2022

FINNING INTERNATIONAL INC.

Management proxy circular
Notice of annual meeting

FINNING

FINNING

Notice of 2022 annual meeting

You're invited to Finning International Inc.'s annual meeting of shareholders.

When	Where
Tuesday, May 10, 2022 2:00 p.m. Pacific time	Virtual meeting via live audio webcast online at https://web.lumiagm.com/454529525 and Cortes Island Room, Fairmont Hotel Vancouver 900 West Georgia Street Vancouver, British Columbia

You're entitled to receive notice of and to vote at the meeting if you held your common shares at the close of business on March 16, 2022 (the record date).

This year we are providing shareholders with the opportunity to attend our meeting in person, subject to limitations mentioned below, or online in a virtual format, 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 online, which are described starting on page 10.

In light of the ongoing public health impact of COVID-19, the in-person component of the meeting will be held in accordance with health authority restrictions in effect at the time of the meeting and in a manner that prioritizes the health and safety of our employees, shareholders and community. This may include enforcing protocols on applicable room capacity, physical distancing, masking and vaccine mandates. Therefore, registered and non-registered shareholders are encouraged to participate in the meeting online, rather than attending in person, and to vote their shares prior to the meeting by returning their proxy form or voting instruction form, voting online or using the toll-free telephone number set out on the proxy or voting instruction form.

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, 2021 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/ Dori Assaly

Dori Assaly
Corporate Secretary

Surrey, British Columbia
March 16, 2022

Meeting Materials

We are using notice and access to deliver meeting-related materials to registered and non-registered (beneficial) holders of our common shares. This means the management proxy circular is posted online rather than being mailed out.

Shareholders will still receive by mail a form of proxy or a voting instruction form to vote their shares, together with a notice explaining how to access the management proxy circular electronically.

The management proxy circular can be viewed on our website (www.finning.com/governance) or on SEDAR (www.sedar.com).

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

If you have given us instructions to send you a printed copy of meeting-related materials, your management proxy circular is attached to this notice.

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 2022 annual meeting, which will be held on May 10, 2022, at the Cortes Island Room, Fairmont Hotel Vancouver, 900 West Georgia Street, Vancouver, BC and online beginning at 2:00 p.m. Pacific time. While we are offering an in-person component of our annual meeting this year, the health and safety of our employees, shareholders, community and other stakeholders remains our top priority. Due to the evolving nature of the COVID-19 pandemic, health authority requirements in effect at the time of the meeting may result in restrictive public health protocols in place at the meeting. We therefore welcome and encourage all shareholders who would like to attend the meeting to do so via the live audio webcast. For details on how to participate online, see page 10. We encourage shareholders to vote their shares in advance of the meeting by proxy or to vote virtually at the meeting online.

As always, shareholders will vote on the appointment of our auditor and the election of directors, and will be able to participate in an advisory vote on executive compensation. For details on 2021 executive compensation, see page 54. We encourage you to read the attached management proxy circular to ensure you are well informed on these items prior to voting on them.

In 2021, we remained grounded in our commitment to support our customers during economic recovery and supply constraints. We remained focused on delivering quality products, services, and solutions through the dedication of our exceptional employees globally, which in turn, helped us drive growth and prosperity, create stability and turn challenges into opportunities. We are very proud of the results we achieved in 2021, which were driven by successful execution to deliver on our strategic plan and improve our earnings capacity. We posted annual earnings per share (EPS) of $2.26 and adjusted EPS[1] of $2.18 and exceeded our mid-cycle EPS and return on invested capital (ROIC) targets two quarters ahead of schedule, all while our annual revenue remained below pre-pandemic levels. Across the business, we saw tremendous momentum in capturing product support opportunities and winning major equipment deals as market activity returned to pre-pandemic levels by the end of the year.

We continued to keep safety top of mind in every task, every day, and while we saw great results with a 12% reduction in total injury frequency globally, we were devastated by the loss of a colleague and the injury of another in a workplace accident in Canada early in the year. This event united us in strength and resolve to understand what happened and to reinforce for our employees the tools, training and support they need to work safely and go home to loved ones every day.

We advanced work to enable employees to learn and grow together in our journey to support mental health and wellbeing, creating online resources and training to support meaningful conversations and identify signs when employees might need additional support. In support of workplace health and safety, we developed a COVID-19 vaccination disclosure policy rolled out in alignment with health authority and government guidelines in each region where we operate.

We stayed the course in supporting our customers in their sustainability journey in 2021, investing in diesel gas blending and battery storage, and partnering with Caterpillar to support the transition to lower carbon fleet options, including hybrid and electric. We continued to invest in the advancement of biodiesel, compressed natural gas, renewable natural gas and hydrogen to do our part in advancing the energy transition. In addition, we stayed connected to people in our communities, continuing to invest in STEM outreach and programs serving Indigenous communities, women and underserved groups, including through hundreds of virtual and safe in-person volunteer hours by our employees as coaches and mentors to the next generation of the workforce.

We were also excited to continue to embrace digital technologies throughout the business, increasing virtual technical training hours, improving the reach and effectiveness of our employee intranet, and completing the launch and roll out of CUBIQ™, our digital platform that brings to our customers equipment performance solutions and enables the modern digitization of many of the customer interactions with the dealership. All these elements have brought us closer together, connecting us with resources and allowing us to serve our employees, customers, and communities anywhere, anytime. 2021 was a year of resilience and we could not be prouder of our progress.

At our annual meeting, shareholders will elect thirteen directors to the board. This year, we are welcoming two new director nominees, Nancy Tower and Manjit Sharma, who will both stand for election for the first time at the annual meeting. Ms. Tower and Ms. Sharma each bring extensive financial, operational and governance experience to the board. On behalf of the board and management, we would like to acknowledge and thank Kathleen O'Neill, who will be retiring at this annual meeting, for her fifteen years of dedicated service as a Finning director. You can read more about our thirteen director nominees beginning on page 18.

The challenges we continue to face motivate us to stay grounded in our conviction to control what we can control, staying the course to ensure we will come out a stronger, better company on the other side. Thank you for your support in 2021. We look forward to welcoming you to our annual meeting on May 10, 2022. For more information about Finning, including our online, interactive 2021 Sustainability Report, please visit our website at https://www.finning.com/en_CA/company.html.

Note:
1 This financial measure, referred to as a "specified financial measure", does not have a standardized meaning under Generally Accepted Accounting Principles (GAAP), and therefore may not be comparable to similar financial measures presented by other issuers. This financial measure has been adjusted to take into account significant items not considered to be indicative of operational and financial trends either by nature or amount. For additional information regarding this financial measure, please see the heading "Description of Specified Financial Measures and Reconciliations" in our 2021 MD&A.

Finning at a glance

Finning International Inc. (FTT:TSX) 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 and performance solutions for equipment and engines to customers in mining, construction, oil and gas, forestry and a wide range of power systems applications. We have delivered unrivalled customer service for nearly 90 years, and are trusted partners in transforming our customers' performance.

We are trusted

We are collaborative

We are innovative

We are passionate

Based in Surrey, British Columbia, Canada, Finning employed over 12,400 people worldwide as of the end of 2021, and operates in Western Canada, Chile, Argentina, Bolivia, the United Kingdom and Ireland. Finning's mobile on-site refuelling business, 4Refuel, operates in most provinces of Canada, as well as in Texas, USA.

Our 2021 performance

We achieved strong results in 2021, driven by successful execution to deliver on our strategic plan and improve our earnings capacity. We posted annual reported and Adjusted EPS above $2.00 and achieved our mid-cycle EPS and ROIC targets two quarters ahead of schedule, all while our 2021 revenue remained below peak levels. Across the business, we saw significant momentum in capturing product support opportunities and winning major equipment deals as market activity returned to pre-pandemic levels by the end of the year. Our employees should be proud of these accomplishments – it is their dedication and execution in serving our customers that have delivered such strong results for our shareholders in a very complex and dynamic environment.

Financial highlights (as at December 31)	**2021**	**2020**
Revenue	$7.3 billion	$6.2 billion
Net revenue[1]	$6.7 billion	$5.8 billion
Free cash flow[2]	$300 million	$870 million
Earnings before finance costs and income taxes (EBIT)	$552 million	$392 million
Basic EPS	$2.26	$1.43
Earnings before finance costs, income taxes, depreciation and amortization (EBITDA)[1]	$871 million	$700 million
Adjusted EBIT[2,3]	$537 million	$328 million
Adjusted basic EPS	$2.18	$1.14
Adjusted EBITDA[2,3]	$856 million	$636 million
Adjusted ROIC[1,3]	16.4%	9.6%
Net Debt to Adjusted EBITDA[1,3]	1.1	1.4

You can read more about our performance and the impact it had on 2021 executive pay beginning on page 54.

Operational highlights (as at December 31)	**2021**	**2020**
Total injury frequency[4]	1.14	1.30
Total recordable injury frequency[4]	0.45	0.44

Notes:

1 These are specified financial measures. Please see page 92 for more information about these financial measures.

2 These are non-GAAP financial measures. See page 92 for more information about these financial measures.

3 Certain financial measures 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 and 21 of the company's 2021 MD&A. The financial measures that have been adjusted to take into account these items are referred to as "Adjusted measures".

4 Figures represent cases per 200,000 exposure hours and do not include 4Refuel.

Proxy summary

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

2022 Meeting details

When
Tuesday, May 10, 2022
2:00 p.m. Pacific time

Where
Virtual meeting via live audio webcast online at
https://web.lumiagm.com/454529525

and

Cortes Island Room, Fairmont Hotel Vancouver
900 West Georgia Street, Vancouver, BC

Items to be voted on	Management's voting recommendations	
Appoint the auditor	FOR the appointment of Deloitte LLP as auditor	Page 15
Advisory vote on executive pay	FOR our approach to executive pay	Page 16
Elect directors	FOR each nominated director	Page 17

You can vote your shares online or in person at the meeting 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. Improving return on invested capital remains our key focus. We are accelerating product support revenue through leveraging technology. We are improving competitiveness of our business by sustainably reducing our cost base. And we are consistently delivering strong free cash flow, which allows us to return capital to shareholders and invest in opportunities that improve earnings capacity of our business.

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 62.

2021 executive compensation

Our 2021 named executives are L. Scott Thomson, President and Chief Executive Officer (President and CEO), Greg Palaschuk, Executive Vice President and Chief Financial Officer (CFO), Kevin Parkes, President, Finning (Canada), Juan Pablo Amar, President, Finning (South America), and David Primrose, our current Interim President, Finning (Canada) and former Managing Director, Finning UK and Ireland.

Strong 2021 financial results resulted in above target short-term incentive plan awards for our named executives. In order to improve alignment with the 50th percentile of our compensation peer group, base salaries increased overall by 8.3% for our named executives. The total value of long-term incentives awarded to our named executives remained similar to the previous year.

You can read more about 2021 compensation decisions impacting our named executives beginning on page 65.

We welcome shareholder input regarding our compensation programs. We are holding an advisory vote on executive pay at our 2022 annual meeting of shareholders. See page 16 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

2 All but one of our directors are independent and the Board Chair and CEO are separate roles

3 We have a board inclusion and diversity policy which specifically considers the representation of women on the board as well as other designated groups

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

You can read more about corporate governance at Finning beginning on page 35.

We're recognized globally

Canada

- Named as one of BC's Top Employers for 2021 and 2022
- Awarded Digital Workplace Leader of the Year 2021 for Health & Wellbeing by Digital Workplace Group
- Canada's Safest Employers recognized 4Refuel as top employer in the logistics and supply chain category in 2021

South America

- Earned "Category A" status from Pride Connection, recognizing us as change agents and promoters of diversity and inclusion transformation
- Recognized by the Carlos Vial Espantoso Foundation for our hybrid internship model for young people from technical-professional high schools in Chile
- Recognized with the seal LGBTI Talent as one of the best places to work 2021 by Fundación Iguales and the Human Rights Campaign

United Kingdom

- Winner in The Royal Society for the Prevention of Accidents (RoSPA) for the SHEQ Team of the Year and in the Engineering Services Industry for outstanding performance in health and safety
- Accredited as a Top 100 Apprenticeship Employer for diversified programs and employees
- Gold Award, Employer Recognition Scheme for our continuous support to the Armed Forces community

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
- is focused on eliminating the gender pay gap, through proactive analytics and interventions in talent acquisition and management processes
- invests in STEM education for youth in our communities and collaborates with local government, customers, union and industry partners to improve the representation of women in mining around the globe
- has established Indigenous Guiding Principles, in support of truth and reconciliation efforts in Canada, and continues to work to build equitable and inclusive relationships with our Indigenous employees and partners
- signed both the B.C. Business Council's and the Business Council of Canada's statements against racism
- is a member of Pride at Work Canada
- invests in our physical and digital workplaces to ensure accessibility for our employees, customers and suppliers
- increased the target to reduce our absolute greenhouse gas (GHG) emissions by 40% by 2027 from a 2017 baseline, including 4Refuel (former target was by 20% and did not include 4Refuel)
- has published an annual sustainability report since 2017. Our 2021 report, which is aligned with the Global Reporting Initiative standard, the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures, was published in March 2022 and is available on our website (www.finning.com)

What's inside this management proxy circular

FINNING

Management proxy circular

You've received this management proxy circular because you are entitled to vote at Finning's 2022 annual meeting of shareholders.

Who can vote

You can vote your shares if you owned your shares at the close of business on March 16, 2022 (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.

2022 meeting details

When	Where
Tuesday, May 10, 2022 2:00 p.m. Pacific time	Virtual meeting via live audio webcast online at https://web.lumiagm.com/454529525 and Cortes Island Room, Fairmont Hotel Vancouver 900 West Georgia Street Vancouver, British Columbia

Due to the continued uncertainty and risks associated with the COVID-19 pandemic, and to protect the health and safety of our communities, shareholders, employees and other stakeholders, we are offering our meeting in-person as well as in a virtual 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. At the meeting, shareholders will have a right to ask questions, and to vote on a number of important matters. In light of the ongoing pandemic, shareholders are asked to participate in the virtual meeting online, rather than attending in person and to vote their shares prior to the meeting by returning their proxy form or voting instruction form, voting online or using the toll-free telephone number set out on the proxy or voting instruction form.

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 common shares in the capital of Finning International Inc.

The record date is March 16, 2022. Information in this circular is as of December 31, 2021 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).

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 will pay all costs of such solicitation, including costs to send materials to our beneficial holders via their intermediary. We have also retained Laurel Hill Advisory Group (Laurel Hill) to act as our proxy solicitation agent in connection with the annual 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 assisting 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/ Dori Assaly

Dori Assaly
Corporate Secretary

Surrey, British Columbia
March 16, 2022

How to vote

Each common share you held at the close of business on March 16, 2022 (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 157,015,010 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

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 shareholders who wish to appoint themselves as proxyholder to attend and participate at the meeting online.

Shareholders have the right to appoint a person or company to represent them at the meeting other than the management nominees designated in the form of proxy. Shareholders who wish to appoint someone other than the management nominees as their proxyholder to attend and 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, if that person will be attending the meeting online, 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 if your proxyholder will be attending the meeting online. 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 your 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 your proxyholder, which is an additional step to be completed once you have submitted your proxy or voting instruction form if your proxyholder will be attending the meeting online.

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 6, 2022** and provide Computershare Investor Services Inc. (Computershare), our transfer agent, with the required proxyholder contact information, so that Computershare may provide the proxyholder with a username via email. **Without a username, proxyholders will not be able to attend and vote online at the meeting.**

If you are a non-registered shareholder and you wish to vote your shares yourself 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, you must follow all of the applicable instructions provided by your intermediary AND if you will be attending the meeting online, 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 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 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

In addition to holding a physical meeting, Finning is offering the meeting in a virtual format, by live audio webcast online. Shareholders are encouraged not to attend the meeting in person.

Attending the meeting online enables shareholders and proxyholders, including non-registered shareholders who have appointed themselves as proxyholder, to participate in the annual meeting and ask questions, all in real time, provided they are connected to the internet. Registered shareholders and proxyholders can vote at the appropriate times during the meeting. Voting options will be visible on your screen when attending the meeting online. For further details on registration and voting, please see "How to vote" below.

Questions or comments can be submitted in writing through the webcast platform during the meeting up until the chair of the meeting closes the Q&A session. Questions related to the matters of business will be addressed at the time such matter is being discussed. Other questions will be addressed during the Q&A session after the business of the meeting has been completed. Written questions submitted through the webcast platform will be read or summarized by a representative of Finning. Questions dealing with similar topics or issues may be grouped, summarized and addressed with one response.

We will only answer questions of interest to all shareholders during the meeting. The chair of the meeting has authority to conduct the meeting in an orderly manner and reserves the right to edit questions or exclude questions deemed out of order or otherwise not appropriate or suitable for the conduct of the meeting, including questions that are: irrelevant to the business of Finning or the business of the meeting; related to material non-public information of Finning; substantially repetitious to other questions submitted by other shareholders; related to personal grievances or in furtherance of the person's business, personal or political interests. We will respond in writing to the shareholder or proxyholder as soon as practical after the meeting to any questions that were not answered during the meeting.

Guests, including non-registered 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/454529525 at least 15 minutes before the meeting starts
- click on "I have a control number/username"
- enter the password: finning2022 (case sensitive) OR
- click on "I am a guest" and complete the online form

More information about online registration and participation in our annual meeting, including a list of compatible web browsers and contact information for technical support, is detailed in our annual meeting user guide, which is available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com). For technical support during the meeting, please click the "Support" button on the webcast platform.

Canadian notice and access

This year we are using notice and access to deliver this circular, as well as our annual financial statements and related management's discussion and analysis for the year ended December 31, 2021 (2021 financial report, and together with the circular, the meeting materials) to both registered and non-registered (beneficial) shareholders of our common shares. Notice and access is a set of rules developed by the Canadian Securities Administrators that permit us to post these materials online rather than mail them, substantially reducing our printing and mailing costs, and our impact on the environment through reduced paper and energy consumption.

You will receive a package in the mail with a notification outlining the matters to be addressed at the meeting and explaining how to access and review the meeting materials electronically, how to request a paper copy of the meeting materials at no charge and how to return your proxy or voting instructions. You will also receive a form of proxy or voting instruction form in the mail so you can vote your common shares. A printed copy of the meeting materials will be delivered to shareholders who have given us standing instructions to receive, or have otherwise requested us to provide, a printed copy. All meeting materials will be forwarded to beneficial holders at our expense.

Meeting materials are available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com). You can request a paper copy of the meeting materials, at no cost, up to one year after the date the meeting materials were filed on SEDAR. You may make such a request prior to the meeting by calling 1-888-346-6464.

How to vote

Registered shareholders
What your package includes Your package should include the following documents: • notice and access notification to shareholders • proxy form **Ways to vote** 1. Attend the meeting online and vote online 2. Vote by proxy; or 3. Attend the meeting and vote in person **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/454529525 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: finning2022 (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.

If you want to vote in person at the meeting, check in with a Computershare representative when you arrive at the meeting.

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

How to 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 or in person) 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**.**

How to 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.
Attention: Proxy Department
100 University Avenue, 8th Floor
Toronto, Ontario, M5J 2Y1

Computershare must receive your proxy form, or you must have voted online, by telephone or fax by **2:00 p.m. Pacific time on May 6, 2022** 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 and access notification to shareholders
- voting instruction form

Ways to vote

1. Attend the meeting online and vote online, by appointing yourself as proxy
2. Submit your voting instructions to your intermediary; or
3. Attend the meeting and vote in person, by appointing yourself as proxy

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 login credentials from Computershare once the proxy deposit deadline has passed
- log in at https://web.lumiagm.com/454529525 at least 15 minutes before the meeting starts
- click on “I have a control number/username”
- enter your username
- enter the password: finning2022 (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.

