products supplied to us that contain conflict minerals sourced from the DRC and nine adjoining countries, and, if so, whether the mines and smelters identified are certified as “conflict free” by an independent third party.

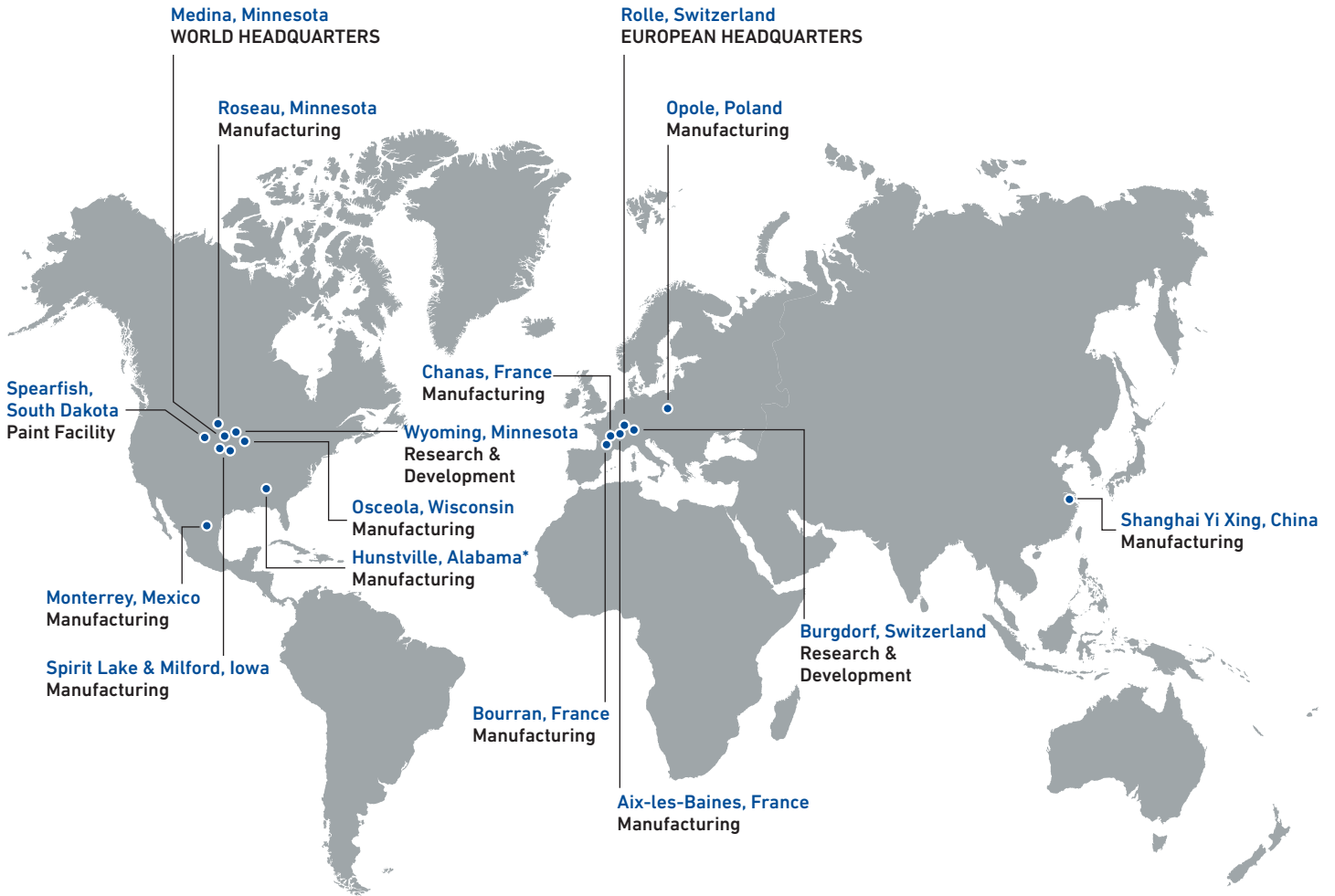
[> View our Conflict Minerals Policy](#)



OUR MAJOR WORLDWIDE FACILITIES

Our 2016 greenhouse gas (GHG) data in this report is for the 26 material facilities that were in operation from December 31, 2015 through December 31, 2016. They're identified under Facilities in our annual 10-K report filed with the U.S. Securities and Exchange

Commission (SEC) in February 2016. They include manufacturing, research and development, wholegoods, warehouse and office buildings. This map highlights the 16 facilities that account for virtually all our GHG emissions.



