2020

FINNING INTERNATIONAL INC.

Management proxy circular
Notice of annual meeting

Notice of 2020 annual meeting

You're invited to participate in Finning International Inc.'s virtual annual meeting of shareholders online.

When	Where
Tuesday, May 5, 2020 2:00 p.m. Pacific time	Virtual only meeting via live audio webcast online at https://web.lumiagm.com/286264372

You're entitled to vote at the meeting if you held your common shares at the close of business on March 13, 2020 (the record date).

This year we are holding the meeting as a virtual only meeting, which will be conducted via live webcast in real-time. All shareholders, regardless of geographic location and equity ownership, who held their shares at the close of business on the record date will have an equal opportunity to participate at the meeting and engage with management. You will need to be connected to the internet and comply with all of the requirements to attend the meeting, which are described starting on page 10. Shareholders will not be able to attend the meeting in person.

The management proxy circular prepared for the meeting provides details about the items of business and other important information to help you decide how to vote your shares.

At the meeting, shareholders will:

1. Receive the consolidated financial statements for the year ended December 31, 2019 and the auditor's report
2. Appoint the auditor and authorize the directors to set the auditor's fees
3. Participate in our advisory vote on executive pay
4. Elect directors

By order of the board of directors,

/s/ Jane Murdoch

Jane Murdoch
General Counsel and Corporate Secretary

Vancouver, British Columbia
March 13, 2020

How to get a copy of the management proxy circular

If you're a registered shareholder or you have given us instructions to send you printed documents, your management proxy circular is attached to this notice.

We use the notice and access model to deliver meeting-related materials to beneficial holders of our common shares. Notice and access is a set of rules developed by the Canadian Securities Administrators that allows companies to post meeting materials online, reducing paper and mailing costs.

You can view the management proxy circular on our website (www.finning.com/governance) or under our profile on SEDAR (www.sedar.com).

If you would like to receive a printed copy, please call 1-888-346-6464 and we'll send you one free of charge.

Message to shareholders

Harold N. Kvisle
Board Chair

L. Scott Thomson
President and Chief Executive Officer

Fellow shareholders,

On behalf of the board of directors and leadership team of Finning International Inc., we invite you to attend our 2020 annual meeting, which will be held online only, on May 5, 2020 beginning at 2:00 p.m. Vancouver, BC time.

This year, out of an abundance of caution, in view of the unprecedented public health impact of COVID-19 and to help protect the health and safety of our shareholders, employees and others involved in our annual meeting, we have taken the step to hold our annual meeting online. Shareholders will have an equal opportunity to participate at the meeting online, regardless of their geographic location. For details on how to participate in our online annual meeting, which will be conducted via live audio webcast, see page 10.

In addition, we are closely monitoring developments related to COVID-19 and taking precautionary measures in our business, with the health and safety of our employees, customers and other stakeholders at the forefront of our minds. With a strong balance sheet and access to liquidity, we believe we are well-positioned to emerge from this challenging situation on solid footing.

As always, shareholders will vote on the appointment of our auditor, the election of directors and executive compensation. For details on 2019 executive compensation, see page 50.

In 2019, we continued to drive an embedded safety culture across the company and are proud of a continued decrease in incidents. With a total injury frequency of 2.01 this year compared to 2.60 in 2018, and a total recordable injury frequency of 0.47 compared to 0.49 in 2018, this downward trend is a clear indication that the work we are doing every day is reinforcing the importance of keeping minds on task at work, following proper procedures and continuing to look out and care for one another. We will continue to be vigilant in this commitment.

We are pleased with 2019 results in Canada and the UK & Ireland, which demonstrate improved execution, stable gross profit margins, disciplined cost management, and market share gains. Canada delivered record revenue in 2019 and reported EBIT as a percentage of net revenue[1] of 7.5%. Adjusted EBIT as a percentage of net revenue[2] of 8.0% was the highest since 2007. Our UK and Ireland operations maintained profitability in 2019 while managing through political and economic uncertainty related to Brexit. A difficult year in South America, with issues related to SAP implementation (ERP) and social unrest in Chile, resulted in flat consolidated earnings per share year over year. We estimate that these two headwinds in our South America operations reduced our EPS by about 25 cents in 2019. With the ERP implementation now behind us, we expect to see improved execution in South America. However, risk of social instability in Chile remains and the potential impact of the government's social reform agenda on the economy has created uncertainty. Despite these issues, we remain optimistic about the long-term prospects for Chile and will stay nimble and flexible to match our business structure with market conditions.

We are pleased to share details of our board of director nominees beginning on page 15. All directors currently serving on our board are standing for election or re-election, with the exception of Marcelo Awad, who has decided to retire from our board at the annual meeting, and will join our Finning South America Advisory Council. We are pleased to report that we achieved our 2019 goal of recruiting a board member from South America, and welcomed Mr. Andrés Kuhlmann to the board late in the year. Mr. Kuhlmann will therefore be standing for election to the board for the first time. Currently the Chief Executive Officer of Transelec SA, Mr. Kuhlmann has over 25 years of experience in senior executive roles in the industrial, electricity and power generation sectors in Chile and Peru.

We encourage you to read the attached management proxy circular to ensure you are well informed on the items we will ask you to vote on. Thank you for your support in 2019 and we look forward to welcoming you to our annual meeting May 5, 2020.

Notes:

1 These financial metrics, referred to as a *non-GAAP financial measure*, do not have a standardized meaning under International Financial Reporting Standards (IFRS) and therefore may not be comparable to similar measures presented by other issuers. Please see page 9 for more information about these financial metrics.

2 Certain financial metrics were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 5, 6 and 39-42 of the company's 2019 management discussion and analysis (MD&A). The financial metrics that have been adjusted to take into account these items are referred to as "Adjusted" metrics.

Finning at a glance

Finning International Inc. is the world's largest Caterpillar dealer. We believe in partnering and innovating to build and power a better world. We sell, rent and provide parts and service for equipment and engines to customers in mining, construction, oil and gas, forestry and a wide range of power systems applications. We deliver unrivalled customer service, and are trusted partners in transforming our customers' performance.

We are trusted

We are collaborative

We are innovative

We are passionate

Over 85 years old and based in Vancouver, British Columbia, Canada, Finning employed over 13,100 people worldwide as of the end of 2019, and operates in Canada, South America, the United Kingdom and Ireland. Finning's mobile on-site refueling business, 4Refuel, operates in most provinces of Canada, as well as in Texas, USA.

Our 2019 performance

We delivered improved financial performance in 2019, with strength in the Canadian and UK and Ireland operations offset by weakness in South America. We delivered positive free cash flow[1] while growing our revenues by 12% over the previous year. We continue to balance our allocation of capital. In 2019 we increased our annual dividend and continued with the repurchase of shares under our normal course issuer bid, and in February 2019 we acquired 4Refuel, which will allow us to accelerate our customer-centric growth strategy.

Financial highlights (as at December 31)	**2019**	**2018**[3]
Revenue	$7.8 billion	$7.0 billion
Net revenue[1]	$7.3 billion	$7.0 billion
Free cash flow	$42 million	$78 million
Earnings before finance costs and income taxes (EBIT)	$425 million	$423 million
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)[1]	$718 million	$610 million
Adjusted EBIT[1,2]	$457 million	$446 million
Adjusted EBITDA[1,2]	$750 million	$633 million
ROIC[1]	11.2%	12.8%
Adjusted ROIC[1,2]	12.0%	13.5%

You can read more about our performance and the impact it had on 2019 executive pay beginning on page 50.

Operational highlights (as at December 31)	**2019**	**2018**
Total injury frequency	2.01	2.60

Notes:

1 These financial metrics, referred to as a *non-GAAP financial measure*, do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Please see page 9 for more information about these financial metrics.

2 Certain financial metrics were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 5, 6 and 39-42 of the company's 2019 MD&A. The financial metrics that have been adjusted to take into account these items are referred to as "Adjusted" metrics.

3 Comparative results have not been restated for the company's adoption of IFRS 16, *Leases* effective for the financial year beginning January 1, 2019. More information on the impact of this adoption can be found in note 2 of the company's annual consolidated financial statements.

Proxy summary

This summary provides key information about our upcoming shareholder meeting and the items of business. You'll find detailed information in the attached management proxy circular – we encourage you to read it to help you decide how to vote your shares.

2020 Meeting details

When	**Where**
Tuesday, May 5, 2020 2:00 p.m. Pacific time	Virtual only meeting via live audio webcast online at: https://web.lumiagm.com/286264372

Items to be voted on	**Management's voting recommendations**	
Appoint the auditor	FOR the appointment of Deloitte LLP as auditor	page 13
Advisory vote on executive pay	FOR our approach to executive pay	page 14
Elect directors	FOR each nominated director	page 14

You can vote your shares online or by proxy. See page 10 to read about how to vote your shares.

Strategic Framework

Our customer-centric growth strategy is based on three pillars – Develop, Perform, Innovate – which provide a strong foundation for our five global strategic priorities (GSPs).

In 2019, Finning identified certain focus areas to support our strategy: to capture growth in the mining and construction industries through market leadership; and to improve performance through transforming service, accelerating supply chain capabilities and lowering our cost to serve. The company's decisions about capital investments and allocation of resources are focused on initiatives that we believe best align with the GSPs and our strategic areas of focus.

Compensation highlights

We believe in the importance of aligning executive compensation with business results and shareholder interests.

Compensation principles

Our executive compensation philosophy is driven by nine core principles designed to align executive pay with our overall business strategy.

These core principles have been developed within the context of the executive compensation principles set out by the Canadian Coalition for Good Governance, and philosophical concepts that are specific to our business. While actual performance targets and metrics may vary from year to year, the following principles relating to the program remain consistent:

1 Focus the executive team on building shareholder value
2 Link executive compensation and performance
3 Designate a significant portion of executive compensation to at-risk pay
4 Focus the executive team on building the business over the medium and longer term
5 Focus the executive team on employee health and safety
6 Establish an incentive structure that is straightforward and easy to understand
7 Focus the incentive structure on quantitative metrics
8 Encourage and reward the executive team for teamwork
9 Develop compensation programs that do not encourage inappropriate risk-taking

Strong oversight ensures we adhere to incentive plan policies and limits. We have robust share ownership requirements to align the interests of our executives and shareholders and our clawback policy applies to all Finning officers.

You can read more about compensation governance at Finning beginning on page 58.

2019 executive compensation

Our 2019 named executives are L. Scott Thomson, President and Chief Executive Officer (President and CEO), Steven Nielsen, Executive Vice President and Chief Financial Officer (CFO) (retired as CFO March 1, 2020), Kevin Parkes, President, Finning (Canada), Marcello Marchese, President, Finning South America (retired December 31, 2019) and Dave Cummings, Executive Vice President and Chief Digital Officer (CDO).

Total direct compensation awarded to our named executives for 2019 was slightly below target. This was primarily driven by a below target payout on the short-term incentive plan. Total direct compensation values for 2019 remained similar to 2018 levels.

Base salaries remained at 2018 levels for our named executives, with the exception of Mr. Thomson and Mr. Cummings. Mr. Thomson received a 2.7% increase to improve alignment with our compensation peer group. Mr. Cummings received a 10% increase due to his expanded role as CDO and to improve alignment with market data. Long-term incentive awards granted through our annual cycle in 2019 were similar to 2018 levels and position Finning at approximately the median of the compensation peer group, from an overall compensation perspective.

To maximize our ability to retain Mr. Thomson and strengthen his longer-term alignment with shareholders, the Board granted Mr. Thomson a retention incentive award in the form of 326,265 notional share units that track our share price. The award is payable in full if he stays with the organization through 2026. The grant date value of the award was $8 million, and represented approximately 1x Mr. Thomson's annual salary per year, over an eight-year period. Vesting begins at the end of 2022 and the award vests in equal installments over a five-year period to the end of 2026. Upon vesting, the incentive will settle in Deferred Share Units (DSUs), which cannot be redeemed until Mr. Thomson leaves the company. This retention incentive award provides incremental exposure to our share price and long-term alignment with the shareholder experience. You can read more about the CEO's compensation and retention incentive award beginning on page 69.

We've held an advisory 'say on pay' vote on executive pay every year since 2011, as part of our commitment to strong corporate governance practices and engaging with our shareholders. Our five-year average support of our approach to executive compensation is 93.1%. We are holding another advisory vote on executive pay at our 2020 annual meeting of shareholders on May 5, 2020. See page 14 for details.

Governance highlights

We believe that high governance standards are essential to operating effectively and enhancing shareholder value.

Governance practices

The Finning name continues to convey integrity, reliability and resourcefulness.

Our rigorous standards of business conduct are a key reason why employees work for us, customers and suppliers partner with us and shareholders invest in us.

1 Our code of conduct applies to everyone at Finning and we also have a supplier code of conduct
2 All but one of our directors are independent and the Board Chair and CEO are separate roles
3 We have a board diversity policy
4 We have a flat-fee structure for director compensation
5 We have written mandates and position descriptions for the board, committees, Board Chair, committee chairs and the President and CEO
6 The board and committees can retain independent advisors, as appropriate
7 We have a comprehensive board assessment process
8 Directors and executives must meet robust share ownership requirements
9 We value diversity at all levels of the organization and have a global inclusion and diversity strategy

We're recognized globally

Canada

- On Canada's 2020 Top 100 Employer list and named as one of BC's Top 50 Employers for 2020
- Equileap – gender equality in the workplace – top 10 Canadian company

South America

- Ranked 1st place in the machinery sector by Merco Chile under the "highest business reputation" category
- Recognized by WIM (Women in Mining) for our corporate social responsibility and research and development program - science, technology, engineering, and mathematics (STEM) with a focus on gender and the incorporation of women in mining
- CAT people conference – award for top practices in diversity and inclusion

United Kingdom

- Highly commended by The Royal Society for the Prevention of Accidents (RoSPA) in the Engineering Services Industry for outstanding performance in health and safety

We value sustainability

Finning:

- is a member of the 30% Club Canada, an initiative that encourages companies to aim for at least 30% female representation on corporate boards and at the executive management level
- is a signatory of the Catalyst Accord 2022, which calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business
- is a signatory of the Minerva Pledge, which calls on companies to create opportunities that support women's advancement and leadership within their own organizations and communities
- invests in STEM education for youth in our communities
- is a member of Pride at Work Canada to build workplaces that celebrate all employees regardless of gender expression, gender identity, and sexual orientation
- has published an annual sustainability report since 2018. Our 2019 report will be published in March 2020.

What's inside this management proxy circular

Management proxy circular

You've received this management proxy circular because you are entitled to vote at Finning's 2020 annual meeting of shareholders.

In this document:

- *we*, *us*, *our*, *Finning*, *company* and *corporation* mean Finning International Inc., including our subsidiary companies
- *you, your* and *shareholder* mean holders of Finning common shares
- *board of directors* and *board* mean Finning International Inc.'s board of directors
- *shares* and *common shares* mean shares in the capital of Finning International Inc.

The record date is March 13, 2020. Information in this circular is as of December 31, 2019 unless otherwise noted. All dollar amounts are in Canadian (CAD) dollars.

Where to get more information
Financial information about Finning is in our consolidated financial statements and MD&A for the most recently completed financial year.

You can find these documents and other information about Finning on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Who can vote

You can vote your shares if you owned them at the close of business on March 13, 2020 (the record date). Each Finning share carries one vote.

How to vote

There are different ways to vote, depending on whether you're a registered or non-registered (beneficial) shareholder. See page 10 for details.

2020 Meeting details

Tuesday, May 5, 2020
2:00 p.m. Pacific time
Virtual only meeting via live audio webcast online at
https://web.lumiagm.com/286264372

This year, out of an abundance of caution, in view of the unprecedented public health impact of COVID-19, and to help protect the health and safety of our communities, shareholders, employees and other stakeholders, we will hold our meeting in a virtual only format, conducted via live audio webcast. Shareholders who held their shares at close of business on the record date will have an equal opportunity to participate in the meeting online regardless of their geographic location.

Your proxy is being solicited on behalf of Finning management

Management is soliciting proxies either by mail to your latest address shown on the register of shareholders, or by electronic mail to the email address you provided. Our employees or agents may contact you by phone or other ways. We have also retained Laurel Hill Advisory Group (Laurel Hill) to act as our proxy solicitation agent in connection with the Meeting. Additionally, Laurel Hill will provide the following services in connection with the annual meeting: review and analysis of the management proxy circular, recommending corporate governance best practices and liaising with proxy advisory firms, as applicable, and assist us with our communication with shareholders. In connection with these services, we will pay Laurel Hill a base proxy solicitation fee of $35,000, plus out-of-pocket expenses. Shareholders can contact Laurel Hill at 1-877-452-7184 within North America or 416-304-0211 outside of North America, or by email at assistance@laurelhill.com.

Board approval

The board of directors has approved the content of this circular and has authorized us to distribute it to our shareholders of record.

By order of the board of directors,

/s/ Jane Murdoch

Jane Murdoch
General Counsel and Corporate Secretary

Vancouver, British Columbia
March 13, 2020

About non-GAAP financial measures

In this circular, we use certain financial metrics that do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

These non-GAAP financial measures include the financial metrics listed below. Management believes that these non-GAAP financial measures provide users of our MD&A and consolidated financial statements with important information regarding the operational performance and related trends of our business. By considering these measures in combination with the comparable IFRS measures set out in the MD&A, management believes that users are provided a better overall understanding of our business and our financial performance during the relevant period than if they simply considered the IFRS measures alone.

- *Net revenue* is defined as total revenue (as disclosed in Finning's consolidated statement of income) less the cost of fuel related to the mobile refueling operations in the company's Canadian operations. As these fuel costs are pass-through in nature for this business, we view net revenue as more representative in assessing the performance of the business because the rack price for the cost of fuel is fully passed through to the customer and is not in our control.
- *EBIT* is defined as earnings before finance costs and income taxes (EBIT). *EBIT as a percentage of net revenue* is calculated as EBIT divided by net revenue. We may also calculate an *Adjusted EBIT* and an *Adjusted EBIT as a percentage of net revenue* which excludes items that we consider not to be indicative of operational and financial trends either by nature or amount, to provide a better overall understanding of our underlying business performance and profitability.
- *EBITDA* is defined as earnings before finance costs, income taxes, depreciation, and amortization (EBITDA). We believe that EBITDA improves comparability between periods by eliminating the impact of finance costs, income taxes, depreciation, and amortization. *EBITDA as a percentage of net revenue* is calculated as EBITDA divided by net revenue. We use EBITDA and EBITDA as a percentage of net revenue to assess and evaluate the financial performance or profitability of reportable segments. We may also calculate *Adjusted EBITDA* to exclude items we consider not to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance.
- *Free cash flow* is cash flow provided by (used in) operating activities less net additions to property, plant and equipment and intangible assets. Free cash flow allows us to fund daily operations and make long-term investments, has a direct impact on ROIC, and focuses attention on efficient inventory management, improved collections and cost and capital management.
- *Invested capital* is total assets less total liabilities, excluding net debt (net debt is calculated as short-term and long-term debt, net of cash). We use invested capital as a measure of the total cash investment made in Finning and each reportable segment.
- *Invested capital turnover* is net revenue for the last twelve months divided by invested capital, based on an average for the last four quarters (capital invested to build and run the business, calculated as the book value of shareholders' equity plus net debt). Invested capital turnover is a key indicator of capital efficiency. Our supply chain and asset utilization priorities are factors within our control that impact invested capital turnover.
- *ROIC* (return on invested capital) is EBIT for the last twelve months divided by invested capital (see above), based on an average for the last four quarters, expressed as a percentage. ROIC aligns with our operational priorities, which are directly linked to improving profitability and capital efficiency, and puts a clear focus on factors we can control. We may also calculate an *Adjusted ROIC* using Adjusted EBIT to exclude significant items that we consider not to be indicative of operational and financial trends either by nature or amount to provide a better overall understanding of our underlying business performance.

Our MD&A for the year ended December 31, 2019 contains reconciliations for each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where available. You can also find additional information about these financial metrics, including definitions, under the heading Description of Non-GAAP Financial Measures and Reconciliations in our 2019 MD&A, available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

You can read about how we use certain of these financial metrics in our incentive plans in the discussion about 2019 executive compensation beginning on page 78.

How to vote

Each common share you held at the close of business on March 13, 2020 (the record date) carries one vote that may be cast on each of the items to be voted on and any other matters that may be properly brought before the meeting.

How you vote depends on whether you're a registered shareholder or a non-registered (beneficial) shareholder.

You're a **registered shareholder** if your shares are registered in your name.

You're a **non-registered (beneficial) shareholder** if your shares are registered in the name of an intermediary (such as a bank, trust company, trustee, investment dealer, clearing agency or other institution). You have the right to tell your intermediary how to vote your shares. Your intermediary must vote your shares or withhold your shares from voting according to your instructions.

As of the record date, we had 162,518,347 common shares issued and outstanding.

As of the date of this circular, the directors and executive officers of Finning are not aware of anyone who beneficially owns, directly or indirectly, or exercises control or direction over, more than ten percent of our common shares.

Appointment of a third party as proxy for online meeting participation

The following applies to shareholders who wish to appoint someone as their proxyholder other than the management nominees named in the form of proxy or voting instruction form. This includes non-registered beneficial shareholders who wish to appoint themselves as proxyholder to participate at the meeting online.

Shareholders who wish to appoint someone other than the management nominees as their proxyholder to participate at the meeting as their proxy and vote their shares MUST submit their proxy or voting instruction form, as applicable, appointing that person as proxyholder AND register that proxyholder online, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a control number that is required to be able to attend and participate at the meeting.

To submit your proxy or voting instruction form: To appoint someone other than the management nominees as proxyholder, insert that person's name in the blank space provided in the proxy or voting instruction form and follow the instructions for submitting the proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your proxy or voting instruction form.

To register your proxyholder: To register a proxyholder, shareholders **MUST** visit https://www.computershare.com/finning by **2:00 p.m. Pacific time on May 1, 2020** and provide Computershare with the required proxyholder contact information, so that Computershare may provide the proxyholder with a control number via email. **Without a control number, proxyholders will not be able to attend and vote online at the meeting.**

If you are a non-registered beneficial shareholder and you wish to vote at our meeting online, you must appoint yourself as proxyholder by inserting your own name in the space provided on the proxy or voting instruction form sent to you by your intermediary, and you must follow all of the applicable instructions provided by your intermediary AND you must also register yourself as your proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as proxyholder. Non-registered beneficial holders who have not appointed themselves as proxyholder cannot vote online during the meeting. This is because we and our transfer agent do not maintain the records for non-registered beneficial holders of our shares and we have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder.

Online participation and voting at our annual meeting

Finning is holding the meeting in a virtual only format, by live audio webcast online. Shareholders will not be able to attend the meeting in person.

Attending the meeting online enables shareholders and proxyholders, including non-registered beneficial shareholders who have appointed themselves as proxyholder, to participate in the annual meeting and ask questions, all in real time. Registered shareholders and proxyholders can vote at the appropriate times during the meeting.

Guests, including non-registered beneficial shareholders who have not appointed themselves as proxyholder, who wish to participate in the meeting online can log in to our meeting as set out below. Guests are not able to vote or ask questions.

- log in at https://web.lumiagm.com/286264372 at least 15 minutes before the meeting starts
- click on "I have a control number"
- enter the password: 286264372 (case sensitive) OR
- click on "I am a guest" and complete the online form

More information about online participation in our annual meeting is detailed in our annual meeting user guide, which is available on our website at www.finning.com.

Canadian notice and access

We use the notice and access model to deliver meeting materials (the notice of the meeting and management proxy circular) to non-registered (beneficial) holders of our common shares. Notice and access is a set of rules developed by the Canadian Securities Administrators that allows companies to post meeting materials online, reducing paper and mailing costs. Registered shareholders and other shareholders who have given us instructions to send them printed documents will receive printed copies of the notice of the meeting and management proxy circular.

Registered shareholders

What your package includes
Your package should include the following documents:
- notice of the meeting
- management proxy circular
- proxy form
- 2019 financial report (unless you opted not to receive a copy)

Two ways to vote
1. Attend the meeting online and vote online, or
2. Vote by proxy

If you are a registered shareholder and want to vote online at our annual meeting, do not complete the proxy. Instead:

- log in at https://web.lumiagm.com/286264372 at least 15 minutes before the meeting starts
- click on “I have a control number”
- enter your 15-digit control number from your proxy
- enter the password: Finning2020 (case sensitive)
- vote

You have to be connected to the internet at all times to be able to participate in and vote at our annual meeting online. It’s your responsibility to make sure you stay connected for the entire meeting.

Voting by proxy means you can appoint someone (your proxyholder) to attend the meeting online for you and vote or withhold your shares from voting according to your instructions. Your proxyholder does not need to be a Finning shareholder.

Appoint someone to be your proxyholder
Print the name of the person you are appointing in the blank space provided in the proxy form. Make sure the person understands that you have appointed them as your proxyholder and that they must attend the meeting online and vote your shares on your behalf for your vote to be counted.

If you don’t appoint someone to be your proxyholder, the two Finning representatives named in the proxy form, **Harold N. Kvisle** and **L. Scott Thomson**, will act as your proxyholder and vote your shares according to your instructions.

If you appoint a proxyholder to participate in the meeting online, make sure you have registered them as described on page 10.

Provide your voting instructions
Complete your voting instructions, sign and date the proxy and send it to Computershare right away.

As an alternative to providing voting instructions by signing, dating and sending your proxy to Computershare, you may vote using one of the following methods:

- Online – Go to www.investorvote.com, enter your 15-digit control number and provide your voting instructions
- Telephone – Call 1-866-732-VOTE (8683) from a touch tone phone and follow the automatic voice recording instructions to vote. You will need your 15-digit control number from your proxy to vote.
- Fax – Complete your voting instruction, sign and date the proxy and fax it to Computershare at 1-866-249-7775 (for registered shareholders in Canada and the U.S.) or 1-416-263-9524 (for registered shareholders outside Canada and the U.S.)

If you return the signed proxy but do not give your voting instructions or specify that you want your shares withheld from voting, your proxyholder must vote FOR the items of business:

- FOR the appointment of Deloitte LLP as auditor
- FOR our advisory vote on executive pay
- FOR the election of the nominated directors

If an amendment or variation to an item of business, or if any other item, is properly brought before the meeting, to the extent permitted by law, your proxyholder has discretionary authority to vote as your proxyholder sees fit.

Send in your proxy
Complete, sign and date your proxy form and send it to:
Computershare Investor Services Inc. (Computershare)
Attention: Proxy Department
100 University Avenue, 8th Floor
Toronto, Ontario, M5J 2Y1

Computershare must receive your proxy form by **2:00 p.m. Pacific time on May 1, 2020** or **at least 48 hours, excluding weekends and holidays**, before the date of the reconvened meeting if the meeting is postponed or adjourned. The proxy deadline may be waived or extended by the chair of the meeting, in the chair's sole discretion, without notice.

Non-registered (beneficial) shareholders

What your package includes
Your investment dealer or other intermediary should have sent you the following documents:

- notice of the meeting
- voting instruction form

Two ways to vote
1. Attend the meeting online and vote online, or
2. Submit your voting instructions to your intermediary

How to vote online at our meeting if you are a duly appointed proxyholder or if you have appointed yourself as a proxyholder and the proxyholder registration with Computershare has been completed

- you will receive log in credentials from Computershare once the proxy deposit deadline has passed
- log in at https://web.lumiagm.com/286264372 at least 15 minutes before the meeting starts
- click on "I have a control number"
- enter your 16-digit control number
- enter the password: Finning2020 (case sensitive)
- vote

You have to be connected to the internet at all times to be able to participate in and vote at our annual meeting online. It's your responsibility to make sure you stay connected for the entire meeting.

To submit your voting instructions to your intermediary, complete and return the voting instruction form following the instructions on the form.

As an alternative to submitting your voting instructions to your intermediary by completing and returning your voting instruction form, non-registered (beneficial) shareholders may vote using one of the following methods:

- Online – Go to www.proxyvote.com, enter your 16-digit control number and provide your voting instructions
- Telephone – Call the toll-free number listed on your voting instruction form from a touch tone phone and follow the automatic voice recording instructions to vote. You will need your 16-digit control number to vote.

We may utilize the Broadridge Financial Solutions Inc.'s QuickVote™ service to assist non-registered (beneficial) shareholders with voting. Our proxy solicitation agent, Laurel Hill, may contact certain non-registered shareholders who have not objected to the company knowing who they are (non-objecting beneficial owners, or NOBOs) to conveniently obtain a vote directly over the telephone.

Be sure you allow enough time for your intermediary to receive your completed form so they can provide your voting instructions to Computershare before the deadline. The proxy deadline may be waived or extended by the chair of the meeting, in the chair's sole discretion, without notice.

If an amendment or variation to an item of business, or if any other item, is properly brought before the meeting, to the extent permitted by law, your proxyholder has discretionary authority to vote as he or she sees fit.

Changing your vote

If you're a registered shareholder and have voted by proxy, you can revoke your proxy before the meeting is held or an item is voted on. Here's how:

- You can send a new, properly completed, proxy form to our transfer agent, Computershare Investor Services Inc., at Suite 300, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, Attention: Proxy Unit, by **May 4, 2020** or by **the last business day before the date of the reconvened meeting** if the meeting is postponed or adjourned
- At the meeting, or at any reconvened meeting if the meeting is postponed or adjourned, you can deliver a new properly completed proxy form to the chair of the meeting before the item is to be voted on, or you can deliver a written and signed revocation of proxy to the chair of the meeting before the item is to be voted on and vote in person
- You may revoke your proxy in any other manner permitted by law.