If you want to vote in person at the meeting, print your name in the space provided in your voting instruction form to appoint yourself as proxyholder and follow the instructions from your intermediary for returning the completed form. Check in with a Computershare representative when you arrive at the 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 (other than non-registered shareholders (employees) under the employee stock purchase plan (ESPP)) 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 use 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 by **2:00 p.m. Pacific time on May 6, 2022.** 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 they see fit.

US beneficial shareholders

To attend and vote at the meeting, you must first obtain a valid legal proxy from your broker, bank or other agent, and then register in advance to attend the meeting.

Follow the instructions from your broker, bank or other agent included with the proxy materials, or contact your broker, bank or other agent to request a legal proxy form. After obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the meeting, you must submit a copy of your legal proxy to Computershare Investor Services Inc. at the following email address: uslegalproxy@computershare.com.

Non-registered (beneficial) shareholders (employees) under the ESPP

To submit your voting instructions to your intermediary, complete and return the voting instruction form following the instructions on the form. The above information for non-registered (beneficial) shareholders applies to non-registered (beneficial) shareholders (employees) under the ESPP unless indicated otherwise.

How to change your vote or revoke your proxy

If you're a registered shareholder and have voted by proxy, you can revoke your proxy (with or without providing new voting instructions) before the meeting is held or an item is voted on. Here's how:

- By providing new voting instructions on a proxy form with a later date or at a later time if you are voting by mail, telephone or online. Any new voting instructions must be received by Computershare by 2:00 p.m. Pacific time on May 6, 2022 or at least 48 hours, excluding weekends and holidays, before the date of the reconvened meeting if the meeting is postponed or adjourned.
- By delivering a written and signed revocation of proxy (without giving new voting instructions) to the registered office of Finning to the attention of the Corporate Secretary at 19100 94 Avenue, Surrey, BC V4N 5C3 any time before 5:00 p.m. Pacific time on May 9, 2022, or, if the meeting is adjourned or postponed, before 5:00 p.m. Pacific time on the business day before the date of the reconvened meeting.
- By delivering a written and signed revocation of proxy to the chair of the meeting before the start of the meeting or before any adjournment or postponement. You may then vote at the meeting.
- By 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 if you need help providing new voting instructions, if you want to revoke your voting instructions (without giving new instructions) or if you want to vote in person instead. However, your intermediary is subject to the same time constraints noted above for registered shareholders.

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 Canada and the USA)

Or send Laurel Hill an email at: www.assistance@laurelhill.com

Business of the meeting

1. Receive the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2021 and the auditor's report will be placed before the meeting. Copies of our 2021 consolidated financial statements are available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com). You will receive a printed copy of our 2021 consolidated financial statements only if you requested one.

2. Appoint the auditor

You will be asked to 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, 2021 and 2020 for audit and other services.

	2021	**2020**
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	$3,364,130	$3,319,416
Audit related fees generally relate to fees charged for assurance and related services. The 2021 and 2020 fees relate to audits of Finning's pension plans.	$85,731	$92,259
All other fees generally relate to fees charged for any non-audit related or non-tax services. The 2021 fees relate to assurance over GHG emissions for 2019. The 2020 fees relate to advisory services with respect to post-implementation review of the SAP project in South America.	$48,233	$171,378
Total	**$3,498,094**	**$3,583,053**

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 2022 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 2022 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 2021, 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, non-audit and tax related 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 up to $100,000 of services 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 2022 annual meeting.

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

'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.

Last year 91.9% of the votes cast were in favour of our approach to executive compensation.

We encourage you to take some time to read the executive compensation section beginning on page 54 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 2021.

If you have feedback, questions or concerns about executive compensation at Finning, please contact the Board Chair, c/o the Corporate Secretary at Finning (see page 43 for details).

4. Elect directors

This year you will elect thirteen directors to the board for a term of one year. All of our current directors are standing for re-election except Kathleen M. O'Neill, who is retiring. Manjit Sharma and Nancy Tower are standing for election for the first time.

Vicki L. Avril-Groves	Mary Lou Kelley	Christopher W. Patterson
James E.C. Carter	Andrés Kuhlmann	Edward R. Seraphim
Jacynthe Côté	Harold N. Kvisle	Manjit Sharma
Nicholas Hartery	Stuart L. Levenick	L. Scott Thomson
		Nancy G. Tower

All thirteen 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.

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).

Shareholder proposals
Shareholders who wish to submit a proposal for consideration at the 2023 annual meeting must deliver their proposal to Finning by December 16, 2022. All shareholder proposals must comply with the requirements of the CBCA. 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 accordance with our advance notice by-law in writing to the Corporate Secretary prior to any annual or special meeting where directors are being elected. Notice must be delivered to us at least 30 days before the date of a shareholder meeting or 40 days if we use "notice and access" to deliver meeting materials to shareholders, as is the case with this meeting. You will need to provide the information outlined in our advance notice by-law. This description of our advance notice by-law is a summary only and is qualified by reference to the by-law. You can find a copy of our advance notice by-law under our profile on SEDAR (www.sedar.com) or 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.

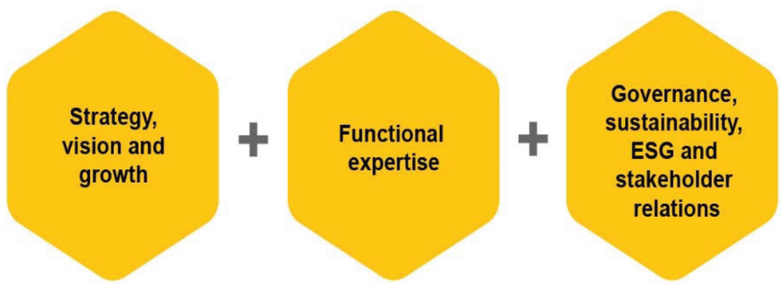
This year thirteen directors will be elected to the board. We believe this is an appropriate size to ensure proper stewardship and serve the interests of shareholders. All of the nominated directors are qualified and have agreed to serve on Finning’s board.

Independence

Twelve of the thirteen nominated directors (92%) are independent. L. Scott Thomson is not independent because he is Finning’s President and CEO.

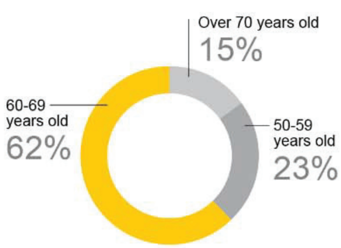
Key skills and experience

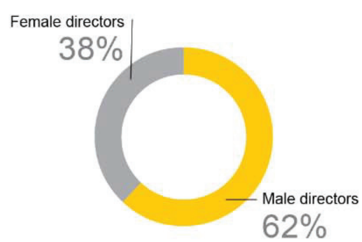
We recruit directors who have skills and experience in three core areas:

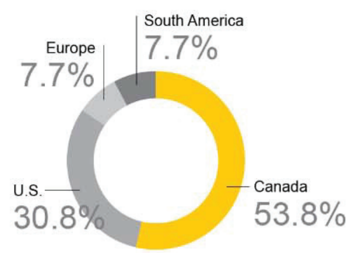


Diversity

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







Director nominee meeting attendance in 2021

In 2021, the board held seven meetings, all of which were held by videoconference. The table below shows the attendance record of our nominee directors at board and committee meetings in 2021. It does not include Nancy Tower or Manjit Sharma because they did not serve on our board in 2021. You can read more about each director's attendance record in the profiles that follow and in the detailed attendance table on page 48.

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

Notes:

1 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.

2 For a breakdown of meetings held by committees, please refer to the individual director profiles starting on page 20.

3 Mr. Seraphim moved from the audit committee to the human resources committee effective May 10, 2021.

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 47).

Information about shareholdings is provided by each nominee as at December 31, 2021 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 $31.88 for 2021 and $27.03 for 2020. You can read more about director DSUs on page 45.

Director profiles

Harold N. Kvisle	Independent | Age 69 | Calgary, Alberta, Canada | Director since 2017

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. Mr. Kvisle currently serves as the board chair of ARC Resources Ltd. and the Business Council of Alberta. He also serves 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 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.

Board Chair since January 2019

Top five areas of expertise:

- Board governance
- Financial leadership, accounting and audit
- Human capital, compensation, talent and culture
- Operational expertise
- Risk management

2021 voting results	Finning board/committees	2021 meeting attendance	
98.79% votes *for* 1.21% votes *withheld*	Board of directors	7 of 7	100%
	Mr. Kvisle attended various committee meetings in his capacity as Board Chair		

Finning securities held					Compensation received from Finning ($)
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2021	35,000	63,413	98,413	3,137,406	395,000
2020	35,000	49,560	84,560	2,285,657	371,300
Change	0	13,853	13,853	851,749	23,700

Meets his share ownership requirements.

Other public company boards, including committee membership
ARC Resources Ltd. – Board chair
Cenovus Energy Inc. – Governance (chair); Human resources and compensation

Vicki L. Avril-Groves	Independent | Age 67 | Cape Coral, Florida, 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:

- Board governance
- Communications and stakeholder relations
- Financial leadership, accounting and audit
- Human capital, compensation, talent and culture
- Industry experience

2021 voting results	Finning board/committees	2021 meeting attendance	
99.98% votes *for* 0.02% votes *withheld*	Board of directors	7 of 7	100%
	Audit committee (financial expert)	4 of 4	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Finning securities held					Compensation received from Finning ($)
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2021	15,000	40,220	55,220	1,760,414	231,500
2020	15,000	32,069	47,069	1,272,275	218,400
Change	0	8,151	8,151	328,739	13,100

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 72 | 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 (Lead Independent Director), Brand Industrial Services and EllisDon Construction Services Inc. Mr. Carter serves as board chair for Careers: The Next Generation, a not-for-profit organization. He is a former Chair of the Mining Association of Canada.

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 completed the Advanced Management Program at Harvard Graduate School of Business Administration.

Top five areas of expertise:

- Board governance
- Human capital, compensation, talent and culture
- Industry experience
- Operational expertise
- Sustainability, ESG and health and safety

2021 voting results	Finning board/committees	2021 meeting attendance	
96.33% votes *for* 3.67% votes *withheld*	Board of directors	7 of 7	100%
	Governance and risk committee	4 of 4	100%
	Human resources committee (chair)	5 of 5	100%

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

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2021	10,000	97,798	107,798	3,436,600	250,000
2020	10,000	91,003	101,003	2,730,111	234,700
Change	0	6,795	6,795	706,489	15,300

Meets his share ownership requirements.

Other public company boards, including committee membership

None

Jacynthe Côté | **Independent | Age 63 | 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.

Ms. Côté holds a bachelor's degree in chemistry from Université Laval and was awarded an honorary doctorate by Université du Québec à Chicoutimi and Université de Montréal (HEC Montréal). 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, an organization that provides free services and tools to students, parents and teachers in order to foster academic engagement and success.

Top five areas of expertise:

- Board governance
- Financial leadership, accounting and audit
- Human capital, compensation, talent and culture
- Industry experience
- Sustainability, ESG and health and safety

2021 voting results	Finning board/committees	2021 meeting attendance	
99.60% votes *for* 0.40% votes *withheld*	Board of directors	7 of 7	100%
	Human resources committee	5 of 5	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 ($)	Compensation received from Finning ($)
2021	10,000	55,860	65,860	2,099,617	245,000
2020	10,000	50,149	60,149	1,625,827	230,450
Change	0	5,711	5,711	473,790	14,550

Meets her share ownership requirements.

Other public company boards, including committee membership

Royal Bank of Canada – Governance (chair); Risk

Transcontinental Inc. – Lead Director; Human resources and compensation (chair)

Nicholas Hartery	**Independent | Age 70 | 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. Mr. Hartery currently serves as board chair of Tyman Plc, a global building material company. He also serves as board chair of Horse Racing Ireland, an Irish Government semi-state body, a global leader in the thoroughbred industry. 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:

- Board governance
- Digital, technology and cybersecurity
- Human capital, compensation, talent and culture
- Industry experience
- International business and cultural perspective

2021 voting results	**Finning board/committees**	**2021 meeting attendance**	
97.52% votes *for* 2.48% votes *withheld*	Board of directors	7 of 7	100%
	Governance and risk committee (chair)	4 of 4	100%
	Human resources committee	5 of 5	100%

Finning securities held					**Compensation received from Finning ($)**
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2021	0	74,934	74,934	2,388,896	251,000
2020	0	65,236	65,236	1,763,329	240,050
Change	0	9,698	9,698	625,567	10,950

Meets his share ownership requirements.

Other public company boards, including committee membership

None

Mary Lou Kelley	**Independent | Age 61 | South Bend, Indiana, United States | Director since 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. From 2017 to 2019, Ms. Kelley served as advisor to the senior leadership and board of directors 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:

- Board governance
- Digital, technology and cybersecurity
- Human capital, compensation, talent and culture
- International business and cultural perspective
- Operational expertise

2021 voting results	**Finning board/committees**	**2021 meeting attendance**	
99.59% votes *for* 0.41% votes *withheld*	Board of directors	7 of 7	100%
	Human resources committee	5 of 5	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Finning securities held					**Compensation received from Finning ($)**
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2021	0	39,771	39,771	1,267,899	245,000
2020	0	31,168	31,168	842,471	230,450
Change	0	8,603	8,603	425,428	14,550

Meets her share ownership requirements.

Other public company boards, including committee membership

Vera Bradley, Inc. – Audit

YETI Holdings, Inc. – Compensation; Nomination and governance (chair)

Andrés J. Kuhlmann | **Independent | Age 59 | 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:
- Human capital, compensation, talent and culture
- Industry experience
- International business and cultural perspective
- Risk management
- Sustainability, ESG and health and safety

2021 voting results	Finning board/committees	2021 meeting attendance	
99.07% votes *for* 0.93% votes *withheld*	Board of directors	7 of 7	100%
	Audit committee	4 of 4	100%
	Governance and risk committee	4 of 4	100%

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2021	0	21,590	21,590	688,289	230,000
2020	0	13,920	13,920	376,258	219,200
Change	0	7,670	7,670	312,031	10,800

Meets his two-year share ownership requirement and has until November 4, 2024 to meet his five-year share ownership requirement.

Other public company boards, including committee membership

None

Stuart L. Levenick | **Independent | Age 69 | 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:
- Board governance
- Digital, technology and cybersecurity
- Financial leadership, accounting and audit
- Industry experience
- Operational expertise

2021 voting results	Finning board/committees	2021 meeting attendance	
98.65% votes *for* 1.35% votes *withheld*	Board of directors	7 of 7	100%
	Audit committee (chair)	4 of 4	100%
	Governance and risk committee	4 of 4	100%

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2021	0	60,576	60,576	1,931,163	261,000
2020	0	50,941	50,941	1,376,935	247,050
Change	0	9,635	9,635	554,228	13,950

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

Christopher W. Patterson

Independent | Age 67 | Greensboro, North Carolina, 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:

- Board governance
- Human capital, compensation, talent and culture
- Industry experience
- Operational expertise
- Sustainability, ESG and health and safety

2021 voting results	Finning board/committees	2021 meeting attendance	
99.29% votes *for* 0.71% votes *withheld*	Board of directors	7 of 7	100%
	Audit 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 ($)	Compensation received from Finning ($)
2021	9,025	54,265	63,290	2,017,685	230,800
2020	9,025	48,596	57,621	1,557,496	218,400
Change	0	5,669	5,669	460,189	12,400

Meets his share ownership requirements.

Other public company boards, including committee membership

Modine Manufacturing Company – Audit; Human capital (chair)

Edward R. Seraphim

Independent | Age 62 | North Vancouver, British Columbia, Canada | Director since 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:

- Financial leadership, accounting and audit
- Human capital, compensation, talent and culture
- International business and cultural perspective
- Operational expertise
- Sustainability, ESG and health and safety

2021 voting results	Finning board/committees	2021 meeting attendance	
99.98% votes *for* 0.02% votes *withheld*	Board of directors	7 of 7	100%
	Audit committee	2 of 2	100%
	Human resources committee	3 of 3	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 ($)	Compensation received from Finning ($)
2021	1,400	26,008	27,408	873,767	230,000
2020	1,400	18,224	19,624	530,437	216,200
Change	0	7,784	7,784	343,330	13,800

Meets his share ownership requirements.

Other public company boards, including committee membership

None

Manjit Sharma	Independent | Age 56 | Toronto, Ontario, Canada | Director nominee

Ms. Sharma is a Corporate Director. Ms. Sharma served most recently as Chief Financial Officer of WSP Canada Inc., a leading professional services consulting firm, from 2020 to 2021. Prior to WSP Canada, she was on the National Executive Team of General Electric Canada (GE Canada), serving as Chief Financial Officer from 2016 to 2019. From 1999 to 2016, she held various senior positions with GE Canada, with responsibilities that spanned strategic planning and analysis, mergers and acquisitions, tax oversight, risk, governance, and diversity and inclusion. Ms. Sharma currently serves as a board member of each of Vermilion Energy Inc. and Export Development Canada and is a member of the GE Canada Pension Trust Committee.

Ms. Sharma holds a Bachelor of Commerce degree (with Honours) from the University of Toronto, is a Fellow Chartered Accountant and holds the ICD.D Directors designation. In 2019, Ms. Sharma was recognized as one of Canada's Top 100 Most Powerful Women by the Women's Executive Network.

Top five areas of expertise:

- Board governance
- Financial leadership, accounting and audit
- Human capital, compensation, talent and culture
- Industry experience
- Operational expertise

2021 voting results		Finning board/committees	2021 meeting attendance	
n/a n/a	votes *for* votes *withheld*	n/a	n/a	n/a

Finning securities held					Compensation received from Finning ($)
As of March 16, 2022	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
	0	0	0	0	0

Following Ms. Sharma's election to the board, she will have until May 10, 2024 to meet her two-year share ownership requirement and until May 10, 2027 to meet her five-year share ownership requirement.

Other public company boards, including committee membership

Vermilion Energy Inc. – Audit; Health, safety and environment

L. Scott Thomson	Not independent | Age 52 | 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:

- Communications and stakeholder relations
- Digital, technology and cybersecurity
- Human capital, compensation, talent and culture
- International business and cultural perspective
- Sustainability, ESG and health and safety

2021 voting results		Finning board/committees	2021 meeting attendance	
99.14% 0.86%	votes *for* 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.

Finning securities held

Year	Common shares (#)	DSUs[1] (#)	Stock Options[2] (#)	Performance share units (#)	Restricted share units (#)
2021	231,426	9,508	377,774	273,454	135,303
2020	207,599	9,262	1,209,026	288,680	125,312
Change	23,827	246	(831,252)	(15,226)	9,991

Notes:

1 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 on February 26, 2016.

2 For more information, see page 74.

Meets his executive share ownership requirements (see page 61).

Other public company boards, including committee membership

Bank of Nova Scotia – Risk; Human resources (chair)

Nancy G. Tower | **Independent | Age 63 | Calgary, Alberta, Canada | Director nominee**

Ms. Tower is a Corporate Director. She most recently served as President and Chief Executive Officer of Tampa Electric Company, a regulated electric utility and a subsidiary of Emera Inc. (Emera) in Tampa, Florida from December of 2017 until 2021. As part of her planned retirement, she transitioned the role of President in February 2021 and retired in June 2021. From 2014 until 2017, she was the Chief Corporate Development Officer of Emera. Ms. Tower joined Emera in 1997, and over the course of her tenure, held several senior positions in corporate finance and operations at Emera and with its subsidiaries, including Controller and Vice President, Customer Operations, of Nova Scotia Power Inc., Chief Financial Officer of Emera, and Chief Executive Officer of Emera Newfoundland and Labrador. Ms. Tower currently serves on the board of directors of AltaGas Ltd.

Ms. Tower holds a Bachelor of Commerce degree from Dalhousie University and is a Fellow Chartered Accountant.