*Because Huntsville became operational part way through 2016, it's not included in our 2016 GHG data.

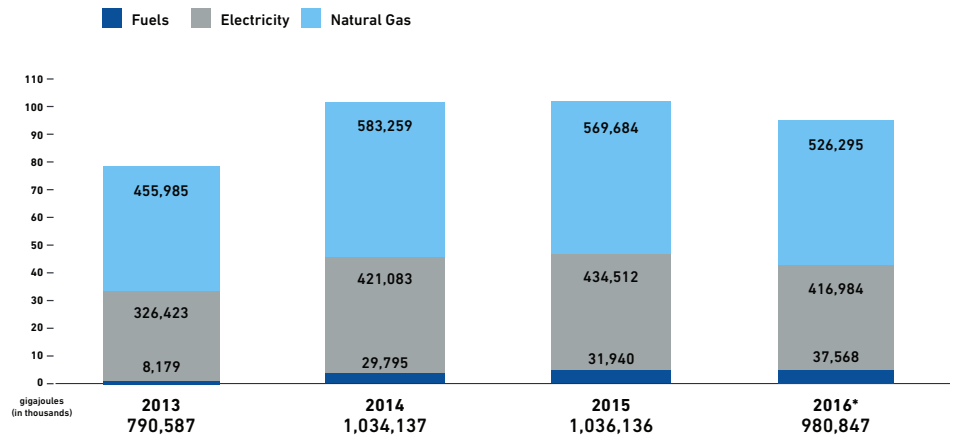


ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

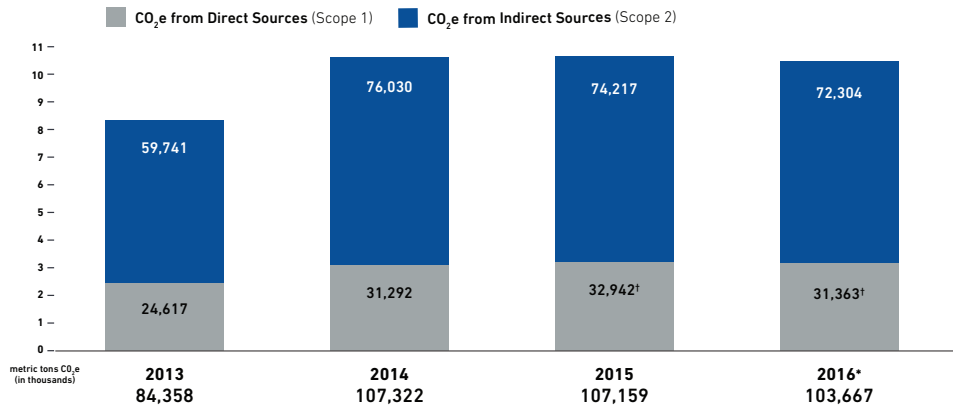
In 2016, we made progress in several areas. We reduced electricity and natural gas consumption, which helped bring our total energy consumption down 5 percent compared to 2015. We also reduced our direct and indirect sources of greenhouse gas emissions by a combined 3 percent, despite adding net three facilities in 2016 (see * note below).