If you have followed the process for attending and voting at the meeting online, voting at the meeting online will revoke any previous proxy.

If you're a non-registered shareholder, you must contact your intermediary right away to revoke or change your vote.

How the votes are tabulated

Computershare acts as our transfer agent. They receive, count and tabulate all proxies received. Computershare keeps the individual shareholder votes confidential except when:

- the law requires it
- there is a proxy contest
- a shareholder has written a comment that is clearly intended for management or the board
- there is a need for the chair of the meeting to rule on the validity of the proxy.

Questions?
Call Laurel Hill at 1-877-452-7184 (for shareholders in Canada and the USA) or 1-416-304-0211 (for callers outside the Canada and the USA)

Or send Laurel Hill an e-mail at:
www.assistance@laurelhill.com

Business of the meeting

1. Receive the consolidated financial statements

You will receive the consolidated financial statements for the year ended December 31, 2019 and the auditor's report. Copies of our 2019 consolidated financial statements are available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

2. Appoint the auditor

You will appoint the auditor and authorize the directors to set the auditor's fees.

Deloitte LLP (Deloitte) has been our external auditor since 2002. The audit committee oversees Deloitte's performance, qualifications, independence and audit of Finning's financial statements.

The table below sets out the fees paid to Deloitte for the years ended December 31, 2019 and 2018 for audit and other services.

	2019	2018
Audit fees generally relate to fees charged for the annual audit, interim reviews, administrative charges and other services related to the performance of the annual audit of our financial statements	$3,826,532	$3,375,176
Audit related fees generally relate to fees charged for assurance and related services, such as audits of Finning's pension plans, due diligence in connection with debt offerings and other services regulators require of auditors	$99,300	$104,214
All other fees generally relate to fees charged for any non-audit related or non-tax services. The 2018 fees relate to advisory services with respect to an insurance claim.	-	$46,189
Total	**$3,925,832**	**$3,525,579**

All amounts were billed in various currencies and converted to Canadian dollars using the exchange rates at the time of billing.

The board recommends you vote FOR appointing Deloitte LLP as our auditor for 2020 and authorizing the directors to set the auditor's fees.

Key things to know
According to our by-laws, we must have a quorum (at least two people present who together hold, or represent by proxy, 25 percent or more of our issued and outstanding common shares) for the meeting to continue and to transact business.

We must receive a simple majority of the votes cast at the meeting for an item to be passed. We will disclose the voting results in a news release after the meeting and in our report on the voting results for the 2020 meeting, which will be filed under our profile on SEDAR (www.sedar.com). You can read more about voting beginning on page 10.

None of our directors or executive officers in 2019, and none of this year's nominated directors, and no one associated or affiliated with any of them, has a direct or indirect material interest in any matter to be acted on at the meeting other than the election of directors.

Pre-approving audit services
The audit committee pre-approves audit services to be provided by the external auditor.

Any services that are not pre-approved require specific approval by the audit committee. The audit committee chair can approve services up to $100,000 between audit committee meetings. Management and the external auditor update the audit committee every quarter on all services that have been provided by the external auditor and the fees paid or accrued. Management cannot ask the external auditor to perform services that have not been approved by the audit committee.

3. Participate in our advisory vote on executive pay

As a shareholder you have the opportunity to vote on an advisory basis *for* or *against* our overall approach to executive compensation.

This is an advisory vote, which means the results are not binding on the board or Finning. The board, through the human resources committee, is fully responsible for compensation decisions and is not relieved of these responsibilities by either a positive or a negative vote by shareholders.

The board and the human resources committee will consider the outcome of the vote as part of their ongoing review of our executive compensation program, together with feedback they receive from shareholders through regular communications and engagement activities.

You will be voting on the following resolution:

> **BE IT RESOLVED**, on an advisory basis only and not to diminish the role and responsibilities of the board of directors, that shareholders accept the approach to executive compensation disclosed in Finning's management proxy circular delivered in connection with the 2020 annual meeting.

The board recommends you vote FOR our approach to executive pay.

4. Elect directors

This year you will elect twelve directors to the board for a term of one year.

Vicki L. Avril-Groves	Mary Lou Kelley	Kathleen M. O'Neill
James E.C. Carter	Andrés Kuhlmann	Christopher W. Patterson
Jacynthe Côté	Harold N. Kvisle	Edward R. Seraphim
Nicholas Hartery	Stuart L. Levenick	L. Scott Thomson

All of our current directors are standing for election or re-election, with the exception of Mr. Marcelo Awad, who has elected to retire from the board. Mr. Kuhlmann was appointed to the board as of November 4, 2019 and is standing for election for the first time.

All twelve nominated directors have expressed their willingness to serve on the Finning board and have agreed to the terms of our majority voting policy, which is described to the right.

The board recommends you vote FOR each nominated director.

Shareholder proposals
Shareholders who wish to submit a proposal for consideration at the 2021 annual meeting must deliver their proposal to Finning by December 12, 2020. All shareholder proposals must comply with the requirements of the *Canada Business Corporations Act*. Shareholders who wish to make proposals are urged to seek legal advice to make sure their proposal complies in full with these requirements.

Nominating directors
If you want to nominate candidates for election to the board, submit your proposal in writing to the General Counsel and Corporate Secretary 30 to 65 days before our annual meeting. You'll need to provide the information outlined in the advance notice by-law approved by shareholders at our 2014 annual and special meeting. You can find a copy under our profile on SEDAR (www.sedar.com) or on our website (www.finning.com).

'Say on pay'
We've held an advisory 'say on pay' vote every year since 2011 as part of our commitment to strong corporate governance practices and engaging with our shareholders.

Our five-year average support of our approach to executive compensation is 93.1%.

We encourage you to take some time to read the executive compensation section beginning on page 50 before you decide how to vote your shares. It discusses our compensation philosophy, individual compensation elements and our performance and the impact that our performance has had on the pay decisions for our most senior executives in 2019.

If you have feedback, questions or concerns about executive compensation at Finning, please contact the Board Chair, c/o the General Counsel and Corporate Secretary at Finning (see page 39 for details).

About our majority voting policy
Any director nominee who receives more *withheld* than *for* votes at an uncontested election must offer their resignation to the board.

The governance and risk committee will review the matter and is expected to recommend that the board accept the resignation unless there are extraordinary circumstances. The board will accept the resignation if there are no extraordinary circumstances. The resignation will take effect immediately.

The board will announce its decision to shareholders in a news release, issued as soon as possible after it makes its decision, but no later than 90 days after the annual meeting. In the news release, the board will confirm its acceptance of the nominee's resignation, or explain why it did not accept the resignation.

The board may leave the resulting vacancy unfilled, appoint a replacement director, or call a special meeting of shareholders to elect a replacement director nominated by management.

You can access a copy of our majority voting policy on our website (www.finning.com).

About the nominated directors

We're committed to building a qualified and diverse board that has the knowledge, experience and capabilities necessary to support Finning's strategic direction.

This year twelve directors will be elected to the board. We believe this is an appropriate size to ensure proper stewardship and serve the interests of shareholders. All of the nominated directors are qualified and have agreed to serve on Finning's board.

Independence

Eleven of the twelve directors (92%) are independent. L. Scott Thomson is not independent because he is Finning's President and CEO.

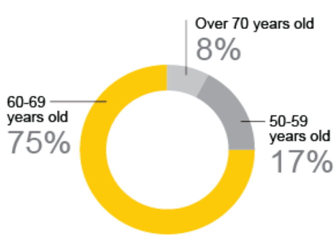
Key skills and experience

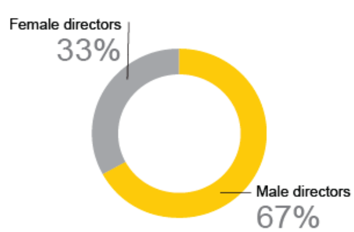
We recruit directors who have skills and experience in four core areas:

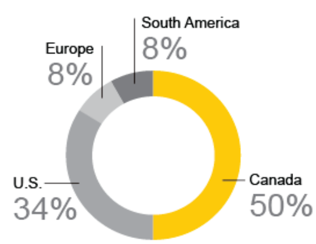
Strategy, vision and growth + **Functional expertise** + **Corporate social responsibility** + **Corporate governance**

Diversity

This year's nominated directors reflect an appropriate level of diversity, including age, gender and geographic representation.







Director nominee meeting attendance in 2019

In 2019, five board meetings were held in person and two were held by teleconference. The table below shows the attendance record of our nominee directors at board and committee meetings in 2019. You can read more about each director's attendance record in the profiles that follow and in the detailed attendance table on page 44.

	Board meetings	Committee meetings	Percentage of total meetings attended[4]
Vicki L. Avril-Groves	7 of 7	9 of 9	100%
James E.C. Carter	7 of 7	8 of 8	100%
Jacynthe Côté	7 of 7	8 of 8	100%
Nicholas Hartery	7 of 7	8 of 8	100%
Mary Lou Kelley	6 of 7	8 of 8	93%
Andrés Kuhlmann[1]	2 of 2	2 of 2	100%
Harold N. Kvisle[2]	7 of 7	n/a	100%
Stuart L. Levenick[3]	6 of 7	9 of 9	94%
Kathleen M. O'Neill	7 of 7	9 of 9	100%
Christopher W. Patterson	7 of 7	9 of 9	100%
Edward R. Seraphim	7 of 7	9 of 9	100%
L. Scott Thomson	7 of 7	4 of 4	100%

Notes:

1 Mr. Kuhlmann was appointed to the board at the board meeting held on November 4, 2019. He attended the audit committee and the governance and risk committee meetings on November 4, 2019 as a guest, prior to his appointment to the board and to those committees later that day.

2 Mr. Kvisle is the Board Chair and is not a member of any board committees, however, he attends various committee meetings in his capacity as Board Chair.

3 Mr. Levenick was unable to join the board of directors' meeting held by teleconference on December 6, 2019 due to a scheduling conflict.

4 For a breakdown of meetings held by committee, please refer to the individual director profiles starting on page 17.

Director profiles

Harold N. Kvisle | **Independent | Age 67 | Calgary, Alberta, Canada | Director since 2017**

Board Chair since January 2019

Top five areas of expertise:

- Compensation leadership
- Environment, health and safety
- Financial leadership
- Governance
- Industry experience

Mr. Kvisle is a Corporate Director and has served as a leader in the oil and gas, utilities and power generation industries for more than 35 years. He currently serves as board chair of ARC Resources Ltd. and as a board member of Cenovus Energy. Mr. Kvisle served as chief executive officer of Talisman Energy from 2012 to 2015 and chief executive officer of TransCanada Corporation from 2001 to 2010. Prior to joining TransCanada in 1999 he was the founder and president of Fletcher Challenge Energy Canada, from 1990 to 1999. He held engineering, finance and management positions with Dome Petroleum Limited from 1975 to 1988. Mr. Kvisle is a former board member of Cona Resources Ltd.

Mr. Kvisle holds a Bachelor of Science in Engineering from the University of Alberta and a Master of Business Administration from the Haskayne School of Business, University of Calgary.

2019 voting results		Finning board/committees	2019 meeting attendance	
98.91%	votes *for*	Board of directors	7 of 7	100%
1.09%	votes *withheld*	Mr. Kvisle attended various committee meetings in his capacity as Board Chair		

Finning securities held | **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	20,000	27,683	47,683	1,206,380	388,125
2018	20,000	10,638	30,638	729,184	207,500
Change	0	17,045	17,045	477,196	180,625

Meets his share ownership requirements.
Mr. Kvisle was appointed as our Board Chair on January 15, 2019.

Other public company boards, including committee membership
ARC Resources Ltd. – Board chair
Cenovus Energy Inc. – Audit, governance and nominating

Director share ownership requirements

Directors are required to own Finning equity so their interests are aligned with those of our shareholders. We have two-year and five-year targets for meeting these requirements (see page 43).

Information about shareholdings is provided by each nominee as at December 31, 2019 and includes shares they hold directly or indirectly and deferred share units (DSUs). Market value is based on our year-end closing share price on the Toronto Stock Exchange (TSX) of $25.30 for 2019 and $23.80 for 2018. You can read more about director DSUs on page 41.

Vicki L. Avril-Groves	Independent | Age 65 | Hinsdale, Illinois, United States | Director since 2016

Ms. Avril-Groves is a Corporate Director. Ms. Avril-Groves retired from IPSCO Tubulars Inc. in 2013 after nine years, including five years as President and CEO. Prior to 2008, she held progressively senior executive positions with IPSCO Inc., including Senior Vice President of IPSCO Tubulars Operations and Chief Financial Officer of IPSCO Inc. Prior to 2004, Ms. Avril-Groves served as Chief Financial Officer for Wallace Computer Services and as a senior officer at Inland Steel Industries in various financial and strategy roles, including Chief Financial Officer, Treasurer, and head of Corporate Planning. Ms. Avril-Groves is a director of Commercial Metals Company and Greif, Inc.

Ms. Avril-Groves holds a Bachelor of Science degree in Accountancy from the University of Illinois and a Master of Business Administration degree from the University of Chicago.

Top five areas of expertise:
- Banking
- Diversity
- Financial leadership
- Governance
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
99.73% votes *for* 0.27% votes *withheld*	Board of directors	7 of 7	100%
	Audit committee (financial expert)	5 of 5	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Finning securities held / **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	5,000	21,266	26,266	664,530	240,200
2018	0	12,740	12,740	303,212	203,460
Change	5,000	8,526	13,526	361,318	36,740

Meets her share ownership requirements.

Other public company boards, including committee membership
Commercial Metals Company – Compensation (chair), Nominating and Corporate governance
Greif, Inc. – Compensation

James E.C. Carter, O.C.	Independent | Age 70 | Edmonton, Alberta, Canada | Director since 2007

Mr. Carter is a Corporate Director. Mr. Carter retired from Syncrude Canada Ltd. in 2007 after 28 years, including 10 years as President and 18 years as Operations Chief. He currently serves on the Boards of Directors of Irving Oil Limited, Brand Industrial Services, ATB Financial and EllisDon Construction Services Inc. Mr. Carter serves as board chair for ATB Wealth and for Careers: The Next Generation, a not-for-profit organization. He is a former Chair of the Mining Association of Canada and Board member of the Alberta Chamber of Resources.

In June 2014 Mr. Carter was awarded the Order of Canada. In June 2019 Mr. Carter was inducted as a Fellow of the Institute of Corporate Directors. Mr. Carter has also been awarded honorary doctorates by three Canadian universities. Mr. Carter is a registered professional engineer in the Province of Alberta and a Fellow of the Canadian Academy of Engineering. He holds a Bachelor of Engineering degree from the Technical University of Nova Scotia (now Dalhousie Engineering) and is a graduate of the Advanced Management Program at Harvard Graduate School of Business Administration in Boston, Massachusetts.

Top five areas of expertise:
- Banking
- Compensation leadership
- Environment, health and safety
- Governance
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
99.35% votes *for* 0.65% votes *withheld*	Board of directors	7 of 7	100%
	Governance and risk committee	4 of 4	100%
	Human resources committee (chair)	4 of 4	100%

Finning securities held / **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	10,000	79,956	89,956	2,275,887	257,500
2018	10,000	71,420	81,420	1,937,796	227,500
Change	0	8,536	8,536	338,091	30,000

Meets his share ownership requirements.

Other public company boards, including committee membership
None

Jacynthe Côté | **Independent | Age 61 | Candiac, Québec, Canada | Director since 2014**

Ms. Côté is a Corporate Director. Ms. Côté spent most of her career in the metallurgy industry. She joined Alcan in 1988 and held progressively senior positions in a variety of fields, including human resources, environment, occupational health and safety, business planning and development, and production, both in Québec and in England. Following Rio Tinto's acquisition of Alcan, she headed Rio Tinto Alcan's Primary Metal business group for a few years, then went on to serve as the multinational's President and Chief Executive Officer from 2009 to 2014.

Jacynthe Côté holds a bachelor's degree in chemistry from Université Laval and was awarded an honorary doctorate by Université du Québec à Chicoutimi. She sits on the boards of Royal Bank of Canada and Transcontinental Inc., and was appointed board chair of Hydro-Québec in November 2018. She is the first woman to assume this key role. Her mandate includes acting as an intermediary between the board and corporate management and being accountable for the company's decisions to the Minister of Energy and Natural Resources.

Ms. Côté also serves as board chair of the CHU Sainte-Justine Foundation and board chair of Allo Prof, a not-for profit organization offering homework assistance to students, as well as general education courses to mature students in Québec.

Top five areas of expertise:

- Compensation leadership
- Diversity
- Environment, health and safety
- Financial leadership
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
99.77% votes *for* 0.23% votes *withheld*	Board of directors	7 of 7	100%
	Human resources committee	4 of 4	100%
	Safety, environment and social responsibility committee (chair)	4 of 4	100%

Finning securities held / **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	10,000	40,787	50,787	1,284,911	252,500
2018	10,000	33,633	43,633	1,038,465	216,500
Change	0	7,154	7,154	246,446	36,000

Meets her share ownership requirements.

Other public company boards, including committee membership
Royal Bank of Canada - Governance (chair)
Hydro-Québec – Board Chair, Governance and ethics (chair)
Transcontinental Inc. – Lead Director, Human resources (chair)

Nicholas Hartery | **Independent | Age 68 | Limerick, Republic of Ireland | Director since 2014**

Mr. Hartery is a Corporate Director and the President & Chief Executive Officer of Prodigium LLC, a consulting company providing business advisory services. He was Board Chair of CRH plc, an Irish-based international building materials group, from 2004 until his retirement in December 2019. Mr. Hartery was Vice President of Manufacturing and Business Operations for Dell Inc.'s Europe, Middle East and Africa operations from 2000 to 2008. He has also served as an Executive Vice President at Eastman Kodak and as the President & Chief Executive Officer at Verbatim Corporation. Mr. Hartery also serves as Chairman of the board of Musgrave Group, a privately owned international food retailer.

Mr. Hartery is a Chartered Engineer and Fellow of the Institute of Engineers of Ireland (C.Eng. F.I.E.I.). He holds a Bachelor of Engineering degree (Electrical) from University College Cork and holds a Master of Business Administration degree from University of Galway.

Top five areas of expertise:

- Compensation leadership
- Digital
- Environment, health and safety
- Governance
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
99.76% votes *for* 0.24% votes *withheld*	Board of directors	7 of 7	100%
	Governance and risk committee (chair)	4 of 4	100%
	Human resources committee	4 of 4	100%

Finning securities held / **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	0	49,551	49,551	1,253,640	257,000
2018	0	37,160	37,160	884,408	225,500
Change	0	12,391	12,391	369,232	31,500

Meets his share ownership requirements.

Other public company boards, including committee membership
None

Mary Lou Kelley	Independent | Age 59 | Minneapolis, Minnesota, United States | Director since January 2018

Ms. Kelley is a Corporate Director. From 2014 to 2017 she served as the president of e-commerce for Best Buy, a retail company, and as senior vice president of Chico's FAS from 2010 to 2014. Prior to Chico's FAS, she held senior leadership roles in marketing and e-commerce with various companies, including L.L. Bean and Ashford.com. Earlier in her career, Ms. Kelley served as a management consultant with McKinsey and Company. Ms. Kelley is currently an advisor to the senior leadership of Falabella Retail. Ms. Kelley is a director of Vera Bradley, Inc. and YETI Holdings, Inc.

Ms. Kelley holds a Bachelor of Arts in Economics from Boston College and a Master of Business Administration from The University of Virginia.

Top five areas of expertise:

- Compensation leadership
- Digital
- Diversity
- Financial leadership
- Governance

2019 voting results	Finning board/committees	2019 meeting attendance	
99.76% votes *for* 0.24% votes *withheld*	Board of directors	6 of 7	86%
	Human resources committee	4 of 4	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Finning securities held / **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	0	17,521	17,521	443,281	243,788
2018	0	6,824	6,824	162,411	201,500
Change	0	10,697	10,697	280,870	42,288

Ms. Kelley joined the board on January 1, 2018. She meets her two-year share ownership requirement and has until January 1, 2023 to meet her five-year share ownership requirement.

Other public company boards, including committee membership
Vera Bradley, Inc. – Audit
YETI Holdings, Inc. – Compensation

Andrés J. Kuhlmann	Independent | Age 57 | Santiago, Chile | Director since 2019

Mr. Kuhlmann serves as the Chief Executive Officer of Transelec SA, a leading power transmission company in Chile. Prior to Transelec, he was the Chief Executive Officer of Siemens, Chile, from 2001 to 2007. He also served as the Chief Executive Officer of Electroandina South America from 1997 to 2001, and was the Operations Vice President at Enel Generación Perú S.A.A., formerly Edegel, a private electric power generation company in Peru, from 1995-1996.

Mr. Kuhlmann is a graduate in civil and industrial engineering from the Pontifical Catholic University of Chile.

Top five areas of expertise:

- Compensation leadership
- Digital
- Environment, Health and Safety
- Governance
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
N/A votes *for* N/A votes *withheld*	Board of directors	2 of 2	100%
	Audit committee	1 of 1	100%
	Governance and risk committee	1 of 1	100%

Finning securities held / **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	0	1,560	1,560	39,468	38,918
2018	0	0	0	0	0
Change	0	1,560	1,560	39,468	38,918

Mr. Kuhlmann joined the board on November 4, 2019 and has until November 4, 2021 to meet his two-year share ownership requirement and until November 4, 2024 to meet his five-year share ownership requirement.

Mr. Kuhlmann attended the audit committee and governance and risk committee meetings on November 4, 2019 as a guest, prior to his appointment to the board and those committees later that day.

Other public company boards, including committee membership
None

Stuart L. Levenick	Independent | Age 67 | Naples, Florida, United States | Director since 2016

Mr. Levenick is a Corporate Director. Mr. Levenick retired from Caterpillar Inc. in 2015 after 37 years, including 10 years as Group President. His most recent responsibility included leadership of customer and dealer support for Caterpillar. Other responsibilities during his tenure as Group President included management of businesses spanning marketing, manufacturing operations, engineering, supply chain, procurement and human resources. Prior to assuming the Group President position in 2004, Mr. Levenick served as Vice President, Caterpillar Inc., and Chairman of Shin Caterpillar Mitsubishi Ltd. from 2000 to 2004, and as Vice President, Asia Pacific Division, from 2001 to 2004. Prior to 2000, he held various senior positions with Caterpillar in North America, Asia and Europe. Previously, he held positions as Chairman of the Association of Equipment Manufacturers, Executive Director of the United States Chamber of Commerce and Director of the U.S./China Business Council and the U.S./Russia Business Council. Currently, Mr. Levenick is the lead director of Entergy Corporation and of W.W. Grainger, Inc. and a director of the University of Illinois Foundation.

Mr. Levenick graduated from the University of Illinois with a Bachelor of Science degree in Forestry and is a Sloan Fellow with a Master of Science degree in management from the Massachusetts Institute of Technology.

Top five areas of expertise:
- Compensation leadership
- Digital
- Financial leadership
- Governance
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
99.77% votes *for* 0.23% votes *withheld*	Board of directors	6 of 7	86%
	Audit committee (chair)	5 of 5	100%
	Governance and risk committee	4 of 4	100%

Mr. Levenick was unable to attend the board meeting on December 6, 2019 due to a scheduling conflict.

Finning securities held					Compensation received from Finning ($)
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2019	0	35,501	35,501	898,175	262,500
2018	0	23,377	23,377	556,373	231,000
Change	0	12,124	12,124	341,802	31,500

Meets his share ownership requirements.

Other public company boards, including committee membership
Entergy Corporation – Lead director, Corporate governance, Executive, Nuclear
W.W. Grainger, Inc. – Lead director, Board affairs and nominating (chair), Compensation

Kathleen M. O'Neill	Independent | Age 66 | Toronto, Ontario, Canada | Director since 2007

Ms. O'Neill is a Corporate Director and an experienced Audit Committee Chair. Prior to 2005, Ms. O'Neill was an Executive Vice-President at BMO Financial Group where her most recent position was Executive Vice-President, Personal & Commercial Development and Head of Small Business Banking. Prior to joining BMO Financial Group in 1994, Ms. O'Neill was with PricewaterhouseCoopers LLP for 19 years including eight years as a tax partner. Ms. O'Neill currently serves on the Board of Directors of ARC Resources Ltd., and the Ontario Teachers' Pension Plan. Ms. O'Neill served as Finning's Audit Committee Chair from May 2010 until May 2017, and is past Chair of St. Joseph's Health Centre and St. Joseph's Health Centre Foundation.

In 2005, Ms. O'Neill was accredited through the Institute of Corporate Directors/Rotman School of Management Directors Education Program. She is on the Ontario Advisory Council and the Accounting Policy Advisory Committee for the Institute of Corporate Directors (ICD). She holds a Bachelor of Commerce degree (with Honours) from the University of Toronto and is a Fellow of the Ontario Institute of Chartered Accountants (FCPA). Ms. O'Neill was selected as one of Canada's Top 100 Most Powerful Women by the Women's Executive Network in 2014, 2015 and 2016, and was inducted into the Women's Executive Network Hall of Fame in 2017.

Top five areas of expertise:
- Banking
- Diversity
- Financial leadership
- Governance
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
99.07% votes *for* 0.93% votes *withheld*	Board of directors	7 of 7	100%
	Audit committee (financial expert)	5 of 5	100%
	Governance and risk committee	4 of 4	100%

Finning securities held					Compensation received from Finning ($)
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2019	14,000	71,685	85,685	2,167,831	237,500
2018	14,000	63,441	77,441	1,843,096	207,500
Change	0	8,244	8,244	324,735	30,000

Meets her share ownership requirements.

Other public company boards, including committee membership
ARC Resources Limited – Audit (chair), Governance

Christopher W. Patterson	**Independent | Age 65 | Estero, Florida, United States | Director since 2010**

Mr. Patterson is a Corporate Director. From April 2005 until his retirement in June 2009, Mr. Patterson was President and Chief Executive Officer of Daimler Trucks North America LLC. Prior to 2005, he held progressively senior executive positions with Freightliner LLC, predecessor to Daimler Trucks North America, including Senior Vice President, Service and Parts and was Executive Vice President, Sales and Marketing of Volvo Trucks North America. Mr. Patterson is also a director of Modine Manufacturing Company.

Mr. Patterson holds a Bachelor of Arts degree in Economics and a Master of Business Administration degree from the University of Western Ontario.

Top five areas of expertise:

- Compensation leadership
- Diversity
- Environment, health and safety
- Governance
- Industry experience

2019 voting results		**Finning board/committees**	**2019 meeting attendance**	
99.77%	votes *for*	Board of directors	7 of 7	100%
0.23%	votes *withheld*	Audit committee	5 of 5	100%
		Safety, environment and social responsibility committee	4 of 4	100%

Finning securities held — **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	9,025	39,298	48,323	1,222,572	237,500
2018	8,025	32,196	40,221	957,260	204,740
Change	1,000	7,102	8,102	265,312	32,760

Meets his share ownership requirements.

Other public company boards, including committee membership

Modine Manufacturing Company – Audit, Corporate governance, Officer nomination and compensation (chair)

Edward R. Seraphim	**Independent | Age 60 | North Vancouver, British Columbia, Canada | Director since January 2019**

Mr. Seraphim is a Corporate Director. From 2013 until his retirement in 2019, he was Chief Executive Officer and a director of West Fraser Timber Company Limited. Mr. Seraphim held the role of President from 2012 to 2018 and also held previous positions as Chief Operating Officer and Vice President, Pulp & Paper. Prior to joining West Fraser, he worked for Fletcher Challenge Canada from 1985 to 1997. Mr. Seraphim has over 30 years of operations, marketing and sales experience in the forest products industry. Mr. Seraphim is a former Chairman of the Council of Forest Industries and a former board member of the Softwood Lumber Board, British Columbia Lumber Trade Council and Forest Products Association of Canada.

Mr. Seraphim holds a Bachelor of Commerce degree from the University of British Columbia and is a Chartered Accountant.

Top five areas of expertise:

- Compensation leadership
- Diversity
- Environment, health and safety
- Financial leadership
- Governance

2019 voting results		**Finning board/committees**	**2018 meeting attendance**	
99.77%	votes *for*	Board of directors	7 of 7	100%
0.23%	votes *withheld*	Audit committee	5 of 5	100%
		Governance and risk committee	4 of 4	100%

Finning securities held — **Compensation received from Finning ($)**

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2019	1,400	5,924	7,324	185,297	233,000
2018	n/a	n/a	n/a	n/a	n/a
Change	1,400	5,924	7,324	185,297	233,000

Mr. Seraphim joined the board on January 15, 2019 and has until January 15, 2021 to meet his two-year share ownership requirement and until January 15, 2024 to meet his five-year share ownership requirement.

Other public company boards, including committee membership

None

L. Scott Thomson	Not independent | Age 50| West Vancouver, British Columbia, Canada | Director since 2013

Mr. Thomson joined the company as President and CEO in June 2013. Prior to joining Finning, Mr. Thomson was Chief Financial Officer of Talisman Energy Inc. from 2008 to 2013 and had responsibility for finance, tax, treasury, investor relations, marketing, business development and strategy, planning and performance management. Prior to Talisman, Mr. Thomson held several executive positions with Bell Canada Enterprises from 2003 to 2008 including Executive Vice President, Corporate Development. Prior to Bell, Mr. Thomson was a Vice President at Goldman Sachs. Mr. Thomson currently serves as a director of the Bank of Nova Scotia. Mr. Thomson formerly served as a director of Interfor Corporation.