2021 voting results		Finning board/committees	2021 meeting attendance	
n/a	votes *for*	n/a	n/a	n/a
n/a	votes *withheld*			

Top five areas of expertise:

- Board governance
- Communications and stakeholder relations
- Financial leadership, accounting and audit
- Human capital, compensation, talent and culture
- Industry experience

Finning securities held					**Compensation received from Finning ($)**
As of March 16, 2022	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
	700	0	700	22,316	0

Following Ms. Tower's election to the board, she will have until May 10, 2024 to meet her two-year share ownership requirement and until May 10, 2027 to meet her five-year share ownership requirement.

Other public company boards, including committee membership

AltaGas Ltd. – Audit; Governance; Human resources and compensation (chair)

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 2021.

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. 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 35.

Audit committee

The committee is 100% independent and met four times in 2021.

Members
Stuart L. Levenick (chair)
Vicki L. Avril-Groves (financial expert)
Andrés J. Kuhlmann
Kathleen M. O'Neill (financial expert)
Christopher W. Patterson

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

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, ethics and financial risk management processes, including related to financial risk areas of financial reporting, information technology systems, business continuity and legal claims and exposures
- 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.

The audit committee also reviews and approves any related party transactions. You can read more about our governance related to conflicts of interest and related party transactions on page 37.

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 meets separately with the chief financial officer and controller and meets 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.

2021 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 15 for details about the external auditor's services and fees) • received quarterly reports and observations from the external auditor following the external auditor's review and audit procedures • met independently with the external auditor at each meeting • completed an annual assessment of the external auditor • reviewed a work plan for the 2022 comprehensive review of the external auditor which occurs at least every five years • monitored audit quality indicators for the 2021 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 2021 • reviewed the Canadian Public Accountability Board (CPAB) 2021 Audit Quality Insights Report
Risk management	• received quarterly executive updates on global top financial risks and mitigation measures, including top financial risks related to cybersecurity, information technology and data governance, and macroeconomic factors • reviewed the financial and accounting management talent and 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 new, pending and amended International Financial Reporting Standards (IFRS) • reviewed accounting and financial reporting for corporate acquisitions • reviewed an impact assessment on National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure (NI 52-112) and approved an amended non-GAAP and other financial measures global policy to align with NI 52-112 • received an update on the Organisation for Economic Cooperation and Development's (OECD) reform of the international tax system
Internal audit function	• reviewed the internal audit function and approved the internal audit charter • reviewed and approved the annual internal audit plan, and monitored the plan's progress and any changes • 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 • completed a global review of internal controls over financial reporting (C-SOX) in all regions • reviewed the process to develop a global standard on Business Continuity Plans (BCP)
Treasury	• reviewed the dividend strategy and made dividend recommendations • reviewed our financial arrangements and liquidity • reviewed and approved key treasury policies • recommended renewal of the company's normal course issuer bid • monitored redemption of $200 million notes • recommended the amendment of the existing $1.3B global revolving credit facility to extend the term to 2026 and add a sustainability-linked feature • reviewed and approved our global insurance coverage and premiums • monitored foreign exchange risks in South America
Pension plans	• reviewed and approved pension plan funding, investment and governance policies • monitored the investment and financial position of pension plans • monitored the risk reduction activities of 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 • recommended amendments to the audit committee's terms of reference for board approval • reviewed the code of ethics for senior executive and financial management • established audit committee priorities for 2021 • 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 15 for information about the fees paid to Deloitte in 2021 and 2020.

You can find more information about the audit committee in our most recent 2021 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 2021.	
Members Nicholas Hartery (chair) James E.C. Carter Andrés Kuhlmann 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. The committee is responsible for oversight of the processes for business risk assessment and management. 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. The committee also assesses and makes recommendations to the board regarding risk management processes. The committee delegates 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 will 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.	
2021 highlights Overseeing corporate governance policies	• reviewed terms of reference for the board, Board Chair, committees, directors and President and CEO, and recommended certain amendments for board approval • reviewed board and committee operating guidelines, and recommended certain amendments for board approval • reviewed and recommended amendments to the board inclusion and diversity policy to further address diversity beyond gender and enhance alignment with the diversity disclosure requirements under the *Canada Business Corporations Act* (CBCA) and proxy advisory firm guidelines • reviewed the code of conduct, global political contributions policy, global anti-bribery and anti-corruption policy and corporate disclosure policy, and recommended certain updating amendments for board approval
Board succession planning and board renewal	• oversaw board renewal • engaged an independent consultant to conduct a review of the director skills matrix • reviewed and updated the director skills matrix for alignment with our strategic goals and identified skills and diversity characteristics for potential director nominees • monitored the board's independence and reviewed board interlocks for potential conflicts of interest • reviewed and recommended committee memberships
Director compensation	• engaged an independent consultant to review our director compensation program and recommended director compensation program changes effective January 1, 2022 (see page 44) • reviewed director share ownership guidelines and individual director compliance with our guidelines
Director orientation, assessment and development	• engaged an independent consultant to conduct a comprehensive review of board effectiveness in 2021, including the board, Board Chair, committees, committee chairs and individual directors (see page 39) • reviewed the results of the 2021 board, Board Chair, committee and committee chair evaluations • reviewed the director orientation and education program
Risk management	• reviewed quarterly reports on our enterprise risk management process and global top risks • received an annual in-depth report on our global top risks and emerging risks, and management's mitigation plans

General	• developed annual board objectives with the Board Chair and President and CEO and completed an assessment of the prior year's board objectives for board consideration • established governance and risk committee priorities for 2021 • 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 five times in 2021.	
Members James E.C. Carter (chair) Jacynthe Côté Nicholas Hartery Mary Lou Kelley Edward R. Seraphim	
Mandate The board has established the human resources committee to analyze, in-depth, and make recommendations regarding approval 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 General Counsel, the Executive Vice President, Global Supply Chain, the country operational presidents, and any other employees of the corporation or its wholly owned subsidiaries 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 organizational structure, headcount and turnover, employee wellbeing, inclusion and diversity • 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.	
2021 highlights	
Senior executive compensation	• reviewed and recommended the 2021 performance objectives and compensation for the President and CEO • reviewed management's recommendations regarding salaries of senior executives • reviewed and recommended short-term and long-term incentive awards for the President and CEO and other senior executives • reported quarterly to the board on the performance of the President and CEO relative to his annual objectives
Compensation programs and policies	• met with our independent consultant, who presented a report on trends and recent developments in executive compensation • confirmed that the performance measures for the long-term incentive plan support our strategic and operational priorities • reviewed and approved the short-term incentive plan performance measures • confirmed that senior executives have met, exceeded, or are on track to meeting their share ownership requirements • completed our annual compensation risk assessment (you can read more about how the committee manages compensation risk on page 62)
Leadership team appointments	• recommended approval and ratification of the appointments of the interim Chief Human Resources Officer, the interim President Finning (Canada), and the Managing Director, Finning UK and Ireland

Human resources, talent management and I&D	• reviewed reports on employee metrics, engagement and experience, programs and regional turnover • each quarter, received a talent spotlight on a specific region and global support services function • received a report on the status of union negotiations in Canada, South America, and the UK and Ireland • reviewed the impact of COVID-19 on our inclusion and diversity journey • reviewed our global flex work policy and COVID-19 vaccination disclosure policy
Succession planning	• reviewed and refreshed succession plans and talent actions for the Finning leadership team and the CEO succession planning • each quarter, as part of the talent spotlight, received a succession update for a specific region and global support services function
General	• reviewed on a quarterly basis the top risks within the scope of the committee's responsibilities, including risks delegated to the committee by the governance and risk committee, along with supporting risk mitigation plans • recommended amendments to the human resources committee's terms of reference for board approval • established human resources committee priorities for 2021 • completed a self-assessment of the committee and committee chair

Safety, environment and social responsibility committee

The committee met four times in 2021.

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 the 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, social responsibility, and sustainability 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 on a quarterly basis related to its scope of responsibility, and reviewing action plans in all these areas.

2021 highlights

Ensuring compliance with legal and regulatory standards	• monitored our safety, health and environmental vision, strategic objectives, global road map and management system • reviewed outcomes from global environment, health and safety audits
Eliminating environmental incidents, work-related injuries and occupational illnesses	• reviewed and approved total injury frequency (TIF) targets and the significant incident modifier metric for 2021 Corporate STIP metrics and initial discussions of 2022 targets • reviewed significant incidents • monitored our health, safety and environmental performance, including leading and lagging indicators • reviewed progress in the development and implementation of safety critical standards • reviewed progress in safety-related training and safety plans • reviewed updates on COVID-19, our global flex work policy and COVID-19 vaccination disclosure policy • reviewed our employee health and wellness plan
Community investment and sustainable development	• reviewed and approved the target for reducing our absolute greenhouse gas (GHG) emissions, reviewed our GHG emissions reductions initiatives, and monitored progress towards achieving our target • received an update on our sustainability journey, including ESG disclosure frameworks, GHG emissions and the circular economy at OEM • reviewed and supported management in the development of our 2020 sustainability report • received global updates on community investment, including regional science, technology, engineering and math (STEM) initiatives • reviewed progress on our sustainability road map
General	• reviewed on a quarterly basis the top risks within the scope of the committee's responsibilities, including risks delegated to the committee by the governance and risk committee, along with supporting risk mitigation plans • recommended updates to the safety, environment and social responsibility committee's terms of reference for board approval • reviewed an annual update on emergency response plans • established safety, environment and social responsibility committee priorities for 2021 • completed a self-assessment of the committee and committee chair

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.

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 a number of directors near the upper end of that range 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 and sustainability 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 Corporate Secretary.

The board met seven times in 2021.

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 Corporate Secretary and other members of management, and reports on each meeting to the board. The Board Chair regularly attends meetings of the audit and other committees.

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

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

Watson Advisors Inc. (Watson Advisors) was retained in 2021 to conduct a comprehensive review of board effectiveness, which included online surveys, director peer reviews, confidential one-on-one interviews with each director and with select members of management who work closely with the board and/or committees, about a wide range of topics, and committee and committee chair evaluations. You can read more about the evaluation process beginning on page 39.

- the President and CEO is required to be a member of the safety, environment and social responsibility committee.

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 2021 the board met with the independent directors, without management present, at every meeting. Committees also meet without management present and in 2021 every committee met without management present at every meeting.

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.

The board has determined that twelve of the thirteen 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.

Potential conflicts of interest and related party transactions may also be identified by the board in conjunction with making director independence determinations. Our code of conduct (code) also covers potential and actual conflicts of interest and requires all directors, officers and employees to avoid situations that may result in a potential conflict, immediately disclose the conflict or potential conflict, and annually certify compliance with the code. For more information on our code, see page 47.

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

- 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.

This process allows us to have directors with both market expertise and customer experience, which contributes to the overall strength of our board. All material conflicts of interest involving a director are reviewed by the governance and risk committee, and all related party transactions (as defined under applicable securities laws) are reviewed and approved by the audit committee or, if appropriate, a special committee of the board formed for such purpose. In 2021, there were no related party transactions.

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. No family relationships exist among any of our directors or executive officers.

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. Last year, our 2021 strategy session was held in May via videoconference due to the continued risks related to the global pandemic.

Our 2021 strategic planning process included an in-depth review of our long-term sustainable global strategy, with a focus on energy transition, digital and IT, and environmental, social and governance (ESG). At the December 2021 board meeting, management presented and the board approved our annual operating plan and budget for 2022, which is aligned with our business strategy.

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 2021, focus areas for the board in supporting the President and CEO included support in continuing to respond to the COVID-19 pandemic in addition to: continued focus on safety and the evolution of sustainability, including projects to achieve our greenhouse gas (GHG) emissions reduction target; development of our leadership talent and succession plans; ensuring we have diverse and inclusive teams; ensuring continued employee engagement; focus on after-market growth, service operations and supply chain; continued alignment with Caterpillar; and advancing our digital strategy. You can read more about the CEO's leadership on pages 25 and 73.

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.

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 competencies, skill set and diversity to our board, given our corporate strategy and objectives.

When considering director nominees, the board considers key attributes and qualities sought in all board members, which include knowledge, strategic and business insight, integrity, independent judgment, high ethical standards, time commitment and an understanding of Finning's business. The board also considers the extent to which a candidate would enhance diversity of the board, including in terms of skill, age, geography, ethnicity, gender and other designated groups (as defined below). The individual candidate's skills and experience are further assessed 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 and diversity of the board. See page 41 and Appendix B for more information about our director diversity and page 50 for more information on our director skills matrix.

The committee retains the services of an external search firm or consultant for director recruitment as necessary. When a search firm or consultant is engaged, the selection criteria includes diversity, including in terms of the designated groups, and the skills, experience and attributes prioritized by the board.

Eleven independent directors have been recruited to the board since we began focusing on board renewal eight years ago. Our new independent director nominees, Nancy Tower and Manjit Sharma**,** were identified as candidates by the governance and risk committee's independent search firm and were recommended for appointment to our board based on their respective experience as senior financial and operational leaders, and their depth of experience in other areas the board identified as highly desirable for the 2021 director search. Five of our thirteen director nominees are female (38%).

4. Board effectiveness

The board sets objectives for board effectiveness at the beginning of each year. In 2021, the board agreed on four priority areas:

- Corporate Governance: Focus on shareholder engagement; board recruitment to maintain and increase diversity; and follow rigorous decision-making processes to deliver high quality, value-creating decisions.
- Business Strategy and Evolving Business Model: Focus on capital allocation and strategic and long-term issues; monitor progress for growth in revenue and market share and improved business performance and relevance.
- People: Monitor employee engagement, employee rewards and retention; executive talent and succession planning; oversee inclusion and diversity initiatives.
- Risk: Risk identification and monitoring, including emerging and evolving risks related to COVID-19, climate change and sustainability; continued maturation of enterprise risk management practices and execution of risk mitigation plans; CEO succession planning.

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 and at least every three years through an independent external consultant. In 2021, the governance and risk committee engaged Watson Advisors to conduct a comprehensive review of board and individual director effectiveness.

The board evaluation process:

- began with a preliminary online survey to identify areas for board focus in the evaluation
- followed up with individual interviews with each director and members of senior management who have regular interaction with the board and/or its committees
- covered a wide range of topics including board structure, composition and succession, alignment of the board and executive on strategy and priorities, board/management relationship, board leadership, CEO succession planning, board culture and dynamics, director recruitment and development, shareholder and stakeholder engagement, and board priorities, among other topics
- included a portion on committee effectiveness, covering topics such as committee leadership and priorities for the coming year.

The director evaluation process:

- included a comprehensive 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, knowledge, business and financial acumen, communication and culture, and level of engagement
- included a "heat map" exercise, involving peer and self-assessment of skills relative to the skills matrix
- included a Board Chair survey, covering topics such as leadership, effectiveness of meetings, board culture and relationship with directors, management and key stakeholders.

Watson Advisors 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, including the Board Chair assessment, and the "heat map" exercise 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. The observations and recommendations from this evaluation process will be considered in the development of board and committee objectives for 2022.

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.

The governance and risk committee is responsible for oversight of our processes for managing critical business 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 reports 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. Management provides an update on those delegated business risks, and management's mitigation plans, at each quarterly meeting of the relevant committee, which then reports to the board. Overall responsibility for risk oversight remains with the board. Management provides a comprehensive annual report to the board on enterprise risk management, major enterprise risks and mitigation plans, and emerging risks.

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
- 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 we stay 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, and receives quarterly updates from management on risks related to culture and people, including talent and employee wellbeing
- the safety, environment and social responsibility committee oversees our policies and systems to monitor safety, health and ESG risks and receives quarterly updates from management on these risks.

We discuss our principal risks in our 2021 annual information form and in our 2021 financial report. Both documents are available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Sustainability

In 2021, 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, which is described in more detail below.

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.

Through leadership commitment, dedicated resourcing and a multi-year strategy that includes redesigning, where appropriate, people processes to reduce or eliminate systemic bias and improve decision quality, we continue to work to ensure our employee demographics are diverse in both visible and invisible ways to better reflect the global nature of our operations and customer base, so that our culture is one where everyone feels safe, valued and a sense of belonging.

Our priority is to build organizational capability (both in systems and leaders) to sustain and drive continuous improvement in our efforts to recruit, develop, promote and lead diverse talent inclusively, measured by the demographic representation and employee experience across leadership levels, functions and geographies, benchmarked against high performance company norms and labour market supply data. 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 CBCA and a discussion of how Finning meets those requirements in Appendix B.

2021 inclusion and diversity highlights

In 2021, we continued to invest in organizational systems and culture transformation to drive ongoing continued improvements to the diversity and inclusivity of teams. Below are just a few highlights from this year:

- 100% of executive management and more than 85% of senior leaders established a goal to ensure diverse and inclusive teams, demonstrating shared accountability and leadership commitment for our inclusion journey
- 84% of senior leaders and above completed Conscious Inclusion training to build leadership capability to visibly champion our inclusion journey with their teams and role model the way
- 89% of front-line level leaders and above completed Building Respectful Teams training to build leadership capability to stand up for respect and lay the foundation for a healthier culture
- The members of our inclusion and diversity council, including our President and CEO, and other executives hosted Culture Conversations to listen and learn from diverse perspectives while championing topics ranging from psychological safety, respect, anti-racism, LGBT+ inclusion, Indigenous inclusion and allyship
- Leaders are embedding Courage to Care programming into regular team meetings, reinforcing the interconnectedness of physical and psychological safety, respect, inclusion and wellbeing
- We enabled confidential and voluntary self-disclosure of diverse identity information, including pronouns, gender identity and expression, sexual orientation, disability and ethnicity, in order to assist in the development of our programming and other initiatives to improve diversity and inclusion
- We established employee resource groups, including the Rainbow Inclusion Group (RIG), to support underrepresented talent and raise awareness with leaders about barriers and allyship
- Finning UK and Ireland became a Disability Confident Committed employer, equipping us with the knowledge, skills and confidence we need to attract, recruit, retain and develop persons with disabilities
- Finning South America was recognized by the Human Rights Campaign as a best place to work for LGBT+ community and earned a category A+ company rating for the second year in a row
- Finning Canada continued our Truth and Reconciliation journey through cultural awareness training, Indigenous employee panel events, celebrating key dates, and sharing resources to support anti-racism and decolonization efforts
- Globally, our employees scored Finning above the high performing company benchmark on our Inclusive Culture index questions (see below for more information).

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 inclusion and diversity policy that sets out our approach for promoting and achieving diversity on our board, including the identification and nomination of directors who offer diversity, including, among others, in terms of gender, visible minorities, Indigenous peoples and persons with disabilities (designated groups).

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. Diversity in this context includes geography, age, gender, visible minorities, Indigenous peoples, persons with disabilities, sexual orientation, and other personal characteristics. See Appendix B for further information on our approach to board and senior management (as defined under the CBCA) diversity in terms of the designated groups.

The board also 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 candidate with diversity characteristics to enhance diversity and add a broader perspective.

Four of our twelve current board members (33%) and five of our thirteen director nominees (38%) are female.

Employees

Our global inclusion and diversity 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. In 2020, we established a global respect, inclusion and diversity policy along with an Allies for Inclusion community that now consists of over 800 employees, including over 15% of our Finning leaders.

Each region has an inclusion and diversity council. The chairs of these councils, with other senior executives, meet as a global group every quarter to discuss the strategy, progress on our 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 in 2017, 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. Each year, we ensure 100% of executives and over 85% of senior level leaders have a performance goal to build diverse and inclusive teams. The results of our 2021 employee experience survey confirmed that we are making good progress: 89% of our employees responded favourably to the questions in our Inclusive Culture category. We are proud that this level of endorsement is three points above the norm for global high performing companies and fifteen points above the engineering and construction industry norm.

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.

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 board of director levels.