“
**WE REDUCED OUR
 TOTAL ENERGY
 CONSUMPTION
 5 PERCENT IN 2016.**
 ”

DIRECT AND INDIRECT ENERGY CONSUMPTION in gigajoules (GJ)



GREENHOUSE GAS EMISSIONS in metric tons CO₂e



* Includes net three additional facilities: We discontinued operation of two distribution facilities (Irving, Texas; St. Paul, Minnesota) and added five facilities (distribution center in Shakopee, Minnesota; Hammerhead manufacturing facility in Shanghai Yi Xing, China; Klim warehouse in Surrey, B.C., Canada; paint facility in Spearfish, South Dakota; Premier O.E.M. manufacturing facility in Cuyahoga Falls, Ohio).

Does not include any facilities that began operation part way through the calendar year, such as our manufacturing facility in Huntsville, Alabama. Full-year GHG emissions from these facilities will be included in the 2017 Stewardship Report.

† Includes refrigerants, which accounted for ~2 percent of 2015 and 2016 direct emissions.



WASTE MATERIAL RECYCLING AND REDUCTION

Through the principles of Lean manufacturing, we focus on eliminating waste from our manufacturing process and business operations. We consistently seek opportunities to recycle and reuse materials, as well as recover energy. Over the past five years, we've increased our recycled material by more than 65 percent at our six largest manufacturing facilities* alone. In 2016, as a result of decreased production volume at these facilities, our recycling decreased 22 percent.

HIGHLIGHTS

Reused 322 Tons of Plastic

We reground and reused 322 tons of plastic from our injection molding processes in Roseau, Minnesota and Monterrey, Mexico.

Reduced Office Paper 8 Percent

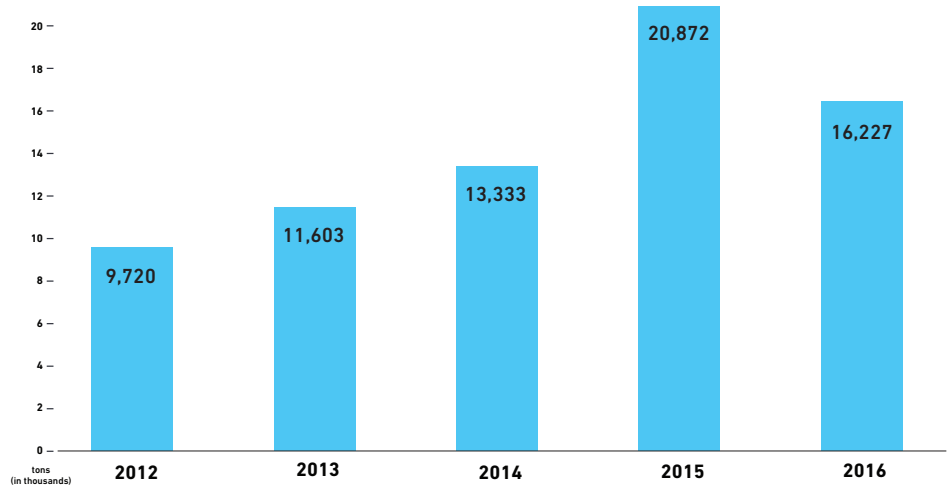
We continued to see benefits of our shift from a direct-network to cloud-based printer system, which places increased accountability on all of us to minimize printing. As a result, we reduced paper consumption 8 percent at our U.S. office locations.