Mr. Thomson holds a Bachelor of Arts degree in Economics and Political Science from Queen's University and a Master of Business Administration degree from the University of Chicago.

Top five areas of expertise:
- Digital
- Diversity
- Environment, health and safety
- Financial leadership
- Industry experience

2019 voting results	Finning board/committees	2019 meeting attendance	
99.22% votes *for* 0.78% votes *withheld*	Board of directors	7 of 7	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Mr. Thomson is a member of the safety, environment and social responsibility committee because he is President and CEO of Finning. He also attended various other committee meetings in his capacity as President and CEO of Finning.

Finning securities held

Year	Common shares (#)	DSUs (#)	Stock Options (#)	Performance share units (#)	Restricted share units (#)
2019	1,400	5,924	7,324	185,297	233,000
2018	1,400	0	1,400	33,320	n/a
Change	0	5,924	5,924	151,977	233,000

Meets his executive share ownership requirements (see page 57).
Mr. Thomson does not receive director compensation as a member of the Finning board. He receives executive compensation and received his executive DSUs in lieu of a cash payout under our short-term incentive plan (see page 69).

Other public company boards, including committee membership

Bank of Nova Scotia – Audit, Human resources

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the company, no proposed director or personal holding company of a proposed director:

(a) is, at the date hereof or has been, within the ten years before, a director, chief executive officer or chief financial officer of any company (including Finning) that, while that person was acting in that capacity:

> (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for more than 30 consecutive days, or
>
> (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for more than 30 consecutive days, or

(b) is, as at the date hereof, or has been, within the ten years before, a director or executive officer of any company (including Finning) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Committee reports

The board has four standing committees to assist it in fulfilling its duties and responsibilities:

- audit
- governance and risk
- human resources
- safety, environment and social responsibility

Committee responsibilities and their mandates are set out in each committee's terms of reference, which are approved by the board and are available on our website (www.finning.com). Each committee is satisfied that it has fulfilled all of its responsibilities in 2019.

Three of the four committees are made up of independent directors. Mr. Thomson is a member of the safety, environment and social responsibility committee because of his role as President and CEO, which is mandated in the committee's terms of reference. Mr. Kuhlmann joined the board and was appointed to the audit committee and the governance and risk committee on November 4, 2019. Committees are constituted annually following the election of directors at our annual meeting.

Each committee meets in-camera, without management present, at each meeting. You can read more about the committees and governance at Finning beginning on page 33.

Audit committee

The committee is 100% independent and met five times in 2019.

Members
Stuart L. Levenick (chair)
Vicki L. Avril-Groves (financial expert)
Marcelo A. Awad
Andrés J. Kuhlmann (joined the committee on November 4, 2019)
Kathleen M. O'Neill (financial expert)
Christopher W. Patterson
Edward R. Seraphim

Mandate
Primary responsibility for financial reporting, information systems, financial risk management, internal control over financial reporting and disclosure controls and procedures, and the pension plans of the corporation.

In August 2019 the terms of reference were amended to move oversight responsibility for enterprise risk management processes from the audit committee to the governance and risk committee, subject to the continuing overall oversight responsibility of the board. You can read more about enterprise risk management at Finning beginning on page 37.

The primary mandate of the audit committee is to assist the board in fulfilling its oversight responsibilities to the shareholders, and other stakeholders of the corporation with respect to:

- the integrity of annual and quarterly financial statements that will be provided to the shareholders and others
- audits of the financial statements
- the systems of internal controls over financial reporting and disclosure controls and procedures established by management and the board
- all audit, accounting, financial reporting and financial risk management processes
- compliance with accounting and finance based legal and regulatory requirements, relevant laws, regulations and policies
- the external auditor's qualifications and independence
- the internal and external audit processes and performance of the internal auditor and external auditor
- the corporation's pension plans
- the implementation and effectiveness of the Ethics Program Charter and the compliance program under the Ethics Program Charter.

It is the audit committee's responsibility to maintain an open avenue of communication between the committee, the external auditor, the internal auditor and management of the corporation. At each meeting, the committee may meet separately with management and will meet in separate closed sessions with only independent directors in attendance, with the external auditor and with the internal auditor.

In discharging its oversight role, the audit committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities, and personnel of the corporation and the power to retain outside counsel or other experts for this purpose.

2019 highlights	
Ethical business conduct	• reviewed and approved our ethics program charter and oversaw the activities of our global ethics committee and its investigations into complaints under our code of conduct
External audit function	• reviewed and recommended the external auditor's audit plan and fees to the board for approval (see page 13 for details about their services and fees) • received quarterly reports from the external auditor following the external auditor's review and audit procedures • reviewed recommendations from the external auditor's management letter, and met independently with the external auditor at each meeting • completed an annual assessment of the external auditor • monitored audit quality indicators for the 2019 audit • reviewed reports from the external auditor on the external auditor's independence • reviewed and approved the written policy for pre-approving the external auditor's services • recommended the re-appointment of the external auditor for 2019
Risk management	• monitored cybersecurity risks and level of security maturity • reviewed key risks and related disclosures each quarter as part of the enterprise risk management process • reviewed the financial and accounting management succession plan
Financial reporting and internal controls	• reviewed and recommended to the board for approval the annual and interim MD&A, financial statements and related news releases • reviewed the adoption of IFRS 16 (Leases) and the impact on financial reporting • reviewed and approved the board authority and approvals policy and global delegation of management authority policy • reviewed and recommended approval of non-GAAP financial measures policy • received an education session on developments in tax compliance
Internal audit function	• reviewed the internal audit function and approved the internal audit charter • reviewed and approved the annual internal audit plan, monitored the plan's progress and met independently with the internal auditor at each meeting • reviewed the results of internal audit activities and compliance with applicable regulatory requirements, including continuous disclosure requirements • completed the internal auditor's annual performance review • monitored the progress of the ongoing enterprise resource planning (ERP) implementation in South America
Treasury	• reviewed the dividend strategy and made dividend recommendations • reviewed our financial arrangements and liquidity • reviewed and approved key treasury policies • recommended the extension and amendment of our global syndicated credit facility • recommended the issuance of $200M seven-year bonds • recommended renewal of the company's normal course issuer bid (NCIB) and recommended amendment of our NCIB to increase the number of shares that may be repurchased • reviewed and approved our global insurance coverage and insurance premium
Pension plans	• reviewed and approved our funding, investment and governance policies • monitored the investment and financial position of our pension plans • monitored the risk reduction activities of our defined benefit plans • reviewed and approved the management pension committee's terms of reference and adherence to them

General	• oversaw our regulatory and legal compliance • monitored the status of legal claims affecting Finning • reviewed the expenses of the Board Chair and President and CEO • recommended amendments to the audit committee's terms of reference for board approval, including, as described above, amendments to move responsibility to monitor and report to the board on the company's enterprise risk management process to the governance and risk committee • recommended amendments to the code of ethics for senior executive and financial management for board approval • completed a self-assessment of the committee and committee chair

The audit committee oversees Deloitte's performance, qualifications, independence and audit of Finning's financial statements, and recommends the auditor's compensation to the board for approval. See page 13 for information about the fees paid to Deloitte in 2019 and 2018.

You can find more information about the audit committee in our most recent 2019 annual information form, which is available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Governance and risk committee The committee is 100% independent and met four times in 2019.	
Members Nicholas Hartery (chair) James E.C. Carter Andrés Kuhlmann (joined the committee on November 4, 2019) Stuart L. Levenick Kathleen M. O'Neill	
Mandate The mandate of the governance and risk committee is to assist the board in fulfilling its obligations by providing a focus on risk management processes and a focus on governance that will enhance corporate performance. In August 2019 the corporate governance committee was renamed the governance and risk committee and the committee assumed responsibility for oversight of the processes for business risk assessment and management from the audit committee. The committee may delegate the assessment and recommendation-making function regarding specific risks that are within the mandate of other standing committees of the board to such other committees, which then report directly to the board on such risks. The board continues to have overall responsibility for risk oversight, which is the process for determining that the corporation has an appropriate process in place for managing its significant risks and is improving that process continuously as the corporation's business environment changes. The committee also assesses and makes recommendations regarding board effectiveness, including the development of annual board objectives and the implementation of annual board performance evaluations, and establishes a process for identifying, recruiting, appointing, re-appointing and providing ongoing development of directors.	
2019 highlights Overseeing corporate governance policies	• reviewed terms of reference for the board, Board Chair, committees, directors and President and CEO, recommending amendments for board approval, as necessary • reviewed board and committee operating guidelines, recommending updates for board approval, as necessary • reviewed the code of conduct, whistleblower policy, global political contributions policy, board diversity policy and corporate disclosure policy, recommending amendments for board approval, as necessary
Board Chair succession planning and board renewal	• implemented the Board Chair succession plan with the new Board Chair assuming office January 15, 2019 • oversaw board renewal and recommended the appointment of two new board members • reviewed the skills matrix for directors and identified skill sets and diversity requirements for potential director nominees • monitored the board's independence and reviewed board interlocks for potential conflicts of interest • adjusted committee memberships for changes in board membership • recommended to the board the implementation of the Finning South America Advisory Council
Director compensation	• reviewed our independent consultant's report on director compensation trends (you can read more about the independent assessment of Finning's compensation practices on page 40) • reviewed director share ownership guidelines best practices and individual director compliance with our guidelines
Director orientation, assessment and development	• reviewed and approved updates to the board evaluation process • reviewed the results of the 2018 board, committee and committee chair evaluations • on-boarded two new directors • facilitated performance evaluations of the board, committees and committee chairs with board member and key management participation • facilitated individual director peer evaluations, including one-on-one interviews conducted by the Board Chair with individual directors and by the governance and risk committee chair with the Board Chair • reviewed the director orientation and education program

Risk Management	• reviewed a report on Finning's enterprise risk management process
General	• developed annual board objectives with the Board Chair and President and CEO and completed an assessment of the prior year's objectives for board consideration • monitored information flow between management and the board • monitored corporate governance best practices, potential regulatory changes and disclosure trends • recommended amendments to the governance and risk committee's terms of reference for board approval • completed a self-assessment of the committee and committee chair

Human resources committee

The committee is 100% independent and met four times in 2019.

Members
James E.C. Carter (chair)
Jacynthe Côté
Nicholas Hartery
Mary Lou Kelley

Mandate
The board has established the human resources committee to ensure in-depth analysis of policies and strategies developed by management in the areas of human resources, talent, succession, compensation, benefits and pension.

For purposes of the human resources committee's terms of reference, executive management means the President and CEO, all members of the executive of the corporation (Vice President level and above) and such other officers of subsidiaries of the corporation as the President and CEO may designate. The leadership team means the President and CEO, the Chief Financial Officer, the Chief Human Resources Officer, the Chief Digital Officer, the country operational presidents and any other employees of the corporation as the President and CEO may designate.

The mandate of the committee is to:
- ensure, at a strategic level, that there are appropriate and effective human resources policies in place setting out the philosophy for the employment and motivation of the corporation's staff and their understanding of and engagement in the interests and success of both the group and the particular business in which they work, consistent with the corporation's purpose, vision and values statement, and to promote competencies that enable the corporation's strategy
- regularly review with the President and CEO, his plans for the structure, development and succession of the leadership team
- work to continuously improve the corporation's philosophy and guidelines on compensation
- ensure a broad plan of executive compensation is established that is competitive and motivating to attract, hold and inspire executive management and other key employees, while taking into account the overall cost of compensation of the executive management and the interests of shareholders
- work to ensure that the key elements of design within the corporation's pension plans remain appropriate and effective.

2019 highlights Senior executive compensation	• reviewed and recommended approval of the 2019 performance objectives for the President and CEO • approved management's recommendations to hold base salaries for 2019 at 2018 levels for the majority of senior executives • reviewed and recommended approval of the short-term incentive award for the President and CEO and approved short-term incentive awards for other senior executives • recommended changes and expansion of the scope of responsibility for the new role of Chief Digital Officer • reviewed and recommended approval of the CEO retention incentive award (you can read more about this award on page 71) • reported quarterly to the board on the performance of the President and CEO relative to his annual objectives
Compensation programs and policies	• reviewed our independent consultant's report on executive compensation trends • confirmed that the performance measures for the long-term incentive plan support our strategic and operational priorities • reviewed and recommended adjustments to the long-term incentive plan mix for executives (for more information, see page 64) • reviewed and approved changes to the short-term incentive plan performance measures • confirmed that senior executives have met, exceeded, or are on track to meet their share ownership requirements • completed our annual compensation risk review (you can read more about how the committee manages compensation risk on page 58)

Human resources and talent management	• reviewed management's progress on diversity initiatives, including specific action plans to increase gender diversity and retention of females in the company • reported to the board on the status of union negotiations in Canada and South America
Succession planning	• reviewed and approved the succession plan to address the retirement of the President of Finning South America • reviewed and approved the succession plan to address the retirement of our CFO in 2020 • reviewed and refreshed succession plans and talent actions for the leadership team and the CEO, including contingency planning
General	• recommended amendments to the human resources committee's terms of reference for board approval • completed a self-assessment of the committee and committee chair

Safety, environment and social responsibility committee The committee met four times in 2019.	
Members Jacynthe Côté (chair) Vicki L. Avril-Groves Mary Lou Kelley Christopher W. Patterson Edward R. Seraphim L. Scott Thomson Mr. Thomson is a member of the committee, as required by the committee's terms of reference, because he is our President and CEO and is responsible for Finning's day-to-day operations. He is the only non-independent member of the committee.	
Mandate The mandate of the safety, environment and social responsibility committee is to assist the board in its oversight of the corporation's safety and health, environmental and social responsibility policies and programs and monitor its performance against those policies and programs. The committee encourages, assists and counsels management in its drive towards attaining and maintaining world-class safety, health and environmental performance and sustainability. The committee, through oversight of management's procedures and policies, ensures management builds compliance into the corporation's business processes and activities in order to meet or exceed applicable legal obligations. The committee supports management in achieving the goals of eliminating work-related injuries and occupational illnesses and reducing our impact on the environment. Community investment is also a focus of this committee, as well as any matter affecting the company's sustainable development in the committee's areas of oversight responsibility. The committee is also involved in providing strategic input, monitoring risks and reviewing action plans in all these areas.	
2019 highlights	
Ensuring compliance with legal and regulatory standards	• monitored our safety, health and environmental vision, strategic objectives, and global road map • reviewed outcomes from safety audits
Eliminating environmental incidents, work-related injuries and occupational illnesses	• reviewed and approved total injury frequency (TIF) targets for 2019 Corporate STIP metrics and reviewed proposed safety targets for 2020 • participated in a safety tour at the Antofagasta component rebuild centre (CRC) in Chile • reviewed significant incidents • monitored our health, safety and environmental performance, including leading and lagging indicators • reviewed safety standards on energy isolation
Community investment and sustainable development	• reviewed our greenhouse gas (GHG) emissions performance • received updates from regional management on community investment focused on supporting STEM education • reviewed and supported management in the development of Finning's 2019 sustainability report • reviewed progress on our sustainability road map
General	• recommended changes to the safety, environment and social responsibility committee's terms of reference • completed a self-assessment of the committee and committee chair

Sustainability

In 2019, Finning continued to make progress in its sustainability journey. We invested time and resources in managing the sustainability topics that are deemed more relevant to our business, including People, Environment, Products, Communities and Ethics and Governance. Our performance and progress in our journey are described in our annual sustainability report, which is available on our website (www.finning.com).

An important part of sustainability at Finning is inclusion and diversity. You can read more about this starting on page 37.

Corporate governance

We believe that high corporate governance standards are essential to operating effectively and enhancing shareholder value.

We are a Canadian reporting issuer listed on the Toronto Stock Exchange (TSX). Our corporate governance policies and practices meet Canadian regulatory requirements that apply to us, including:

- National Instrument 58-101, Disclosure of Corporate Governance Practices
- National Instrument 52-110, Audit Committees
- corporate governance requirements that apply to Canadian companies listed on the TSX.

You can find a list of the requirements of National Instrument 58-101 and a discussion of how Finning meets those requirements in Appendix A beginning on page 89.

Where to find it

About the Finning board

Our shareholders elect the board of directors. Director nominees are voted on individually, not by slate voting.

Our articles of incorporation provide for a minimum of three and a maximum of 14 directors. We believe that a company of our size and scope should have between eight and twelve directors to oversee our affairs.

During times of board renewal, we may increase the size of the board to provide an appropriate transition and orientation period for new directors before longer serving directors retire from the board.

The board has overall responsibility for Finning's business conduct and fostering our long-term success to maximize shareholder value. It oversees our strategy, risk management, corporate governance policies, succession planning, safety practices and community investment policy.

The board is directly responsible for:
- choosing the President and CEO, who is responsible for Finning's day-to-day operations
- reviewing and approving the annual operating plan and the strategic plan, which take into account business opportunities and business risks
- overseeing and monitoring management's systems for Finning's operations
- monitoring and assessing our performance in meeting both short and long-term goals established by management and approved by the board
- directly reviewing and approving major transactions proposed by management, including the payment of dividends, the terms for the issuance of securities and the repurchase of shares
- reviewing reports and recommendations from the board committees and giving management the necessary direction
- reviewing the content of significant communications with shareholders and the investing public, including this management proxy circular, the annual information form, and the quarterly and annual financial statements, MD&A and associated news releases
- reviewing and approving key corporate policies
- managing the board's affairs, including planning its composition, selecting the Board Chair, nominating candidates for election to the board, appointing committees and committee chairs and determining director compensation
- approving the appointment of all corporate officers and the compensation of the President and CEO.

The board has adopted written position descriptions and mandates (terms of reference) for the board, individual directors, the President and CEO, the Board Chair and each of the four board committees. Copies are available on our website (www.finning.com) or from our General Counsel and Corporate Secretary.

The board met seven times in 2019.

Board committees

The board has four standing committees to help it carry out its responsibilities:
- audit
- governance and risk
- human resources
- safety, environment and social responsibility.

The board can create new committees, as needed.

Committees meet at least quarterly. The committee chair sets the agenda for each meeting with the assistance of the General Counsel and Corporate Secretary and other members of management, and reports on each meeting to the board. The Board Chair regularly attends meetings of the audit committee.

Committee membership is reviewed every year after our annual meeting, and at other times as appropriate. The board rotates committee members and committee chairs as necessary or appropriate. The governance and risk committee recommends to the board the appointment of directors to the committees based on their skills and experience, with reference to the following guidelines:
- all members of the audit committee must be independent and financially literate. At least one committee member must be a financial expert, which means they have accounting or related financial management expertise
- all members of the human resources committee must have knowledge and experience in human resources and compensation matters
- the President and CEO is required to be a member of the safety, environment and social responsibility committee.

The board and its committees can retain outside counsel or other experts as needed.

Meridian Compensation Partners provides independent advice on director compensation to the board and on executive compensation to the human resources committee.

The General Counsel and Corporate Secretary oversaw the 2019 review of board effectiveness, which included an evaluation of the board, individual director peer reviews and committee and committee chair evaluations. You can read more about the evaluation process beginning on page 36.

Our committee meetings are organized so two committees meet at the same time, to allow more time at board meetings for discussion and focus on strategy, risk, business operations, education sessions, talent review and succession planning.

Board independence

Our board must have a majority of independent directors and our Board Chair and CEO are separate roles. Our Board Chair is independent. We do not have a lead director, but we can appoint one if necessary.

At every board meeting, including special board meetings, if any, the independent directors meet without management present. In 2019 the board met with the independent directors, without management present, at every meeting. Committees also meet without management present and in 2019 every committee met without management present at every meeting.

The board has determined that eleven of the twelve nominated directors meet the definition of *independence* set out in National Instrument 58-101 of the Canadian Securities Administrators.

Mr. Thomson is not independent because he is our President and CEO.

Directors assess their independence annually by completing a detailed questionnaire that asks if they:

- have a direct or indirect relationship with Finning that could prevent them from making an impartial judgment
- are employed by, or have a relationship with someone employed by, Finning or our internal or external auditor
- have a familial relationship with Finning, or with our internal or external auditor
- have received, or a family member has received, fees from Finning outside of their director compensation
- have a direct or indirect relationship with another member of the board
- have any actual or perceived interests that could constitute a conflict of interest, such as an association with a company that has a business relationship with Finning, such as a significant customer, competitor or supplier.

Our board has a process for identifying and handling potential and actual conflicts of interest if a director is associated with a company that has a business relationship with Finning:

- the Board Chair is advised of any potential or actual conflicts of interest and the director abstains from reviewing any related material
- the director recuses himself or herself from participating in any discussions and voting on a matter that involves the other company
- we evaluate all payments between Finning and the other company
- we evaluate all of the board's decisions about the other company.

No director or executive officer at Finning, none of this year's nominated directors and no one associated or affiliated with any one of them, has a direct or indirect material interest in any transaction or proposed transaction that has materially affected or would materially affect the company or any of our subsidiaries.

This process allows us to have directors with both market expertise and customer experience, which contributes to the overall strength of our board.

We also have a global hedging policy. Pursuant to this policy, we do not allow our board members to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted to them as compensation, or Finning securities that they hold directly or indirectly, and we also prohibit the use of hedging to offset the value of shareholdings for director share ownership requirements.

Key priorities

The board's five priorities for strong stewardship are:

1. Business strategy
The board is actively involved in helping direct Finning's long-term business strategy and the board discusses Finning's strategy at every board meeting. The board also holds a strategy session every year in conjunction with a board meeting. Our 2019 strategy session was held in Chile and included site visits to our Antofagasta branch, the Component Rebuild Centre and the Finning Technical Training Institute (FITT) and Integrated Knowledge Centre (IKC) in Chile, and to our Neuquén branch in Argentina. The board also had a fly-over orientation to the Vaca Muerta oil fields in Argentina, and a site visit to the Ministro Hales mine in Chile.

Our 2019 strategic planning process included an in-depth review of our long-term global strategy, with the focus on long-term strategic growth and diversification and the execution of strategic priorities to capture growth and improve performance.

Management presents the preliminary annual operating plan and budget for the coming year at the December board meeting for discussion and feedback. Revised versions are prepared by management and presented for review and approval at the February board meeting.

2. CEO leadership and succession planning
CEO leadership
The board gives support and direction to the President and CEO in the achievement of his objectives. In 2019, focus areas for the board in supporting the President and CEO included: enhancing focus on reducing significant safety incidents; continued development of our leadership talent, including implementation of our succession plans to address the retirement of the CFO and the President of Finning South America; ensuring we have diverse and inclusive teams; ensuring continued employee engagement; focus on supply chain performance and service operations; continued engagement in our relationship with Caterpillar; strategic innovation; continued engagement with customers and shareholders; and continued support of our digital strategy. You can read more about the CEO's leadership in his profile beginning on page 23.

Succession planning
Succession planning involves identifying and developing successor candidates for senior management to ensure an orderly process for leadership succession.

Succession activities reviewed by the human resources committee and reported to the board included the refreshment of succession plans and talent actions for the leadership team and the CEO, including CFO succession and succession for the President of Finning South America.

3. Board composition and renewal
The governance and risk committee is responsible for Board Chair succession and recruiting new directors who will bring the appropriate skill set and diversity to our board, given our corporate strategy and objectives.

When considering director nominees, the board assesses the individual candidate's competencies and skills against those that the board has identified in a skills matrix as desirable to enhance board performance. As the board composition changes and as Finning's strategy evolves, the director skills matrix is reviewed to ensure that the current director skill sets align with our strategic goals. The skills matrix also helps the board to prioritize and identify areas for future enhancement or gaps in the current skill sets of the board and committees (see page 46 to read about our director skills matrix).

The committee retains the services of an external search firm or consultant for director recruitment as necessary.

Nine independent directors have been recruited to the board since we began focusing on board renewal seven years ago. Our goal in 2019 was to recruit one board member from South America, who has been a chief executive officer.

Mr. Kuhlmann joined the board on November 4, 2019. He is currently the Chief Executive Officer of Transelec SA, a leading power transmission company in Chile. He lives in Santiago, Chile and has over 25 years of experience in senior executive roles in the industrial and electricity and power generation sectors in Chile and Peru. Mr. Kuhlmann was identified as a candidate by the committee's independent consultant and was recommended for appointment to our board based on his depth of experience as a senior executive and CEO in South America.

4. Board effectiveness

The board sets objectives for board effectiveness at the beginning of each year. In 2019, the board agreed on five priority areas:

- continue the focus on strategic discussions on major business strategies and opportunities for growth, and support the effective integration of 4Refuel
- support efforts to embed a strong health and safety culture, evolve sustainability and develop talent, including through inclusion and diversity and employee engagement actions
- support ongoing board renewal activities and consider changes to committee structure and mandates
- director education and development, focusing on our business and on strengthening the relationship between our directors and Caterpillar
- risk monitoring and identification.

The board reviews its performance every year to assess its general performance and progress on its annual objectives. The governance and risk committee is responsible for the evaluation process, which is conducted annually in-house through the General Counsel and Corporate Secretary's office and at least every three years through an independent external consultant. In 2019, the board evaluation process was overseen by the General Counsel and Corporate Secretary.

The board evaluation process:

- included an online survey to identify areas for board focus with board member and key management participation
- covered a wide range of topics including board composition and succession, alignment of the board and executive on strategy and priorities, board leadership, CEO succession planning, director recruitment and development, and shareholder and stakeholder engagement, among other topics
- included a survey on committee and committee chair effectiveness, covering topics such as composition, committee reporting, committee leadership and priorities for the coming year.

The director evaluation process:

- included an online survey to receive quantitative ratings and qualitative feedback on each director's contributions through a review by peers and key management
- covered a wide range of issues including strategic perspective, key strengths relevant to the skills matrix and future board requirements, business, risk and financial acumen, fiduciary duty, objectivity and independence, level of engagement and boardroom demeanour
- included a Board Chair survey, covering topics such as effectiveness of meetings and relationship with directors, management and key stakeholders.

The office of the General Counsel and Corporate Secretary compiled the results of the evaluations, discussed them with the governance and risk committee chair and the Board Chair and delivered a report to the governance and risk committee, which was then reported to the board. The results of the individual director assessments were also compiled and provided to the governance and risk committee chair and the Board Chair. Individual meetings between the Board Chair and each director to debrief individual directors on their results were held and the governance and risk committee chair also met with the Board Chair to review the Board Chair's individual results.

The conclusion of the evaluations is that our board is seen to have a strong level of engagement and there continues to be close alignment between directors and management on the board's effectiveness and on board priorities. The committees are also seen to be working effectively, with good support from management. The observations and recommendations from this evaluation process will be considered in the development of board and committee objectives for 2020.

5. Risk oversight
Our business includes market, credit, liquidity and other risks. We have a strong risk management culture and an enterprise risk management process to manage our business activities and risks.

In 2019, oversight of our processes for managing critical business risks was moved from the audit committee to the governance and risk committee to improve the focus on developing mitigation plans with management and to allow more focus on emerging trends and larger strategic risks. Each of our operations identifies the main risks that could have a negative effect on our business, and then develops a plan to mitigate those risks. Management provides an update on the critical business risks and mitigation plans at each quarterly governance and risk committee meeting, which then reports to the board. The role of the governance and risk committee is to organize and expedite management of the enterprise risk process. The governance and risk committee will delegate business risks that are within the mandate of one of the other committees to the relevant committee. Financial risk management remains with the audit committee. Overall responsibility for risk oversight remains with the board.

The board and its committees are responsible for ensuring that management has taken all reasonable steps to identify and manage all key risks:

- the audit committee receives quarterly updates from management at every regularly scheduled meeting on major financial risks and our process for monitoring and controlling them and reviews our public disclosure of risks
- the governance and risk committee receives quarterly updates from management at every regularly scheduled meeting on the top enterprise risks and any changes in the risks or their relative ranking and reviews our process for assessing and managing enterprise risks. It also receives quarterly updates on regulatory matters relevant to governance, to ensure that Finning stays at the forefront in this area, and reviews our governance practices to make sure they align with regulatory requirements and best practice
- the human resources committee reviews our executive compensation policies and practices to make sure they align with our compensation principles and do not encourage inappropriate or excessive risk-taking
- the safety, environment and social responsibility committee oversees our policies and systems to monitor safety, health and environmental risks.

We discuss our principal risks in our 2019 annual information form and in our 2019 MD&A. Both documents are available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Inclusion and diversity at Finning

At Finning, we believe that inclusion and diversity broadens talent, drives better performance and increases innovation, leading to better outcomes for all of our stakeholders and making us a stronger company overall. To promote an inclusive culture and protect the physical and psychological safety of Finning's employees, we are committed to ensuring all individuals enjoy respect and dignity in a safe work environment, free from discrimination, harassment and workplace violence.

Our demographics, in age, gender and nationalities, reflect the global nature of our operations and customer base. Our goal is to recruit, develop and promote talent inclusively, and to ensure our workforce reflects the global supply of talent. We are striving to achieve a more balanced gender composition across our workforce, leadership levels and board of director roles. You can find a list of the diversity disclosure requirements of the *Canada Business Corporations Act* and a discussion of how Finning meets those requirements in Appendix B beginning on page 93.