Women in executive management roles (vice presidents and above)

As at December 31

2021	26%
2020	21%
2019	24%
2018	22%
2017	17%

Currently three of our 10 executive officers (30%) are female. Representation of female senior level leaders slightly declined in 2021 to 28.1%; however, we increased the representation of women in front-line leader roles (currently 16.7%), and in the overall employee population (currently at 17.1%). This is largely due to leader accountability for intentional recruitment, retention and development efforts and globally consistent deployment of respectful and inclusive culture programming, supported by global policies. We continue to rely on qualitative and quantitative data to drive programming. Analysis of a gap between male and female turnover prompted our 2019 global audit of 100% of our facilities and ongoing investment in facility and personal protective equipment enhancements to better meet the needs of our female technicians.

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 meeting as part of our shareholder engagement. We have held this ‘say on pay’ vote every year since we voluntarily adopted the advisory vote in 2011 to receive feedback on this important issue.

We regularly engage with institutional investors and proxy advisory groups, including Institutional Shareholder Services (ISS) and Glass Lewis. 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). Since March 2020, almost all interactions with our stakeholders have been conducted virtually due to the COVID-19 pandemic.

Some examples of our ongoing dialogue 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 (since March 2020, these events have been put on hold due to the global pandemic)
- Hosting a virtual Investor Day in June 2021 with Q&A session accessible to the public by phone and webcast
- 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. In 2020 and 2021, we also discussed our response to the COVID-19 pandemic and the resiliency of our business.

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 online to hear first-hand about our financial and operational results, our strategic plan to create value for all stakeholders, 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 Corporate Secretary
Finning International Inc.
19100 94 Avenue
Surrey, British Columbia V4N 5C3

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.

2021 fee schedule

The table below sets out the director fee schedule for 2021, which went into effect on January 1, 2019. 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.

	Amount[1]
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) and management/board working groups	$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

Note:

1 Retainers and fees are paid quarterly. Compensation of directors who do not live in Canada is converted to their local currency on the date of payment.

Directors must receive at least 60% of their annual director or Board Chair, as applicable, retainer in deferred share units (DSUs). Directors can also elect annually to receive any other cash compensation they're entitled to receive (cash portion of the board retainer, chair retainers, travel fees and the stipend, if applicable) as DSUs. In 2021, directors received 86% of the total board 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. For information on our peer group companies, see page 60.

In late 2021, the governance and risk committee engaged Meridian Compensation Partners (Meridian), our external compensation consultant, to conduct a review of our director compensation against our peer group. Following review, Meridian determined that our director compensation was positioned near market median (at the 51st percentile) and our Board Chair compensation was positioned below market median (at the 29th percentile). Meridian recommended a marginal increase in the director (including Board Chair) annual retainer by $15,000 based on several factors, including that with current market positioning and the market median trending up, and with Finning reviewing director compensation only every two years, the director retainer will likely be below median when the next director compensation review takes place. Meridian also recommended an increase in the committee chair retainer for the governance and risk committee and the safety, environment and social responsibility committee by $5,000 to reflect the expanded scope of their respective committee mandates.

On the recommendation of the governance and risk committee, the board approved, effective January 1, 2022, an increase in the director retainer to $245,000 (from $230,000) and the Board Chair retainer to $410,000 (from $395,000), while maintaining 60% of the annual retainer in the form of equity (DSUs) and 40% cash; and an increase in the committee chair retainer for the governance and risk committee and the safety, environment and social responsibility committee to $20,000.

Effective January 1, 2022, the revised board retainers are:

Board retainer	
Board Chair (includes an equity retainer of $246,000 in DSUs)	$410,000
All other directors (includes an equity retainer of $147,000 in DSUs)	$245,000
Committee chair retainers paid in cash	
Audit committee	$25,000
Human resources, governance and risk, and safety, environment and social responsibility committees	$20,000
Other committees and management/board working groups	$15,000

All travel fees and the daily stipend are unchanged from the 2021 fee schedule detailed above.

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 other 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, if permissible under applicable law, 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.

2021 Director compensation

The table below shows the compensation paid to our independent directors in 2021, including the portion they received as DSUs. For compensation paid to the President and CEO, who is also a director, please see the information beginning on page 73.

					Allocation of fees earned		
	Board retainer	**Committee chair retainer**	**Other fees[1]**	**Total compensation**	**Cash**	**DSUs[2,3]**	**% received as DSUs (excludes reinvested dividends)**
Vicki L. Avril-Groves	$230,000	–	$1,500	$231,500	$1,500	$230,000	99%
James E.C. Carter	$230,000	$20,000	–	$250,000	$112,000	$138,000	55%
Jacynthe Côté	$230,000	$15,000	–	$245,000	$107,000	$138,000	56%
Nicholas Hartery	$230,000	$15,000	$6,000	$251,000	–	$251,000	100%
Mary Lou Kelley[4]	$230,000	$15,000	–	$245,000	–	$245,000	100%
Andrés Kuhlmann	$230,000	–	–	$230,000	–	$230,000	100%
Harold N. Kvisle	$395,000	–	–	$395,000	–	$395,000	100%
Stuart L. Levenick	$230,000	$25,000	$6,000	$261,000	–	$261,000	100%
Kathleen M. O'Neill	$230,000	–	–	$230,000	$92,000	$138,000	60%
Christopher W. Patterson	$230,000	–	$800	$230,800	$92,800	$138,000	60%
Edward R. Seraphim	$230,000	–	–	$230,000	–	$230,000	100%
Total	**$2,695,000**	**$90,000**	**$14,300**	**$2,799,300**	**$405,300**	**$2,394,000**	

Notes:

1 Other fees include tax preparation services for non-resident directors. The amounts received by Messrs. Hartery and Levenick include daily stipends for their additional duties as members of a management/board working group.

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

3 Amounts do not include DSUs credited as dividend equivalents on previous grants as they are not considered to be director compensation. See table titled "Outstanding share-based awards" on page 46 for DSUs credited as dividend equivalents to directors in 2021.

4 Ms. Kelley received an annual committee chair retainer of $15,000 for chairing a management/board working group.

Outstanding share-based awards

We do not grant options to non-executive directors and none of our non-executive directors hold any options. The following table includes details of outstanding share-based awards (DSUs) held by our non-executive directors as of December 31, 2021, including DSUs granted during 2021. 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 beginning on page 83.

Share-based awards (DSUs)

	Value vested during the year[1]		Market or payout value of vested share-based awards not paid-out or distributed[2]
	Directors' fees paid in DSUs in 2021	DSUs credited as dividend equivalents in 2021	
Vicki L. Avril-Groves	$230,000	$30,234	$1,282,219
James E.C. Carter	$138,000	$80,467	$3,117,791
Jacynthe Côté	$138,000	$44,984	$1,780,801
Nicholas Hartery	$251,000	$59,258	$2,388,896
Mary Lou Kelley	$245,000	$29,607	$1,267,913
Andrés Kuhlmann	$230,000	$14,472	$688,281
Harold N. Kvisle	$395,000	$47,134	$2,021,598
Stuart L. Levenick	$261,000	$46,946	$1,931,177
Kathleen M. O'Neill	$138,000	$72,975	$2,835,468
Christopher W. Patterson	$138,000	$43,636	$1,729,976
Edward R. Seraphim	$230,000	$18,210	$829,131

Notes:

1 Share-based awards – value vested during the year represents the amount of DSUs received by directors during 2021, valued as of the grant dates in 2021. DSUs are issued at fair market value, being the weighted average price per share at which board lots of Finning common shares traded on the day preceding the grant date.

2 Market or payout value of vested share-based awards not paid-out or distributed represents all vested DSUs held as of December 31, 2021, valued based on our 2021 year-end closing share price on the TSX of $31.88.

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 nearly 90 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 take training regarding our code, 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, which they are required to sign each year, because they hold an important and elevated role in corporate governance. We have 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), Chief Financial Officer, Chief Human Resources Officer, Senior Vice President, Corporate Controller and Head of Global Internal Audit. 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
- compensation clawback policy
- global anti-bribery and anti-corruption policy
- majority voting policy
- board inclusion and 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. Alternatively, they can 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 review by the governance and risk committee and approval by the board. The code was last updated in February 2022 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 date value (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 Corporate Secretary reviews our directors' equity holdings at year-end and reports on the compliance results to the governance and risk committee. The 2021 review found that all directors have met their share ownership requirements.

The table below shows each director's equity holdings at the end of 2021 compared to the previous year. The market value is based on our 2021 year-end closing share price on the TSX of $31.88.

	Equity ownership						Market value	Share ownership	Meets ownership
	As at Dec 31, 2021		As at Dec 31, 2020		Net change		Dec 31, 2021 ($)	requirement ($)	requirement
	Shares	DSUs	Shares	DSUs	Shares	DSUs			
Vicki L. Avril-Groves	15,000	40,220	15,000	32,069	–	8,151	1,760,414	700,000	yes
James E.C. Carter	10,000	97,798	10,000	91,003	–	6,795	3,436,600	700,000	yes
Jacynthe Côté	10,000	55,860	10,000	50,149	–	5,711	2,099,617	700,000	yes
Nicholas Hartery	–	74,934	–	65,236	–	9,698	2,388,896	700,000	yes
Mary Lou Kelley	–	39,771	–	31,168	–	8,603	1,267,899	250,000	yes
Andrés Kuhlmann	–	21,590	–	13,920	–	7,670	688,289	250,000	yes
Harold N. Kvisle	35,000	63,413	35,000	49,560	–	13,853	3,137,406	450,000	yes
Stuart L. Levenick	–	60,576	–	50,941	–	9,635	1,931,163	700,000	yes
Kathleen M. O'Neill	14,000	88,942	14,000	82,377	–	6.565	3,281,791	700,000	yes
Christopher W. Patterson	9,025	54,265	9,025	48,596	–	5,669	2,017,685	700,000	yes
Edward R. Seraphim	1,400	26,008	1,400	18,224	–	7,784	873,767	250,000	yes

Attendance

We expect directors to attend all board meetings and all of their committee meetings. A director may attend a meeting by teleconference or videoconference 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. The table below shows the 2021 director attendance record.

			Committee meetings			
	Total 2021 attendance	Board meetings	Audit	Governance and risk	Human resources	Safety, environment and social responsibility
Vicki L. Avril-Groves	100%	7 of 7 (100%)	4 of 4 (100%)	–	–	4 of 4 (100%)
James E.C. Carter	100%	7 of 7 (100%)	–	4 of 4 (100%)	5 of 5 (100%)	–
Jacynthe Côté	100%	7 of 7 (100%)	–	–	5 of 5 (100%)	4 of 4 (100%)
Nicholas Hartery	100%	7 of 7 (100%)	–	4 of 4 (100%)	5 of 5 (100%)	–
Mary Lou Kelley	100%	7 of 7 (100%)	–	–	5 of 5 (100%)	4 of 4 (100%)
Andrés Kuhlmann	100%	7 of 7 (100%)	4 of 4 (100%)	4 of 4 (100%)	–	–
Harold N. Kvisle[1]	100%	7 of 7 (100%)	–	–	–	–
Stuart L. Levenick	100%	7 of 7 (100%)	4 of 4 (100%)	4 of 4 (100%)	–	–
Kathleen M. O'Neill	100%	7 of 7 (100%)	4 of 4 (100%)	4 of 4 (100%)	–	–
Christopher W. Patterson	100%	7 of 7 (100%)	4 of 4 (100%)	–	–	4 of 4 (100%)
Edward R. Seraphim[2]	100%	7 of 7 (100%)	2 of 2 (100%)	–	3 of 3 (100%)	4 of 4 (100%)
L. Scott Thomson	100%	7 of 7 (100%)	–	–	–	4 of 4 (100%)

Notes:

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

2 Mr. Seraphim moved from the audit committee to the human resources committee effective May 10, 2021.

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 public company's board, our independent directors are required to obtain the approval of the Board Chair and the chair of the governance and risk committee, who will take into account, among other things, our conflict of interest policies and governance best practices, including whether the board position would cause the director to be considered "over-boarded" under applicable corporate governance standards.

Our governance and risk committee, in consultation with the Board Chair, approves in advance any public company, and, if material in nature, private company board positions proposed to be held by the President and CEO. The President and CEO will generally be limited to serve on one public company board, in addition to the Finning board.

Interlocks

The governance and risk committee reviews all directorships and interlocks when it assesses director independence and makes a recommendation based on its assessment to the board. Mr. Kvisle and Ms. O'Neill serve together on the board of ARC Resources Ltd. (ARC). The governance and risk committee has determined, and recommended to the board, which the board has accepted, that this relationship does not impair the exercise of independent judgment by these board members. 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. This interlock will cease to exist as Ms. O'Neill is not standing for re-election at our annual meeting.

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 three core areas:

All of the nominated directors also have chief executive officer or senior officer experience, and experience developing strategy and leading business growth and transformation.

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. The tiered rating system for director self-assessment in the matrix assists the governance and risk committee to differentiate between directors with expertise versus more limited exposure to a particular skill or experience. In addition to the key skills and experiences identified below, the governance and risk committee considers director diversity and key competencies and characteristics expected of all directors. See page 38 for more information about our board composition and renewal.

Our director nominees bring an array of skills and experience to the board. The table below gives a snapshot of the top five skills of each director nominee, in addition to their executive leadership, strategy and growth experience. You can read about each nominee in the director profiles beginning on page 20.

Key skills and experience	**Total nominee directors**	Vicki L. Avril-Groves	James E.C. Carter	Jacynthe Côté	Nicholas Hartery	Mary Lou Kelley	Andrés Kuhlmann	Harold N. Kvisle	Stuart L. Levenick	Christopher W. Patterson	Edward R. Seraphim	Manjit Sharma	L. Scott Thomson	Nancy G. Tower
Executive leadership and strategy has experience as a CEO or senior executive officer of a publicly listed company or major international organization with significant experience developing strategy, driving strategic direction, and managing growth	**13**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business growth and transformation has experience as a senior executive officer in an evolving industry, including experience in: mergers and acquisitions, capital markets, driving organic growth, leading significant strategic change, using technology to advance business objectives, international expansion, brand excellence or sales and marketing	**13**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
International business and cultural perspective has experience with companies that operate in the same international jurisdictions as Finning and a thorough understanding of business, cultural, regulatory and political requirements.	**5**				✓	✓	✓				✓		✓	
Industry experience • has experience as a senior officer in mining, large construction, infrastructure, power generation, alternative energies, transportation or agriculture • relationship expertise through Caterpillar, other major dealerships or customers	**9**	✓	✓	✓	✓		✓		✓	✓		✓		✓
Operational expertise has experience as a senior officer overseeing international manufacturing, heavy equipment, distribution, supply chain or rental	**7**		✓			✓		✓	✓	✓	✓	✓		
Digital technology and cybersecurity has experience overseeing complex technical systems, emerging technologies, cybersecurity, digital analytics and innovations, technology solutions for customer support and product monitoring, or technology for operational excellence	**4**				✓	✓			✓				✓	
Financial leadership, accounting and audit has significant experience as a senior officer of an organization of similar complexity as Finning, or significant experience overseeing financial accounting, reporting and internal controls, and corporate finance	**7**	✓		✓				✓	✓		✓	✓		✓
Risk management has significant experience in a leadership role with respect to enterprise risk management, systems and processes	**2**						✓	✓						
Human capital, compensation, talent and culture has a thorough understanding of talent management, compensation, human resources and organizational culture from senior executive experience	**12**	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Board governance has experience as a board member of a publicly listed company or a private company of similar scope and scale to Finning	**10**	✓	✓	✓	✓	✓		✓	✓	✓		✓		✓
Communications and stakeholder relations has significant experience in communications and stakeholder engagement	**3**	✓											✓	✓
Sustainability, ESG and health and safety has significant experience in a leadership role overseeing sustainability, including environmental, social and governance, diversity, equity and inclusion, and/or overseeing health and safety	**6**		✓	✓			✓			✓	✓		✓	

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 on 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, ESG, operations, as well as recent developments and other issues. Outside advisors may make presentations on specific topics or developing issues, and directors 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 presentations to the board, and directors receive paid memberships to professional organizations like the Institute of Corporate Directors. The Corporate Secretary also advises directors of educational opportunities from time to time.

Our 2021 education program focused on the following areas:

Topic	Presenter	Attendees
Corporate strategy and sustainability		
Global strategy and education sessions • Megatrends and macro-economic outlook • Energy transition – risks and opportunities • Environment, social and governance issues and strategy • Sustainable growth goals • Differentiated dealer opportunities • Finning performance solutions (CUBIQ™) • Talent	Finning executive management	Board
Sustainability road map	Vice President, EH&S and Sustainability and Chief Human Resources Officer	Safety, environment & social responsibility committee
Energy infrastructure in a transitional era	Peter Tertzakian, Deputy Director, ARC Energy Research Institute	Board
Expectations and opportunities in a low-carbon world	Don Lindsay, President & CEO, Teck Resources	Board
Caterpillar: parts and services growth	Jim Umpleby, Chairman and CEO, Caterpillar Inc.	Board
GHG emissions reduction initiatives	Vice President, EH&S and Sustainability	Safety, environment & social responsibility committee
Lifting and hoisting	Vice President, EH&S and Sustainability	Safety, environment & social responsibility committee
Community investment	Director, Communications	Safety, environment & social responsibility committee

Topic	Presenter	Attendees
Engagement quality control review	Deloitte LLP	Audit committee
Updates on social, political, tax and commodities: Chile and Argentina	Finning South America Advisory Council and President, Finning South America	Board
COVID-19 impacts, response plans and updates; impact on inclusion and diversity; and impact of remote work on post-COVID employee experience	Chief Human Resources Officer	Human resources committee
Stock option taxation in Canada	Chief Human Resources Officer	Human resources committee
Board skills matrix: best practices in board composition and succession planning	Elizabeth Watson, Watson Advisors	Governance and risk committee
Long-term network strategy (facilities)	President, Finning (Canada) and Executive Vice President and Chief Financial Officer	Board
Western Canada natural gas and underground mining	President, Finning (Canada)	Board
Data centers market review	Managing Director, Finning UK & Ireland and President, Finning South America	Board
Regulatory updates	General Counsel	Audit committee and Governance and risk committee
Accounting and assurance updates	Senior Vice President, Corporate Controller	Audit committee
Impact of National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* (NI 52-112)	Senior Vice President, Corporate Controller	Audit committee
Risk management processes, global top risks, emerging risks and Task Force on Climate-related Financial Disclosures (TCFD) climate-related risks and opportunities	Executive Vice President and Chief Financial Officer and Senior Vice President, Treasury and Investor Relations	Governance and risk committee and Board
Canadian Federal carbon tax impact	Executive Vice President and Chief Financial Officer and Senior Vice President, Investor Relations and Treasury	Governance and risk committee
UK High Speed 2 (HS2) rail project	Managing Director, Finning UK & Ireland	Digital working group and Board
Technology		
Cyber and information security	Chief Digital Officer and Chief Information Security Officer	Audit committee
Autonomy and mining technology	President, Finning South America and President, Finning (Canada)	Digital working group and Board
Finning Performance Solutions – CUBIQ™ brand and digital strategy	Chief Digital Officer and Vice President, Digital	Digital working group and Board
Human resources		
Employee engagement	Chief Human Resources Officer	Human resources committee
Executive participation on outside boards	Chief Human Resources Officer	Human resources committee
Female turnover and involuntary turnover	Chief Human Resources Officer	Human resources committee
Employee health and wellness plan	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
COVID-19 vaccination disclosure policy and flex-work policy	Interim Chief Human Resources Officer	Human resources committee and Safety, environment & social responsibility committee

Some directors also attended external education sessions, including education sessions provided by organizations like the Institute of Corporate Directors, CPAB and CPA Canada, among others. Sessions attended in 2021 covered the following topics:

- ESG – climate change; hydrogen; metrics and reporting measures
- artificial intelligence – good governance
- audit committees – CPAB audit quality; financial reporting
- cybersecurity; information technology and security awareness
- gender diversity and unconscious bias

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 eight years, eleven new independent directors have been recruited to the board, including Nancy Tower and Manjit Sharma, who will stand for election at the annual meeting for the first time.