Saved 600 Trees Through Paper Recycling

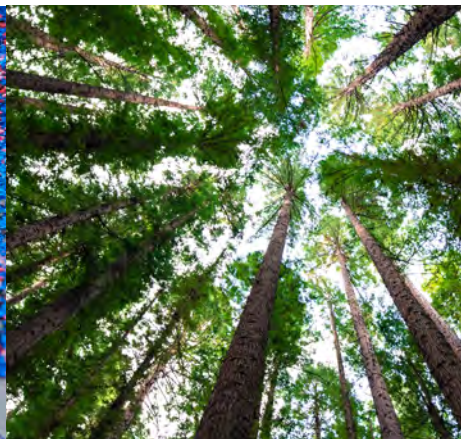
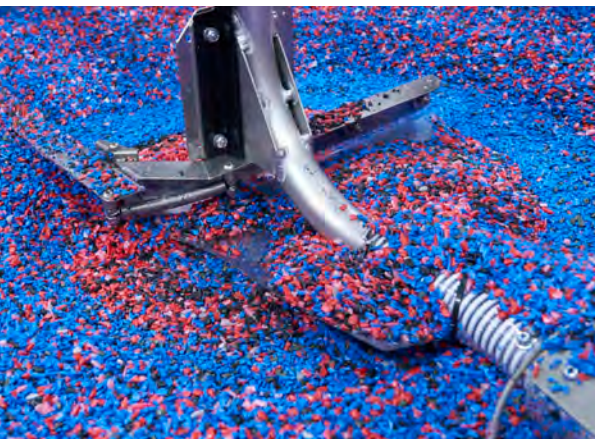
By recycling office paper at our primary manufacturing facilities and U.S. office locations, we saved an equivalent of more than 600 trees and eliminated 118 cubic yards of waste to landfill.

See energy recovery improvements on the next page

RECYCLED MATERIALS* in tons



*Includes our six major manufacturing facilities in operation from December 31, 2015 through December 31, 2016: Milford, Iowa; Monterrey, Mexico; Opolo, Poland; Osceola, Wisconsin; Roseau, Minnesota; and Spirit Lake, Iowa. Includes GRI Environmental Performance Indicator Number EN22 materials: Aluminum and aluminum cans, batteries, cardboard, electronic equipment, lamps and bulbs, office paper, plastic and plastic bottles, steel, used antifreeze, used oil, wood crates.



“
WE’VE
COLLECTIVELY
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THAN 200 IDEAS
RELATED TO
ENHANCING OUR
ENVIRONMENTAL
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”

FACILITIES IMPROVEMENTS

As we build new facilities— like our manufacturing plant in Huntsville, Alabama and our research and development center in Wyoming, Minnesota— we design them to be energy efficient from the start. With our other facilities, we continually look for ways to reduce their environmental impact. Many of the suggestions come from our Value Improvement Process (VIP), a companywide program for identifying, prioritizing and executing on operational-improvement ideas. Since the program began in 2015, we’ve collectively submitted more than 200 ideas related to enhancing our environmental stewardship.

Our facilities achievements in 2016 included:

MEDINA, MINNESOTA: Headquarters

To support employees who drive electric vehicles, we offer charging stations at our headquarters parking lot.

MONTERREY, MEXICO: Manufacturing Facility

In 2016, we reduced the plant’s electricity consumption by 10 percent through improvements such as increasing air compressor efficiency, replacing fluorescent lights with more-efficient LED lights and adding heat-reflecting window film. The latter helps minimize the indoor impact of the sun in this hot, semi-arid steppe climate.

OPOLE, POLAND: Manufacturing Facility

We reduced energy consumption more than 12 percent through numerous improvements. For example, we added a compressed air leak detection system and optimized lighting on our paint line to be more task-oriented.

PLYMOUTH, MINNESOTA: Office Building

Our Bass Creek building earned an Energy Star award from the U.S. Environmental Protection Agency. The office uses 35 percent less energy and generates 35 percent fewer greenhouse gas emissions (GHG) than buildings of similar size across the country.

ROSEAU, MINNESOTA: Manufacturing Facility

We installed a filtration system that allows the site to recycle warm air back into the facility, instead of exhausting it outside. The reclaimed warm air reduces the amount of natural gas required to heat the facility. In addition, we installed more energy-efficient welding and injection molding equipment. The combined impact of these improvements reduced greenhouse gas (GHG) emissions by 795 metric tons.

SPIRIT LAKE, IOWA: Manufacturing Facility

By implementing recommendations from a third-party energy audit, we reduced electricity consumption 9 percent. We switched to more-efficient LED lights, added a compressed air leak detection system and installed variable frequency drives (VFDs) on some system motors. VFDs control the motor torque and speed based on operational need instead of continually running at full throttle.