2019 inclusion and diversity initiatives
In 2019, we expanded on our commitment to a respectful workplace by deploying in-person training to all mid-level leaders and above, teaching them how to identify, respond appropriately to and prevent incidents of harassment.

We also continued to deliver conscious inclusion workshops to raise awareness of how unconscious biases can undermine our decision quality and how to recruit and develop inclusive and diverse teams.

We are committed to eliminating gender bias in our pay practices. In 2019 we conducted gender pay audits in each region, focusing on roles where employees of both genders are doing the same work. Gaps were identified in less than 1% of the female population overall and steps were taken to address these gaps.

In 2019 we audited all of our facilities, including those on customer sites, to identify any locations that did not meet satisfactory requirements for female employees. Each region is accountable for a plan to invest in facility upgrades to ensure they meet requirements for current and prospective female employees. In addition, the global procurement team conducted regional pilots of personal protective equipment designed for females to ensure our female employees feel valued and equipped to perform safely.

Directors

We believe having a diverse and inclusive board leads to a better understanding of opportunities, issues and risks; enables stronger decision-making; and ultimately improves the board's performance and ability to provide strategic oversight and maximize shareholder value. In a dynamic global environment, the benefits of inclusion and diversity are critical to our long-term success and viability. We have a board diversity policy that sets out our approach for promoting and achieving diversity on our board, including the identification and nomination of female directors.

> Four of our twelve board member nominees are female, representing 33% of the overall board (36% of the independent directors).

The governance and risk committee considers diversity when conducting director recruitment activities and reviews diversity as part of its annual review of the director skills matrix.

The board considers relevant skills and experience and the need to fill any gaps in the board's skill set when recruiting potential director candidates. When candidates have similar skills and experience, the board will advance the female candidate to enhance diversity and add a broader perspective.

Employees

In 2017, we developed our global inclusion and diversity strategy and a five-year road map, and both were endorsed by the board. The strategy includes a compelling business case for inclusion and diversity at Finning and demonstrates how inclusion and diversity align with and support our corporate strategy.

Each region has an inclusion and diversity council. The chairs of these councils meet as a global group every quarter to discuss the strategy, progress on the road map and tracking against inclusion and diversity metrics and objectives. The President and CEO chairs the global meetings and monitors our progress.

Measuring our progress

Since we introduced our strategy, we've been optimizing our talent processes by monitoring gender balance and making interventions to sustainably improve gender balance in recruitment, hiring, succession planning, performance management activities, and turnover. In addition, we have expanded performance reporting to include leadership accountability, leadership commitment, and inclusive culture. In 2019, 100% of executives had a performance goal to build diverse and inclusive teams. The results of our 2019 employee experience survey confirmed that we are making good progress: 88% of our employees responded favourably to the Inclusive Culture index of questions, which is seven points above the norm for global high performing companies.

Women in leadership

We measure gender balance across our talent pipeline as an indicator of progress toward eliminating bias and systemic barriers for underrepresented talent across critical processes such as recruiting, hiring, development, compensation and succession.

> **Women in executive management roles** (vice presidents and above)
>
> *As at December 31*
>
> 2019 24%
>
> 2018 22%

We recognize the need to attract and retain female talent in leadership roles and invest in growing the supply of female talent in operational and technical roles. In our hiring and promotion practices, we consider merit, qualifications, experience and improving gender balance across all management roles and functions. We also partner with several organizations around the globe as part of our longer-term diversity strategy. As a member of the 30% Club Canada, our goal is to achieve at least 30% female representation at the executive management and at the board of director levels.

Currently three of our 10 executive officers (30%) are female. The number of women in executive management roles and other areas of the organization has continued to increase since 2018. This improvement can be linked to leadership commitment, dedicated resourcing, and a multi-year strategy that includes redesigning, where appropriate, people processes to reduce or eliminate systemic bias, improve decision quality, and foster a culture where everyone feels safe, valued, and sense of belonging.

Communications and engagement

The board is committed to engaging and communicating with all our stakeholders.

We hold an advisory vote on executive pay at each annual shareholder meeting as part of our shareholder engagement. We have held a 'say on pay' vote every year since we voluntarily adopted the advisory vote in 2011 to receive feedback on this important issue.

In 2019, we continued to engage with institutional investors and proxy advisory groups, including Institutional Shareholder Services (ISS) and Glass Lewis and we also met with the Canadian Coalition for Good Governance (CCGG) to discuss our governance and compensation practices in more detail. While we consistently receive positive feedback, we continue to monitor governance and disclosure practices to ensure we maintain our high governance standards.

As part of our stakeholder outreach program, our CEO, CFO, various members of the leadership team and our investor relations representatives engage with the investment community, government officials, media representatives, and other stakeholders on a regular basis. These interactions are carried out throughout the year and are guided by our corporate disclosure policy, available on our website (www.finning.com).

Some examples of our ongoing dialog with the investment community include:

- Participating in industry-based institutional investor conferences
- Conducting one-on-one and group meetings
- Hosting tours of Finning's facilities and operations for the investment community and other interested stakeholders
- Conducting quarterly earnings calls with Q&A sessions accessible to the public by phone and webcast
- Participating in industry events that are of interest to the investment community

In these interactions, we discuss our strategic framework, operational priorities, financial performance, market outlook, growth opportunities, capital allocation priorities, and other topics of interest.

We are committed to continuously improving our investor relations program, as well as the effectiveness of our engagement with all stakeholders. To this end, we ask institutional investors for feedback on the effectiveness of our communications, closely review sell-side research reports, and conduct media monitoring.

In addition, as part of our disclosure obligations, we provide the following material that can be found on the investor relations section of our website:

- Quarterly and annual financial statements and related MD&A and earnings releases
- Management proxy circulars
- Annual information forms
- News releases of material and important developments
- Investor presentations
- Sustainability reports

We encourage shareholders to attend our annual meeting virtually or in person to hear first-hand from management about our financial and operational results and to ask questions of management and the board.

Shareholders, employees and other stakeholders can communicate with the board by writing to the Board Chair:

Board Chair
c/o General Counsel and Corporate Secretary
Finning International Inc.
Suite 300 – 565 Great Northern Way
Vancouver, British Columbia V5T 0H8

Please remember to mark your envelope *Private and Confidential*.

Director compensation

Our director compensation program helps us recruit and retain qualified individuals for our board. The board sets the fees based on the recommendation of the governance and risk committee.

2019 fee schedule

The table below shows the director fee schedule for 2019. Effective January 1, 2019 and following the recommendation of our external consultant, Meridian Compensation Partners (Meridian), we increased our director and Board Chair retainers. The Board Chair receives a higher retainer because of the scope of his responsibilities. Mr. Thomson does not receive director compensation because he is compensated in his role as President and CEO.

Board retainer	
Board Chair (includes an equity retainer of $237,000 in DSUs)	$395,000
All other directors (includes an equity retainer of $138,000 in DSUs)	$230,000
Committee chair retainers paid in cash	
• Audit committee	$25,000
• Human resources committee	$20,000
• Other committees (governance and risk, and safety, environment and social responsibility)	$15,000
Travel fees paid in cash (Board Chair is not eligible to receive travel fees) • $1,500 for the director to travel to a meeting on the same continent as his or her residence • $3,000 if the director has to travel to a different continent from his or her residence	$1,500–$3,000
Daily stipend paid in cash (Board Chair is not eligible to receive a stipend) • up to $1,500 per day if a director assumes short-term duties above ordinary director responsibilities • amount is set by the Board Chair and reviewed by the governance and risk committee	Up to $1,500

Compensation of directors who do not live in Canada is converted to their local currency on the date of payment.

Directors can choose to receive any cash compensation they're entitled to receive (cash portion of the board retainer, committee or chair retainers, travel fees and the stipend, if applicable) as deferred share units (DSUs). In 2019, directors received 87% of their total compensation as DSUs. Compensation in the form of DSUs is at risk since DSUs can be redeemed only upon a director retiring from the board and the redemption amount of DSUs depends on the market value of our shares.

Director Compensation Benchmarking and Peer Group Review

To be competitive with the market, total compensation for directors is targeted at the 50th percentile of a peer group of companies. We benchmark director compensation against the same group of companies we use to benchmark executive compensation. The 2019 compensation peer group was the same as 2018, but for the removal of Goldcorp Inc. and WestJet Airlines. Both companies were removed from the peer group due to acquisitions and their subsequent delisting from the TSX. The peer group is listed at page 56. In 2020, we plan to review the composition of our peer group to ensure we continue to benchmark against the right companies.

In late 2019, Meridian conducted a review of our director compensation against our peer group and determined that our director compensation is positioned slightly above market median. As a result, 2020 fees will remain at 2019 levels.

About director deferred share units

Directors receive 60% of their board retainer as an equity retainer in DSUs, which increases the alignment of our directors' interests with shareholder interests. Directors can also choose to receive their cash compensation in DSUs.

DSUs are notional units that track the value of Finning common shares. They earn dividend equivalents as additional units at the same rate as cash dividends paid on our common shares. There are no voting rights attached to DSUs. DSUs are issued at fair market value (the weighted average price per share at which board lots of Finning common shares have traded on the day preceding the issue date). Additional DSUs granted as dividend equivalents are based on the fair market value of our common shares on the trading day before the dividend payment date.

DSUs vest immediately and can only be redeemed after a director retires or resigns from the board. Directors can choose to receive the redemption amount in cash or in Finning common shares. If a director chooses to receive shares, we purchase them on the TSX. Directors have until December 31 of the year after they leave the board to redeem their DSUs.

2019 Director compensation

The table below shows the compensation paid to directors in 2019, including the portion they received as DSUs. For compensation paid to the President and CEO, who is also a director, please see the information starting at page 69.

					Allocation of fees earned		
	Board retainer	**Committee chair retainer**	**Other fees[1]**	**Total compensation**	**Cash**	**DSUs[2]**	**% received as DSUs (excludes reinvested dividends)**
Vicki L. Avril-Groves	$230,000	-	$10,200	$240,200	$52,450	$187,750	78%
Marcelo A. Awad	$230,000	-	$7,500	$237,500	-	$237,500	100%
James E.C. Carter	$230,000	$20,000	$7,500	$257,500	$119,500	$138,000	54%
Jacynthe Côté	$230,000	$15,000	$7,500	$252,500	$114,500	$138,000	55%
Nicholas Hartery	$230,000	$15,000	$12,000	$257,000	-	$257,000	100%
Mary Lou Kelley[3]	$230,000	$6,288	$7,500	$243,788	-	$243,788	100%
Andrés Kuhlmann[4]	$35,918	-	$3,000	$38,918	-	$38,918	100%
Harold N. Kvisle[5]	$388,125	-	-	$388,125	-	$388,125	100%
Stuart L. Levenick	$230,000	$25,000	$7,500	$262,500	-	$262,500	100%
Kathleen M. O'Neill	$230,000	-	$7,500	$237,500	$99,500	$138,000	58%
Christopher W. Patterson	$230,000	-	$7,500	$237,500	$99,500	$138,000	58%
Edward R. Seraphim	$230,000	-	$3,000	$233,000	$95,000	$138,000	59%
Douglas W.G. Whitehead[6]	$16,458	-	-	$16,458	$6,583	$9,875	60%
Total	**$2,740,501**	**$81,288**	**$80,700**	**$2,902,489**	**$587,033**	**$2,315,456**	

Notes:

1 Other fees includes travel fees and tax preparation services for non-resident directors. No stipends were paid in 2019. The amount Ms. Kelley received was to compensate her for additional duties she assumed starting in August 2019 chairing a management/board working group.

2 All DSUs are issued at fair market value (the weighted average price per share at which board lots of Finning common shares have traded on the day preceding the issue date).

3 Ms. Kelley is entitled to receive annual committee chair fees beginning in August 2019 for chairing a management/board working group.

4 Mr. Kuhlmann was appointed to the board on November 4, 2019.

5 Mr. Kvisle was appointed Board Chair on January 15, 2019. He received a Board retainer from January 1st to 15th, 2019.

6 Mr. Whitehead retired as Board Chair and as a director on January 15, 2019.

Outstanding share-based awards

We do not grant options to non-executive directors. The market or payout value of vested share-based awards (DSUs) that our non-executive directors received during the year ended December 31, 2019 is described below. DSUs granted to directors vest immediately but a director cannot redeem DSUs until the director retires or resigns from the board. For outstanding share-based awards granted to the President and CEO, who is also a director, please see the information starting at page 80.

	Number of shares or units of shares that have not vested	Market or payout value of share awards that have not vested	Market or payout value of vested share awards not paid out or distributed[1]
Vicki L. Avril-Groves	n/a	n/a	$538,030
Marcelo A. Awad	n/a	n/a	$1,218,726
James E.C. Carter	n/a	n/a	$2,022,887
Jacynthe Côté	n/a	n/a	$1,031,911
Nicholas Hartery	n/a	n/a	$1,253,640
Mary Lou Kelley	n/a	n/a	$443,281
Andrés Kuhlmann	n/a	n/a	$39,468
Harold N. Kvisle	n/a	n/a	$700,380
Stuart L. Levenick	n/a	n/a	$898,175
Kathleen M. O’Neill	n/a	n/a	$1,813,631
Christopher W. Patterson	n/a	n/a	$994,239
Edward R. Seraphim	n/a	n/a	$149,772

Note:

1 Market or payout value of vested DSUs is based on our 2019 year-end closing share price on the TSX of $25.30.

Incentive plan awards – value vested or earned during the year

We do not grant options to non-executive directors. The value of incentive plan awards (DSUs) that our non-executive directors received during the year ended December 31, 2019 is described below. For incentive plan awards – value vested or earned during the year granted to the President and CEO, who is also a director, please see the information starting at page 81.

	Share awards – value vested during the year[1,2]	Non-equity incentive plan compensation – value earned during the year
Vicki L. Avril-Groves	$187,750	n/a
Marcelo A. Awad	$237,500	n/a
James E.C. Carter	$138,000	n/a
Jacynthe Côté	$138,000	n/a
Nicholas Hartery	$257,000	n/a
Mary Lou Kelley	$243,788	n/a
Andrés Kuhlmann	$38,918	n/a
Harold N. Kvisle	$388,125	n/a
Stuart L. Levenick	$262,500	n/a
Kathleen M. O’Neill	$138,000	n/a
Christopher W. Patterson	$138,000	n/a
Edward R. Seraphim	$138,000	n/a

Notes:

1 DSUs are issued at fair market value (the weighted average price per share at which board lots of Finning common shares have traded on the day preceding the issue date).

2 The share awards value excludes the value of the notional dividends issued during 2019 as they are deemed not to be director compensation.

Our expectations of directors

We expect our directors to exercise good judgment, act with integrity and comply with our code of conduct (code) and other governance policies.

Ethical business conduct

Finning has earned a strong reputation for business integrity. For over 85 years, our rigorous standards of business conduct have been a key reason why employees work for us, customers and suppliers partner with us and shareholders invest in us.

Our code puts into practice our principles of transparency, ethics and professionalism. It covers areas including ambassadorship, shared commitment and accountability, ethical decision-making, corporate disclosure, conflicts of interest and confidentiality.

The code applies to everyone at Finning, including our subsidiaries and affiliates, and we expect our agents, consultants and contractors to act consistently with our code. New employees receive a copy of the code when they are hired, and every year all directors, officers and employees must acknowledge their understanding of the code and agree to comply with it. Our directors and our senior executives and financial management are also bound by a second code of ethics because they hold an important and elevated role in corporate governance. In 2019 we also adopted a supplier code of conduct, which is available on our website (www.finning.com).

Our global ethics committee oversees investigations of reports of suspected code violations. It is a management committee made up of our Compliance Officer (General Counsel and Corporate Secretary), Chief Financial Officer, Chief Human Resources Officer, Senior Vice President, Corporate Controller and Vice President, Risk Management. Our regional ethics committees investigate suspected violations of the code in the regions and report on their investigations to the global ethics committee. The regional ethics committees include senior executives from finance, legal, human resources and internal audit.

Key policies

The board is responsible for approving the following key governance policies to ensure our employees and directors maintain our high governance standards:

- code of conduct
- whistleblower policy
- corporate disclosure policy
- code of ethics for senior executive and financial management
- policy on share trading, hedging and use of material information
- global anti-bribery and anti-corruption policy
- majority voting policy
- board diversity policy
- global political contributions policy
- global sustainability policy
- board authority and approvals policy.

Copies of these policies are posted on our website (www.finning.com).

The audit committee monitors compliance with the code. It receives quarterly reports from the global ethics committee on the number and nature of complaints, and specific reports of any suspected violations of the code that may constitute a material risk.

Everyone is responsible for reporting a suspected breach immediately, by contacting their supervisor, manager or local representative. They can also file a report in English or Spanish through our ethics and compliance website, call the ethics and compliance hotline or contact our Compliance Officer. All reports are treated impartially and confidentially, and there is no retaliation for anyone who speaks up and acts in good faith.

The code is reviewed annually by management and any revisions are subject to board approval. The code was last updated in February 2020 and a copy is available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Share ownership

We require our directors to hold significant equity in Finning to align their interests with those of our shareholders. Directors must meet share ownership targets within two and five years after being appointed to the board. These share ownership targets are:

	Two-year target	Five-year target
Board Chair	$450,000	$1,300,000
Non-employee directors	$250,000	$700,000

Directors can count common shares and DSUs toward meeting the targets. DSUs are included for purposes of determining compliance with our share ownership guidelines because the value of a DSU is tied to our share price on the TSX and DSUs cannot be redeemed until a director leaves the Finning board. We determine compliance in the case of DSUs using the market value (based on our year-end closing share price on the TSX) or the grant price (whichever is higher).

If a director does not meet the share ownership target by the required date or fails to maintain the minimum required, the governance and risk committee will review the matter with the board and recommend a course of action, which may include increasing the proportion of the total retainer received in DSUs until the guideline has been met.

Our General Counsel and Corporate Secretary reviews our directors' equity holdings at year-end and reports on the compliance results to the governance and risk committee. The 2019 review found that all directors have met or are on track to meeting their share ownership requirements.

The table below shows each director's equity holdings at the end of 2019 compared to the previous year. The market value is based on our 2019 year-end closing share price on the TSX of $25.30.

	Equity ownership						Market value	Share ownership	
	As at Dec 31, 2019		As at Dec 31, 2018		Net change		Dec 31, 2019 ($)	requirement ($)	Meets ownership requirement
	Shares	DSUs	Shares	DSUs	Shares	DSUs			
Vicki L. Avril-Groves	5,000	21,266	–	12,740	5,000	8,526	664,530	250,000	yes
Marcelo A. Awad	–	48,171	–	36,629	– -	11,542	1,218,726	700,000	yes
James E.C. Carter	10,000	79,956	10,000	71,420	– -	8,536	2,275,887	700,000	yes
Jacynthe Côté	10,000	40,787	10,000	33,633	– -	7,154	1,284,911	700,000	yes
Nicholas Hartery	–	49,551	–	37,160	– -	12,391	1,253,640	700,000	yes
Mary Lou Kelley	–	17,521	–	6,824	– -	10,697	443,281	250,000	yes
Andrés Kuhlmann[1]	– -	1,560	n/a	n/a	n/a	1,560	39,468	250,000	Has until November 2021
Harold N. Kvisle	20,000	27,683	20,000	10,638	– -	17,045	1,206,380	450,000	yes
Stuart L. Levenick	–	35,501	–	23,377	– -	12.124	898,175	700,000	yes
Kathleen M. O'Neill	14,000	71,685	14,000	63,441	– -	8,244	2,167,831	700,000	yes
Christopher W. Patterson	9,025	39,298	8,025	32,196	1,000	7,102	1,222,572	700,000	yes
Edward R. Seraphim[2]	1,400	5,924	n/a	n/a	1,400	5,924	185,297	250,000	Has until January 2021

Notes:

1 Mr. Kuhlmann was appointed to the board on November 4, 2019.

2 Mr. Seraphim was appointed to the board on January 15, 2019.

Attendance

We expect directors to attend all board meetings and all of their committee meetings. A director may attend a meeting by teleconference if all the other directors agree. If a director's attendance record falls below 75%, the board will reconsider the eligibility of the director to stand for re-election.

			Committee meetings			
	Total 2019 attendance	Board meetings	Audit	Governance and risk	Human resources	Safety, environment and social responsibility
Vicki L. Avril-Groves	100%	7 of 7 (100%)	5 of 5 (100%)	–	–	4 of 4 (100%)
James E.C. Carter	100%	7 of 7(100%)	–	4 of 4 (100%)	4 of 4 (100%)	–
Jacynthe Côté	100%	7 of 7 (100%)	–	–	4 of 4 (100%)	4 of 4 (100%)
Nicholas Hartery	100%	7 of 7 (100%)	–	4 of 4 (100%)	4 of 4 (100%)	–
Mary Lou Kelley	93%	6 of 7 (86%)	–	–	4 of 4 (100%)	4 of 4 (100%)
Andrés Kuhlmann[1]	100%	2 of 2 (100%)	1 of 1 (100%)	1 of 1 (100%)	–	–
Harold N. Kvisle[2]	100%	7 of 7 (100%)	–	–	–	–
Stuart L. Levenick[3]	94%	6 of 7 (86%)	5 of 5 (100%)	4 of 4 (100%)	–	–
Kathleen M. O'Neill	100%	7 of 7 (100%)	5 of 5 (100%)	4 of 4 (100%)	–	–
Christopher W. Patterson	100%	7 of 7 (100%)	5 of 5 (100%)	–	–	4 of 4 (100%)
Edward R. Seraphim	100%	7 of 7 (100%)	5 of 5 (100%)	4 of 4 (100%)	–	–
L. Scott Thomson	100%	7 of 7 (100%)	–	–	–	4 of 4 (100%)

Notes:

1 Mr. Kuhlmann was appointed to the board and to the audit and governance and risk committees on November 4, 2019. He attended the audit and governance and risk committee meetings on November 4, 2019 as a guest, prior to his appointment at the board meeting later that day.

2 Mr. Kvisle attended various committee meetings in his capacity of Board Chair.

3 Mr. Levenick was unable to attend the board meeting in December 2019 due to a scheduling conflict.

Serving on other boards

We do not limit the number of other public company boards our directors can serve on, but we expect directors to fulfill their responsibilities and commitment to the Finning board. Before they join another company's board, directors are required to discuss it with our Board Chair.

Interlocks

The governance and risk committee reviews all directorships and interlocks when it assesses director independence.
Mr. Kvisle and Ms. O'Neill serve together on the board of ARC Resources Ltd. (ARC). As Mr. Kvisle serves as Board Chair of both Finning and ARC, Mr. Kvisle is not a member of any committee of either company, so there are no committee interlocks between Mr. Kvisle and Ms. O'Neill.

Skills and development

We expect all of our directors to have senior leadership experience and a familiarity with our industry, as well as skills and experience in four core areas:

All of the nominated directors also have chief executive officer or senior officer and growth experience.

Skills matrix

The governance and risk committee maintains a skills matrix to track the key skills and experience of individual directors and the expertise of the board as a whole, and to identify any gaps. The matrix is also a tool for identifying education opportunities and the desired skills when recruiting new director candidates to fill vacancies or address upcoming director retirements.

Our director nominees bring an array of skills and experience to the board. The image below gives a snapshot of the top five skills of each director nominee, in addition to their chief executive officer or senior officer and growth experience. You can read about each nominee in the director profiles beginning on page 17.

Key skills and experience	**Total directors**	Vicki L. Avril	James E.C. Carter	Jacynthe Côté	Nicholas Hartery	Mary Lou Kelley	Andrés Kuhlmann	Harold N. Kvisle	Stuart L. Levenick	Kathleen M. O'Neill	Christopher W. Patterson	Edward R. Seraphim	L. Scott Thomson
Chief executive officer or senior officer has experience as a chief or senior executive officer for a publicly listed company or major organization with international operations	12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Growth has experience driving a clear strategic vision focused on superior execution, significant acquisitions, mergers or restructurings or organic growth	12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Banking and financial institutions has experience in investment or corporate banking or as an economist	3	✓	✓							✓			
Talent / Compensation leadership has a thorough understanding of talent management, compensation, benefit and/or pension programs, legislation and/or collective bargaining from senior executive experience	9		✓	✓	✓	✓	✓	✓	✓		✓	✓	
Digital has experience in digital analytics and innovation, technology solutions for customer support and product monitoring or technology for operational excellence	5				✓	✓	✓		✓				✓
Diversity has experience with companies that operate in the same countries as Finning and a thorough understanding of cultural, regulatory and political requirements. Offers a depth of perspective from a gender, ethnic or geographic viewpoint	7	✓		✓		✓				✓	✓	✓	✓
Environment, health and safety has knowledge and experience in corporate social responsibility, community relations, environment and/or health and safety including industry regulations and a commitment to workplace safety best practices	8		✓	✓	✓		✓	✓			✓	✓	✓
Financial leadership has significant financial experience as a senior officer for an organization of similar complexity as Finning, or experience as a senior officer at a major organization in financial accounting, reporting and internal controls, and corporate finance	8	✓		✓		✓		✓	✓	✓		✓	✓
Governance has experience as a board member for a publicly listed company or major organization	10	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Industry experience • has experience as a senior officer in mining, large construction, power generation, agriculture or alternative energies • has operational expertise in international manufacturing, heavy equipment sales and marketing, distribution or supply chain excellence, technology and integrated solutions • has relationship expertise through Caterpillar or global customer affiliations.	10	✓	✓	✓	✓		✓	✓	✓	✓	✓		✓

Director development

We design our director orientation and education programs to inform and educate our directors on a range of topics so they are better equipped to deal appropriately with issues that may arise during their tenure, make more informed decisions and perform their duties as a member of the Finning board generally.

The governance and risk committee oversees the program, which includes putting together materials, resources and sessions on corporate governance matters as well as our business, strategy, operations and current issues facing the business.

Director orientation

The orientation process begins with prospective directors. As part of the on-boarding process, we provide information about Finning's culture and strategy, board composition, director compensation and the board mandate, which outlines the key responsibilities of directors.

New directors receive training and access to the board portal, which provides important orientation materials such as the board policy manual, board and committee meeting materials, key policies and communications materials. They also receive detailed information about Finning and our business, and new directors meet with senior management to receive briefings and materials on:

- our business and strategic plans
- key strategic risks and risk management
- our operations
- compliance programs
- treasury (funding position, arrangements and policies)
- financial reporting and auditing policies and procedures.

Director orientation also includes visits to plant sites and facilities where appropriate.

Continuing education

Each director is responsible for staying informed about our business and outside developments that could have an impact on Finning. Senior management provides regular updates to the board about our business, including financial, business and strategic information, as well as recent developments and other issues. Outside advisors may make presentations on specific topics or developing issues, and directors may visit plant sites and facilities from time to time to gain additional insight into our business.

We provide information about emerging corporate governance trends and best practices and other relevant information through the board portal, and directors receive paid memberships to professional organizations like the Institute of Corporate Directors. The General Counsel and Corporate Secretary also advises directors of educational opportunities from time to time.

Our 2019 education program focused on the following areas:

Topic	Presenter	Attendees
Corporate and operations		
Long-term strategy	Senior Vice President, Commercial & Financial Performance Management, Finning (Canada)	Board
South America strategy and education sessions • Executing on Global Strategic Priorities • Operational Excellence • Growth and Diversity • Performance solutions • Neuquén, Argentina branch tour • Fly-over orientation of Vaca Muerta oil and gas fields, Argentina • Ministro Hales, Chile mine site visit • Antofagasta, Chile branch tour • CRC branch and safety tour, Chile • Finning Technical Training Institute (FIIT)/Integrated Knowledge Centre (IKC) tour, Chile	President, Finning South America and Finning executive management	Board Safety, environment & social responsibility committee (safety tour)
IFRS 16 (Leases) – Adoption and impact	Senior Vice President, Corporate Controller	Audit committee
Tax development and compliance	Senior Vice President, Corporate Controller	Audit committee
Investor relations overview	Vice President, Investor Relations & Corporate Affairs	Board
Talent reviews for Finning (Canada), Finning South America, and Finning UK and Ireland	President, Finning (Canada), President, Finning South America, and Managing Director, Finning UK and Ireland	Board

Topic	Presenter	Attendees
Long-term network strategy for Finning (Canada)	President, Finning (Canada) and Senior Vice President, Commercial & Financial Performance Management, Canada	Board
Regulatory updates	General Counsel and Corporate Secretary	Audit committee Governance and risk committee
Risk management processes	Senior Vice President, Commercial & Financial Performance Management Canada and Vice President, Risk Management	Governance and risk committee
Technology		
Cyber and information security	Chief Digital Officer Director, Enterprise Architecture and Chief Information Security Officer	Audit committee and Board
Project Cueca South America (Operational)	President, Finning South America	Board
Human resources		
Employee engagement	Chief Human Resources Officer	Human resources committee
Executive participation on outside boards	Chief Human Resources Officer	Human resources committee
Economic Value Added (EVA) as a new measure of financial performance	Chief Human Resources Officer	Human resources committee
Female employee retention and female high potential talent	Chief Human Resources Officer	Human resources committee
Trends and recent developments in executive compensation	Meridian Compensation Partners and Chief Human Resources Officer	Human resources committee
Sustainability	Vice President, Health & Safety, Finning (Canada)	Safety, environment & social responsibility committee
4Refuel update	President & CEO, 4Refuel LP, Canada	Board
Caterpillar		
CAT – Transforming Parts Distribution for Services Growth; Digital	Caterpillar senior executive management	Board

Some directors also attended external education sessions independently or presented to organizations like the Institute of Corporate Directors, National Association of Corporate Directors and CPA Canada, among others. Sessions attended in 2019 covered the following topics:

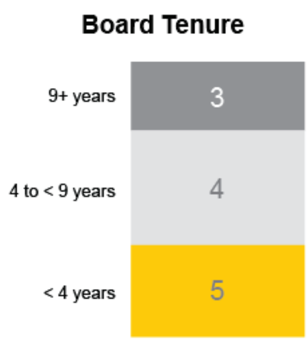
- audit – Bill 198 and IFRS 16 (Leases)
- financial reporting
- executive compensation – executive compensation structures and goalsetting
- other – director and officer liability, ESG, and crisis management

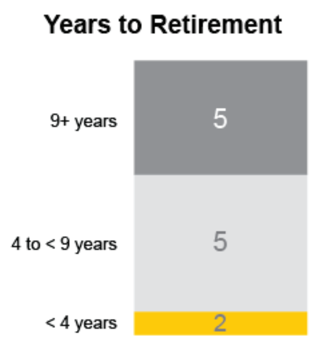
Retirement and term limits

Pursuant to our retirement policy, when directors turn 72 years old, they are no longer eligible to stand for re-election at the next annual meeting and must retire from the board. The board can waive this requirement if a qualified replacement director has not been identified after a thorough search, or if the director's retirement would have a material impact on Finning because it would mean losing a unique set of skills.