Kathleen O'Neill will retire at the annual meeting after fifteen years on the board. Jim Carter turned 72 years old in 2022 and, in accordance with the retirement policy, was scheduled to retire at the annual meeting. Following a review of board composition and an appraisal of the skills and experiences prioritized by the board for achieving our strategic goals, and recognizing Mr. Carter's long tenure, unique skill set and contribution to the board in terms of his long-term perspective on the mining industry and great familiarity with the businesses of Caterpillar and Finning, the board decided to waive Mr. Carter's mandatory retirement for a period of one year. This is the board's first waiver of mandatory retirement under the retirement policy.

As of March 16, 2022, the average tenure of the proposed board is six years and one month. Four of the thirteen 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 2021 pay decisions for our most highly compensated senior officers.

Our named executive officers (named executives or NEOs) for 2021 are:

- **L. Scott Thomson**, President and Chief Executive Officer (President and CEO)
- **Greg Palaschuk**, Executive Vice President and Chief Financial Officer (CFO)
- **Kevin Parkes**[1], President, Finning Canada
- **Juan Pablo Amar**, President, Finning South America
- **David Primrose**[2], interim President, Finning Canada and former Managing Director, Finning UK and Ireland

Note:

1 Mr. Parkes is on a temporary leave of absence from the company for medical reasons until April 1, 2022. He has been appointed Chief Operating Officer of Finning International effective April 1, 2022.

2 Mr. Primrose has been appointed President, Finning Canada, on a permanent basis effective April 1, 2022.

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 on our advisory vote on executive pay.

Where to find it

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

Fellow shareholders,

Our Board of Directors and the human resources committee provide business oversight and accountability while ensuring there is strong alignment between executive compensation and corporate strategy, business results and shareholder interests.

That means we're tasked with making sure what we pay Finning's executives is aligned with market practices, links to both short-term and long-term performance, serves to retain and motivate executives to achieve excellence, and supports longer-term stability and growth. Above all, we want to ensure our compensation programs support our purpose, vision, values and customer-centric strategic pillars – develop, perform and innovate – while building shareholder value.

2021 performance

We achieved strong results in 2021, driven by our employees' dedication and exceptional execution in serving our customers and delivering on our strategic plan in a very dynamic environment. Our 2021 performance has set a strong foundation to capture upcycle opportunities as we remain focused on growing product support, reducing costs, and reinvesting free cash flow to compound our earnings. We expect increasing interest from our customers in low and zero carbon technology, including electric drive, electric battery, natural gas and hydrogen blending, and hydrogen fuel cells. In partnership with Caterpillar, we will continue to offer our customers innovative and low-carbon solutions to help them reduce emissions and increase productivity. Importantly, we are also advancing our own sustainability journey, including a transition to energy efficient facilities and low-carbon fuel for our vehicle fleets to further reduce our own emissions.

2021 compensation for our named executives

Strong 2021 performance on all financial measures set under the short-term incentive plan led to achievement of an overall score calculated at 108.6% above target. While we saw improvements in our safety performance in South America, the UK and Ireland, this was overshadowed by a fatality in our Canadian operation. Due to this fatality, the payout for the safety component of the 2021 short-term incentive plan was set at zero for all NEOs. Senior safety and executive leaders in Canada, along with all employees at the impacted facility, also received zero for the safety component of the short-term incentive program.

Similar to 2020, as it relates to the Canada Emergency Wage Subsidy (CEWS), funds claimed in early 2021 have been excluded from our adjusted financial results, to ensure transparency and prevent unfair benefit as it relates to our 2021 short-term incentive plan awards.

2021 total direct compensation for our NEOs (base salary, short and long-term incentives) was higher compared to 2020, primarily driven by the return of NEO target cash compensation to 2020 levels, base salary increases for Mr. Thomson and the majority of other NEOs, and higher short-term incentive plan awards resulting from strong 2021 financial performance. The total value of 2021 long-term incentive awards for named executives was similar to 2020.

You can find a full discussion of the year's compensation decisions, including information on the CEO's compensation beginning on page 73.

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.

We continue to demonstrate a strong link between pay and performance, with 82% of the CEO's target total direct compensation at risk and an average of 68% for our other named executives.

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 all exceeded their share ownership requirements. For more details, please see page 61.

Advisory vote on executive pay

We have 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. Last year, 91.9% of our shareholders voted in support of our approach to executive compensation. The human resources committee, as part of its mandate, continuously reviews and adjusts, as appropriate, the executive compensation program to ensure alignment with overarching objectives and support by shareholders.

The next section of the circular discusses our executive compensation program and the 2021 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 or EBITDA %) and invested capital turnover (ICT) 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.

The nature of our business requires some level of risk-taking. As shown in the table below, our compensation policies and programs are designed to increase long-term value without encouraging excessive risk-taking. For more information on compensation governance and the role of the human resources committee, please see page 62.

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
- ✓ **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 50% 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 our NEOs
  - cash benefits are only payable if two events occur – a change-in-control and the executive terminates their employment for good reason

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 and/or a change-in-control
- X Provide payouts if performance is below threshold levels
- X Allow executives or directors 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 our corporate strategy, 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

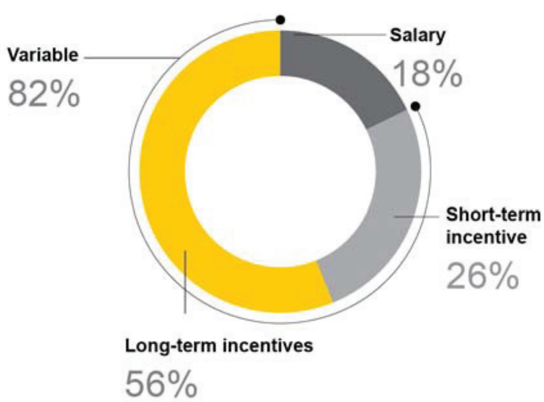
Our senior executive team plays a key role in executing our short and long-term goals and maintaining our unwavering commitment to our people and their safety. This understanding shapes our approach to providing a competitive total rewards package for our named executives.

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

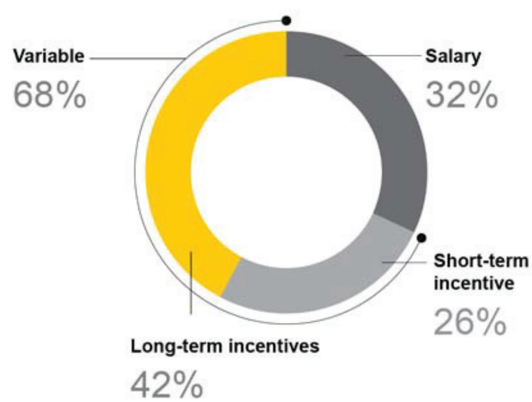
Incentive awards focus on the achievement of corporate, business unit and individual performance goals. They do not encourage excessive risk-taking and their value is not guaranteed.

The images below show the breakdown of 2021 total direct compensation for our CEO and named executives. Individual profiles of our named executives, including 2021 pay mix summaries, can be found beginning on page 73.

Pay Mix for CEO



Pay Mix for Other NEOs (average)



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. We use the same compensation peer group for our executives as 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.

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.

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 distributors 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

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.

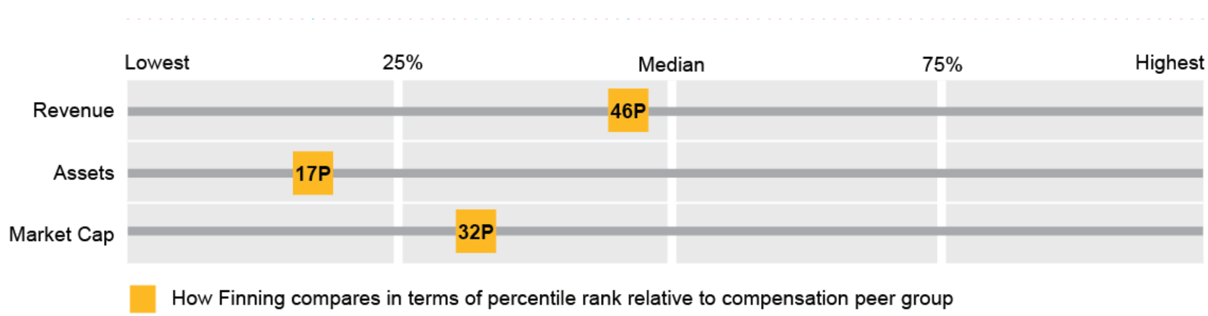
2021 Compensation Peer Group

Company	Industry
AGCO Corp.	Agriculture/farm machinery
Agnico Eagle Mines Ltd.	Materials
Kinross Gold Corp.	Materials
Methanex Corp.	Commodity chemicals
Oshkosh Corp.	Construction machinery and heavy trucks
Parkland 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 services
Teck Resources	Diversified metals and mining
Terex Corp.	Construction machinery
Toromont Industries	Trading/distributors
West Fraser Timber Co.	Forest products
WSP Global Inc.	Construction

We use the S&P/TSX 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.

The 2021 compensation peer group remains unchanged from 2020.

How Finning compares 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.

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 deferred share units (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, 2021. Our CEO and our other named executives have met and exceeded their share ownership requirements.

	Ownership Requirement (Multiple of Salary)	Common Shares		DSUs		RSUs		Actual Multiple (Total Holdings)[1]	Compliance Due Date
		Value	Units	Value	Units	Value	Units		
L. Scott Thomson	5x $5,542,185	$7,377,861	231,426	$303,115	9,508	$4,313,460	135,303	10.8x $11,994,436	Dec. 31/23
Greg Palaschuk	2.5x $1,394,030	$1,075,727	33,743	$0	–	$649,332	20,368	3.1x $1,725,059	Mar. 1/25
Kevin Parkes	2.5x $1,569,435	$626,825	19,662	$226,316	7,099	$806,851	25,309	2.6x $1,659,992	Dec. 31/23
Juan Pablo Amar[2]	2x $999,845	$939,376	29,466	$0	–	$619,588	19,435	3.1x $1,558,964	Dec. 30/24
David Primrose	2.5x $1,162,500	$1,007,791	31,612	$182,353	5,720	$643,370	20,181	3.9x $1,833,514	Dec. 31/23

Notes:

1 The total holdings shown were calculated using the market value of our common shares, based on our 2021 year-end closing share price on the TSX of $31.88 and unit values rounded to the nearest whole number. We do not include stock options to determine compliance with our share ownership requirements because we do not consider them as equity until they are exercised and retained as common shares. PSUs are not included because vesting is contingent upon meeting performance conditions over a three-year period. Vested DSUs and unvested RSUs count towards an executive's ownership requirement. 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 RSUs and DSUs beginning on page 71.

2 Mr. Amar's share ownership multiple is lower compared to other Executive Vice Presidents 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 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. It also provides oversight on human resources, inclusion and diversity and talent management strategies and provides input to the board on planning for leadership succession at Finning.

For more information on the human resources committee's mandate, please see page 32.

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. The relevant qualifications and experience of the members of the human resources committee are set out below:

	Executive leadership and strategy	Human capital, compensation, talent and culture	International business and cultural perspective	Board governance	Industry experience	Operational expertise	Other human resources committees
James E.C. Carter (chair)	■	■		■	■	■	
Jacynthe Côté	■	■		■	■		■
Nicholas Hartery	■	■	■	■	■		
Mary Lou Kelley	■	■	■	■		■	■
Edward Seraphim	■	■	■			■	

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 20.

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 2021, 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. In addition, 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.

In 2021, Meridian did not provide any services to the company, or to any of its directors or management, other than in the areas of executive and director compensation-related consulting.

The table below shows the fees paid to Meridian in 2021 and 2010:

	2021	**2020**
Executive and director compensation-related fees	$21,602	$18,467
All other fees	n/a	n/a
Total	**$21,602**	$18,467

For information on our compensation approach for directors, please refer to page 44.

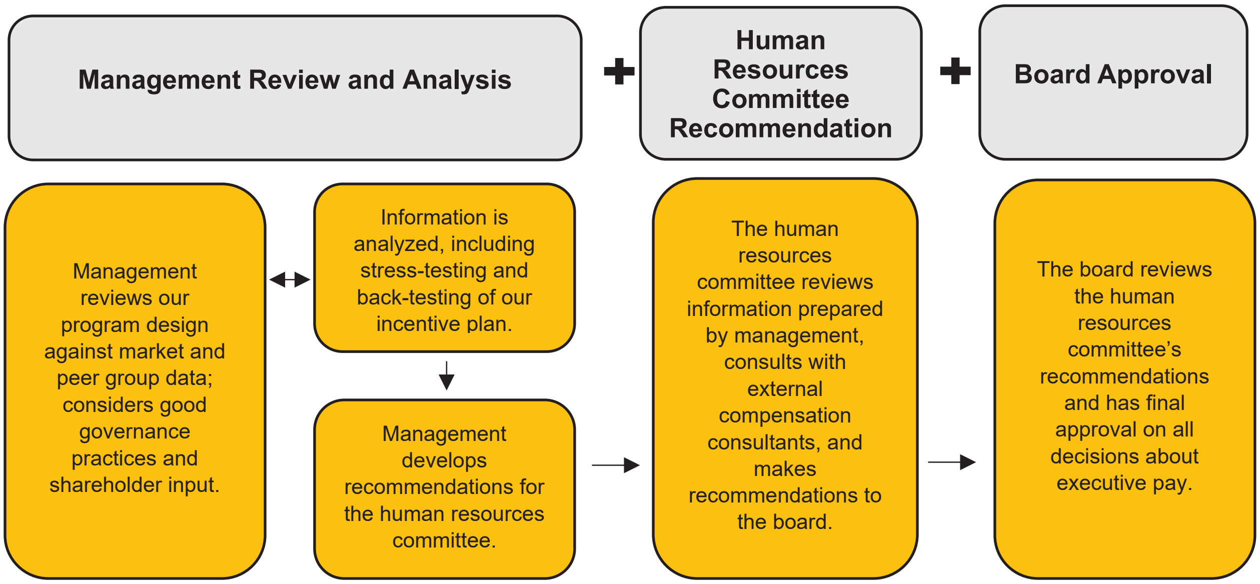
Managing compensation risk

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 64.

In 2012, the committee began conducting an annual compensation risk assessment, with periodic reviews performed by external compensation consultants. Following our 2021 review, the committee believes that our compensation policies and practices do not pose any risks that are reasonably likely to have a material adverse effect on Finning or our shareholders.

Decision-making process

The chart below shows how management, the human resources committee and the board work together to design, recommend, approve and implement executive compensation program decisions.



Review and Analysis
Compensation planning and performance targets are integrated with our overall corporate strategy and annual operating plan. At the beginning of the year, our review 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.

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 recommendation for each named executive. Back-testing is also conducted to make sure compensation plan designs are sound and result in intended outcomes.

Recommendations
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. It also sets the incentive plan measures and targets, taking into consideration the President and CEO's recommendations and discussions with the board.

In its decision-making, the committee also 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 for review and approval.

Also, 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 reviews.

Board Approval
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 regarding executive compensation. It 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 65
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 66
	Deferred compensation (deferred share units or DSUs)	• 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 72
	Long-term incentives			page 69
	Performance share units or PSUs	• 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 corporate ROIC and rTSR goals over a three-year period • settled in cash	page 70
	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 equities	page 71
	Restricted share units or RSUs	• 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 71
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 72
	Perquisites and other benefits	• helps keep total rewards program competitive	• perquisites are limited	page 72

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.

Executive compensation decisions for 2021

Due to the global pandemic, commodity price declines in oil and copper and early signals of resulting revenue declines, we took the decision to reduce executive base salaries in the first quarter of 2020. In January 2021, we returned NEO target cash compensation (base salary plus short-term incentive target) to 2020 approved levels. We also shifted the pay mix for all NEOs by increasing the target short-term incentive award by 5% (at-risk pay) and returning the remaining balance in base salaries. This shift in pay mix further strengthened our alignment with competitive market practices.

2021 Salaries

Effective April 1, 2021, salaries increased by an average of 8.3% for our NEOs compared to 2020. Since 2015, three salary freezes have been implemented for our NEOs, coupled with modest salary increases in recent years. To improve alignment with the 50th percentile of our compensation peer group, the following salary increases were determined for our NEOs:

	2021 approved salary[1]	2020 salary[2]	2021 increase
L. Scott Thomson	$1,108,437	$1,007,670	10%
Greg Palaschuk	$557,612	$484,880	15%
Kevin Parkes	$627,774	$570,704	10%
Juan Pablo Amar[3]	$476,900	$448,000	6.5%
David Primrose[4]	$462,514	$462,514	0%

Following the base salary reduction of -20% for the CEO and -12% for all other NEOs effective April 2020, in January 2021, target total cash was reinstated to 2020 approved levels.

Notes:

1 Approved new salaries, effective April 1, 2021.

2 2020 salaries, after pay-mix shift and return to 2020 salaries, effective January 2021.

3 Mr. Amar also received an inflationary adjustment, as reflected in his 2020 salary, that all Chilean employees received. The salary amounts shown were converted from Chilean pesos based on the following 2020 average annual exchange rate: 1 CLP – 0.0017 CAD.

4 Mr. Primrose's salary was determined to be market competitive at time of review; therefore, he did not receive a salary increase. The salary amounts shown were converted from British Pounds Sterling based on the following 2020 average annual exchange rate: 1 GBP = 1.720. Mr. Primrose was the Managing Director, Finning UK and Ireland until August 2021. In late August 2021, his salary was set at $465,000 CAD when he transitioned to the role of interim Chief Human Resources Officer, Finning International.

Short-term incentive

The short-term incentive rewards executives for achieving corporate, business unit and individual performance targets important to Finning's business and shareholders. The metrics for the short-term incentive are set at the beginning of each year.

Target awards are set as a percentage of salary.

			Performance mix		
	2021 Target Bonus (as a % of salary)	Potential payout range (as a % of salary)	Corporate	Business unit	Individual
L. Scott Thomson	130%	0-260%	85%		15%
Greg Palaschuk	65%	0-130%	85%		15%
Kevin Parkes	65%	0-130%	25%	60%	15%
Juan Pablo Amar	65%	0-130%	25%	60%	15%
David Primrose[1]	65%	0-130%	25%	60%	15%

Note:

1 Mr. Primrose was the Managing Director, Finning UK and Ireland until August 2021. In August 2021, he transitioned to the role of interim Chief Human Resources Officer, Finning International, before stepping into the interim President, Finning Canada role in late November 2021. Business unit results are based on his performance as Managing Director, Finning UK.

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 plan 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 considerations 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.

2021 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%)		
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
Invested capital turnover (ICT)	Net revenue for the last twelve months divided by average invested capital of the last four quarters (capital invested to build and run the business, calculated as total equity plus net debt). Net debt is short-term and long-term debt, net of cash and cash equivalents.	ICT is a key indicator of capital efficiency Our supply chain and asset utilization priorities are factors within our control that impact invested capital turnover
Absorption	Product support gross profit divided by total selling, general and administrative expense (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 on the next page shows our 2021 financial and non-financial targets, thresholds and maximums for the short-term incentive along with the resulting 2021 corporate metrics score. The targets were set and approved by the board in February 2021.

Despite continued macroeconomic headwinds, political and economic uncertainty in Argentina and Chile, and potential impacts from COVID-19 variants, we anticipated recovery in the global commodity markets and government infrastructure investments. As a result, 2021 financial targets were set at higher levels compared to 2020.