PRODUCT DESIGN: ELECTRIC DRIVETRAIN EXPERTISE

Electric vehicles are an important alternative to fossil-fuel-powered vehicles, and we expect demand to increase as the network of worldwide charging stations expands. That's why for the past several years, we've been building electric vehicle expertise through acquisitions and internal development. In 2015, we acquired Brammo's electric motorcycle business, giving us expertise in the company's award-winning lithium-ion electric drivetrain technology. We're now leveraging that knowledge across our global electric vehicle brands, which include:

GEM® People Movers

The majority of our low-speed GEM electric vehicles are used by North American colleges and universities, hotels and resorts, cities, and large corporate campuses to move people around facility grounds quietly and comfortably with zero emissions. In 2016, we saw an increase in GEM purchases by free shuttle services, which offer green rides in high-density urban areas to ease traffic congestion and reduce emissions. The companies sell advertising on the side of the shuttles to cover their operating costs. GEM also offers several models designed for personal use.

GEM e6® Shuttle



Goupil G5 Tipper

Goupil™ and Mega™ Light-duty Haulers

Our two brands of electric light-duty haulers serve the European commercial market. The vehicles are primarily used by cities and cleaning, delivery and gardening companies that want a silent, non-polluting, low-maintenance vehicle.

Goupil recently introduced two new models. The G4 builds on the popular G3 model with greater performance, including a 1.4-ton load capacity for unrivaled volume-to-weight carrying capacity. The G5 offers four battery options to meet customers' varying needs. The high-performance 19.2 kWh battery allows the G5 to reach speeds up to 70 kilometers per hour (43 miles per hour).

Taylor-Dunn® Industrial Vehicles

In early 2016, we acquired this 68-year-old leading industrial vehicle company. Taylor-Dunn provides cost-effective, application-specific solutions to a broad range of commercial markets with 60 electric models for pollutant-free indoor and outdoor use.

Bigfoot XL



PRODUCT DESIGN: ELECTRIC DRIVETRAIN EXPERTISE

e-Aixam™ Personal Quadricycles

Our electric quadricycle brand is sold in European countries that allow low-speed, enclosed vehicles to be operated without a full automobile driver's license. In 2016, we introduced a new lithium-ion battery with 50 percent more power.



e-Aixam GTI



RANGER® EV Utility Vehicle

Our electric utility vehicle gives customers a quieter option for inside barns and utility buildings, or stealthy trips to the deer stand. In 2016, we made the RANGER EV even more attractive by increasing the towing capacity 20 percent, from 1,250 to 1,500 pounds.

RANGER EV

EMPLOYEE SAFETY IS A TOP PRIORITY

We want every employee to return home safely at the end of each and every day. That means we aspire to zero occupational injuries. We made progress in 2016 with a Total Recordable Incident Rate (TRIR) of 0.72, a 3 percent reduction from 2015. Over the past five years, we've reduced TRIR by 53 percent and will continue those efforts in 2017.

HIGHLIGHTS

- Our six largest operating facilities achieved a combined 35 percent drop in TRIR, from 52 to 34 incidents.
- We improved our Lost Day Incident Rate (LDIR) by 47 percent, with 12 fewer lost day incidents compared to 2015.

- Lost work days dropped 41 percent, from 1266 to 748.

Corporate-driven Initiatives

In 2015, we developed a companywide "Focus on LIFE" (Life-altering Incidents and Failure-cause Elimination) strategy that helps identify and eliminate life-altering incidents. It includes a three-pronged approach: 1. Ensure the consistent application and execution of safety policies and procedures 2. Identify precursors that lead to serious incidents, and 3. Measure potential incidents and use the data to proactively mitigate risk.