The board has not adopted term limits because it would risk losing directors with a deep understanding of our company, business and strategic relationships. The board believes that it has achieved healthy renewal through ordinary turnover and its retirement policy.

In the past seven years, nine independent directors have been recruited to the board. The average tenure of the proposed board is five years and nine months. Five of the twelve nominees have served on our board for less than four years.





Executive compensation

This section of the circular discusses our executive compensation program and the 2019 pay decisions for our most senior officers.

Our named executive officers (named executives) for 2019 are:

- **L. Scott Thomson**, President and Chief Executive Officer (President and CEO)
- **Steven Nielsen**, Executive Vice President and Chief Financial Officer (CFO), retired as CFO effective March 1, 2020 and will fully retire effective March 31, 2020
- **Kevin Parkes**, President, Finning (Canada)
- **Marcello Marchese**, President, Finning South America, retired effective December 31, 2019
- **Dave Cummings**, Executive Vice President and Chief Digital Officer (CDO)

The human resources committee has reviewed and approved the content of this section. We encourage you to read this section before you decide how to vote.

Where to find it

Message from the Board Chair and chair of the human resources committee

Fellow shareholders,

There is no question 2019 was a challenging year with political unrest, market volatility and uncertainty creating pressures globally that required us to be flexible and focus on managing our costs and capital. We are pleased with 2019 results in Canada and the UK & Ireland which demonstrate improved execution, stable gross profit margins, disciplined cost management, and market share gains. However, a difficult year in South America resulted in flat consolidated earnings per share year over year.

2019 performance

In Canada, we saw expansion in our construction and mining businesses and delivered record revenue for the year. EBIT as a percentage of net revenue was 7.5% and Adjusted EBIT as a percentage of net revenue was 8.0% – the highest since 2007. In South America, social unrest and political instability impacted our results. However, we won important deals, including an autonomous mining deal for Teck's QB2 mine and our team worked tirelessly to get back on track post-ERP implementation. In the UK and Ireland, we maintained profitability while managing through political and economic uncertainty related to Brexit.

2019 compensation for our named executives

Base salaries and annual long-term incentive awards remained at similar levels for our named executives compared to 2018. Due to mixed financial and non-financial results, short-term incentive plan awards were lower compared to 2018. The 2019 short-term incentive plan achieved an overall score calculated at 63% of target, demonstrating a clear link between pay and our 2019 performance results. Though we did not meet all of our 2019 targets outlined in our short-term incentive plan, we are proud of the progress we are making on our safety journey towards zero incidents. In 2019, we demonstrated stronger safety results compared to 2018 - our total injury frequency (TIF) was 2.01 compared to 2.60 in 2018.

CEO compensation and retention incentive award

For our President and CEO, Mr. Thomson, total direct compensation remained similar to 2018. Base salary was up slightly from 2018 while the annual long-term incentive award remained unchanged. The short-term incentive award was slightly lower compared to 2018. From a five-year lookback perspective, average granted CEO pay for the period was 11.2% lower compared to realized and realizable pay. This in part was driven by a lower than target payout of 53% on the performance share unit plan in 2019.

During his tenure as CEO, Mr. Thomson has successfully navigated the company through significant volatility and uncertainty in the marketplace. Retaining Mr. Thomson in the CEO role is critical to:

- continued progress on our strategic priorities;
- provide leadership continuity during a period of several recent retirements in the senior leadership team; and
- focus on leadership development, succession planning and growing the business in the coming years.

To maximize our ability to retain Mr. Thomson and strengthen his longer-term alignment with shareholders, the Board granted Mr. Thomson a retention incentive award with a grant date value of $8 million in the form of 326,265 notional share units. The award is payable in full if he stays with the organization through 2026. The grant date value of the award represents approximately 1x Mr. Thomson's annual salary per year, over an eight-year period. Vesting begins at the end of 2022 and the award vests in equal installments over a five-year period to the end of 2026. Upon vesting, the incentive will settle in Deferred Share Units (DSUs), which cannot be redeemed until Mr. Thomson leaves the company.

This retention incentive award provides incremental exposure to our share price and long-term alignment with the shareholder experience.

You can read more about the CEO's compensation beginning on page 69.

Alignment with shareholder interests

Most of what we pay our executives is variable or at-risk, to motivate strong performance and align their interests with those of shareholders.

Our executives have share ownership requirements, so they have a significant interest in our future success and are exposed to the same share price volatility that our shareholders experience. Our CEO and our other named executives have met or exceeded, or are on track to achieving, their share ownership requirements.

Advisory vote on executive pay

We've held an advisory vote on executive pay every year since 2011 as part of our commitment to strong corporate governance practices and engaging with shareholders. Our five-year average support of our approach to executive compensation is 93.1%; we value this feedback.

The next section of the circular discusses our executive compensation program and the 2019 pay decisions for our most senior officers in more detail. We encourage you to read this section before you decide how to vote your shares. We welcome your feedback on executive compensation at any time and encourage you to participate in the advisory vote.

/s/ Harold N. Kvisle

Harold N. Kvisle
Board Chair

/s/ James E.C. Carter

James E.C. Carter
Human resources committee chair

Finning’s compensation principles

Finning’s executive compensation philosophy is driven by nine core principles designed to align executive pay with our overall business strategy.

These core principles have been developed within the context of the executive compensation principles set out by the Canadian Coalition for Good Governance and philosophical concepts that are specific to our business. While actual performance targets and metrics may vary from year to year, the following principles relating to the program remain consistent:

Core principles

1	**Focus the executive team on building shareholder value**	Our incentive plans focus the executive team on financial metrics that we consider are key drivers of shareholder value, including profitability (EBITDA as a percentage of net revenue[1]) and invested capital turnover[1] in our short-term incentive plan and ROIC and relative total shareholder return (rTSR) in our long-term incentive plan. Our share ownership requirements help to further align executives’ interests with our shareholders’ interests.
2	**Link executive compensation and performance**	Executive compensation varies from year to year depending on corporate, business unit and individual performance measured against performance objectives set at the beginning of the year.
3	**Designate a significant portion of executive compensation to at-risk pay**	The majority of executive compensation is variable or at-risk, with minimum performance thresholds. Payouts from incentive awards are higher when performance exceeds expectations and lower when performance is below expectations.
4	**Focus the executive team on building the business over the medium and longer term**	Our long-term incentive plan focuses on achieving results with a medium to longer-term view.
5	**Focus the executive team on employee health and safety**	Safety is an important component of the annual incentive plan structure. As part of corporate policy, even if the safety target is achieved in a given year, the safety component of the incentive plan is not paid out to named executives if there has been an employee fatality.
6	**Establish an incentive structure that is straightforward and easy to understand**	We use a limited number of metrics for the incentive plans, to drive a strong focus and not dilute the overall effect of the incentive structure.
7	**Focus the incentive structure on quantitative metrics**	Our incentive plans use quantitative financial and operational metrics that are aligned with our broader strategy and priorities, in areas the executive team can reasonably influence.
8	**Encourage and reward the executive team for teamwork**	A portion of the short-term incentive award is tied to corporate and business unit performance.
9	**Develop compensation programs that do not encourage inappropriate risk-taking**	Our executive compensation program provides a balance of fixed and variable pay and is designed to increase long-term value without encouraging excessive risk-taking. Our incentive plans use quantitative financial and operational metrics that are aligned with our broader strategy. Incentive plan payouts are capped and can be clawed back. Executives are required to own Finning equity.

Note

1 These financial metrics, referred to as a non-GAAP financial measure, do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Please see page 9 for more information about these financial metrics.

Our executive compensation program contains key features, practices and policies that help to manage risk and limit excessive risk-taking. Many of them are outlined below:

WHAT WE DO

- √ **Independent compensation committee** – All of the members of our human resources committee are independent and have experience in compensation as a former or current CEO or senior executive officer
- √ **Independent compensation consultant** – The human resources committee uses an external independent advisor who provides independent advice on executive compensation plan design, compensation governance and compensation best practices
- √ **Share ownership requirements** – Executives have share ownership requirements, so they have an interest in our future success and are exposed to the same share price volatility that our shareholders experience (increased in 2019 to 5x base salary for CEO and 2.5x for other named executives)
- √ **Clawback policy** – If an employee's gross negligence, fraud or intentional misconduct causes or significantly contributes to our having to make a material financial restatement, Finning officers may have to repay incentive compensation they received
- √ **Use of discretion** – The human resources committee reviews situations where there are significant variances to our annual operating plan that have a clear positive or negative impact on short-term incentive payouts
  - the committee may use its discretion to increase or decrease the size of an award
- √ **Balanced program structure** – Our compensation program includes a balanced mix of short, medium and long-term compensation components with an emphasis on quantitative measures to provide a holistic assessment of performance
- √ **Overlapping performance cycles** – Our performance share unit plan, which comprises 60% of our long-term incentive plan, has overlapping performance cycles, which encourages sustained long-term performance
- √ **Payout maximums –** Payouts are capped at a maximum level of performance for both our short-term and long-term incentive plans to discourage excessive risk-taking
- √ **Stress-testing and back-testing** –- We test the incentive plan metrics and weightings, looking back historically and at potential future outcomes based on different performance scenarios to make sure the plan designs are sound and result in intended outcomes
- √ **Change-in-control provisions** – We have a double-trigger payment requirement for the CEO in a change-in-control situation
  - while we do not have specific change-in-control agreements for the other named executives, executives must be involuntarily terminated before they can receive any severance or other payments from Finning

WHAT WE DON'T DO

- X Allow for the repricing or backdating of stock options
- X Count unexercised stock options or unvested Performance Share Units (PSUs) towards share ownership requirement
- X Offer excessive severance – agreements are in place for the CEO and other named executives that limit the amount of severance provided upon termination
- X Provide payouts if performance is below threshold levels
- X Allow executives to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted to them as compensation, or Finning securities that they hold directly or indirectly
  - we also prohibit the use of hedging to offset the value of shareholdings for executive and director share ownership requirements
- X Offer excessive pension, perquisites and benefits

Compensation discussion and analysis

Philosophy and approach

At Finning, we believe in the importance of aligning executive compensation with business results and shareholder interests.

In this spirit, we offer a competitive compensation program that allows our leaders to share in the company's financial success when they deliver performance that helps achieve our corporate goals, increases shareholder value and demonstrates commitment to our operational excellence agenda.

Compensation is designed to meet five objectives:

1 **Attract** individuals who have the leadership and management skills to drive the future growth and success of Finning
2 **Retain** talented and valued members of the executive team
3 **Motivate** executives to achieve excellence in their respective areas of responsibility and together as a team
4 **Reward** executives for their individual and collective contributions to Finning's success and provide a strong link between compensation and the interests of Finning and our shareholders
5 **Support** the health and the well-being of the members of the executive team

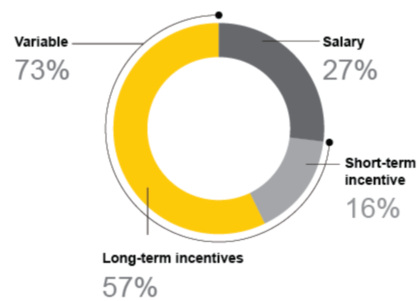
Pay for performance

Our senior executive team plays a key role in executing our short and long-term goals and maintaining our unwavering commitment to our people and their safety. This understanding shapes our approach to providing a competitive total rewards package for our named executives.

Most of what we pay our executives is variable or at-risk, to motivate strong performance and align their interests with those of shareholders.

Incentive awards focus on the achievement of corporate, business unit and individual performance goals. They do not encourage excessive risk-taking and their value is not guaranteed.

The image to the right shows the average breakdown of total direct compensation for our named executives; in 2019, 73% of pay was variable or at-risk. Individual profiles of our named executives, including 2019 pay mix summaries, can be found beginning on page 68.



Benchmarking

We compare our compensation structure and each component against a peer group as a general guide for setting compensation levels and the pay mix for the named executives. We monitor the relevance of our peer group by reviewing key statistics such as revenue, assets and market capitalization on a regular basis. The compensation peer group used for our executives is the same for the board.

We target the median (50th percentile) of the total compensation offered by companies in our peer group. Our executives can earn more through higher payouts from incentive awards when performance exceeds expectations and less when performance is below expectations.

The human resources committee applies the following general criteria to select appropriate peer companies:

- Similar in size, based on revenue, assets and/or market capitalization
- Industries that face similar dynamics (such as heavy equipment or industries affected by commodity cycles)
- Publicly traded, national Canadian companies with global operations and consideration given to US companies, if viewed to be particularly relevant

Other things to note

We also consider other factors such as macroeconomic conditions, work experience, complexity of the role and internal equity when setting executive compensation.

An initial screen is conducted of companies that meet the above criteria. The human resources committee then conducts a qualitative review of the composition of the peer group. Additional refinements may be made to the peer group to ensure Finning is reasonably positioned on an overall size basis and to ensure the group accurately reflects the diverse set of companies we compete with for executive talent.

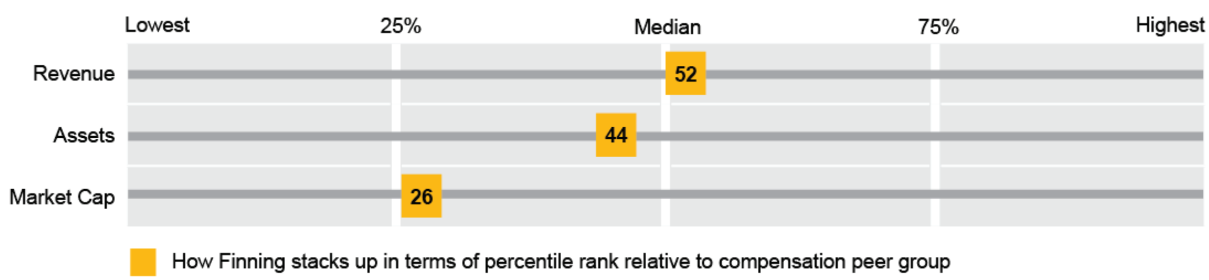
2019 Compensation Peer Group

Company	Industry
AGCO Corp.	Agriculture/farm machinery
Kinross Gold Corp.	Gold
Methanex Corp.	Commodity chemicals
Oshkosh Corp.	Construction machinery and heavy trucks
Parkland Fuel Corp.	Oil and gas refining and marketing
Resolute Forest Products Inc.	Paper products
SNC-Lavalin Group Inc.	Construction and engineering
Stantec Inc.	Research and consulting cervices
Teck Resources	Diversified metals and mining
Terex Corp.	Construction machinery
Toromont Industries	Trading/distributors
West Fraser Timber Co.	Forest products
WSP Global Inc.	Construction

The 2019 compensation peer group was the same as 2018, but for the removal of Goldcorp Inc. and WestJet Airlines. Both companies were removed from the peer group due to acquisitions and their subsequent delisting from the TSX. In 2020, we plan to review the composition of our peer group to ensure we continue to benchmark against the right companies.

We use the S&P/Capped Industrials Index to benchmark rTSR performance for our PSU plan as the companies in this index better reflect where Finning competes for shareholder investment.

How Finning stacks up against the current compensation peer group:



Share ownership

We require executives to meet share ownership requirements so they have a significant interest in our future success. They must meet their requirements within five years after assuming their position and maintain the ownership level while at Finning. If the executive is promoted to a higher level, they will have another five years to meet the higher incremental ownership requirements. In 2019, the share ownership requirements were increased to 5x and 2.5x for the CEO and other named executives, respectively.

Position	Ownership requirements (as a multiple of salary)
CEO	5x
Executive Vice President	2.5x
Senior Vice President	1.5x
Vice President	1x

Equity ownership includes common shares, restricted share units (RSUs) and DSUs. Executives in Canada and the UK can elect to redirect any portion of the cash payment of their short-term incentive into a DSU plan on a pre-tax basis until they meet their ownership requirement. Executives make the election before the start of each fiscal year.

The table below sets out the share ownership of each named executive as at December 31, 2019. All our named executives have exceeded their ownership requirements, with the exception of Mr. Parkes, who is on track to meeting his share ownership requirement and has until 2023 to meet his requirement.

	Ownership Requirement (Multiple of Salary)	Shares		DSUs		RSUs		Actual Multiple (Total Holdings)[1]
		Value	Units	Value	Units	Value	Units	
L. Scott Thomson	5x $5,000,000	$4,569,376	180,608	$224,666	8,880	$2,220,896	87,782	7x $7,014,938
Steve Nielsen	2.5x $1,402,500	$633,635	25,045	$415,257	16,413	$592,224	23,408	2.9x $1,641,116
Marcello Marchese[2]	2x $1,258,806	$1,004,385	39,699	$0	-	$351,487	13,893	2.2x $1,355,872
Kevin Parkes	2.5x $1,337,500	$42,327	1,673	$167,738	6,630	$407,168	16,094	1.2x $617,233
Dave Cummings	2.5x $1,124,200	$1,312,398	51,873	$0	-	$407,168	16,094	3.8x $1,719,567

Notes:

1 The total holdings were calculated using the market value of our common shares, based on our 2019 year-end closing share price on the TSX of $25.30 and unit values rounded to the nearest whole number. We do not include stock options to determine compliance with our share ownership guidelines because we do not consider them as equity until they are exercised and retained as common shares. PSUs are not included because vesting is based on meeting performance conditions over a three-year period. DSUs and RSUs are included because their value is tied to our share price on the TSX. DSUs are not paid out until the holder leaves the company and RSUs have a three-year cliff vesting design, meaning the holder must be employed by Finning for at least three years for their RSUs to vest. Upon vesting, RSUs are paid out and are then no longer included to determine compliance with our share ownership guidelines. You can read more about our DSUs and RSUs on page 60.

2 Mr. Marchese's share ownership multiple was lower because Chilean tax rules do not allow a payout from our short-term incentive plan to be redirected to a DSU plan on a pre-tax basis. The 20% reduction in his share ownership requirement reflects this tax issue and equalizes the share ownership requirements for all executive vice presidents on an after-tax basis.

Compensation governance

The human resources committee oversees our compensation policies and practices, human resources and talent management strategy and executive compensation program. It also provides input to the board on planning for leadership succession at Finning.

Qualified and experienced
Each member of the human resources committee must have knowledge and experience in human resources and compensation so they can make a meaningful contribution to the work of the committee. All of the members are independent and have experience in compensation as a former or current CEO or senior executive officer.

	Talent/ compensation	Diversity	Governance/ risk management	CEO/ senior executive	Industry experience	Other human resources committees
James E.C. Carter (chair)	✓	✓	✓	✓	✓	
Jacynthe Côté	✓	✓		✓	✓	✓
Nicholas Hartery	✓		✓	✓	✓	
Mary Lou Kelley	✓	✓	✓	✓		✓

The committee meets in-camera without management present at each committee meeting. It also sets aside time at each meeting to meet with senior management.

You can read more about the individual committee members' relevant skills and experience in the director profiles beginning on page 17.

Independent advice
The human resources committee receives independent advice on governance, executive compensation plan design and best practices as additional input in its decision-making process.

The committee has retained Meridian Compensation Partners (Meridian) since 2014 as an independent consultant on executive compensation. Meridian is accountable to the committee and performs work on its behalf. In its role as the committee's independent advisor, Meridian may also be asked to review work performed by other external compensation consulting firms.

In 2019, Meridian conducted an independent review of our executive compensation and governance practices. They concluded that our compensation framework and governance practices are both strong and effective. Furthermore, Meridian met with the committee to discuss a variety of key compensation topics, including executive and director compensation trends, long-term incentive trends and regulatory updates.

The table below shows the fees paid to Meridian in 2019 and 2018:

	2019	2018
	Meridian	**Meridian**
Executive and director compensation-related fees	$16,188	$18,816
Total	**$16,188**	$18,816

For information on our compensation approach for directors, please refer to page 40.

Managing compensation risk
The human resources committee oversees the development of our executive compensation plans, philosophy, guidelines and policies and regularly reviews them to make sure we maintain a strong link between pay and performance.

The nature of our business requires some level of risk-taking. Our compensation policies and programs are designed to increase long-term value without encouraging excessive risk-taking. You can read more about many of the key features, practices and policies relating to our executive compensation program that help to manage risk and limit excessive risk-taking on page 58.

In 2012, the committee began conducting an annual compensation risk assessment, with periodic reviews performed by external compensation consultants. Following our 2019 review, the committee does not believe that our compensation policies and practices pose any risks that are reasonably likely to have a material adverse effect on Finning or our shareholders.

Decision-making process

The human resources committee is responsible for executive compensation, including program design, individual plan metrics and recommended payouts, subject to the board's approval.

Management	+	Human resources committee	+	Board
Management reviews our program design against market data and compensation peer group practices. At the beginning of the year, the President and CEO sets performance targets that are aligned with our overall corporate strategy and our annual operating plan. Our annual planning process includes a multi-phased approach to incorporate economic, market, historical and internal performance factors. Stress-testing is conducted by looking at potential payout outcomes over a number of performance scenarios. The President and CEO also sets performance objectives with each named executive based on our annual operating plan and our corporate strategy. At the end of the year, the President and CEO reviews each named executive's performance against the executive's objectives and completes a detailed performance review and compensation recommendations for each named executive and the executive's direct reports. Back-testing is conducted to make sure compensation plan designs are sound and result in intended outcomes.		The committee considers current and emerging market trends in executive compensation and the competitive positioning of Finning's compensation plan relative to our compensation peer group to determine the appropriate level of compensation for each named executive. The committee sets the incentive plan measures and targets taking into consideration the President and CEO's recommendations and discussions with the board. The committee considers our financial performance, shareholder input, market pay practices and current and past compensation, as well as the advice of external compensation consultants. The committee reviews the President and CEO's performance, prepares a performance review and compensation recommendation and presents these to the board. The committee reviews the performance of the other named executives and considers time in the role, demonstrated leadership competence, oversight of strategic projects and initiatives, as well as the President and CEO's recommendations and performance summaries.		The board approves the corporate strategy and our annual operating plan, which drive the approved budget and performance objectives for corporate, business unit and individual performance. The board reviews Finning's performance, the President and CEO's performance and the human resources committee's analysis and recommendations. The board has final approval on all decisions about executive pay and can use its discretion to adjust the final awards up or down.

Compensation program

We offer a competitive compensation package that balances salary with short and long-term incentives and indirect compensation that includes pension, perquisites and other benefits.

Our incentive compensation plans are designed to link compensation to the full spectrum of our business goals, including short-term goals and other goals that may take several years or more to achieve.

		Link to program objectives	Key features	
Fixed pay	Salary	• standard element in executive compensation packages • important element for attracting and retaining individuals who have the leadership and management skills to drive further growth and success of our business • only portion of total direct compensation that is not "at risk"	• provides a stable source of income • competitive with the market	page 61
Variable (at-risk) pay	Short-term incentive	• cash-based annual incentive • encourages executives to focus on specific corporate, business unit and individual goals that support our short-term operational business priorities	• target opportunity set as a percentage of salary • awarded only if threshold performance levels are met	page 61
	Deferred compensation (deferred share units)	• equity-based compensation directly aligned with shareholders • executives who have not yet met their share ownership requirement may elect to receive a portion of their short-term incentive award in DSUs • also granted to executives in special situations	• may only be redeemed after the executive retires or leaves the company • settled in cash	page 66
	Long-term incentives			page 64
	Performance share units	• equity-based incentive that links compensation to building of long-term shareholder value • balances short-term operating focus with long-term strategic financial goals • aligns the long-term financial interests of executive management with those of our shareholders	• designed to reward executives for achieving specific medium-term corporate return on invested capital (ROIC) and relative total shareholder return (rTSR) goals over a three-year period • settled in cash	page 65
	Stock options	• equity-based incentive that links executive pay to the achievement of Finning's long-term objectives • focuses on creating long-term shareholder value	• vest over three years • expire after seven years • help retain executive talent • only have value if our share price rises • settled in cash or equities	page 66
	Restricted share units	• equity-based incentive that aligns the long-term financial interests of executive management with those of our shareholders	• three-year cliff vesting • help retain executive talent • settled in cash	page 66
Indirect pay	Pension	• critical element of a total rewards program • helps attract and retain executive talent	• eligible senior executives receive retirement benefits through a defined contribution plan	Page 67
	Perquisites and other benefits	• helps keep total rewards program competitive	• perquisites are limited	page 67

To protect both Finning and the named executives, we have employment agreements in place for our named executives, allowing them to focus their efforts on creating sustainable performance.

2019 Executive compensation

Salary

To improve alignment with our compensation peer group, Mr. Thomson received a 2.7% increase to his base salary on April 1, 2019. Salaries for other named executives remained at 2018 levels, with the exception of Mr. Cummings. Mr. Cummings received a salary adjustment of 10% on April 1, 2019, due to the expansion of his role from Chief Information Officer to Chief Digital Officer, with added responsibility for operational excellence, and to improve alignment with market data.

	2019 salary	2019 increase
L. Scott Thomson	$1,000,000	2.7%
Steve Nielsen	$561,000	0%
Marcello Marchese	$629,403	0%
Kevin Parkes	$535,000	0%
Dave Cummings	$449,680	10%

Short-term incentive

The short-term incentive rewards executives for achieving corporate, business unit and individual performance targets set at the beginning of each year.

Target awards are set as a percentage of salary.

	Target Bonus (as a % of salary)	Potential payout range (as a % of salary)	Performance mix		
			Corporate	Business unit	Individual
L. Scott Thomson	125%	0-250%	85%		15%
Steven Nielsen	80%	0-160%	85%		15%
Marcello Marchese	60%	0-120%	25%	60%	15%
Kevin Parkes	60%	0-120%	25%	60%	15%
Dave Cummings	60%	0-120%	85%		15%

Our short-term strategic priorities are integrated with our annual operating plan through budget drivers and operational expectations.

Performance targets under the short-term incentive vary from year to year depending on business and market conditions and are approved by the board. Targets are set as part of our annual planning process and consider economic, market, historical and internal performance factors, as well as risks and opportunities. These include factors such as changes in commodity prices, potential upside and downside to market activity in mining, construction and the oil sands and other factors including government, customer and political factors in our geographies.

Executives can earn more when performance exceeds the pre-determined targets. There is no payout on a metric if performance is below threshold. Payouts are capped at a maximum level of performance to discourage excessive risk-taking.

2019 Corporate metrics for the short-term incentive

We use financial and non-financial corporate metrics.

What we measure	How it's calculated	Why it's important
Financial performance (70%)		
Invested capital turnover (ICT)	Net revenue for the last twelve months divided by invested capital[1] based on an average of last four quarters (capital invested to build and run the business, calculated as book value of shareholders' equity plus net debt[1])	Invested capital turnover is a key indicator of capital efficiency Our supply chain and asset utilization priorities are factors within our control that impact invested capital turnover
EBITDA as a percentage of net revenue (EBITDA %)	The ratio of EBITDA (earnings before finance costs, income taxes, depreciation and amortization) to net revenue	Cost management and our market leadership and service excellence priorities are factors within our control that impact EBITDA
Absorption[1]	Product support gross profit divided by total SG&A	Absorption measures the profitability of our product support business within our overall cost structure It aligns with the company's strategic focus on improving operating leverage through cost efficiencies and our ability to leverage incremental revenue on fixed costs
Non-financial performance (30%)		
Customer loyalty: Net Promoter Score (NPS)	The % of promoters (loyal customers who refer others) less the % of detractors (unsatisfied customers)	NPS is an industry standard measure that drives future demand for products and services and demonstrates the importance of strong customer relationships
Safety: Total injury frequency (TIF)	The total number of injuries (lost time cases, restricted duties, medical treatment injuries and first aid cases) divided by 200,000 exposure hours	TIF aligns with the fundamental importance of employee safety at Finning. It helps us address the root cause of incidents and enables us to take action along our journey towards zero incidents

The table below shows our 2019 financial and non-financial targets, thresholds and maximums for the short-term incentive and the 2019 corporate metrics score. To drive continuous improvement in operational efficiency and excellence in customer loyalty and safety, targets for IC Turns, NPS, and TIF were set at a greater degree of difficulty compared to 2018 levels. Both EBITDA % and Absorption were two new metrics introduced to the short-term incentive in 2019.