Our customer loyalty (NPS) target remained comparable to 2020. Reflecting Finning's continuous commitment towards a safety culture, a significant incident modifier was overlaid on our safety target (TIF), for each region.

Consistent with the prior year, we continued to use an expanded performance range (both threshold and maximum) for our short-term incentive targets to address the uncertainty and volatility expected in the 2021 market.

	Threshold (50%)	Target (100%)	Maximum (200%)	2021 result
Financial performance (70%)				
EBITDA % for incentive payout[1,2]	9.7%	11.2%	12.7%	12.4%
ICT for incentive payout[1,3]	1.96x	2.17x	2.61x	2.28x
Absorption[1,4]				
Non-financial performance (30%)				
NPS	73%	79%	84%	73.2%
TIF[5]	1.61	1.40 – 1.05	0.85	1.14
2021 corporate metrics score[6]				**108.6%**

Notes:

1 These are specified financial measures. Please see page 92 for more information.

2 For the purpose of the short-term incentive calculation, management recommended excluding from EBITDA % for incentive payout the following adjustments:

- 4Refuel EBITDA as it was not in the targets. This information is confidential and proprietary and disclosure of these details would prejudice the Company's interests;
- the benefit of CEWs. In early 2021, Finning received benefits from various government programs, including CEWS, due to COVID-19. Management determined it was inappropriate to unfairly benefit from government assistance programs offered in 2021; and
- the benefit of the return on our investment in Energyst.

The human resources committee applied its discretion and agreed to management's recommendations.

3 For the purpose of the short-term incentive calculation, management recommended excluding from ICT for incentive payout the following adjustments:

- net revenue and invested capital of 4Refuel as it was not in the targets. This information is confidential and proprietary and disclosure of these details would prejudice the Company's interests; and,
- the net pension benefit asset (excluding impact of deferred tax) in the UK.

The human resources committee applied its discretion and agreed to management's recommendations.

4 The specifics relating to our absorption metric are not disclosed here nor in our MD&A, as this information is confidential and proprietary. 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 1.40 and 1.05. In 2021, to help drive additional focus on the reduction of significant injuries in the workplace, a significant incident modifier was incorporated into our safety metric. In 2021, there was no modifier applied to the final TIF result.

6 Due to a fatality in the Canadian operations, the payout for the safety component of the 2021 short-term incentive plan was set at zero for all NEOs. This reduced the 2021 corporate metrics score from 123.6% to 108.6%.

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 2021, in addition to the corporate metrics outlined above, business unit level metrics were set for Mr. Parkes, Mr. Amar and Mr. Primrose. These metrics were quantitative in nature and set at a similar degree of difficulty as our corporate metrics. We rely on the exemption in Subsection 2.1(4) of Form 51-102F6 *Statement of Executive Compensation* and as such, do not disclose details about our business unit goals on the basis that this information is strategically confidential. The disclosure of these goals could compromise our competitive position and seriously prejudice the Company's interests.

For Mr. Parkes, business unit performance metrics (at target values) equated to approximately 14% of his 2021 total compensation. For Mr. Amar, business unit performance metrics (at target values) equated to approximately 12% of his 2021 total compensation. For Mr. Primrose, business unit performance metrics (at target values) equated to approximately 13% of his 2021 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 rely on the exemption in Subsection 2.1(4) of Form 51-102F6 and as such do not disclose details about individual personal objectives because this information is strategically confidential and could compromise our competitive position. The table on the next page shows the 2021 individual performance score results.

	2021 individual performance score	Weighting
L. Scott Thomson	160%	15%
Greg Palaschuk	125%	15%
Kevin Parkes	125%	15%
Juan Pablo Amar	160%	15%
David Primrose	150%	15%

The table below shows the 2021 short-term incentive awards for the named executives.

	2021 Salary[1] $	x	**Short-term incentive target opportunity** (% of salary)	x [	**Corporate metrics score[2]** (0-200%) x weighting	+	**Business unit score** (0-200%) x weighting	+	**Individual score** (0-200%) x weighting	] =	**2021 short-term incentive award $**	**Compared to target**
L. Scott Thomson	$1,083,590		130%		108.6%				160%		$1,636,141	116%
Greg Palaschuk	$539,678		65%		108.6%				125%		$388,684	111%
Kevin Parkes	$613,702		65%		108.6%		104.5%		125%		$432,450	108%
Juan Pablo Amar[2]	$471,276		65%		108.6%		159.2%		160%		$449,057	147%
David Primrose	$464,179		65%		108.6%		143.2%		150%		$403,245	134%

Notes:

1 Amounts reflect actual salaries earned in 2021.

2 Amounts for Mr. Amar were converted from Chilean pesos. Please refer to footnote 7 on page 82 for details.

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: PSUs, stock options and 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:

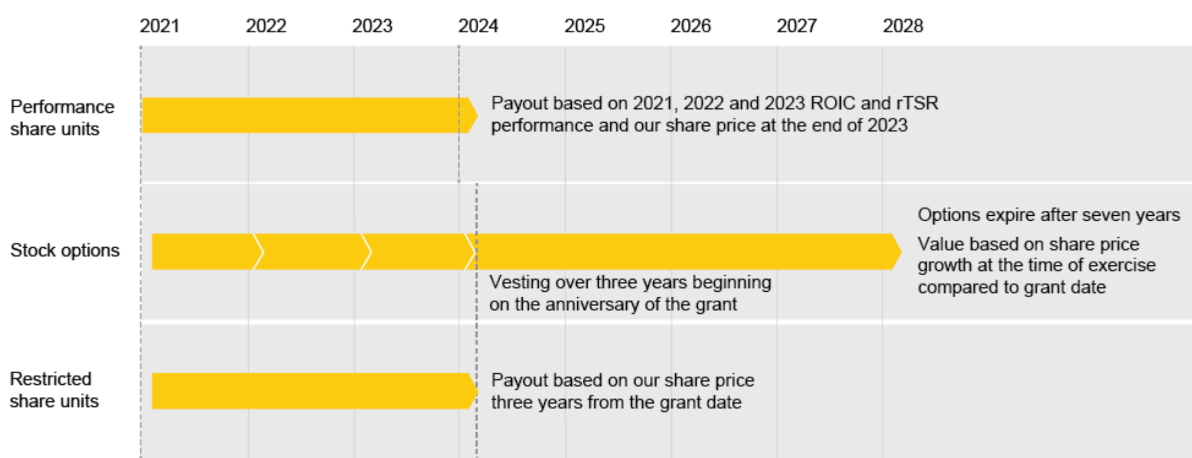
- retention considerations;
- executive level; and
- future potential of the executive.

We also take into consideration previous grant values. The total value of 2021 long-term incentive awards for named executives was similar compared to 2020.

The table below shows what was granted to each named executive in 2021 during our annual long-term incentive award cycle. It shows how the award was allocated and the value of each award based on its grant date value. See the footnotes to the summary compensation table on page 81 for details about how we determined the grant date fair values of PSUs, stock options and RSUs.

						Allocation ($/#)	
	2021 long-term incentive award	Performance share units (50%)		Stock options (20%)		Restricted share units (30%)	
		value	units	value	units	value	units
L. Scott Thomson	$3,500,000	$1,750,000	52,536	$700,000	94,835	$1,050,000	31,522
Greg Palaschuk	$750,000	$375,000	11,256	$150,000	20,322	$225,000	6,755
Kevin Parkes	$750,000	$375,000	11,256	$150,000	20,322	$225,000	6,755
Juan Pablo Amar	$660,000	$330,000	9,906	$132,000	17,883	$198,000	5,944
David Primrose	$550,000	$275,000	8,256	$110,000	14,903	$165,000	4,953

The image below shows how our long-term incentive award granted in 2021 pays out over time. Long-term incentives are at-risk pay and their value is not guaranteed.



Performance share unit plan

PSUs 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 end of three years, aligning the longer-term 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 2021 PSU awards vest on December 31, 2023, based on our financial and relative performance in each of the years 2021, 2022 and 2023.

What we measure	How it's calculated	Why it's important
Relative performance (50%)		
rTSR compared to the return of the companies that make up the S&P/TSX Capped Industrials Index (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 divided by average invested capital, of last four quarters, 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

2021 PSU Plan Targets

We calculate the PSU performance factor based on our performance against the following targets. There is no payout on a metric if performance is below threshold. If performance meets threshold, 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.

rTSR[1] – 50%

Year	Weighting	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
2021	33.33%	25P	50P	100P
2022	33.33%	25P	50P	100P
2023	33.33%	25P	50P	100P

ROIC – 50%

Year	Weighting	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
2021	33.33%	10.1%	14.4%	18.7%
2022	33.33%	12.0%	17.2%	22.4%
2023	33.33%	Targets to be set at the end of 2022[2]		

Notes:

1 We measure our rTSR against companies that are in the S&P/TSX Capped Industrials Index for the full year in the years 2021, 2022 and 2023.

2 Threshold, target and maximum for 2023 will be set at the end of 2022.

We measure our rTSR performance under the plan based on our relative performance in the S&P/TSX Capped Industrials Index in each of the years 2021, 2022 and 2023. We use 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 each year of the three-year performance period and assume reinvestment of dividends.

ROIC performance is measured in each of the years 2021, 2022 and 2023 against targets set in relation to our annual operating plan.

At the end of 2023, the vesting of PSUs is contingent upon the achievement of rTSR and ROIC performance targets set out above for each of the years 2021, 2022 and 2023.

We will calculate the payout value of the 2021 PSU awards using the volume weighted average trading average price for our shares for the five trading days preceding December 31, 2023.

Payout of 2019 PSU awards

Performance targets and results for the 2019 to 2021 cycle are summarized in the following table:

	Threshold (50%)	Target (100%)	Maximum (200%)	2021 result	Score	Weighting	Performance factor
Total shareholder return (rTSR)[1]	25th percentile	50th percentile	100th percentile	40th percentile	80%	50%	40%
Average return on capital (ROIC) for incentive payout[2,3]	11.5%	15.5%	19.5%	12.4%	61.3%	50%	30.6%
2019 PSU performance factor							**70.6%**

Notes:

1 Payout amounts for the rTSR component of the 2019 PSU award were calculated by using 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 were in the index for the full three-year performance period.

2 This is a specified financial measure. Please see page 92 for more information.

3 For the purpose of the ROIC component of the PSU performance factor calculation, management recommended excluding from Average ROIC for incentive payout the following adjustments:

- the benefit of CEWs; and
- the benefit of the return on our investment in Energyst.

The human resources committee applied its discretion and agreed to management's recommendations.

The 2019 PSUs were granted at $22.95 and vested on December 31, 2021, based on our rTSR and ROIC for the three-year period ending December 31, 2021. The value of each unit upon vesting was $31.81 (the volume weighted average trading price of our shares on the TSX for the five trading days preceding December 31, 2021).

	[Number of PSUs granted	+ Number of PSUs received as dividend equivalents[1]]	x PSU performance factor	x Volume weighted average trading price	= Payout[1]
L. Scott Thomson	98,040	9,851	70.6%	$31.81	$2,424,039
Greg Palaschuk	7,190	722	70.6%	$31.81	$177,773
Kevin Parkes	17,974	1,806	70.6%	$31.81	$444,407
Juan Pablo Amar	6,902	694	70.6%	$31.81	$170,652
David Primrose	14,380	1,445	70.6%	$31.81	$355,545

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

RSUs 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

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 cessation 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 86.

Employee share purchase plan

In all regions, we make a partial matching contribution 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 wellbeing 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.

2021 compensation

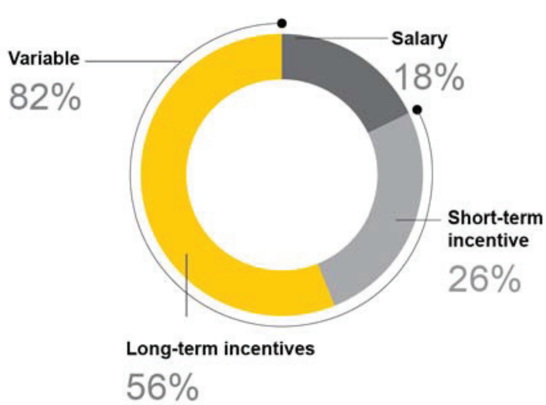
The table below shows Mr. Thomson's total direct compensation for 2021, compared to the two previous years. Please refer to the notes to the summary compensation table on page 81 and in our prior circulars for additional details.

	2021	2020	2019
Fixed pay			
Salary	$1,083,590	$870,771	$993,429
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$1,636,141	$1,129,281	$850,928
Long-term incentive			
• Performance share units	$1,750,000	$1,875,000	$2,250,000
• Stock options	$700,000	$750,000	$750,000
• Restricted share units	$1,050,000	$1,125,000	$750,000
Total direct compensation	**$6,219,731**	**$5,750,052**	**$5,594,357**

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 footnote 6 on page 82 or the 2020 management proxy circular for more information on the retention incentive award, including its unique vesting terms and redemption rules.

2021 pay mix

The graph below shows the breakdown of Mr. Thomson's total direct compensation for 2021. 82% of Mr. Thomson's 2021 pay was at risk.



2021 Key Performance Highlights

- Reduction of overall global GHG emissions by 10% year over year with indication of on-track progress to reach 10-year target of 20%[1] reduction by 2027, from 2017 baseline
- Completed the development, launch and operationalization of a global health and wellbeing plan that increased the accessibility of resources and education to support ongoing needs of all employees
- Delivered adjusted EPS of $2.18, $6.7B of revenue, and 16.4% adjusted return on invested capital, demonstrating strong operating leverage and growth in all lines of business
- Initiated development of an inclusive and accessible facility standards plan, with priority on equitable access physically and virtually, for females and persons with disabilities, to be implemented in 2022
- Employee health and safety supported by a vaccination disclosure policy that was developed and implemented in accordance with health guidelines and current pandemic status in each region
- Strong growth in customer adoption of CUBIQ™ platform, beating target of uptake globally by 13%

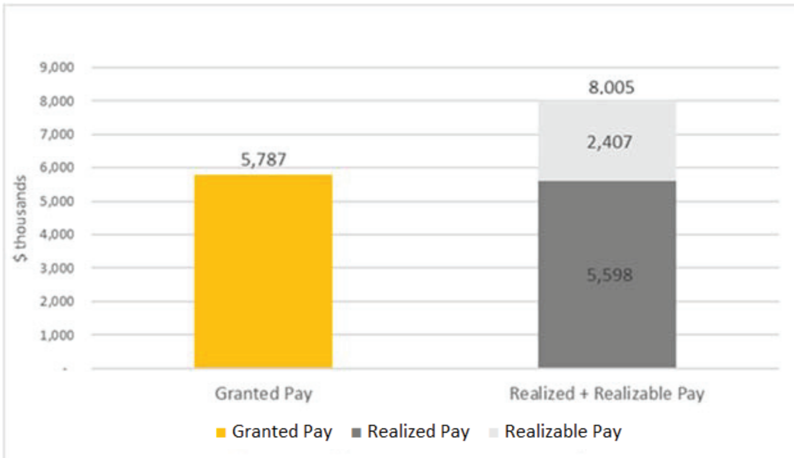
Note:
1 GHG target increased to 40% effective February 2022

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 (2017 - 2021) (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 2021 year-end closing share price on the TSX of $31.88 and is not guaranteed. Average granted CEO pay for the period was $5,787,343 while average realized + realizable pay (totalling $8,005,597) was 38% higher; this correlates with Finning's TSR over the same period and demonstrates our long-term incentive plan is effective in linking executive pay to what our shareholders experience (see page 79 for information on Finning's share performance and executive compensation).

Average CEO Pay – 2017 to 2021



Average CEO Pay – 2017 - 2021			
Compensation element	**Granted[1]**	**Realized[2]**	**Realizable[3]**
Salary	$969,628	$969,628	–
Short-term incentive	$1,117,715	$1,117,715	–
Long-term incentive			
• Performance share units	$2,075,000	$1,567,036	$1,055,627
• Stock options	$740,000	$1,600,222	$488,812
• Restricted share units	$885,000	$343,866	$862,691
Average total compensation[4]	**$5,787,343**	**$5,598,467**	**$2,407,130**

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 81 and in prior management proxy circulars.

2 Realized pay: earned pay (salary earned, actual short-term incentive received, stock options exercised, and vested PSUs and RSUs). Realized pay reflects a 70.6% payout of target for the 2019 PSU award, a 52% payout of target for the 2018 PSU award, and a 53% payout of target for the 2017 PSU award.

3 Realizable pay: reflects the potential realizable value of awards yet to be paid as at December 31, 2021 (unvested PSUs assumed at target (100%), unvested RSUs and unexercised option awards) based on our 2021 year-end closing share price on the TSX of $31.88. These figures are variable and depend on future performance.

In 2021, Mr. Thomson exercised an aggregate 926,087 stock options. The options were exercised using the net cashless exercise method, which resulted in the issuance of 198,026 shares to Mr. Thomson, which were immediately sold on the TSX at an average price of $31.84 per share. The total realized value of these stock option exercises was $6,306,103, less applicable withholding taxes. The stock option exercise did not lower Mr. Thomson's equity ownership (shares, DSUs and RSUs). In 2021, Mr. Thomson's equity ownership increased to 10.8x salary as of December 31, 2021, exceeding his share ownership requirement of 5x salary.

4 Reflective of long-term incentive awards granted during our annual compensation program cycle. Does not include Mr. Thomson's 2019 retention incentive award. Please see footnote 6 on page 82 or the 2020 management proxy circular for more information on the retention incentive award, including its unique vesting terms and redemption rules.

Greg Palaschuk | Executive Vice President and Chief Financial Officer

Mr. Palaschuk was appointed Executive Vice President and Chief Financial Officer of Finning in March of 2020 and is responsible for finance, tax, treasury, investor relations, risk management, strategic planning and business development. Mr. Palaschuk joined Finning in 2014 and has held multiple senior leadership positions within the company including Vice President of Treasury for Finning, Finance Director for Finning UK and Ireland and Senior Vice President of Commercial and Financial Performance Management for Finning Canada. In 2020 Mr. Palaschuk was recognized as one of Canada's Top 40 Under 40®.

Prior to Finning, Mr. Palaschuk worked at Goldman Sachs as Vice President of natural resources investment banking in Calgary and New York.

Mr. Palaschuk holds a Bachelor of Commerce Degree in Finance (with distinction) from the University of Calgary.

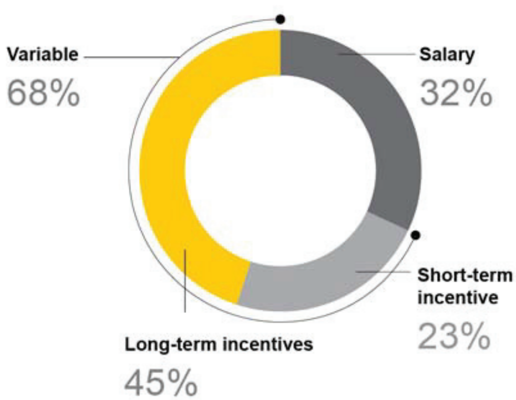
2021 compensation

The table below shows Mr. Palaschuk's total direct compensation for 2021, compared to the two previous years.

	2021	2020	2019
Fixed pay			
Salary	$539,678	$426,487	$325,000
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$388,684	$251,393	$114,667
Long-term incentive			
• Performance share units	$375,000	$302,500	$165,000
• Stock options	$150,000	$121,000	$55,000
• Restricted share units	$225,000	$181,500	$55,000
Total direct compensation	**$1,678,362**	**$1,282,880**	**$714,667**

2021 pay mix

The graph below shows the breakdown of Mr. Palaschuk's total direct compensation for 2021. 68% of Mr. Palaschuk's 2021 pay was at risk.



Kevin Parkes | President, Finning Canada

Mr. 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.