An example of an incident precursor is non-standard work, which accounted for more than half our safety incidents in 2015. Now, prior to starting non-standard work, the team identifies the potential and known hazards, as well as controls needed to eliminate or

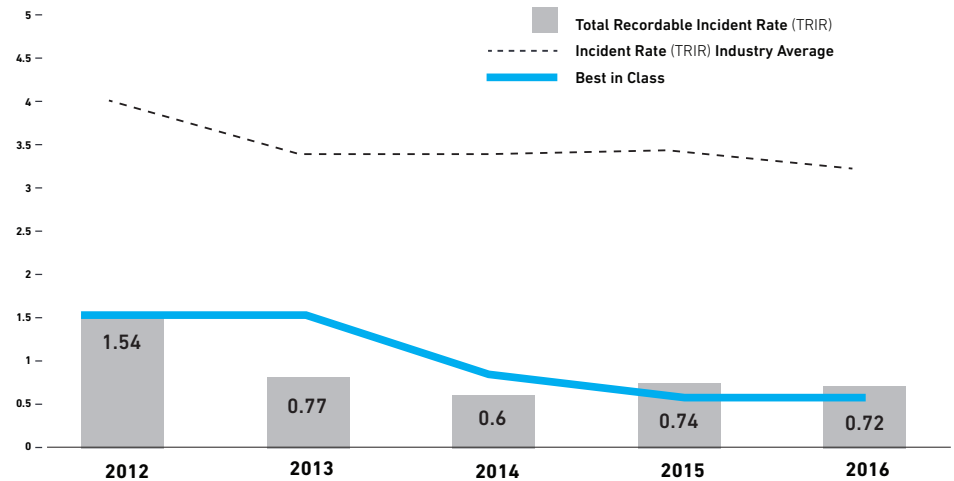
manage the risk. We're also working to increase our production employees' hazard recognition skills with single-point safety lessons prior to each shift. One month, the lesson might be on ergonomics, the next on avoiding lacerations.

Employee-driven Initiatives

Ideas for improving safety don't just come from safety managers; they come from every corner of the organization. Collectively, we submitted and executed more than 40 safety-improvement projects in 2016. One example: Employees recommended adding a foot pedal to a RANGER® subassembly station at our Huntsville facility, to eliminate the ergonomic risks associated with pulling the heavy shaft out of the fixture by hand.

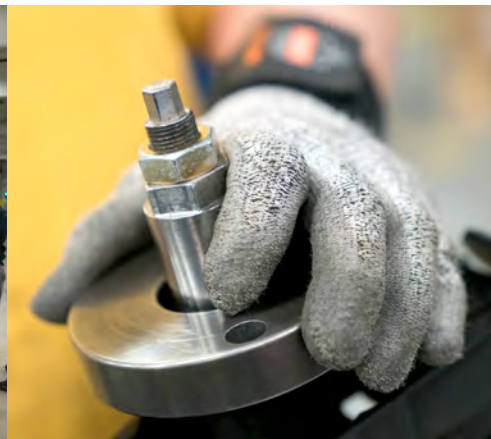
TRIR =
recordable injuries
x 200,000
÷ hours worked*

TOTAL RECORDABLE INCIDENT RATE*



*Standard calculation developed by the U.S. Occupational Safety and Health Administration (OSHA)

*Includes all Polaris facilities.





IN THE POLARIS ATV SAFETY PROGRAM, EVEN THE SCOUTS THAT ARE EXPERIENCED SAY, 'WE'RE LEARNING THE RIGHT WAY TO DO IT.'



- Ron Green
Scout Executive
Greater St. Louis Area Council
Missouri

A CULTURE OF GIVING BACK

We believe in supporting the communities where we live and work, and are fortunate to be in communities that embrace and support our efforts. In 2016, Polaris and The Polaris Foundation donated more than \$3 million in monetary and product donations, in addition to the thousands of volunteer hours.

We focus on three areas of strategic giving:

- Youth Safety on our Products
- The Environment and Trail Preservation
- Community Development

Youth Safety on our Products

Boy Scouts of America

In 2016, we designed and initiated the Polaris Off-Highway Vehicle (OHV) Center for Excellence at Summit Bechtel Reserve, the Boy Scouts' extreme adventure center in West Virginia. This Polaris training center features five safety training tracks and three miles of all-terrain vehicle (ATV) trails. It's part of our unique 10-year partnership with the Scouts to emphasize off-road vehicle safety, responsible riding and respect for the environment. Since beginning the partnership in 2014, more than 6,500 Boy Scouts have been trained in safe riding practices and more than 98,500 were exposed to our safety message. The new Center of Excellence enables an additional 50,000+ Scouts to benefit from our safety message.