	Threshold (50%)	Target (100%)	Maximum (200%)	2019 result
Financial performance (70%)				
IC Turns[2]	1.93x	2.15x	2.36x	2.05x
EBITDA %[3]	10.1%	11.3%	12.4%	9.6%
Absorption[3,4]				
Non-financial performance (30%)				
NPS	72%	75%	79%	71%
TIF[5]	2.84	2.53 - 2.20	1.89	2.01
2019 corporate metrics score				**63%**

Notes:

1 These financial metrics, referred to as a non-GAAP financial measure, do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Please see page 9 for more information about non-GAAP financial metrics.

2 For the purpose of the short-term incentive calculation, IC Turns differs slightly from reported results as the human resources committee applied its discretion to exclude the pension asset in the UK, as well as the exclusion of 4Refuel.

3 For the purpose of the short-term incentive calculation, EBITDA % and absorption differ slightly from reported results due to the exclusion of 4Refuel.

4 The specifics of our absorption metric target, threshold and maximum are not disclosed as this information is confidential and propriety; disclosure of these details would prejudice the company's interests. At target, the absorption metric comprises 10% of the overall weighting within the set of corporate metrics.

5 The target for TIF was set as a range between 2.53 and 2.20.

Business unit performance

The short-term incentive award is also based on business unit performance for some executives, depending on their areas of responsibility. In 2019, in addition to the corporate metrics outlined above, business unit level metrics were set for both Mr. Marchese and Mr. Parkes. These metrics were quantitative in nature and set at a similar degree of difficulty as our corporate metrics. We do not disclose details about our business unit goals because this information is proprietary and would compromise our competitive position. For Mr. Marchese, business unit performance metrics (at target values) equated to approximately 6% of his 2019 total compensation. For Mr. Parkes, business unit performance metrics (at target values) equated to approximately 11% of his 2019 total compensation.

Individual performance

While corporate and business unit goals promote teamwork, individual accountability is also an important element in determining the award.

The President and CEO's personal objectives are approved by the board on the recommendation of the human resources committee. The President and CEO approves the personal objectives of the other named executives to make sure they align with our corporate priorities and objectives. We do not disclose details about individual personal objectives because they are proprietary and would compromise our competitive position.

	2019 individual performance score	Weighting
L. Scott Thomson	100%	15%
Steve Nielsen	100%	15%
Marcello Marchese	100%	15%
Kevin Parkes	120%	15%
Dave Cummings	100%	15%

The table below shows the 2019 short-term incentive awards for the named executives.

	2019 Salary[1] $	x	**Short-term incentive target opportunity** (% of salary)	x [	**Corporate metrics score** (0-200%) x weighting	+	**Business unit score** (0-200%) x weighting	+	**Individual score** (0-200%) x weighting	]	=	**2019 short-term incentive award $**	**Compared to target**
L. Scott Thomson	$993,429		125%		63%				100%			$850,928	-31%
Steve Nielsen	$561,000		80%		63%				100%			$307,538	-31%
Marcello Marchese	$623,748		60%		63%		63.2%		100%			$256,856	-31%
Kevin Parkes	$535,000		60%		63%		88.7%		120%			$279,188	-13%
Dave Cummings	$439,600		60%		63%				100%			$180,740	-31%

Note

1 Amounts reflect actual salaries earned in 2019.

Long-term incentive

The long-term incentive is awarded annually and recognizes the executive's role in driving Finning's business growth, increasing shareholder value and supporting our continued long-term financial success. The award has three components: performance share units (PSUs), stock options and restricted share units (RSUs).

The target award is set at a level that positions each named executive's total direct compensation at approximately the median relative to our compensation peer group.

In addition to considering market competitiveness and alignment with our compensation principles, the human resources committee considers several other factors when making their recommendations to the board on the size of annual long-term incentive awards, including:

- retention considerations
- executive level
- future potential of the executive.

We also take into consideration previous grant values. The 2019 long-term incentive awards for named executives were at similar levels compared to 2018.

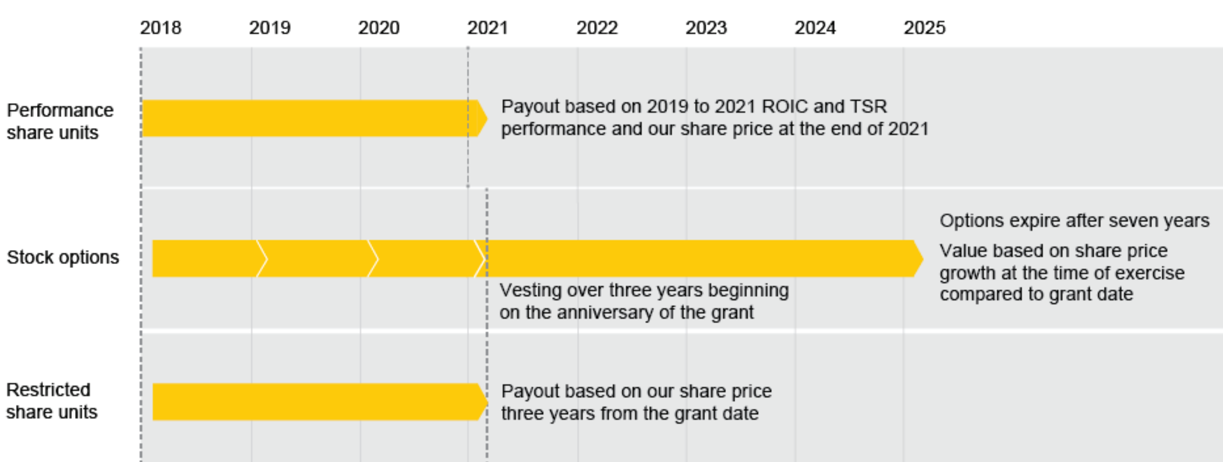
The table below shows what was granted to each named executive in 2019 during our annual long-term incentive award cycle. It shows how it was allocated and the value of each award based on its grant date value. See the footnotes to the summary compensation table on page 78 for details about how we determined the grant date fair values of the PSUs, stock options and RSUs.

In 2020, we will adjust our long-term incentive mix to 50% PSUs, 30% RSUs, while maintaining the weighting of stock options at 20%. This adjustment continues to place a significant emphasis on performance-based equity. This slight change to our long-term incentive mix is aligned with current practices amongst our compensation peer group.

		Allocation ($/#)					
	2019 long-term incentive award	Performance share units (60%)		Stock options (20%)		Restricted share units (20%)	
		value	units	value	units	value	units
L. Scott Thomson	$3,750,000	$2,250,000	98,040	$750,000	160,464	$750,000	32,680
Steve Nielsen	$1,000,000	$600,000	26,144	$200,000	42,790	$200,000	8,715
Marcello Marchese	$550,000	$330,000	14,380	$110,000	23,535	$110,000	4,793
Kevin Parkes	$687,500	$412,500	17,974	$137,500	29,418	$137,500	5,991
Dave Cummings	$687,500	$412,500	17,974	$137,500	29,418	$137,500	5,991

In addition to the annual long-term incentive award outlined above, Mr. Thomson received a retention incentive award in 2019 of $8,000,000 in the form of 326,265 notional share units. You can read more about the retention incentive award for the CEO on page 71.

The image below shows how our long-term incentive award pays out over time. Long-term incentives are at-risk pay and their value is not guaranteed.



Performance share unit plan

Performance share units vest after three years based on our financial and relative performance over the performance period. The final value of the award depends on our share price at the time of vesting, aligning the interests of executives and our shareholders. PSUs earn additional units as dividend equivalents at the same rate as cash dividends paid on our common shares.

Assessing performance

The 2019 PSU awards vest on December 31, 2021, based on our financial and relative performance over the three-year performance period of 2019, 2020 and 2021.

What we measure	How it's calculated	Why it's important
Relative performance (50%)		
rTSR over three years compared to the return of the companies that make up the S&P/TSX Capped Industrials Index[1] (the index includes a number of companies that are comparable to Finning)	Combines the appreciation in share price and reinvestment of dividends paid to show the total return to the shareholder, expressed as a percentage	Measures the value an investor receives from common shares over time Shareholders ultimately want to pay management for strong share performance and for outperforming other companies
Financial performance (50%)		
ROIC	EBIT for the three year period of 2019, 2020, and 2021 divided by invested capital, based on an average for the quarters in that three year period, expressed as a percentage	Aligns with our operational priorities, which are directly linked to improving profitability and capital efficiency and puts a clear focus on factors we can control

Note:

1 We measure our rTSR against companies that are in the index for the full three-year performance period.

We calculate the PSU performance factor based on our three-year performance against the following targets. There is no payout on a metric if performance is below threshold. If performance meets threshold but does not achieve target, the payout amount is set at 50%. If performance exceeds threshold but is below target, the payout value is calculated on a linear scale between 50% and 100%. Payouts are capped at a maximum level of performance to discourage excessive risk-taking.

2019 PSU Target

PSU performance factor	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
Total shareholder return (rTSR) (50%)	25th percentile	50th percentile	100th percentile
Average return on invested capital (ROIC) (50%)	**11.5%**	**15.5%**	**19.5%**

We measure our rTSR performance under the plan using the volume weighted average trading price of the shares for the 30 trading days before the grant date and the volume weighted average trading price of the shares for the 30 trading days prior to December 31 at the end of the performance period and assume reinvestment of dividends. We use the percentile ranking of our three-year TSR compared to the TSR of each of the companies that make up the S&P/TSX Capped Industrials Index, provided they are in the index for the full three-year performance period.

We will calculate the payout value of the 2019 PSU awards using the volume weighted average trading average for our shares for the five trading days preceding December 31, 2021.

Payout of 2017 PSU awards

Performance targets and results for the 2017 to 2019 cycle are summarized in the following table:

	Threshold (50%)	Target (100%)	Maximum (200%)	2019 result	Score	Weighting	Performance factor
Total shareholder return (rTSR)	25th percentile	50th percentile	100th percentile	20th percentile	0.0%	50%	0.0%
Average return on capital (ROIC)[1]	9.5%	12.5%	15.5%	12.7%	106.7%	50%	53.3%
2017 PSU performance factor							53.3%

Note:

1 For the purpose of the ROIC component of the PSU performance factor calculation, the 2018 ROIC value differs slightly from reported results due to the exclusion of insurance recoveries received in Canada in 2018 for the 2016 Alberta wildfires and the exclusion of the 2018 write-off of our investment in Energyst.

The 2017 PSUs were granted at $26.79 and vested on December 31, 2019 based on our rTSR and ROIC for the three-year period ending December 31, 2019. The value of each unit upon vesting was $25.23 (the volume weighted average trading price of our shares on the TSX for the five trading days preceding December 31, 2019).

[Number of PSUs granted + Number of PSUs received as dividend equivalents[1]] x **PSU performance factor** x Volume weighted average trading price = **Payout**

	Number of PSUs granted	Number of PSUs received as dividend equivalents[1]	PSU performance factor	Volume weighted average trading price	Payout
L. Scott Thomson	83,986	7,153	53.3%	$25.23	$1,226,293
Steve Nielsen	22,396	1,908	53.3%	$25.23	$327,008
Marcello Marchese	14,166	1,207	53.3%	$25.23	$206,840
Kevin Parkes	15,398	1,311	53.3%	$25.23	$224,829
Dave Cummings	15,398	1,311	53.3%	$25.23	$224,829

Note:

1 Values have been rounded to the nearest whole number.

Stock option plan

Stock options strengthen the link between the interests of Finning, our executives and our shareholders over the longer term.

Stock options are granted to senior executives under our 2005 stock option plan for senior executives. The following is a summary of the key terms of the plan:

Term	Seven years (or less, as determined by the board at the time of grant)
Exercise price	Weighted average trading price of our shares on the business day prior to grant
Vesting	Over three years, in three equal tranches beginning on the first anniversary of the grant date
Exercise	Options are generally exercised using a cashless exercise method which involves the option holder voluntarily giving up the right to receive the number of common shares underlying the vested options being exercised with a value equal to the exercise price Common shares underlying options that are cancelled without being exercised continue to be available for issuance upon the exercise of options granted under the plan
Transferability	Cannot be assigned or transferred

Options only have value if our share price is higher than the exercise price when the options are exercisable.

Restricted share unit plan

Restricted share units encourage a longer-term focus on initiatives and results and are designed to retain executive management. RSUs also align the interests of executives and shareholders as the value of each unit is tied to our share price at the end of the vesting period.

RSUs feature a three-year cliff vesting design, which means an executive must be employed by Finning for at least three years from the grant date in order for RSUs to vest. This feature of the plan helps to support the retention of executives and encourages a longer-term focus. RSUs earn additional units as dividend equivalents at the same rate as cash dividends paid on our common shares. The award is paid out in cash using the volume weighted average trading price of our shares for the five trading days prior to the vesting date.

About executive deferred share units

Deferred share units (DSUs) are notional units that track the value of Finning common shares but do not entitle the holder to voting rights or to receive shares from treasury.

Executives who have not yet met their share ownership requirements can elect to receive a portion of their short-term incentive in the form of DSUs. The amount can only be up to the amount they need to meet their share ownership requirement and it is redirected on a pre-tax basis.

Under the current plan, vested DSUs are redeemed for cash when the executive retires or leaves the company based on the fair market value, defined as the average volume weighted price per Finning common share on the trading day before the redemption date. Executives have until December 15th of the year following their termination of employment to redeem their DSUs.

The human resources committee may approve grants of DSUs or notional equivalents to senior executives in certain situations. A limited number of such grants have been made.

Pension, perquisites and other benefits

Pension and benefit plans for our named executives generally include:

- defined contribution pension plans in Canada and the UK and Ireland
- an executive supplementary accumulation plan in Canada
- health and dental coverage for employees and dependants
- death and disability benefits
- an employee share purchase plan (ESPP).

The programs may vary between our regions due to local market conditions.

You can find more information about our pension plans beginning on page 83.

Employee share purchase plan

In most regions, we make a partial matching contribution of up to 2% of salary for contributions employees make to the ESPP. Contributions are made to a fund that is used to automatically purchase Finning common shares on the open market for the benefit of plan participants.

Senior executives also receive perquisites, which include a car allowance, athletic club dues in some cases, tax preparation reimbursement and annual executive medical examinations. These items make up a very small portion of the executive's total compensation, but they are an important element in attracting and retaining individuals who have the leadership and management skills to drive the further growth and success of our business. Perquisites also help support the health and well-being of our people.

L. Scott Thomson | President and CEO

Mr. Thomson joined Finning as President and CEO in June of 2013. Prior to joining Finning, Mr. Thomson was Chief Financial Officer of Talisman Energy Inc. from 2008 to 2013 and had responsibility for finance, tax, treasury, investor relations, marketing, business development and strategy, planning and performance management. Prior to Talisman, Mr. Thomson held several executive positions with Bell Canada Enterprises from 2003 to 2008, including Executive Vice President, Corporate Development. Prior to Bell, Mr. Thomson was a Vice President at Goldman Sachs. Mr. Thomson currently serves as a director of the Bank of Nova Scotia. Mr. Thomson formerly served as a director of Interfor Corporation.

Mr. Thomson holds a Bachelor of Arts degree in Economics and Political Science from Queen's University and an MBA from the University of Chicago.

Mr. Thomson is a member of the safety, environment and social responsibility committee.

Mr. Thomson continues to provide decisive leadership for Finning despite uncontrollable economic factors and market uncertainty, focusing on cost reduction, supply chain and service excellence and growing market share across all segments, while driving forward sustainability and diversity agendas, globally.

In 2019, Finning identified certain strategic areas of focus: to capture growth through leadership in mining and growing construction product support; and to improve performance through transforming service, accelerating supply chain capabilities and lowering our cost to serve.

The company's capital investments and allocation of resources prioritize initiatives that we believe best align with our global strategic priorities and our strategic areas of focus.

2019 Key Performance Highlights

Safety – enhanced focus on prevention and reduction of significant incidents	• implemented electronic job hazard analysis tool in Canada and began roll-out in South America • reduction of significant injury frequency by 23% year over year, 2018 to 2019
Performance – continued progress on operational excellence agenda	• sharpened focus on supply chain performance through roll out of forecasting analytics model in South America and the UK & Ireland and equipment sales & operations planning process implementation across all regions • stabilization of the ERP in South America with recovery of parts velocity, NPS and profitability
Talent development, diversity and employee engagement – ensuring well developed leaders and effective succession plans for mission critical roles	• improved succession depth at senior leader level in all regions, ensuring successors are ready for roles in the near to medium term • recognized by Equileap as one of the Top 10 companies in Canada for gender equality as measured by criteria inspired by the UN's Women Empowerment Principles • named as a Top 100 Employer in Canada and an employer of choice in Chile
Technology – continued advancement of digital strategy and focus on innovative customer solutions	• implemented a global business planning and consolidation tool to improve performance insights • grew performance solutions revenue compared to 2018
Customer focus – deepened customer relationships across all regions	• maintained a strong overall NPS score, with Canada at an all-time high • accelerated the customer launch and adoption program of myFinning.com
Growth – exceeded expectations in ultra class market share, autonomy and value-added services	• successful award of ultra class contract for South America's QB2 mine • progress on Canadian and South American autonomy pilots • successfully closed and integrated 4Refuel

2019 compensation

The table below shows Mr. Thomson's total direct compensation for 2019, compared to the two previous years.

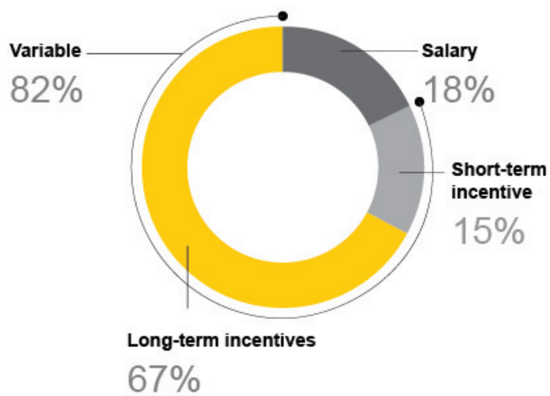
Please refer to the notes to the summary compensation table on page 78 and in our prior circulars for additional details.

	2019	2018	2017
Fixed pay			
Salary	$993,429	$973,350	$927,000
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$850,928	$894,697	$1,077,526
Long-term incentive			
• Performance share units	$2,250,000	$2,250,000	$2,250,000
• Stock options	$750,000	$750,000	$750,000
• Restricted share units	$750,000	$750,000	$750,000
Total direct compensation	**$5,594,357**	**$5,618,047**	**$5,754,526**

The figures outlined above are reflective of long-term incentive awards granted during our annual compensation program cycle. The value of Mr. Thomson's 2019 retention incentive award is not included in the above table. Please see page 71 for more information on the retention incentive award, including its unique vesting terms and redemption rules.

2019 pay mix

The graph below shows the breakdown of Mr. Thomson's total direct compensation for 2019, excluding the retention incentive award. 82% of Mr. Thomson's 2019 pay was at risk.



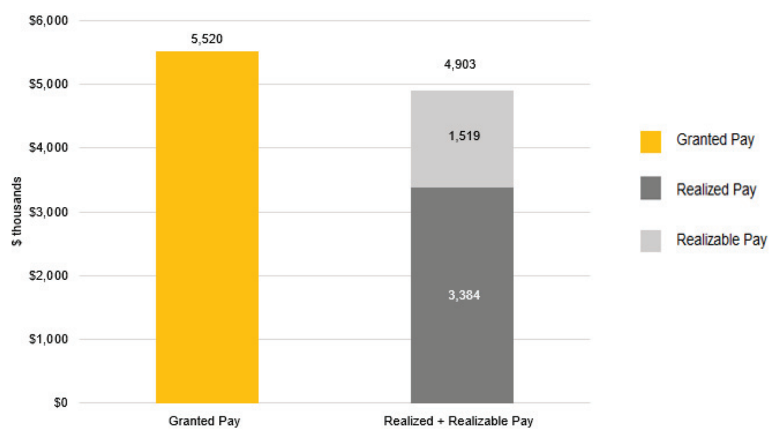
CEO realized and realizable pay

The majority of executive pay is variable or at-risk and the value is not guaranteed.

The graph below shows Mr. Thomson's average pay granted for the last five years compared to the average amount he actually received over that five year period (2015 - 2019) (realized pay) plus the average value of his outstanding long-term incentive awards over the same period (realizable pay). The value of the outstanding awards, that is, Mr. Thomson's unvested PSUs (assumed at target or 100%), unvested RSUs and unexercised stock options, is based on our 2019 year-end closing share price on the TSX of $25.30 and is not guaranteed. Average granted CEO pay for the period was $5,520,406 while average realized + realizable pay (totalling $4,902,594) was 11.2% lower.

The graph highlights the at-risk component of the CEO's pay as average realized + realizable pay is less than granted pay. Furthermore, this demonstrates that our long-term incentive plan is effective in linking executive pay to what our shareholders experience (see page 77 for more information on share performance and how it correlates with executive compensation).

Average CEO Pay – 2015 to 2019



Average CEO Pay - 2015 to 2019			
Compensation element	**Granted[1]**	**Realized[2]**	**Realizable[3]**
Salary	$946,122	$946,122	-
Short-term incentive	$870,764	$870,764	-
Long-term incentive			
• Performance share units	$2,151,760	$1,053,579	$871,362
• Stock options	$951,760	$339,002	$203,070
• Restricted share units	$600,000	$174,516	$444,179
Average total[4] compensation	**$5,520,406**	**$3,383,983**	**$1,518,611**

Notes:

1 Granted pay: direct compensation (salary earned, actual short-term incentive award and the grant date fair market value of annual long-term incentive awards) reported in our summary compensation table on page 78 and in prior management proxy circulars.

2 Realized pay: earned pay (salary earned, actual short-term incentive received, stock options exercised vested PSUs and RSUs). Realized pay reflects a 53.3% payout of target for the 2017 PSU award, an 83.1% payout of target for the 2016 PSU award, and a 47% payout of target for the 2015 PSU award. In 2019, Mr. Thomson did not exercise any stock options.

3 Realizable pay: reflects the potential realizable value of awards yet to be paid (unvested PSUs assumed at target (100%), unvested RSUs and unexercised option awards) based on our 2019 year-end closing share price on the TSX of $25.30. These figures are variable and depend on future performance.

4 Reflective of long-term incentive awards granted during our annual compensation program cycle. Does not include the 2019 retention incentive award. Please see page 71 for more information on the retention incentive award, including its unique vesting terms and redemption rules.

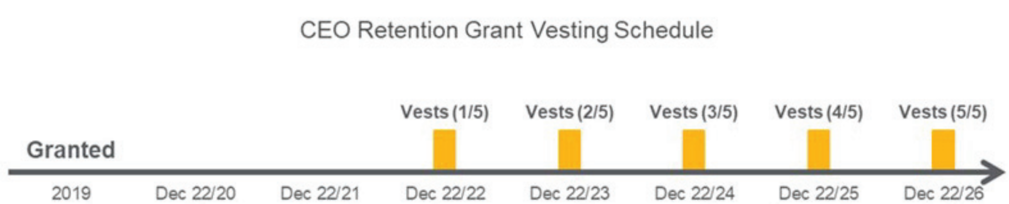
Retention incentive award for CEO (2019 – 2026 period)

Since his appointment in June 2013, Mr. Thomson has successfully executed Finning's business plan while managing through uncertain and often volatile market conditions in all our regions over that time. Mr. Thomson has done an excellent job of refocusing the organization on controlling what we can control, namely, costs and capital. As a result, Finning is a much stronger company today than it was seven years ago, and is well positioned to capture opportunities and emerge from the current downturn as a stronger, more agile, and more profitable company. Some key highlights of Mr. Thomson's accomplishments during his tenure include:

Safety	• under Mr. Thomson's leadership, Finning is a much safer workplace compared to seven years ago • as a result of efforts to continue strengthening and embedding a strong safety culture, we have achieved a 67% reduction in our total recordable injury frequency (TRIF) since 2012
Cost reductions and increased competitiveness	• improved profitability in Canada and UK & Ireland in a low growth environment • reduced costs significantly across the organization, resulting in a more resilient business and a stronger competitive position compared to the past
Talent and diversity leadership	• has led the organization's global inclusion and diversity strategy and five-year road map, including identifying and addressing gender pay gaps, increasing the number of women in executive management roles, instituting board recruitment practices resulting in 33% of our board members being women, joining the 30% Club, signing onto the Catalyst Accord 2022 and Minerva Pledge, and increasing our focus on inclusion and diversity initiatives • improved talent development and succession planning in all business areas and regions, ensuring successors are ready for roles in the near to medium term, including the addition, through internal succession, of four new members of the Finning Leadership Team as a result of retirements
Customer focus	• overall consolidated customer loyalty scores have improved significantly from 57% Net Promoter Score (NPS) in 2014 to 71% NPS in 2019
Relationship with Caterpillar	• strong alignment with Caterpillar; with a shared focus on services and after-market growth strategies • achieved silver ranking in digital scorecard from Caterpillar, joining five other dealers globally with this recognition, silver being the highest ranking currently granted by Caterpillar
Investments for the future	• significant advancements made in our digital agenda to drive improvement in the customer experience, lower the cost to serve, increase profitability, and improve operating efficiency
Disciplined and balanced capital allocation	• approximately $1.9B in cumulative free cash flow (2013 – 2019) with ~$1.1B returned to shareholders through dividends and share repurchases • thoughtful capital deployment, including two acquisitions (Saskatchewan Caterpillar dealership – 2015 and 4Refuel – 2019) while maintaining a strong balance sheet to weather uncertain and volatile market conditions

The Board has determined that Mr. Thomson's continued leadership is essential to the successful execution of our strategy, and that it is in the interests of shareholders and Finning to secure his leadership over the medium-term. Retaining Mr. Thomson in the CEO role is critical to the company's ability to continue to move forward on its strategic priorities, provide leadership continuity during a period of several recent retirements in the senior leadership team, focus on leadership development and succession planning and grow the business in the coming years.

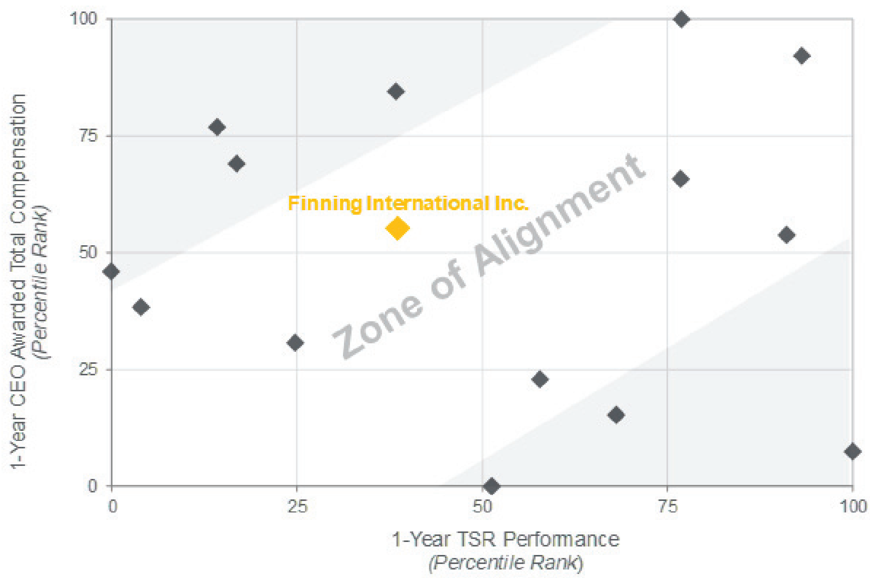
To maximize our ability to retain Mr. Thomson and strengthen his longer-term alignment with shareholders, the Board determined to grant Mr. Thomson a retention incentive award with a grant date value of $8 million in the form of 326,265 notional share units. The award begins vesting at the end of 2022 and vests in equal installments over a five-year period to the end of 2026. Mr. Thomson receives the full value of the award if he stays with the organization through 2026.



Upon vesting, the notional share units are converted to DSUs, the value of which continues to track our share price until redemption. There are no performance vesting conditions attached to this award because of the long duration of the vesting schedule and because vesting is back end loaded with a direct link to Finning's share price. The magnitude and structure of the award reinforces two goals: a strong retention hook and shareholder alignment.

On an annualized basis, the grant value of this award represents approximately 1x Mr. Thomson's annual salary, over an eight-year period. He must remain with the company until at least 2026 to receive the full value of the award. The value of any vested units (DSUs) can only be realized upon Mr. Thomson leaving the company.

As illustrated below, when compared to our compensation peers (see page 56 for information on our compensation peer group), Finning's 2019 TSR performance and CEO total compensation is aligned within a reasonable zone. In addition, the grant value of all equity awards (including the retention incentive award) will continue to be directly aligned with our shareholders' experience into the future.



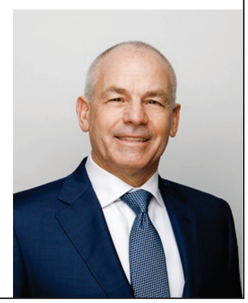
Note:

1 Includes $1,000,000 in value, or approximately 1x Mr. Thomson's annual salary, in respect of the retention incentive award (1/8 of $8 million grant value of the award).