Note: Mr. Parkes is on a temporary leave of absence from the company for medical reasons until April 1, 2022. He has been appointed Chief Operating Officer of Finning International effective April 1, 2022.

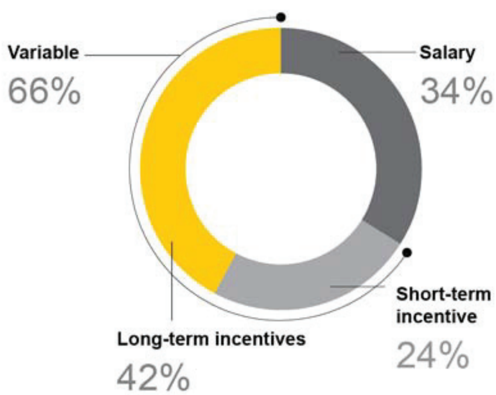
2021 compensation

The table below shows Mr. Parkes' total direct compensation for 2021, compared to the two previous years.

	2021	2020	2019
Fixed pay			
Salary	$613,702	$523,003	$535,000
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$432,450	$291,264	$279,188
Long-term incentive			
• Performance share units	$375,000	$330,000	$412,500
• Stock options	$150,000	$132,000	$137,500
• Restricted share units	$225,000	$198,000	$137,500
Total direct compensation	**$1,796,152**	**$1,474,267**	**$1,501,688**

2021 pay mix

The graph below shows the breakdown of Mr. Parkes' total direct compensation for 2021. 66% of Mr. Parkes' 2021 pay was at risk.



Juan Pablo Amar | President, Finning South America

Mr. Amar was appointed President of Finning South America in January 2020. He has responsibility for all Finning's operations in Chile, Argentina and Bolivia. He joined Finning South America in August 1992 where he worked in different areas and operations and assumed leadership roles as Commercial Manager, Accounting and Taxation Manager, Report Manager and Controller for all Finning South America.

In November 2010, Mr. Amar became Vice President of Human Resources, responsible for people strategy, training, organizational development, safety and corporate communications in South America. In February of 2013, he assumed the position of Vice President of Finance, leading areas of legal and insurance, finance, controller, taxes, treasury, collections and internal audit. In March 2017, he took over as Vice President of Operations for Chile and Bolivia, responsible for the growth strategy and operations for those regions.

Mr. Amar is a Certified Public Accountant from Diego Portales University. He has also earned certifications in project preparation and evaluation from University of Chile.

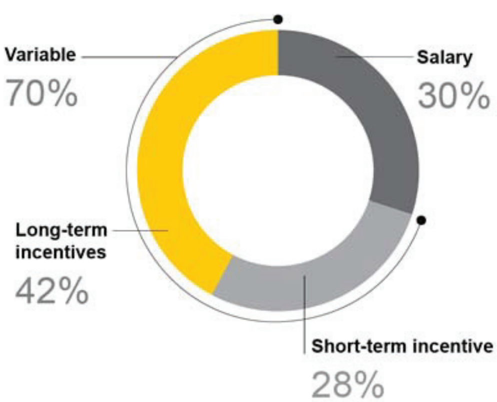
2021 compensation

The table below shows Mr. Amar's total direct compensation for 2021, compared to the two previous years.

	2021	2020	2019
Fixed pay			
Salary	$471,276	$417,616	$396,209
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$449,057	$304,903	$115,480
Long-term incentive			
• Performance share units	$330,000	$302,500	$158,400
• Stock options	$132,000	$121,000	$52,800
• Restricted share units	$198,000	$181,500	$52,800
Total direct compensation	**$1,580,333**	**$1,327,519**	**$775,689**

2021 pay mix

The graph below shows the breakdown of Mr. Amar's total direct compensation for 2021. 70% of Mr. Amar's 2021 pay was at risk.



David Primrose | President, Finning Canada (interim)

David Primrose was named the interim President of Finning Canada in November 2021 after serving as the interim Chief Human Resources Officer, Finning International, and the Managing Director of Finning United Kingdom and Ireland. Over the course of his 33-year career at Finning, Mr. Primrose has held a number of executive roles, including Executive Vice President of Core Industries for Finning Canada, Executive Vice President of Mining for Finning Canada, Senior Vice President of Human Resources for Finning International, Vice President of Human Resources for Finning Canada, and Divisional Director of Power Systems for Finning UK.

Mr. Primrose is a Chartered Professional Accountant, Certified General Accountant and is a graduate of the Stanford School of Business Executive Education.

Note: Mr. Primrose has been appointed President, Finning Canada, on a permanent basis effective April 1, 2022.

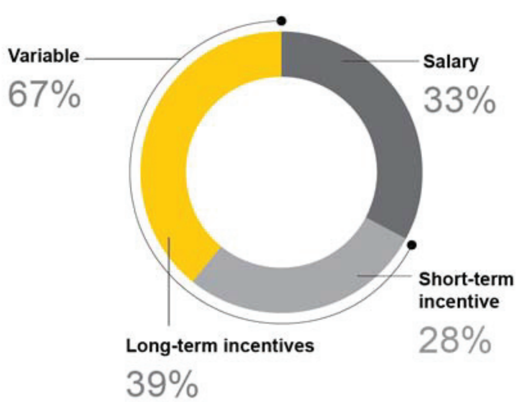
2021 compensation

The table below shows Mr. Primrose's total direct compensation for 2021, compared to the two previous years.

	2021	2020	2019
Fixed pay			
Salary	$464,179	$432,180	$462,930
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$403,245	$267,088	$193,299
Long-term incentive			
• Performance share units	$275.000	$275,000	$330,000
• Stock options	$110,000	$110,000	$110,000
• Restricted share units	$165,000	$165,000	$110,000
Total direct compensation	**$1,417,424**	**$1,249,268**	**$1,206,229**

2021 pay mix

The graph below shows the breakdown of Mr. Primrose's total direct compensation for 2021. 67% of Mr. Primrose's 2021 pay was at risk.

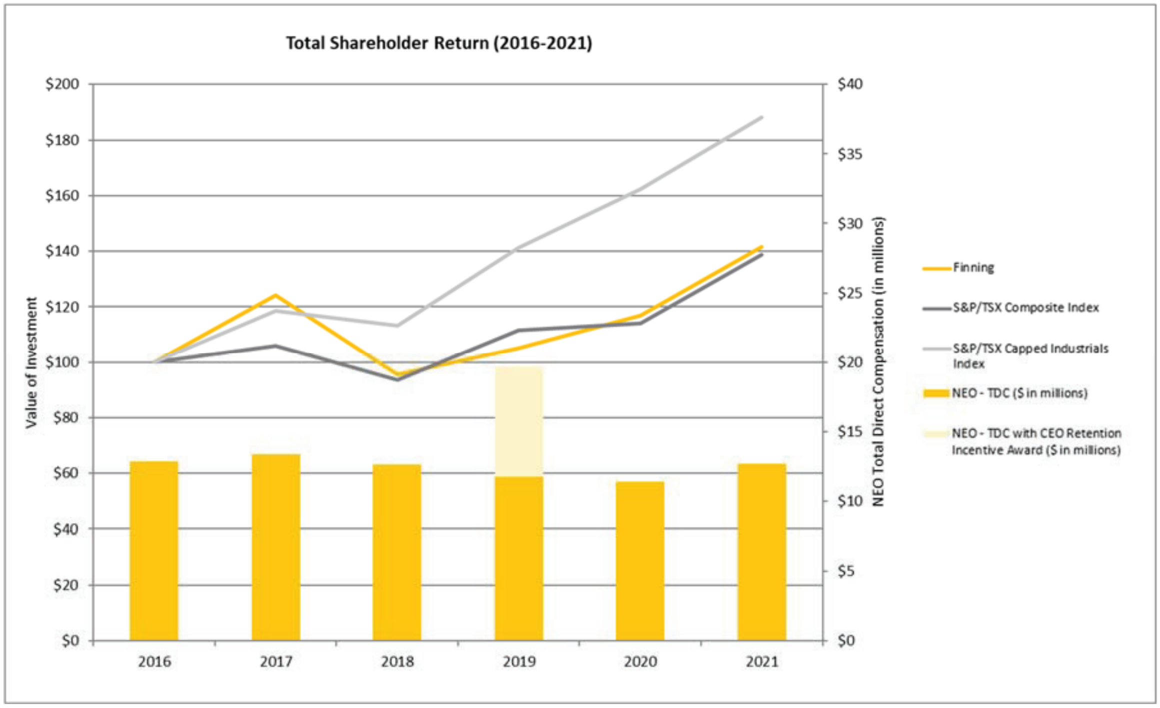


Share performance and executive compensation

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, 2016 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. TDC includes base salary, 2021 short-term incentive and long-term incentive awards.

Executive compensation generally correlates with our share performance, with the exception of years 2019 and 2020, when total compensation declined slightly compared to higher share performance in those years.



	2016	2017	2018	2019[3]	2020	2021
Finning	$100	$124	$96	$105	$117	$142
S&P/TSX Composite Index	$100	$106	$94	$112	$114	$139
S&P/TSX Capped Industrials Index	$100	$119	$113	$141	$162	$188
Total direct compensation awarded to the named executives ($ millions)	$12.84	$13.37	$12.62	$11.70	$11.39	$12.69

Notes:

1 Source: NASDAQ.

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. In the chart above, for 2019, the lightly shaded component for total direct compensation to named executives shows the $8 million grant value under the retention incentive award for the CEO. Please see footnote on page 82 or the 2020 management proxy circular for more information on the retention incentive award, including its unique vesting terms and redemption rules.

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

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
2020: L. Scott Thomson, Greg Palaschuk, Kevin Parkes, Juan Pablo Amar, Dave Cummings, Steven Nielsen
2021: L. Scott Thomson, Greg Palaschuk, Kevin Parkes, Juan Pablo Amar, David Primrose

Cost of Management Ratio

The table below shows the total direct compensation provided to NEOs in 2021, expressed as a percentage of net revenue.

Year	Total direct compensation awarded to the named executives ($ millions)	Net revenue ($ millions)[1]	Cost of management ratio (net revenue)
2021	$12.69	$6,696	0.19%

Note:

1 This is a specified financial measure. Please see page 92 for more information.

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, 2021, 2020 and 2019.

	Year	Salary	Share awards[1]	Option awards[2]	Non-equity incentive plan compensation[3]	Pension value[4]	All other compensation[5]	Total compensation
L. Scott Thomson President and Chief Executive Officer[6]	2021	$1,083,590	$2,800,000	$700,000	$1,636,141	$263,251	$80,052	$6,563,034
	2020	$870,771	$3,000,000	$750,000	$1,129,281	$208,832	$398,835	$6,357,719
	2019	$993,429	$11,000,000	$750,000	$850,928	$224,166	$71,521	$13,890,044
Greg Palaschuk Chief Financial Officer	2021	$539,678	$600,000	$150,000	$388,684	$94,031	$43,635	$1,816,028
	2020	$426,487	$484,000	$121,000	$251,393	$64,781	$46,841	$1,394,502
	2019	$325,000	$220,000	$55,000	$114,667	$54,600	$39,373	$808,640
Kevin Parkes President, Finning Canada	2021	$613,702	$600,000	$150,000	$432,450	$108,494	$136,905	$2,041,551
	2020	$523,003	$528,000	$132,000	$291,264	$96,178	$155,545	$1,725,990
	2019	$535,000	$550,000	$137,500	$279,188	$63,953	$139,633	$1,705,274
Juan Pablo Amar[7] President, Finning South America	2021	$471,276	$528,000	$132,000	$449,057	n/a	$85,998	$1,666,331
	2020	$417,616	$484,000	$121,000	$304,903	n/a	$234,987	$1,562,506
	2019	$396,209	$211,200	$52,800	$115,480	n/a	$83,706	$859,395
David Primrose[8] President, Finning Canada (interim)	2021	$464,179	$440,000	$110,000	$403,245	$255,000	$82,073	$1,754,497
	2020	$432,180	$440,000	$110,000	$267,088	$70,000	$139,347	$1,458,615
	2019	$462,930	$440,000	$110,000	$193,299	$1,513,000	$152,569	$2,871,798

Notes:

1 Refers to grants of PSUs and RSUs. The 2021 grant date value of PSU awards was calculated by taking the number of PSUs granted, multiplied by the volume weighted average trading price of our shares on the TSX for the five trading days preceding the grant date ($33.31).

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	2021	2020	2019
Expected term	3 years	3 years	3 years
Performance discount at target relative to payout schedule	100%	100%	100%
Share price at grant	$33.31	$17.69	$22.95
PSU value	$33.31	$17.69	$22.95
Accounting fair value at grant	$36.93	$19.52	$25.68

See Incentive plan awards – Value vested or earned during the year on page 84 for the market or payout values at the end of 2021.

The grant value of RSU awards was calculated by taking the number of RSUs granted, multiplied by the volume weighted average trading price of our shares on the TSX for the five trading days preceding the grant date: $33.31 in 2021, $17.69 in 2020, and $22.95 in 2019. The accounting fair value is the same.

2 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.

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	2021	2020	2019
Expected option term	7 years	7 years	7 years
Expected volatility	31.37%	32.21%	27.48%
Expected dividend yield	3.18%	3.16%	2.78%
Risk-free interest rate	0.97%	0.38%	1.59%
Exercise price	$33.11	$17.75	$22.31
Option value	$7.38	$3.66	$5.04
Accounting fair value	$6.70	$3.59	$4.28

3 Amounts refer to the short-term incentive awards. These awards are in respect of the 2021 financial year and were paid out in March 2022.

4 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 86 for more information.

5 Includes employer matches for the ESPP and all perquisites (car allowance, athletic club dues, 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. Parkes' 2021 amount includes a housing allowance of $87,000 as part of his expatriate assignment in Canada
- Mr. Amar's 2021 amount includes a car allowance of $46,933 and $26,965 for executive medical and life insurance benefits
- Mr. Primrose's 2021 amount includes a housing allowance of $62,086 as part of his expatriate assignment in the UK

6 In 2019, Mr. Thomson received a retention incentive award with a grant date value of $8 million in the form of 326,265 notional share units. 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).

7 Mr. Amar's amounts have been converted from Chilean pesos based on the following average annual exchange rates:
1 CLP = 0.0017 CAD in 2021, 1 CLP = 0.0017 CAD in 2020, and 1 CLP = 0.0019 CAD in 2019.

8 A portion of Mr. Primrose's salary reflects his service as Managing Director, UK until August 2021; this amount has been converted from British Pounds Sterling based on the following average exchange rate: 1 GBP: 1.7246 CAD. Mr. Primrose's other amounts have been converted from British Pounds Sterling based on the following average annual exchange rates: 1 GBP = 1.7199 CAD in 2020 and 1 GBP = 1.6945 CAD in 2019.

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, 2021.

		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 19/21	94,835	$33.11	May 19/28	-	85,766	$2,734,220	-
	May 13/20	136,743	$17.75	May 13/27	$1,932,179	179,136	$5,710,856	-
	May 15/19	53,488	$22.31	May 15/26	$511,880	35,964	$1,146,532	$2,424,039
	May 15/18	92,708	$33.68	May 15/25	-	-	-	-
	May 15/17	-	$26.79	May 15/24	-	-	-	-
	May 11/16	-	$21.83	May 11/23	-	-	-	-
	Feb 26/16	-	-	-	-	-	-	$303,107
	May 12/15	-	$25.44	May 12/22	-	-	-	-
Total		**377,774**			**$2,444,059**	**300,866**	**$9,591,608**	**$2,727,146**
Greg Palaschuk	May 19/21	20,322	$33.11	May 19/28	-	18,377	$585,859	-
	May 13/20	33,092	$17.75	May 13/27	$467,590	28,901	$921,364	-
	May 15/19	11,767	$22.31	May 15/26	$112,610	2,638	$84,099	$177,773
	May 15/18	6,799	$33.68	May 15/25	-	-	-	-
	Nov 10/17	5,432	$31.47	Nov 10/24	$2,227	-	-	-
	May 15/17	6,700	$26.79	May 15/24	$34,103	-	-	-
	May 11/16	7,112	$21.83	May 11/23	$71,476	-	-	-
	May 12/15	14,830	$25.44	May 12/22	$95,505	-	-	-
Total		**106,054**			**$783,511**	**49,916**	**$1,591,322**	**$177,773**
Kevin Parkes	May 19/21	20,322	$33.11	May 19/28	-	18,377	$585,859	-
	May 13/20	36,100	$17.75	May 13/27	$510,093	31,528	$1,005,113	-
	May 15/19	29,418	$22.31	May 15/26	$281,530	6,593	$210,185	$444,407
	May 15/18	16,996	$33.68	May 15/25	-	-	-	-
	Mar 21/18	-	-	-	-	-	-	$92,789
	May 15/17	21,934	$26.79	May 15/24	$111,644	-	-	-
	May 11/16	12,841	$21.83	May 11/23	$129,052	-	-	-
	Feb 26/16	-	-	-	-	-	-	$133,515
	May 12/15	10,139	$25.44	May 12/22	$65,295			
	May 12/15	2,221	$25.49	May 12/22	$14,192	-	-	-
Total		**149,971**			**$1,111,807**	**56,498**	**$1,801,157**	**$670,711**
Juan Pablo Amar	May 19/21	17,883	$33.11	May 19/28	-	16,172	$515,563	-
	May 13/20	22,061	$17.75	May 13/27	$311,722	28,901	$921,364	-
	May 15/19	3,766	$22.31	May 15/26	$36,041	2,532	$80,720	$170,652
	May 15/18	6,799	$33.68	May 15/25	-	-	-	-
	May 15/17	-	$26.79	May 15/24	-	-	-	-
	May 11/16	-	$21.83	May 11/23	-	-	-	-
	May 12/15	-	$25.44	May 12/22	-	-	-	-
Total		**50,509**			**$347,763**	**47,605**	**$1,517,647**	**$170,652**
David Primrose	May 19/21	14,903	$33.11	May 19/28	-	13,477	$429,647	-
	May 13/20	30,083	$17.75	May 13/27	$425,073	26,274	$837,615	-
	May 15/19	23,535	$22.31	May 15/26	$225,230	5,275	$168,167	$355,545
	May 15/18	9,839	$33.68	May 15/25	-	-	-	-
	May 15/17	12,698	$26.79	May 15/24	$64,633	-	-	-
	May 11/16	11,467	$21.83	May 11/23	$115,243	-	-	-
	May 12/15	-	$25.44	May 12/22	-	-	-	-
	Dec 31/10	-	-	-	-	-	-	$182,350
Total		**102,525**			**$830,179**	**45,026**	**$1,435,429**	**$537,895**

Notes:

1 Based on our 2021 year-end closing share price on the TSX of $31.88. Stock options have a seven-year term and vest over three years (see page 71). In 2021, Mr. Thomson exercised an aggregate 926,087 stock options. For more information, see page 74.

2 These figures represent unvested PSUs, RSUs, DSUs, and dividend equivalents rounded to the nearest whole number. Value is based on our 2021 year-end closing share price on the TSX of $31.88. PSUs vest at the end of three years if performance criteria are met (see page 70). RSUs vest at the end of three years (see page 71).

3 These figures represent vested PSU awards, DSUs, and dividend equivalents, as at December 31, 2021. The value of vested PSUs is based on a fair market value of $31.81, the volume weighted average trading price on the TSX for the five trading days preceding December 31, 2021. Vested PSUs, as presented in this table, include dividends and were paid out in cash in February 2022. The value of vested DSUs is based on our 2021 year-end closing share price on the TSX of $31.88. DSUs can only be redeemed when an executive leaves or retires from Finning (see page 72).

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 2021 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	$1,652,867	$3,263,386	$1,636,141
Greg Palaschuk	$213,158	$239,318	$388,684
Kevin Parkes	$295,358	$598,290	$432,450
Juan Pablo Amar	$211,362	$232,198	$449,057
David Primrose	$242,425	$444,639	$403,245

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 71).