4-H

For years, we've partnered with 4-H nationwide to provide ATV Traveling Safety Classrooms. In 2016, we added another traveling classroom to the Twin Cities area to reach more county fairs and 4-H events that exposed an additional 400,000 youth to our safety message. Via the mobile trailers, our employee volunteers provide 4-H youth with practical training on youth ATVs, as well as instructional materials.

C.E.R Driving Schools

Our Aixam brand partnered with the leading driver training organization in France, the Centre D'Education Routière (C.E.R., the Center of Education for Transport). C.E.R. uses our license-free Aixam 4-wheel quadricycles, which are limited to 45 kilometers per hour (28 miles per hour), to provide a safe introduction to help teens prepare for obtaining a driver's license.

The Environment and Preservation

Polaris T.R.A.I.L.S Program

Since launching our T.R.A.I.L.S. Grant Program in 2006, we've donated more than \$1.9 million to snow and off-road vehicle associations to ensure the future of safe, legal and accessible riding. Grant recipients in 2016 included a partnership of the National Off-Highway Vehicle Conservation Council and Texas Motorized Trails Coalition to enhance the Escondido Draw Recreation Area trail system. Our donation helped the groups overhaul the trails, install signage and create a new map.





THE NATIONWIDE POLARIS RESCUE AND RELIEF FLEET HAS SIGNIFICANTLY ENHANCED OUR ABILITY TO TRANSPORT CRITICAL SUPPLIES TO THE HARDEST-HIT DISASTER AREAS, ASSISTING SURVIVORS AS WELL AS FIRST RESPONDERS.



- Lt. Col. Ron Busroe
*National Community Relations
and Development Secretary
The Salvation Army*

Community Development

United Way

Our primary community giving is through the United Way. In 2016, 97 percent of us participated in the Twin Cities United Way Campaign, donating nearly \$1.5 million to help local organizations.

To reinforce the importance of community giving, we tie our annual Volunteer of the Year Award to our United Way Campaign. The recipient is nominated by peers for demonstrating exceptional volunteerism and for helping make a significant difference in the lives of others. Our 2016 Volunteer of the Year was Caitlyn McCarthy, a purchasing agent at our Wyoming, Minnesota research and development facility. She received \$1,000 to donate to the nonprofit organization of her choice.

The Salvation Army

For the fifth year, we donated vehicles to The Salvation Army's "Polaris Rescue and Relief Fleet," which strategically places vehicles around the country to transport food, water and medical supplies to those in need following disasters. The 10 vehicles we recently donated brings the fleet total to 53 Polaris vehicles. In 2016, we were also honored with The Salvation Army's National Disaster Partnership Award for this life-saving initiative.

[> View the Polaris Foundation website](#)

Employee Engagement Programs

Dollars for Doers

To support employee's individual philanthropic efforts, the Polaris Foundation gives \$100 to an eligible 501(c)3 organization for every 10 hours volunteered by a Polaris employee, up to \$500 annually.

TEAM Polaris

This corporate program encourages team philanthropic efforts by matching funds raised, up to \$1,000, by six or more Polaris employees for an eligible 501(c)3 race, run or event.

Polaris Women Leaders in PowerSports

This employee professional organization is focused on five main areas: professional and personal development, promoting diversity at Polaris and in the Powersports industry, networking, recruiting, and community outreach. Outreach activities include partnering with the Society of Women Engineers (SWE) to host science, technology, engineering and math (STEM) activities for Girl Scout troops; hosting a scholarship-based annual STEM day camp for girls; and participating in charity snowmobile rides in conjunction with Pink Ribbon Riders, which provides financial aid to women with breast cancer.





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