Steven Nielsen | Executive Vice President and Chief Financial Officer

Mr. Nielsen retired from his role as CFO on March 1, 2020. He will provide transitional support to our new CFO and work to move global supply chain responsibility to a new global leader until his retirement from the company on March 31, 2020.

Mr. Nielsen joined Finning as Executive Vice President and Chief Financial Officer in March of 2015. Mr. Nielsen brought to Finning extensive executive leadership experience in finance and operation roles across diverse industries. As CFO for Univar, a global distributor of chemicals, Mr. Nielsen was instrumental in leading the organization to higher growth and profitability as well as spearheading that company's efforts to improve working capital performance. Prior to Univar, Mr. Nielsen gained significant executive experience in various senior positions at Sprint Nextel Corporation, a U.S. telecommunications company. During his career at Sprint, Mr. Nielsen's roles included CFO of Sprint's wireless division, Chief Transition Officer responsible for the Sprint – Nextel merger, Executive Vice President and Chief Service Officer and Executive Vice President and CFO of corporate initiatives.



Mr. Nielsen is a Chartered Global Management Accountant and member of the American Institute of Certified Public Accountants and holds a Bachelor of Arts degree.

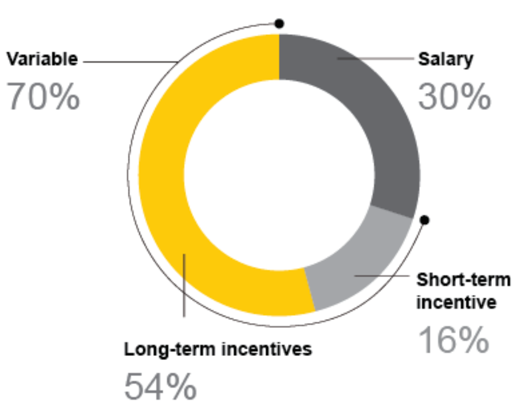
2019 compensation

The table below shows Mr. Nielsen's total direct compensation for 2019, compared to the two previous years.

	2019	2018	2017
Fixed pay			
Salary	$561,000	$561,000	$550,000
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$307,538	$336,759	$485,047
Long-term incentive			
• Performance share units	$600,000	$600,000	$600,000
• Stock options	$200,000	$200,000	$200,000
• Restricted share units	$200,000	$200,000	$200,000
Total direct compensation	**$1,868,538**	**$1,897,759**	**$2,035,047**

2019 pay mix

The graph below shows the breakdown of Mr. Nielsen's total direct compensation for 2019. 70% of Mr. Nielsen's 2019 pay was at risk.

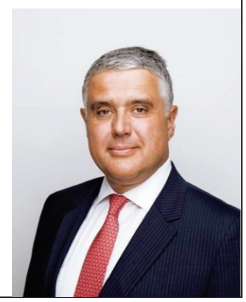


Marcello Marchese | President, Finning South America

Mr. Marchese retired from his role on December 31, 2019 and remains in an advisory role with the company as chair of the Finning South America Advisory Council.

Mr. Marchese was appointed President of Finning South America in June 2012 with overall responsibility for Finning's operations in Chile, Argentina, Bolivia and Uruguay. His previous role was Senior Vice President, Construction and Power Systems of Finning South America, a role he held from 2008.

Mr. Marchese joined Finning in 1998 as Manager of the Power Systems Division in Chile. In 2002, he was transferred to Finning International, Vancouver, Canada where he held the positions of Business Development Manager, Power Systems and International Marketing Manager, Power and Energy. Mr. Marchese returned to Chile in January of 2006 as Vice President of Customer Support Services, Finning South America and in October 2006, he assumed the position of Vice President, Operations for the region.



Mr. Marchese has over 18 years of experience in progressively senior roles in the aviation and power systems industries, in addition to the various roles he has held at Finning.

Educated in Chile, Mr. Marchese holds a Civil Mechanical Engineering degree from Federico Santa Maria University and an MBA from Adolfo Ibáñez University.

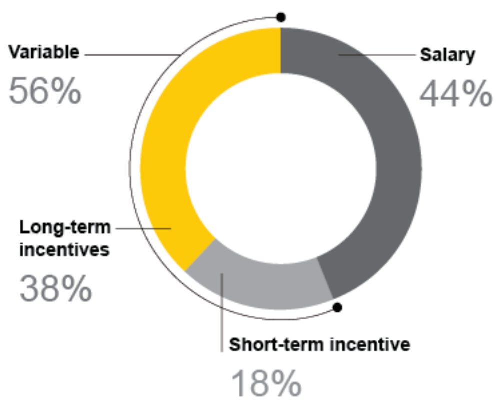
2019 compensation

The table below shows Mr. Marchese's total direct compensation for 2019, compared to the two previous years.

	2019	2018	2017
Fixed pay			
Salary	$623,748	$650,587	$626,473
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$256,856	$146,708	$459,067
Long-term incentive			
• Performance share units	$330,000	$363,000	$379,500
• Stock options	$110,000	$121,000	$126,500
• Restricted share units	$110,000	$121,000	$126,500
Total direct compensation	**$1,430,604**	**$1,402,295**	**$1,718,040**

2019 pay mix

The graph below shows the breakdown of Mr. Marchese's total direct compensation for 2019.
56% of Mr. Marchese's 2019 pay was at risk.



Kevin Parkes | President, Finning (Canada)

Kevin Parkes became President of Finning Canada in January 2019, after serving as Managing Director of Finning UK and Ireland since February 2016. Over the course of his 18-year career at Finning, Mr. Parkes has held progressively senior leadership positions. Prior to his current role as President of Finning Canada, Mr. Parkes has also served as Director of the Equipment Solutions Division for the UK and Ireland operations. In addition, Mr. Parkes was Chief Executive Officer of Hewden from 2010 to 2015 following the sale of this business by Finning in 2010.

Mr. Parkes holds a BA in Business Administration from Staffordshire University.

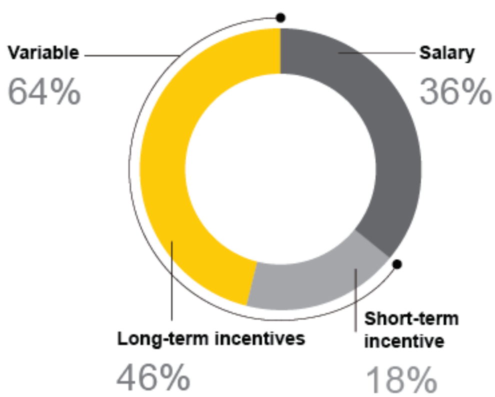
2019 compensation

The table below shows Mr. Parkes' total direct compensation for 2019, compared to the two previous years.

	2019	2018	2017
Fixed pay			
Salary	$535,000	$425,734	$384,560
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$279,188	$230,311	$276,108
Long-term incentive			
• Performance share units	$412,500	$412,500	$412,500
• Stock options	$137,500	$137,500	$137,500
• Restricted share units	$137,500	$137,500	$137,500
Total direct compensation	**$1,501,688**	**$1,343,545**	**$1,348,168**

2019 pay mix

The graph below shows the breakdown of Mr. Parkes' total direct compensation for 2019.
64% of Mr. Parkes' 2019 pay was at risk.



Dave Cummings | Executive Vice President and Chief Digital Officer (CDO)

Mr. Cummings joined Finning International Inc. as Executive Vice President and Chief Information Officer in June of 2013 and was appointed as Executive Vice President and Chief Digital Officer in April 2019. Based out of Vancouver, Canada, Mr. Cummings has executive accountability to lead the digital, operations excellence, pricing and information technology teams across the company. Under his leadership, these groups work to drive high velocity business process transformation across the global business. Mr. Cummings also has accountability to develop and deliver digital performance solutions and other digital value added services to our customers.

Mr. Cummings brings to Finning extensive executive experience in digital, technical, engineering, operations and commercial leadership from numerous international roles. Prior to Finning, Dave held the position of CIO and Technology Executive at Maxum Petroleum, North America's largest oil field specialist fuels and lubricants distribution and services company headquartered in Connecticut. At Maxum, Dave was tasked with transforming the technology organization and driving business transformation through digital innovation and application, including high velocity M & A and growth strategies. Prior to Maxum Petroleum as Chief Information Officer of Univar, a global industrial chemical distributor, Mr. Cummings had executive responsibility for all aspects of technology and initiated the company's move to one globally integrated set of processes and systems. Before joining Univar, Mr. Cummings spent 23 years with ConocoPhillips in numerous locations in operations, engineering, technology and commercial roles.

Mr. Cummings was educated in the United Kingdom and earned a BS (Honours) in Business Administration and an MBA in Business Management.

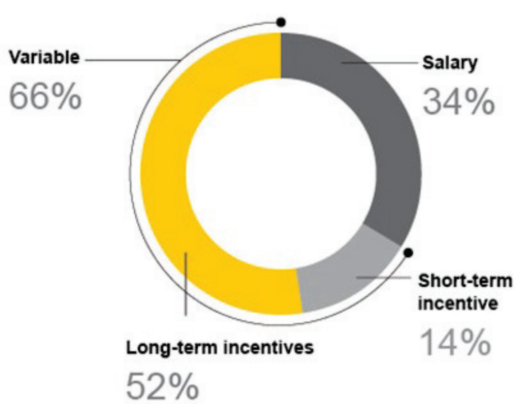
2019 compensation

The table below shows Mr. Cummings' total direct compensation for 2019, compared to the two previous years.

	2019	2018	2017
Fixed pay			
Salary	$439,600	$408,800	$389,340
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$180,740	$180,368	$266,281
Long-term incentive			
• Performance share units	$412,500	$412,500	$412,500
• Stock options	$137,500	$137,500	$137,500
• Restricted share units	$137,500	$137,500	$137,500
Total direct compensation	**$1,307,840**	**$1,276,668**	**$1,343,121**

2019 pay mix

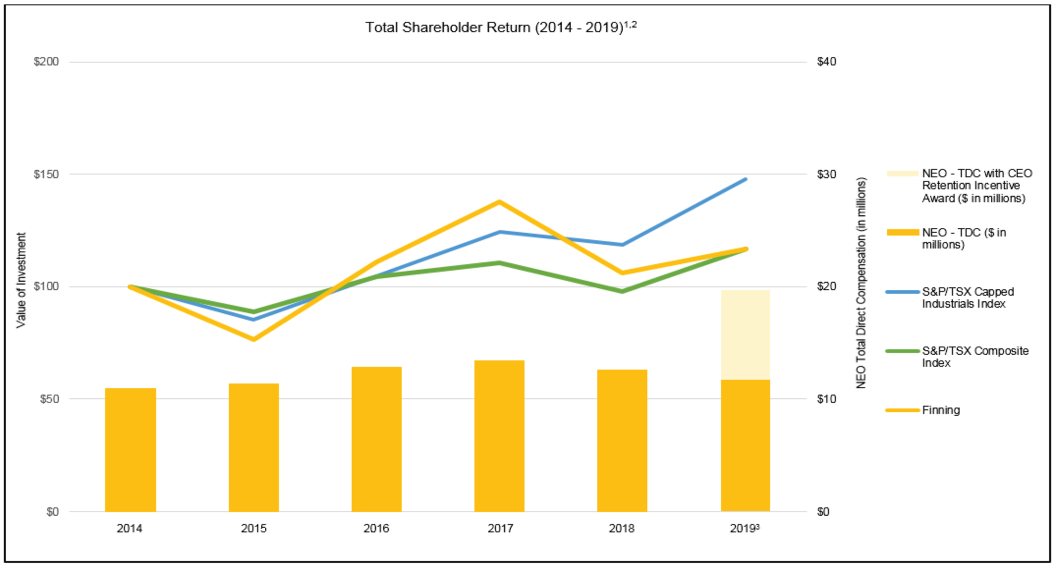
The graph below shows the breakdown of Mr. Cummings' total direct compensation for 2019.
66% of Mr. Cummings' 2019 pay was at risk.



Share performance and executive compensation

Each year, the human resources committee assesses the compensation of our named executives in comparison to Finning's performance, including total shareholder return.

The graph below compares the total shareholder return of $100 invested in Finning common shares on December 31, 2014 against the total return of the S&P/TSX Composite Index and the S&P/TSX Capped Industrials Index for the five most recently completed financial years, assuming reinvestment of dividends. The graph also shows the total direct compensation (TDC) awarded to our named executives over the same period. Executive compensation generally correlates with our share performance, other than in 2015, when total compensation increased slightly compared to lower share performance for the year.



	2014	2015	2016	2017	2018	2019[3]
Finning	$100.00	$76.44	$111.16	$137.89	$106.16	$116.85
S&P/TSX Composite Index	$100.00	$88.91	$104.48	$110.78	$97.88	$116.61
S&P/TSX Capped Industrials Index	$100.00	$85.50	$104.85	$124.36	$118.74	$148.00
Total direct compensation awarded to the named executives ($ millions)	$10.90	$11.35	$12.84	$13.37	$12.62	$11.70

Notes:

1 Source: NASDAQ, Finning Investor Relations.

2 Total shareholder return for Finning includes dividends.

3 2019 total direct compensation awarded to the named executives excludes the retention incentive award for the CEO. To match the 2019 values presented in the Summary Compensation Table ($19.70M), the lightly shaded component for total direct compensation to named executives includes the $8 million grant value under the retention incentive award for the CEO (see page 71 for more details).

Named executives over this period is as disclosed in the summary compensation table in our management proxy circulars for these years are as follows:

2014: L. Scott Thomson, David Smith, Juan Carlos Villegas, Andrew Fraser, Marcello Marchese
2015: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Neil Dickinson
2016: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Kevin Parkes
2017: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Dave Cummings
2018: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Dave Cummings
2019: L. Scott Thomson, Steven Nielsen, Marcello Marchese, Kevin Parkes, Dave Cummings

Executive compensation details

Summary compensation table

The table below sets out the total compensation earned by each named executive in the last three fiscal years ending December 31, 2019, 2018 and 2017.

	Year	Salary[1]	Share awards[2]	Option awards[3]	Non-equity incentive plan compensation[4]	Pension value[5]	All other compensation[6]	Total compensation
L. Scott Thomson President and Chief Executive Officer	2019	$993,429	$11,000,000	$750,000	$850,928	$224,166	$71,521	$13,890,044
	2018	$973,350	$3,000,000	$750,000	$894,697	$228,042	$72,600	$5,918,689
	2017	$927,000	$3,000,000	$750,000	$1,077,526	$222,480	$120,931	$6,097,937
Steven Nielsen Executive Vice President and Chief Financial Officer	2019	$561,000	$800,000	$200,000	$307,538	$107,731	$103,603	$2,079,872
	2018	$561,000	$800,000	$200,000	$336,759	$120,120	$106,162	$2,124,041
	2017	$550,000	$800,000	$200,000	$485,047	$118,800	$105,359	$2,259,206
Marcello Marchese President, Finning South America[7]	2019	$623,748	$440,000	$110,000	$256,856	n/a	$2,323,793	$3,754,397
	2018	$650,587	$484,000	$121,000	$146,708	n/a	$287,407	$1,689,701
	2017	$626,473	$506,000	$126,500	$459,067	n/a	$165,036	$1,883,076
Kevin Parkes, President, Finning Canada[8]	2019	$535,000	$550,000	$137,500	$279,188	$63,953	$139,633	$1,705,274
	2018	$425,734	$550,000	$137,500	$230,311	$17,299	$83,262	$1,444,106
	2017	$384,560	$550,000	$137,500	$276,108	$28,426	$61,205	$1,437,799
Dave Cummings Executive Vice President and Chief Digital Officer (CDO)	2019	$439,600	$550,000	$137,500	$180,740	$74,096	$142,545	$1,524,481
	2018	$408,800	$550,000	$137,500	$180,368	$77,088	$137,666	$1,491,422
	2017	$389,340	$550,000	$137,500	$266,281	$74,753	$393,045	$1,810,919

Notes:

1 Note that Mr. Marchese did not receive a salary adjustment in 2019 but his reported salary differs slightly from his 2018 salary due to fluctuations in exchange rates between the Chilean peso and the Canadian dollar and adjustments for inflation that all Chilean employees received.

2 Refers to grants of PSUs and RSUs. The 2019 grant date value of PSU awards was calculated by taking the number of PSUs granted, multiplied by the fair market value of our common shares on the day before the grant ($22.95). For Mr. Thomson, it also includes a retention incentive award with a grant date value of $8 million in the form of 326,265 notional share units. According to Canadian Securities Administrators (CSA) reporting requirements, the full grant date value of this award is required to be included in the Summary Compensation Table for the year, even though the retention incentive award begins vesting in one-fifth annual installments at the end of 2022 over a five-year period to the end of 2026. Upon vesting, the notional share units are converted to DSUs, the value of which continues to track our share price and which can only be redeemed upon Mr. Thomson leaving the company. The grant value of the notional share units was calculated by using the volume weighted average trading price on the TSX from January 2, 2019 to March 29, 2019 ($24.52). Read more about this award on page 71. The table below shows the components and corresponding grant date values for Mr. Thomson's 2019 share awards:

2019 Share Award for Mr. Thomson	Grant Date Value
PSUs	$2,250,000
RSUs	$750,000
Retention Incentive Award	$8,000,000

The table below sets out the underlying theoretical assumptions and values used to calculate the value of the PSUs. Due to slightly different assumptions, these are different from the values used for determining the accounting fair value for financial reporting purposes.

Assumptions	2019	2018	2017
Expected term	3 years	3 years	3 years
Performance discount at target relative to payout schedule	100%	100%	100%
Share price at grant	$22.95	$33.31	$26.79
PSU value	$22.95	$33.31	$26.79
Accounting fair value	$25.68	$37.79	$30.83

See Incentive plan awards – Value vested or earned during the year on page 81 for the market or payout values at the end of 2019.

The grant value of RSU awards was calculated by taking the number of RSUs granted, multiplied by the fair market value of our common shares on the day before the grant: $22.95 in 2019, $33.31 in 2018, and $26.79 in 2017). The accounting fair value is the same.

3 The grant price of stock options is the fair market value on the day prior to the grant date. The Black-Scholes model was used in the valuation of the stock option awards in 2019. Prior to 2018, the binomial valuation model was used.

The table below sets out the underlying theoretical assumptions and values used for the stock option awards. Due to slightly different assumptions, the option value is different from the accounting value used for financial reporting purposes.

Assumptions	2019	2018	2017
Expected option term	7 years	7 years	7 years
Expected volatility	27.48%	29.28%	29.88%
Expected dividend yield	2.78	2.67%	3.30%
Risk-free interest rate	1.59%	2.18%	1.47%
Exercise price	$22.31	$33.68	$26.79
Option value	$5.04	$7.78	$6.27
Accounting fair value	$4.28	$6.85	$5.49

4 Amounts refer to the short-term incentive awards. These awards are in respect of the 2019 financial year and were paid out in March 2020.

5 Compensatory amounts include the current pension service costs during the year and the impact of pay increases since the previous year's calculation. See Pension plans beginning on page 83 for more information.

6 Includes all perquisites (car allowance, car benefits, allowance for preparation of tax returns, executive medical examinations and life insurance) and other executive benefits. Amounts reported represent the total incremental cost to Finning.

- Mr. Nielsen's 2019 amount includes a housing allowance of $60,000 for his temporary housing requirements in Canada
- Mr. Marchese's 2019 amount includes $52,200 for a company contribution to a savings plan as there is no company-sponsored pension plan available in South America and $2,175,113 in respect of his retirement from the company, including the balance remaining in the Chilean indemnity plan.
- Mr. Parkes' 2019 amount includes a relocation allowance of $43,933 and a housing allowance of $71,250 as part of his expatriate assignment in Canada
- Mr. Cummings' 2019 amount includes a housing allowance of $60,000.

7 Mr. Marchese's amounts have been converted from Chilean pesos based on the following average annual exchange rates: 1 CLP = 0.001894 CAD in 2019, 1 CLP = 0.002025 CAD in 2018, and 1 CLP = 0.001998 CAD in 2017.

8 Mr. Parke's amounts have been converted from British Pounds Sterling based on the following average annual exchange rates: 1 GBP = 1.73 CAD in 2018 and 1 GBP = 1.67 CAD in 2017.

Incentive plan awards

Outstanding equity awards

The following table summarizes all share-based and option-based awards that were held by each named executive as of December 31, 2019.

		Option-based awards				Share-based awards		
	Grant date	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1]	Number of shares or units of shares at target that have not vested[2]	Market or payout value of share awards at target that have not vested[2]	Market or payout value of vested share awards not paid out or distributed[3]
L. Scott Thomson	May 15/19	160,464	$22.31	May 15/26	$479,787	134,358	$3,399,261	
	May 07/19					326,265	$8,254,505	
	May 15/18	92,708	$33.68	May 15/25	-	95,250	$2,409,820	
	May 15/17	119,639	$26.79	May 15/24	-	30,380	$768,626	$1,226,293
	May 11/16	154,341	$21.83	May 11/23	$535,563			
	Feb 26/16							$224,666
	May 12/15	302,160	$25.44	May 12/22	-			
	May 21/14	174,600	$29.17	May 21/21	-			
	Jun 17/13	192,170	$22.00	Jun 17/20	$634,161			
Total		**1,196,082**			**$1,649,512**	**586,253**	**$14,832,211**	**$1,450,959**
Steven Nielsen	May 15/19	42,790	$22.31	May 15/26	$127,942	35,829	$906,478	
	Aug 13/18							$415,257
	May 15/18	24,722	$33.68	May 15/25	-	25,399	$642,590	
	May 15/17	31,904	$26.79	May 15/24	-	8,101	$204,950	$327,008
	May 11/16	44,586	$21.83	May 11/23	$154,713			
	May 12/15	85,900	$25.44	May 12/22	-			
Total		**229,902**			**$282,656**	**69,329**	**$1,754,019**	**$742,265**
Marcello Marchese	May 15/19	23,535	$22.31	May 15/26	$70,370	19,707	$498,577	
	May 15/18	14,957	$33.68	May 15/25	-	15,368	$388,802	
	May 15/17	20,179	$26.79	May 15/24	-	5,124	$129,642	$206,840
	May 11/16	24,077	$21.83	May 11/23	$83,547			
	May 12/15	48,980	$25.44	May 12/22	-			
	May 21/14	33,360	$29.17	May 21/21	-			
Total		**165,088**			**$153,917**	**40,198**	**$1,017,021**	**$206,840**
Kevin Parkes	May 15/19	29,418	$22.31	May 15/26	$87,960	24,632	$623,189	
	May 15/18	16,996	$33.68	May 15/25	-	17,463	$441,808	
	Mar 21/18							$68,776
	May 15/17	21,934	$26.79	May 15/24	-	5,570	$140,926	$224,829
	May 11/16	12,841	$21.83	May 11/23	$44,558			
	Feb 26/16							$98,963
	May 12/15	10,139	$25.44	May 12/22	-			
	May 12/15	2,221	$25.49	May 12/22	-			
Total		**93,549**			**$132,518**	**47,665**	**$1,205,922**	**$392,567**
Dave Cummings	May 15/19	29,418	$22.31	May 15/26	$87,960	24,632	$623,189	
	May 15/18	16,996	$33.68	May 15/25	-	17,463	$441,808	
	May 15/17	21,934	$26.79	May 15/24	-	5,570	$140,926	$224,829
	May 11/16	18,838	$21.83	May 11/23	$65,368			
	May 12/15	37,570	$25.44	May 12/22	-			
	May 21/14	12,990	$29.17	May 21/21	-			
	Jun 17/13	22,560	$22.00	Jun 17/20	$74,448			
Total		**160,306**			**$227,776**	**47,665**	**$1,205,922**	**$224,829**

Notes:

1 Based on our 2019 year-end closing share price on the TSX of $25.30. Stock options have a seven-year term and vest over three years (see page 66).

2 These figures represent unvested PSUs, RSUs and DSUs. Value is based on our 2019 year-end closing share price on the TSX of $25.30. PSUs vest at the end of three years if performance criteria are met (see page 65). RSUs vest at the end of three years (see page 66). Mr. Thomson received a retention incentive award with a grant date value of $8 million in the form of 326,265 notional share units on May 7, 2019. The grant value of the units was calculated by using the volume weighted average trading price on the TSX from January 2, 2019 to March 29, 2019 ($24.52).These notional share units track our share price and convert to DSUs, which continue to track our share price, upon vesting. For more information, please see page 71.

3 These figures represent vested PSU awards and DSUs, as at December 31, 2019. The value of vested PSUs is based on a fair market value of $25.23, the volume weighted average trading price on the TSX for the five trading days preceding December 31, 2019. Vested PSUs, as presented in this table, include dividends and were paid out in cash in February 2020. The value of vested DSUs is based on our 2019 year-end closing share price on the TSX of $25.30. DSUs can only be redeemed when an executive leaves or retires from Finning (see page 66).

Incentive plan awards – Value vested or earned during the year

The table below shows the value of all share-based and option-based awards that vested in 2019 for each named executive, as well as non-equity incentive plan compensation earned during the year.

	Option awards – value vested during the year[1]	Share awards – value vested during the year[2]	Non-equity incentive plan compensation – value earned during the year[3]
L. Scott Thomson	$44,759	$2,098,872	$850,928
Steven Nielsen	$12,930	$579,084	$307,538
Marcello Marchese	$6,983	$342,974	$256,856
Kevin Parkes	$5,586	$333,736	$279,188
Dave Cummings	$5,463	$331,323	$180,740

Notes:

1 For option awards, the value is the difference between the exercise price of the options and the closing price of our common shares on the TSX on the vesting date. If the closing price was below the exercise price, the stock options have no current value. Stock options have a seven-year term and vest over three years (see page 66).

2 Includes PSUs and RSUs. PSUs vest at the end of three years if performance criteria are met (see page 65).

3 Values for Mr. Marchese have been converted from Chilean Pesos based on an average exchange rate of 1 CLP = $0.001894 in 2019.

Stock Options Exercised in 2019

The following table shows the number of stock options exercised by named executives in 2019. The value realized by named executives who exercised stock options in 2019 is the difference between the fair market value of our common shares on the TSX on the date of exercise and the exercise price of the stock options.

	Number of stock options exercised	Value Realized
L. Scott Thomson	-	-
Steven Nielsen	-	-
Marcello Marchese	39,130	$101,888
Kevin Parkes	-	-
Dave Cummings	-	-

Equity compensation plan information

The table below provides details about the equity securities authorized for issuance under our 2005 stock option plan for senior executives.

(as at December 31, 2019)	Number of shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans (excluding outstanding options)
Equity compensation plans approved by shareholders			
2005 stock option plan for senior executives	3,416,168	$25.66	2,183,724
Equity compensation plans not approved by shareholders	nil	nil	nil

About the stock option plan

Under the 2005 stock option plan, the board is authorized to issue options to senior executives of Finning or its subsidiaries.

The maximum number of common shares that may be issued upon the exercise of options granted under the stock option plan is currently fixed at 7,470,000.

The table below is a summary of the activity under the stock option plan, including grants, cancellations and exercises from January 1, 2019 to December 31, 2019.

2005 stock option plan	As at January 1, 2019 # of common shares or options	% of shares outstanding	Activity in 2019 # of options granted	# of options cancelled and/or withheld	# of options exercised and issued	As at December 31, 2019 # of common shares or options	% of shares outstanding
Shares issued on exercise of options	1,859,601	1.13%			10,507	1,870,108	1.15%
Options granted and outstanding	3,164,352	1.92%	608,821[1]	(346,498)	(10,507)	3,416,168	2.0952%
Options available for future grants	2,446,047	1.49%	(608,821)	346,498		2,183,724	1.3406%
Total	**7,470,000**	**4.54%**				**7,470,000**	**4.57%**

Note:

1 Options granted to senior executives in 2019 represent .37% of Finning's issued and outstanding common shares as at December 31, 2019.

The next table shows the burn rate under our stock option plan for the last three years, being the number of options granted during each year divided by the weighted average number of securities outstanding at the beginning of the year.

	2019	2018	2017
Weighted average number of securities outstanding	167,997,608	168,131,542	168,095,109
Options granted under our 2005 stock option plan	608,821	358,755	440,238
Burn rate	0.36%	0.21%	0.26%

Making changes to our stock option plan

Any changes to the 2005 stock option plan require both shareholder approval and regulatory approvals. There is a very limited ability for the board to make non-material changes.

We can only increase the maximum number of common shares that may be issued under the option plan if we receive shareholder approval and the approval of the necessary regulatory authorities. Shareholder approval is also required for any re-pricing of previously granted options.

The number of common shares that may be issued and the exercise price for options issued under the option plan will be adjusted if there is a stock split, consolidation or similar transaction.

If we receive all the necessary regulatory approvals, we can adopt sub-plans that apply to designated executives or groups of executives. This gives us the flexibility to tailor specific plans to meet local taxation and regulatory requirements in jurisdictions outside Canada where we employ senior executives. As part of the 2005 stock option plan, the board has approved a sub-plan for residents of the UK that has some minor variations, which are necessary to comply with local tax requirements.

Other things to know about the plan

The total number of options granted to insiders of Finning under the 2005 stock option plan, when combined with all other security-based compensation arrangements of Finning, cannot exceed 10% of the total number of issued and outstanding common shares.

We have 2,183,724 common shares remaining in reserve to be issued under our 2005 stock option plan, representing 1.34% of the total number of issued and outstanding common shares as of December 31, 2019.

Since the plan's inception in 2005, 1,870,108 shares have been issued on the exercise of stock options granted under the plan, representing 1.15% of the total number of issued and outstanding common shares as of December 31, 2019.

All executives of Finning are eligible to receive stock option awards under the 2005 stock option plan. The plan terms are the same for all executives, including named executives. For further information on plan terms upon termination or a change-in-control, please see page 84.

You can read more about the stock option plan on page 66. You can receive a copy of the plan document by writing to our General Counsel and Corporate Secretary, Finning International Inc., Suite 300 – 565 Great Northern Way, Vancouver, British Columbia V5T 0H8 or send an email to corporatesecretary@finning.com.

Pension plans

Many of our employees participate in our various pension plans.

Executive pensions are generally set at the market median when compared to pension benefits provided by comparator companies in the appropriate region where the executive is based.

Canada
Executives at the level of vice president or above are enrolled in a defined contribution pension plan (the Canadian DC Plan) and an associated unfunded supplementary accumulation plan. Mr. Thomson, Mr. Nielsen, Mr. Parkes and Mr. Cummings participate in these plans.

Executive DC Pension Plan

The Canadian Executive DC plan is non-contributory. We contribute 12% of salary plus the short-term incentive (capped at target) to the plan. Contributions are made to the plan up to the limit permitted under the Income Tax Act (Canada) and notional contributions for amounts in excess of the limits are made to the unfunded supplementary plan.

Contributions to the Canadian Executive DC Plan are invested according to the investment options selected by the executive. Notional contributions to the supplementary plan are credited with interest based on a long-term Government of Canada bond yield plus 2%.

The table below shows the accumulated value at the start and end of the year, as well as compensatory amounts the named executives earned during the year in the Canadian Executive DC Plan and the supplementary plan.

	Accumulated value at start of year	Compensatory	Accumulated value at year end
L. Scott Thomson	$1,170,497	$224,166	$1,481,022
Steven Nielsen	$405,393	$107,731	$540,976
Kevin Parkes	$0	$63,953	$66,402
Dave Cummings	$396,851	$74,096	$518,126

South America
We do not offer company-sponsored pension plans in South America. Therefore, Mr. Marchese is not included in the pension tables above.

Termination and change-in-control

We have employment agreements with each of our named executives that set out their salary, benefits and incentive plans. The agreements protect Finning and the named executives. Non-solicitation and non-compete terms are defined in the agreements; these terms are applicable regardless of the reason for termination. We also have a double trigger change-in-control agreement with the CEO to protect both parties (see page 85).

Treatment of compensation if employment is terminated

The table below summarizes the compensation that would be paid to the named executives upon termination. We define a change-in-control as a merger, consolidation or amalgamation transaction with another corporation, a liquidation or a reorganization, where Finning is not the surviving entity.

After the summary table we provide more details about the effects of a change-in-control.

	Type of termination event				
Compensation element	**Resignation (prior to retirement eligibility)**	**Retirement[1]**	**Termination (involuntary, not for cause)[1]**	**Termination with cause**	**Change-in-control**
Salary	Salary ends	Salary ends	Lump sum payment: Mr. Thomson: 24 months Mr. Nielsen: retired as CFO on March 1, 2020 and will fully retire on March 31, 2020 Mr. Marchese: retired on December 31, 2019 Mr. Parkes: nine months plus one additional month per completed year of service up to maximum of 18 months Mr. Cummings: twelve months	Salary ends	Mr. Thomson: 24 months' salary (please refer to page 85 for more information)
Short-term incentive	Payable at assessed performance if the executive has worked the entire calendar year, otherwise award is forfeited	Incentive for the current year is pro-rated to the retirement date	Mr. Thomson: 24 months of the target award or the average award received in the previous two years, whichever is less Mr. Nielsen: retired as CFO on March 1, 2020 and will fully retire on March 31, 2020 Mr. Marchese: retired on December 31, 2019 Mr. Parkes: twelve months of the target award or average award received in the previous two years, whichever is less Mr. Cummings: twelve months of the target award or the average award received in the previous two years, whichever is less	No incentive paid	Mr. Thomson: same as involuntary, not for cause termination (please refer to page 85 for more information)
Performance share units	Vested PSUs are payable Unvested PSUs are cancelled	Vested PSUs are payable Unvested PSUs are eligible to vest according to plan terms and are pro-rated to the retirement date	Vested PSUs are payable Unvested PSUs are cancelled	All PSUs are cancelled	If surviving entity does not assume awards, the human resources committee may deem PSUs to be vested and payable
Stock options	Vested stock options must be exercised within 30 days of resignation or by end of original term, whichever is sooner Unvested options are cancelled	Vested stock options must be exercised within three years of retirement or by the end of the original term, whichever is sooner Unvested options continue to vest	Vested stock options must be exercised within 30 days of termination or by the end of the original term, whichever is sooner Unvested stock options are cancelled	All vested and unvested stock options are cancelled	If surviving entity does not assume awards, 50% of unvested options are exercisable (within a seven-day window), remaining unvested options are cancelled

	Type of termination event				
Compensation element	**Resignation (prior to retirement eligibility)**	**Retirement[1]**	**Termination (involuntary, not for cause)[1]**	**Termination with cause**	**Change-in-control**
Restricted share units	Vested RSUs are payable Unvested RSUs are cancelled	Vested RSUs are payable Unvested RSUs vest according to plan terms and are pro-rated to the retirement date	Vested RSUs are payable Unvested RSUs are cancelled	All RSUs are cancelled	If surviving entity does not assume awards, the human resources committee may deem RSUs vested and payable
Deferred share units	Vested DSUs are payable Unvested DSUs are cancelled	Vested DSUs are payable Unvested DSUs are cancelled	Vested DSUs are payable Unvested DSUs are cancelled	All DSUs not redirected from short-term incentive awards are cancelled[2]	If surviving entity does not assume awards, 50% of all unvested DSUs are exercisable, remaining unvested DSUs are cancelled
Pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension
Benefits	Benefits end	Post-retirement benefits are provided for five years or to age 65, whichever is sooner	Benefits end	Benefits end	Benefits end

Notes:

1 If an executive is retiring to accept competitive employment, unvested stock options, PSUs and RSUs are immediately forfeited.

2 DSUs granted under the current plan for redirecting a portion of the short-term incentive award to meet the executive's share ownership requirements are redeemed. DSUs granted under the current plan for retention and DSUs granted under the legacy plan (prior to 2006) are cancelled.

If a named executive dies, unvested stock options vest immediately and must be exercised within 30 days or by the end of the original term, whichever is earlier. Any unvested PSUs or RSUs continue to be eligible to vest as if the executive was still employed and vesting amounts are prorated for the period of employment. Unvested DSUs become null and void.

Change-in-control

We have a double-trigger change in control agreement with Mr. Thomson, which means that cash benefits are only payable if two events occur: a change-in-control of Finning and if Mr. Thomson terminates his employment within twelve months after the change-in-control for "good reason", which is defined as any action taken by the company after a change-in-control (without Mr. Thomson's consent, which he must not withhold unreasonably) that results in:

- a material change in Mr. Thomson's status, duties, position or responsibilities
- a material reduction in his salary or benefits entitlements (other than short-term and long-term incentive plans)
- a requirement that his primary work location be more than 50 kilometres away from his present work location, or
- any reason amounting to constructive dismissal under the laws of British Columbia.

We do not have specific change-in-control agreements with the other named executives. In practice, this means they will only receive cash benefits if they are involuntarily terminated, not for cause.

For long-term incentives, if the surviving entity assumes the incentive awards, there is no accelerated vesting and any unvested long-term incentives are forfeited if an individual is terminated. If the surviving entity does not assume the long-term incentives:

- 50% of outstanding stock options become exercisable
- the human resources committee has the discretion to determine whether a portion of unvested PSUs and RSUs vest
- 50% of all unvested DSUs are exercisable and the rest are cancelled.

Estimated payments if employment is terminated[1]

The table below shows the amounts that would have been paid if any of the named executives resigned on December 31, 2019. It also shows the estimated value of incremental payments the named executives would receive in each of the situations listed below, assuming a termination date of December 31, 2019. If terminated with cause, no incremental payments are provided.

			Estimated incremental value upon retirement, termination, or change-in-control		
	Compensation element[2,3]	**Estimated payments upon resignation**	**Retirement**	**Termination (without cause)**[4]	**Change-in-control**
L. Scott Thomson	Cash	$850,928	n/a	$3,972,223	n/a
	Vested Awards	$3,100,470	n/a	n/a	n/a
	Unvested Awards	n/a	$3,260,663	n/a	$239,894
	Pension	$1,481,022	n/a	n/a	n/a
	Total	**$5,432,420**	**$3,260,663**	**$3,972,223**	**$239,894**
Kevin Parkes	Cash	$279,188	n/a	$832,793	n/a
	Vested Awards	$525,085	n/a	n/a	n/a
	Unvested Awards	n/a	$597,801	n/a	$43,980
	Pension	$66,402	n/a	n/a	n/a
	Total	**$870,675**	**$597,801**	**$832,793**	**$43,980**
Dave Cummings	Cash	$180,740	n/a	$673,004	n/a
	Vested Awards	$452,604	n/a	n/a	n/a
	Unvested Awards	n/a	$597,801	n/a	$43,980
	Pension	$518,126	n/a	n/a	n/a
	Total	**$1,151,471**	**$597,801**	**$673,004**	**$43,980**

Notes:

1 Amounts pertaining to this table have been excluded for both Mr. Nielsen given his retirement as CFO on March 1, 2020 and impending full retirement on March 31, 2020 and given Mr. Marchese's retirement on December 31, 2019, respectively. As a result of Mr. Marchese's retirement, he received retirement benefits in 2019. Refer to pages 78 and 79 for details.

2 Cash includes base salary and short-term incentive plan amounts.

3 Vested and unvested awards include grants under the long-term incentive plan and DSUs.

4 Amounts outlined under termination (without cause) are based on terms outlined in the relevant employment agreements.

Other information

Directors' and officers' insurance

We provide liability insurance for our directors and officers. Our policy has a limit of $125,000,000 for each loss in a policy year. The deductible is nil for a non-indemnifiable loss against individual directors and officers, $250,000 to indemnify a loss against the directors and officers and $500,000 for entity securities claims.

Loans to directors and officers

As a general rule we do not provide loans to our directors and officers. As of March 13, 2020, we did not have any loans outstanding to a current or former director or officer of Finning or any of our subsidiaries. Any loan to a director would require the board's approval.

We do provide loans from time to time to employees that are routine indebtedness.

Normal course issuer bid

On February 21, 2019, we announced an amendment to our NCIB in place at that time to allow us to purchase up to 7,600,000 of our common shares (increased from 5,300,000 shares) for cancellation during the twelve-month period from May 11, 2018 to May 10, 2019. The amount represented 4.5% of our total common shares issued and outstanding as at April 23, 2018 (just prior to the launch of the NCIB).

On May 8, 2019, we announced the renewal of our NCIB. Our current NCIB allows us to purchase up to 6,000,000 of our common shares for cancellation during the twelve-month period from May 11, 2019 to May 10, 2020. The amount represented 3.7% of our total common shares issued and outstanding as at April 23, 2019.

The purchase price under the NCIB is the market price of our common shares at the time of purchase, plus brokerage fees, or such other price as the TSX may permit. Under the renewed NCIB, we can purchase, through the facilities of the TSX or other Canadian marketplaces or alternative trading systems, if eligible, a daily maximum of 126,343 common shares representing 25% of the average daily trading volume, subject to certain exceptions for block purchases. We implemented the NCIB because the board believes that our purchase of our common shares from time to time is an effective way to use available cash to increase shareholder value.

As of the date of this circular, we have purchased 1,154,317 common shares at a weighted average price of $19.61 per common share under our existing NCIB. Since May 11, 2015, we have purchased 10,828,794 common shares at a weighted average price of $23.21 per common share.

Shareholders can obtain a free copy of our notice of intention to implement a NCIB and notices of intention to implement an amended NCIB by contacting our General Counsel and Corporate Secretary (see below for contact information).

For more information

You can find additional information about Finning on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com), including our consolidated financial statements and MD&A for the most recently completed financial year.

To request a printed copy of our consolidated financial statements and MD&A or other documents referenced in this circular, send a note to:

General Counsel and Corporate Secretary
Finning International Inc.
Suite 300 – 565 Great Northern Way
Vancouver, British Columbia V5T 0H8

Or email corporatesecretary@finning.com.

Forward-looking statement disclaimer

This circular contains statements about our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when we use what we know and expect today to make a statement about the future. Forward-looking statements may include terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. Forward-looking statements in this circular include, but are not limited to, statements with respect to: our belief that we are well-positioned to emerge from the challenging COVID-19 situation on solid footing due to our strong balance sheet and access to capital; the long-term prospects for Chile and that our business structure will enable us to match market conditions; and that we are well-positioned to capture opportunities and emerge from the current downturn as a stronger, more agile and more profitable company. All such forward-looking statements are made pursuant to the ‘safe harbour’ provisions of applicable Canadian securities laws.

Unless we indicate otherwise, forward-looking statements in this circular reflect our expectations at the date in this circular. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on a number of assumptions, which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize. Forward-looking statements are provided in this circular for the purpose of giving information about management’s current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this circular are based on a number of assumptions that we believed were reasonable on the day we made the forward-looking statements. Some of the assumptions, risks, and other factors that could cause results to differ materially from those expressed in the forward-looking statements contained in this circular are discussed in Section 4 of our current annual information form (AIF) and in the annual management’s discussion and analysis (MD&A), which are available under our profile on SEDAR (www.sedar.com).

We caution readers that the risks described in the AIF and the annual MD&A are not the only risks that could impact the company. We cannot accurately predict the full impact that COVID-19 will have on our business, results of operations, financial condition or the demand for our services, due in part to the uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the steps our customers may take in current circumstances, including slowing or halting operations, the duration of travel and quarantine restrictions imposed by governments of affected countries and other steps that may be taken by such governments to respond to the pandemic. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition, or results of operation.

Appendix A

National Instrument 58-101
Disclosure of Corporate Governance Practices

PRACTICE	FINNING
1. Board of Directors	
(a) Disclose the identity of directors who are independent.	All directors of Finning are independent, other than L. Scott Thomson.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	L. Scott Thomson is the current President and CEO of Finning. Mr. Thomson is the only director who is not independent of management.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	Twelve of the thirteen directors as of the date of this proxy circular are independent.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directorships in other reporting issuers held by the nominees for director are listed in the description of each nominee under the heading "Director profiles".
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	At each board meeting, the board meets without members of management present and also meets in-camera without its non-independent director, L. Scott Thomson. Where matters directly involving L. Scott Thomson (such as his compensation or performance) are being discussed, L. Scott Thomson is excused from those discussions and the directors meet alone. For committee meetings, the independent directors also meet in-camera without management present. Since the beginning of Finning's most recently completed financial year, every board meeting held had an in-camera at which members of management and non-independent directors were not in attendance.
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	The Board Chair, Harold N. Kvisle, is independent. The Board Chair's role and responsibilities are described in the "Terms of Reference for the Board Chair", which are posted on Finning's website in the Governance section – Corporate Governance Policies.
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	The attendance record of each of the directors is shown in the table "Attendance" on page 44.
2. Board Mandate	
Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	The board's written Terms of Reference are attached as Appendix C.
3. Position Descriptions	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	The board has developed written position descriptions for the Board Chair and has Committee Operating Guidelines which include Terms of Reference for committee chairs.

PRACTICE	FINNING
(b) Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.	The board and the President and CEO have developed a written position description for the President and CEO, which is reviewed annually. In addition, the human resources committee annually reviews goals and objectives for the President and CEO and assesses his performance against the goals and objectives for the year.
4. **Orientation and Continuing Education**	
(a) Briefly describe what measures the board takes to orient new directors regarding: (i) the role of the board, its committees and its directors; and	A full description of these measures is contained under the heading "Director orientation" on page 47.
(ii) the nature and operation of the issuer's business.	A full description of these measures is contained under the heading "Director orientation" on page 47.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	A full description of these measures is contained under the heading "Continuing education" starting on page 47.
5. Ethical Business Conduct	
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	The board has adopted a written code for directors, officers and employees of Finning.
(i) disclose how a person or company may obtain a copy of the code;	The code is available on Finning's website (www.finning.com) and under our profile on SEDAR (www.sedar.com).
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and	Management is responsible for reporting violations of the code and any actions it has taken to the audit committee of the board. If any significant violation is reported, the audit committee chair would report to the board of directors.
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	There were no material violations of the code in 2019 that required the filing of a material change report.
(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	If there is a conflict of interest or the perception of a conflict of interest regarding an executive officer or director, the executive officer or director is required to disclose the matter and does not participate in negotiations, discussions or approvals pertaining to the matter.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	In addition to adopting the code, which includes contact information for the Compliance Officer, a global whistleblower telephone hotline and an online reporting system exist, both of which tools are accessible through Finning's website and are hosted by an independent third party. Further, Finning has a code of ethics for senior executive and financial management and a global anti-bribery and anti-corruption policy for directors, officers and employees of the company. See page 43 for information about the code and steps taken to promote a culture of ethical business practices.

PRACTICE	FINNING
6. Nomination of Directors	
(a) Describe the process by which the board identifies new candidates for board nomination.	The governance and risk committee is responsible for identifying, recruiting and recommending candidates for nomination or appointment to the board. At least annually, the committee reviews the board's current composition by comparing the diversity of skills, attributes and experience of board members against board requirements. See page 46 for information about the skills matrix and page 15 for information about the director nomination process.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	The duties of a nominating committee are carried out by the governance and risk committee. The governance and risk committee is composed entirely of independent directors.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The governance and risk committee mandate is described on page 27.
7. Compensation	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	The governance and risk committee and the human resources committee are responsible for recommending the compensation of Finning's directors and executive officers, respectively. The committees use comparative information to ensure that compensation is aligned with Finning's 50th percentile compensation philosophy, and is competitive considering the scope of responsibilities of our directors and executive officers. The process followed by the committees is described in "Director compensation" beginning on page 40 and in the executive compensation discussion and analysis beginning on page 50.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The duties of a compensation committee are shared between the governance and risk committee and the human resources committee. The governance and risk committee is responsible for annually reviewing director compensation and making recommendations to the board regarding the director compensation program. The human resources committee is responsible for annually reviewing and approving executive compensation and for making recommendations to the board regarding the President and CEO's compensation. Both the governance and risk committee and the human resources committee are composed entirely of independent directors.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The governance and risk committee's mandate is described in their report beginning on page 27. The human resources committee's mandate is described in their report beginning on page 29.
8. Other Board Committees	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	Finning has a safety, environment and social responsibility committee. The mandate of this committee is described on page 31.

PRACTICE	FINNING
9. Assessments	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	The governance and risk committee has responsibility for conducting performance evaluations of the board, the Board Chair, each of the board committees, the committee chairs and individual directors. The board's peer evaluation process is facilitated through individual director evaluations and one-on-one interviews between individual directors and the Board Chair and between the governance and risk committee chair and the Board Chair. For 2019, the evaluation process was conducted through the General Counsel and Corporate Secretary's office, using in-house designed surveys, and evaluating governance and performance against the board's objectives. We use the services of an independent external consultant every three years to conduct comprehensive performance evaluations of the board, Board Chair, committees, committee chairs and individual directors. The last independent consultant review was in 2017, when the corporate governance committee engaged Watson Inc. The surveys and assessments, whether conducted internally or externally, also include executive management's input and perspective. Details of the 2019 evaluation process and results are described on page 36. Ultimately, the committee makes recommendations to the full board regarding any changes and improvements it determines necessary as a result of these assessments.

Appendix B

Canada Business Corporations Act
Diversity disclosure

PRACTICE	FINNING
1. Director Term Limits and Other Mechanisms of Board Renewal	
Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not.	The board has not adopted term limits because it would risk losing directors with a deep understanding of our business and strategic relationships. The board believes that it has achieved healthy renewal through ordinary turnover and its retirement policy. Details of the board retirement policy and about board turnover can be found at page 49.
2. Policies Regarding the Representation of Designated Groups on the Board	
(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women, Aboriginal peoples, persons with disabilities, and members of visible minorities ("designated groups") as directors. If the issuer has not adopted such a policy, disclose why it has not done so.	The board has a written diversity policy and is committed to advancing female candidates to enhance diversity. The policy does not specifically recognize the identification and nomination of directors from the specific categories of Aboriginal peoples, persons with disabilities, and members of visible minorities when nominating candidates for election to the board. Please refer to page 38 for more information about the board diversity policy and diversity on our board.
b) If the issuer has adopted a policy referred to in 2.(a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	Not applicable
3. Consideration of the Representation of Designated Groups in the Director Identification and Selection Process	
Disclose whether or not the board or nominating committee considers the level of representation of designated groups on the board in identifying and nominating candidates for election or re-election to the board and, as the case may be, how that level is considered or the reasons why it is not considered	The governance and risk committee and the board will evaluate a potential nominee's qualifications and determine their appropriateness by taking into consideration the current board composition and the skill set required to round out the capabilities of the board. Finning values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy.
4. Consideration Given to the Representation of Designated Groups in Senior Management Appointments	
Disclose whether or not the issuer considers the level of representation of designated groups when appointing members of senior management and, as the case may be, how that level is considered or the reasons why it is not considered.	Finning does not take into account the representation of designated groups when nominating candidate to in the senior management team. Our objective is to identify the person who best possesses the skills required for each senior manager position, regardless of whether the nominee falls under the four designated groups. However, where two candidates bring equivalent skills to the position, the candidate representing diversity characteristics will be preferred.

PRACTICE	FINNING
5. Issuer's Targets Regarding the Representation of Designated Groups on the Board and in Senior Management Positions	
Disclose whether or not the issuer has, for each group referred to in the definition of designated groups, adopted a target number or percentage, or a range of target numbers or percentages, for members of the group to hold positions on the board of directors or in senior management by a specific date and	We have not adopted targets regarding designated groups for the board and / or our senior management team. We consider candidates based on their qualifications, personal qualities, business background and experience, and do not feel that targets necessarily result in the identification or selection of the best candidates. However, where two candidates bring equivalent skills to the position, the candidate representing diversity characteristics will be preferred.
• for each group for each group for which a target has been adopted, the target and the annual and cumulative progress of the corporation in achieving that target, and	Not applicable
• for each group for which a target has not been adopted, the reasons why the corporation has not adopted that target	See answer to 5. above.
6. Number and Percentages of Directors and Members of Senior Management Positions from Each of the Designated Groups	
For each group referred to in the definition of designated groups, the number and proportion, expressed as a percentage, of members of each group who hold positions on the board of directors; and	Our board currently has thirteen directors, twelve of whom are standing for election or re-election. Of our twelve board member nominees: • Four identify as women (33%) • None identify as being an Aboriginal person, a member of a visible minority or a person with a disability
For each group referred to in the definition of designated groups, the number and proportion, expressed as a percentage, of members of each group who are members of senior management of the corporation, including all of its major subsidiaries.	We have 50 members of senior management, of whom: • sixteen identify as women (29.1%) • None identify as being an Aboriginal person • Four identify as a member of a visible minority (7.3%) • One identifies as a person with a disability (2%).

Appendix C

Finning International Inc.
Terms of Reference for the Board of Directors

I. INTRODUCTION

A. The primary responsibility of the Board is to foster the long-term success of the Corporation to maximize shareholder value and provide strategic oversight, consistent with its fiduciary responsibility to act in the best interests of the Corporation as a whole.

B. The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Subject to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chair, nominating candidates for election to the Board, appointing committees and determining director compensation.

C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

II. COMPOSITION AND BOARD ORGANIZATION

A. Director nominees are initially considered and recommended by the Governance and Risk Committee of the Board, approved by the Board and elected annually by the shareholders of the Corporation.

B. A majority of directors comprising the Board must qualify as independent[1] directors.

C. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees are set forth in their terms of reference, as amended from time to time upon approval by the Board.

III. DUTIES AND RESPONSIBILITIES

A. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Corporation, the Board retains the responsibility for managing its own affairs, including:

i) planning its composition and size;

ii) selecting and setting the terms of reference for the Board Chair;

iii) nominating candidates for election to the Board;

iv) appointing committees;

v) determining director compensation;

vi) assessing the effectiveness of the Board, committees and directors (including the Board Chair and committee chairs) in fulfilling their responsibilities;

vii) approving any recommended changes to the terms of reference for the Board, the Board Chair, an individual director, the President & Chief Executive Officer, Board committees, Committee Operating Guidelines and the Guidelines for the Board of Directors;

viii) approval of annual Board objectives; and

ix) facilitating annual site visits to country operations.

B. Management and Human Resources

The Board has the responsibility:

i) for the appointment and replacement of a Chief Executive Officer (CEO), for monitoring CEO performance, for approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO's duties;

ii) for approving terms of reference for the CEO;

iii) in consultation with the CEO, for approving annual objectives that the CEO is responsible for meeting;

iv) to the extent feasible, for satisfying itself as to the integrity of the CEO and executive management and for ensuring that they create a culture of integrity throughout the organization;

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[1] A definition of an independent director can be found in the Appendix to the Guidelines for the Board of Directors.

v) upon considering the advice of the CEO and the recommendation of the Human Resources Committee, for approving the appointment of all corporate officers; and

vi) for ensuring that plans have been made for management succession including appointing, training and monitoring of senior management.

C. Monitoring and Acting

The Board has the responsibility:

i) for monitoring the Corporation's progress towards its annual operating plan and strategic goals, and for revising and altering corporate direction through management in light of changing circumstances;

ii) for approving any payment of dividends and new financings;

iii) to ensure management identifies the principal risks of the Corporation's business (including country investment and political risks) and takes all reasonable steps to ensure the implementation of appropriate systems to manage these risks; and

iv) for directing management to ensure systems are in place for the implementation and integrity of the Corporation's internal control and information technology systems.

D. Planning and Strategy Determination

The Board has the responsibility:

i) for annual review and approval of the Corporation's annual operating plan;

ii) for adopting a strategic planning process;

iii) for approving, at least annually, a strategic plan that takes into account, among other things, the opportunities and risks of the business; and

iv) for reviewing with management the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals.

E. Policies and Procedures

The Board has the responsibility:

i) for approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;

ii) for approving any recommended changes to the Global Political Contributions Policy;

iii) for approving any recommended changes to the Board Diversity Policy;

iv) for approving any recommended changes to the Code of Conduct and Code of Ethics for Senior Executive and Financial Management;; and

v) for ensuring systems are in place which are designed to ensure that the Corporation operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

F. Financial and Corporate Issues

The Board has the responsibility:

i) with consideration to the recommendation of the Audit Committee, for nominating an External Auditor for approval by shareholders; and if the Board does not adopt the Audit Committee's recommendation for External Auditor, ensure this fact is disclosed in the Annual Information Form;

ii) with consideration to the recommendation of the Audit Committee, for approving the compensation of the External Auditor; and if the Board does not adopt the Audit Committee's recommendation, ensure this fact is disclosed in the Annual Information Form;

iii) for taking reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;

iv) for reviewing operating and financial performance relative to budgets or objectives;

v) for approving annual and quarterly financial statements, management's discussion and analysis and related news release, and approving the release thereof by management;

vi) for approving any recommended changes to the Corporation's By-laws and ensuring any such changes are put before the shareholders for ratification;

vii) for approving the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein; and

viii) for approving the commencement or settlement of litigation that may have a material impact on the Corporation.

G. Reporting to Stakeholders

i) The Board has the responsibility to periodically review the communications policies of the Corporation.

ii) The Board has the responsibility to direct management:

a) to ensure that the Corporation maintains effective, productive and appropriate reporting and communications links with Caterpillar;

b) to ensure that the financial performance of the Corporation is adequately reported to the public and regulators on a timely and regular basis as required by law;

c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;

d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;

e) to report annually to shareholders at its annual shareholders' meeting on its stewardship for the preceding year; and

f) to ensure that the Corporation has systems in place which accommodate feedback from stakeholders.

IV. LEGAL REQUIREMENTS

A. The Board is responsible for taking all reasonable steps to ensure that legal requirements have been met, annual shareholder meetings held, and documents and records have been properly prepared, approved and maintained.

B. Canadian law, the jurisdiction of incorporation of the Corporation, identifies the following as legal requirements for the Board:

i) to manage, or supervise the management of, the business and affairs of the Corporation;

ii) to act honestly and in good faith with a view to the best interests of the Corporation;

iii) to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

iv) to act in accordance with its obligations contained in the Canada Business Corporations Act, the Securities Act of each province and territory of Canada, other relevant legislation and regulations, and the Corporation's Articles and By-laws; and

v) in particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a Committee:

a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;

b) the filling of a vacancy among the directors or in the office of the External Auditor;

c) any issuance of securities, including the manner of issuance and any terms applicable to the issuance of the securities;

d) the declaration of dividends;

e) the purchase, redemption or any other form of acquisition of securities issued by the Corporation;

f) the payment of a commission to any person in consideration of the purchase or agreement to purchase securities of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such securities;

g) the approval of Management Proxy Circulars;

h) the approval of any Take-over Bid Circular or Directors' Circular;

i) the approval of the financial statements of the Corporation; and

j) the adoption, amendment or repeal of By-Laws of the Corporation.

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