2 Includes PSUs, RSUs and DSUs. PSUs vest at the end of three years if performance criteria are met (see page 70).

3 The value for Mr. Amar has been converted from Chilean Pesos based on an average exchange rate of 1 CLP = $0.0017.

Stock options exercised in 2021

The following table shows the number of stock options exercised by NEOs in 2021. The value realized by NEOs who exercised stock options in 2021 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	926,087	$6,306,103
Greg Palaschuk	10,710	$40,841
Kevin Parkes	–	–
Juan Pablo Amar	29,410	$318,878
David Primrose	55,150	$227,043

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, 2021)	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	1,772,547	$25.12	3,343,406
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 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, 2021 to December 31, 2021.

2005 stock option plan	As at January 1, 2021 # of common shares or options	% of shares outstanding	Activity in 2021 # of options granted	# of options cancelled and/or withheld	# of options exercised and issued	As at December 31, 2021 # of common shares or options	% of shares outstanding
Shares issued on exercise of options	1,874,089	1.16%			479,958	2,354,047	1.49%
Options granted and outstanding	3,683,449	2.27%	370,776[1]	(1,801,720)	(479,958)	1,772,547	1.12%
Options available for future grants	1,912,462	1.18%	(370,776)	1,801,720		3,343,406	2.12%
Total	**7,470,000**	**4.61%**				**7,470,000**	**4.73%**

Note:

1 Options granted to executives in 2021 represent 0.23% of Finning's issued and outstanding common shares as at December 31, 2021.

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 for the applicable fiscal year:

	2021	**2020**	**2019**
Weighted average number of securities outstanding	161,088,129	162,289,564	163,427,006
Options granted under our 2005 stock option plan	370,776	724,739	608,821
Burn rate	**0.23%**	**0.43%**	**0.37%**

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 that 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 3,343,406 common shares remaining in reserve to be issued under our 2005 stock option plan, representing 2.12% of the total number of issued and outstanding common shares as of December 31, 2021.

Since the plan's inception in 2005, 2,354,047 shares have been issued on the exercise of stock options granted under the plan, representing 1.49% of the total number of issued and outstanding common shares as of December 31, 2021.

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 87.

You can read more about the stock option plan on page 71. You can receive a copy of the plan document by writing to our Corporate Secretary, Finning International Inc., 19100 94 Avenue, Surrey, British Columbia V4N 5C3 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

Since January 1, 2010, executives at the level of vice president or above are enrolled in a defined contribution pension plan (the Canadian Executive DC Plan) and an associated unfunded supplementary accumulation plan. Mr. Thomson, Mr. Palaschuk and Mr. Parkes participate in these plans.

Prior to January 1, 2010, executives were enrolled in a registered defined benefit pension plan (the Canadian Executive DB Plan) and an executive supplementary income plan (SIP). The plan was closed to new entrants on January 1, 2010. Mr. Primrose participates in this plan.

Canadian Executive DC Pension Plan

The Canadian Executive DC Plan is non-contributory. We contribute 12% of salary plus an amount equal to 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 accumulation 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	$1,753,654	$263,251	$2,159,716
Greg Palaschuk	$409,549	$94,031	$588,605
Kevin Parkes	$172,494	$108,494	$296,264

Canadian Executive DB Pension Plan

The Canadian Executive DB Plan is non-contributory. 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 SIP.

The total combined amount of pension payable is determined as 2% of a participant's final average earnings multiplied by the total number of years of credited service. The total pension is capped at 70% of a participant's final average earnings. Final average earnings are defined as the average annual pensionable earnings (130% of base salary) during the 36 consecutive months within the last ten years of employment in which such earnings were the highest. Pensions are reduced at a rate of 3% per year before age 60, for retirement after age 55.

The number of credited years of service at December 31, 2021, the estimated annual pension benefits payable and the estimated value of the accrued obligation at the end of both 2020 and 2021 for the NEO participating in the Executive DB Plan are provided in the following table:

	Number of years credited service	Annual benefits payable[1]		Accrued obligation at start year	Compensatory[2]	Non-Compensatory[2]	Accrued obligation at year end
		at year end	at age 65				
David Primrose	30.3	$299,210	$433,515	$6,086,000	$255,000	($174,000)	$6,167,000

Notes:

1 Annual benefits payable are determined using the plan formula. The estimate of annual benefits payable at year end represents unreduced pensions payable prior to any application of early retirement reductions. The estimate of annual benefits payable at age 65 uses Mr. Primrose's current salary rate.

2 Compensatory amount shown includes the current service cost earned during the current year as well as the impact of any pay increases since the previous year's calculation. Non-compensatory amounts include other elements such as changes in assumptions. The assumptions applied in determining the projected benefits and obligations reflect the same assumptions used in Finning's annual financial statements. The key assumption change that resulted in the Non-Compensatory decrease was the corporate bond yield discount rate, which increased over the year.

South America

We do not offer company-sponsored pension plans in South America. Therefore, Mr. Amar 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 and, for all named executives other than Mr. Amar, include change-in-control provisions. The normal termination without cause provisions in Mr. Amar's employment agreement would apply in a change-in-control scenario, in accordance with the governing Chilean law.

These agreements protect Finning and the named executives and also serve as an important risk management tool by having clear terms on benefits payable upon termination or termination following a change-in-control. The agreements also include non-solicitation and non-compete provisions, which apply regardless of the reason for termination.

Mr. Thomson has a double-trigger change-in-control agreement. In 2020, in line with good governance and competitive market practices, we implemented double-trigger change-in-control agreements for our other named executives, other than Mr. Amar.

Estimated payments if employment is terminated

The table below shows the amounts that would have been paid if any of the named executives resigned on December 31, 2021. 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, 2021. If terminated with cause, no incremental payments are provided.

			Estimated incremental value upon retirement, termination, or change-in-control		
	Compensation element[1,2]	Estimated payments upon resignation	Retirement	Termination (without cause, no change-in-control)[3]	Termination (without cause and change-in-control)[4]
L. Scott Thomson	Cash	$1,636,141	n/a	$3,995,558	$3,995,548
	Vested Awards	$2,727,146	n/a	n/a	n/a
	Unvested Awards	n/a	$5,369,850	n/a	$1,222,029
	Pension	$2,159,716	n/a	n/a	n/a
	Total	**$6,523,003**	**$5,369,850**	**$3,995,558**	**$5,217,577**
Greg Palaschuk	Cash	$388,684	n/a	$789,130	$1,335,820
	Vested Awards	$612,029	n/a	n/a	n/a
	Unvested Awards	n/a	$816,722	n/a	$174,628
	Pension	$588,605	n/a	n/a	n/a
	Total	**$1,589,318**	**$816,722**	**$789,130**	**$1,510,448**
Kevin Parkes	Cash	$432,450	n/a	$998,606	$1,711,860
	Vested Awards	$1,348,608	n/a	n/a	n/a
	Unvested Awards	n/a	$981,598	n/a	$216,955
	Pension	$296,264	n/a	n/a	n/a
	Total	**$2,077,322**	**$981,598**	**$998,606**	**$1,928,815**
Juan Pablo Amar	Cash	$852,163	$1,116,932	$1,099,381	n/a
	Vested Awards	$170,652	n/a	n/a	n/a
	Unvested Awards	n/a	$794,221	n/a	$173,881
	Pension	n/a	n/a	n/a	n/a
	Total	**$1,022,815**	**$1,911,153**	**$1,099,381**	**$173,881**
David Primrose	Cash	$403,245	n/a	$974,844	$1,299,792
	Vested Awards	$1,009,620	n/a	n/a	n/a
	Unvested Awards	n/a	$795,539	n/a	$179,227
	Pension[5]	$299,110	n/a	n/a	n/a
	Total	**1,711,975**	**$795,539**	**$974,844**	**$1,479,019**

Notes:

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

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

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

4 Reflects incremental payments as a result of a change-in-control and termination for good reason and when the surviving entity assumes all long-term incentive awards. For more details, see double trigger change-in-control provisions below.

5 Mr. Primrose is a participant in the Canadian Executive DB Plan. There is no lump sum provision available under this plan after age 55. The amount shown for pension upon resignation assumes commencement of Mr. Primrose's pension at age 60 and reflects the accrued annual pension amount. Based on the terms of the Canadian Executive DB Plan, he would have the option to commence the pension prior to age 60; however, this would reduce his pension amount at a rate of 3% per year before age 60.

Double trigger change-in-control provisions

We have a double-trigger change-in-control agreement with all named executives, other than Mr. Amar, which means that cash benefits are only payable if two events occur: a change-in-control of Finning and the named executive terminates their employment within twelve months after the change-in-control for “good reason”. In Mr. Amar’s case, cash benefits are payable simply if Mr. Amar is terminated without cause, in compliance with his employment agreement and applicable Chilean law.

A change-in-control is defined as follows:

- a merger of Finning with another corporation, entity or group which results in the holder of shares or units of that other corporation, entity or group holding, in the aggregate, more than 50% of all voting shares of Finning;
- a sale of all or substantially all of Finning’s assets to any individual, partnership, corporation, entity or group; or
- the sale by Finning of shares of Finning sufficient to transfer voting control of Finning to an individual, partnership, corporation, entity or group;

in each case other than a Permitted Transferee, being any company that is affiliated with Finning, including subsidiary companies; or any managing director, general partner, director, limited partner, officer or employee of an affiliated company, including subsidiary companies.

Good reason is defined as any action taken by the company after a change-in-control (without a named executive’s consent, which they must not withhold unreasonably) that results in:

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

Treatment of compensation if employment is terminated

The table below summarizes the compensation that would be paid to the named executives upon employment termination. If a named executive dies, unvested stock options vest immediately and must be exercised within one year or by the original expiry date, whichever is earlier. Any unvested PSUs and RSUs continue to be eligible to vest as if the executive were still employed and vesting amounts are pro-rated for the period of employment. Unvested DSUs become null and void.

	Type of termination event				
Compensation element	**Resignation (prior to retirement eligibility)**	**Retirement[1]**	**Termination (involuntary, not for cause)**	**Termination (with cause)**	**Termination (without cause and change-in-control)**
Salary	Salary ends[2]	Salary ends[3]	Lump sum payment: Mr. Thomson: 24 months' base salary Messrs. Palaschuk, Parkes, and Primrose: nine months plus one additional month per completed year of service up to maximum of 18 months' base salary Mr. Amar: monthly salary multiplied by each year of service with the company or fraction thereof	Salary ends	Messrs. Thomson, Palaschuk, Parkes and Primrose: 24 months' base salary Mr. Amar: no specific agreement in place[4]
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. Palaschuk: payment is pro-rated based on the number of months worked during the year, based on the average award received in the past two years Mr. Amar: no specific agreement in place Mr. Parkes: twelve months of the target award or average award received in the previous two years, whichever is less Mr. Primrose: 18 months of the target award or average award received in the previous two years, whichever is less	No incentive paid	Messrs. Thomson, Palaschuk, Parkes and Primrose: 24 months of the target award or the average award received in the previous two years, whichever is less Mr. Amar: no specific agreement in place[4]
Performance share units	Vested PSUs are redeemed Unvested PSUs are cancelled	Vested PSUs are redeemed Unvested PSUs vest according to plan terms and are pro-rated to the retirement date	Vested PSUs are redeemed Unvested PSUs are cancelled	All PSUs are cancelled	If surviving entity does not assume awards, vested PSUs and any unvested PSUs the human resources committee deems to be vested are redeemed
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, vested options and 50% of unvested options are exercisable (within a seven-day window) before completion of the change-in-control, remaining unvested options are cancelled
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, vested RSUs and any unvested RSUs the human resources committee deems to be vested are redeemed
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	Vested DSUs are payable Unvested DSUs are cancelled	Vested DSUs are payable Unvested DSUs are cancelled[5]
Pension (Defined Contribution)	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension

	Type of termination event				
Compensation element	**Resignation (prior to retirement eligibility)**	**Retirement[1]**	**Termination (involuntary, not for cause)**	**Termination (with cause)**	**Termination (without cause and change-in-control)**
Pension (Defined Benefit)	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 retires to accept competitive employment, unvested stock options, PSUs and RSUs are immediately forfeited.

2 Per the terms outlined in his employment contract and local Chilean employment practices, Mr. Amar is entitled to receive a payment equivalent to eleven months' salary upon resignation from the company.

3 Per the terms outlined in his employment contract and local Chilean employment practices, Mr. Amar is entitled to receive a payment equivalent to his final monthly salary multiplied by each year of service with the company or fraction thereof.

4 No specific change-in-control agreement is in place for Mr. Amar. If he is terminated without cause after a change-in-control, payments are provided per the terms described in the above table under "Termination (involuntary, not for cause)".

5 Outstanding retention units under Mr. Thomson's 2019 retention incentive award, which have not converted into DSUs, are cancelled, unless the board of directors, in its sole discretion, determines otherwise.

Other information

Directors' and officers' insurance

We provide liability insurance for our directors and officers. Our policy has an aggregate limit of $125,000,000 in a policy year. The retention 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 February 28, 2022, 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

We have maintained a normal course issuer bid (NCIB) continuously since 2015, which we renew annually in May. On May 4, 2020, we announced the renewal of our NCIB which allowed us to purchase up to 8,000,000 of our common shares for cancellation during the twelve-month period from May 11, 2020 to May 10, 2021. The amount represented 4.9% of our total common shares issued and outstanding as at May 1, 2020. On May 10, 2021, we announced the renewal of our NCIB. The current NCIB allows us to purchase up to 8,000,000 of our common shares for cancellation during the twelve-month period from May 13, 2021 to May 12, 2022, representing approximately 4.9% of our total issued and outstanding shares as at May 7, 2021.

On December 20, 2021, we announced that, in connection with our current NCIB, we had entered into an automatic share purchase plan with a designated broker. The automatic share purchase plan allows for the purchase of shares under the NCIB when Finning would ordinarily not be permitted to purchase shares due to regulatory restrictions and customary self-imposed blackout restrictions. The automatic share purchase plan was approved by the TSX and was implemented on January 1, 2022.

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 current NCIB, we can purchase, through the facilities of the TSX or other Canadian marketplaces or alternative trading systems, if eligible, a daily maximum of 96,256 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 purchasing our common shares from time to time is an effective way to use available cash to increase shareholder value.

Since May 11, 2015, we have purchased 15,669,434 common shares at a weighted average price of $26.09 per common share.

Shareholders can obtain a free copy of our notice of intention to implement a NCIB by contacting our 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 request to:

Corporate Secretary
Finning International Inc.
19100 94 Avenue
Surrey, British Columbia V4N 5C3

Or email corporatesecretary@finning.com.

Description of specified financial measures

In this circular, we use certain financial measures that do not have a standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other issuers.

These specified financial measures, including non-GAAP financial measures, include the financial measures listed below. Management believes that certain specified financial measures, including non-GAAP financial measures, provide users of our circular, MD&A, and consolidated financial statements with important information regarding the operational performance and related trends of our business. By considering these specified financial measures in combination with the comparable GAAP financial measures (where available) we believe that users are provided a better overall understanding of our business and financial performance during the relevant period than if they simply considered the GAAP financial 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 refuelling operations in our 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. We also calculate *net revenue for incentive payout* (a non-GAAP financial measure) which may exclude certain items from net revenue, at the discretion of the human resources committee, for the purpose of incentive payout.

  A reconciliation to net revenue used for incentive payout from revenue (the most directly comparable GAAP financial measure) is as follows:

Year ended December 31, 2021 **($ millions)**		
Total revenue	$	7,294
Cost of fuel		(598)
Net revenue		6,696
Items excluded for incentive payout:		
Net revenue of 4Refuel		(133)
Net revenue used for incentive payout	$	6,563

- *EBIT* (a GAAP measure) 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 *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. We also calculate *EBIT for incentive payout* (a non-GAAP financial measure) which may exclude certain items from EBIT, at the discretion of the human resources committee, for the purpose of incentive payout.

  A reconciliation to EBIT used for incentive payout from EBIT (the most directly comparable GAAP financial measure) is as follows:

Year ended December 31, 2021 **($ millions)**		
EBIT	$	552
Items excluded for incentive payout:		
CEWS support due to COVID-19 and return on our investment in Energyst		(17)
EBIT used for incentive payout	$	535

- *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* and *Adjusted EBITDA as a percentage of net revenue* 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 and profitability. We also calculate *EBITDA as a percentage of net revenue for incentive payout* which may exclude certain items from EBITDA, at the discretion of the human resources committee, for the purpose of incentive payout. *EBITDA as a percentage of net revenue for incentive payout* is EBITDA for incentive payout (a non-GAAP financial measure) divided by net revenue for incentive payout.

  A reconciliation to EBITDA used for incentive payout from EBIT (the most directly comparable GAAP financial measure) is as follows:

Year ended December 31, 2021 **($ millions)**		
EBIT	$	552
Depreciation and amortization		319
EBITDA		871
Items excluded for incentive payout:		
EBITDA of 4Refuel, CEWS support due to COVID-19, and return on our investment in Energyst		(57)
EBITDA used for incentive payout	$	814

- *Adjusted EPS* excludes the after-tax per share impact of significant items that we do not consider 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 or used in operating activities less net additions to property, plant and equipment and intangible assets. We use free cash flow to assess cash operating performance, including working capital efficiency. Consistent positive free cash flow generation enables us to re-invest capital to grow our business and return capital to shareholders.
- *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 and cash equivalents). We use invested capital as a measure of the total cash investment made in Finning and each reportable segment. Invested capital is used in a number of different measurements (*ROIC, Adjusted ROIC, invested capital turnover*) to assess financial performance against other companies and between reportable segments. We also calculate *invested capital for incentive payout* (a non-GAAP financial measure) which may exclude certain items from invested capital, at the discretion of the human resources committee, for the purpose of incentive payout.

  Invested capital used for incentive payout is calculated as follows:

	2021			
($ millions)	**Mar 31**	**Jun 30**	**Sep 30**	**Dec 31**
Cash and cash equivalents	$ (469)	$ (378)	$ (518)	$ (502)
Short-term debt	103	114	419	374
Current portion of long-term debt	326	386	191	190
Non-current portion of long-term debt	973	903	923	921
Net debt	933	1,025	1,015	983
Total equity	2,244	2,252	2,320	2,343
Invested capital	3,177	3,277	3,335	3,326
Average invested capital over the last four quarters				3,279
Items excluded for incentive payout:				
Invested capital of 4Refuel and average net pension benefit asset (excluding impact of deferred tax) in the UK over the last four quarters				(397)
Average invested capital over the last four quarters used for incentive payout				$ 2,882

- *Invested capital turnover* is net revenue for the last twelve months divided by average invested capital of the last four quarters. We use invested capital turnover to measure capital efficiency. *Invested capital turnover for incentive payout* is net revenue for incentive payout for the last twelve months divided by average invested capital over the last four quarters used for incentive payout.
- *ROIC* (return on invested capital) is EBIT for the last twelve months divided by average invested capital (see above) of the last four quarters, expressed as a percentage. We view ROIC as a useful measure for capital allocation decisions that drive profitable growth and attractive returns to shareholders. 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. *Average ROIC for incentive payout* is EBIT for incentive payout for the last twelve months divided by average invested capital over the last four quarters used for incentive payout.
- *Net debt to adjusted EBITDA ratio* is calculated as net debt divided by Adjusted EBITDA for the last twelve months. We use this ratio to assess operating leverage and ability to repay debt. This ratio approximates the length of time, in years, that it would take us to repay debt, with net debt and Adjusted EBITDA held constant.
- *Cost of management ratio (net revenue)* is total direct compensation awarded to the named executives divided by net revenue, respectively. We use cost of management ratio to monitor and track trends in total direct compensation awarded to our named executives relative to net revenues.

For additional information regarding these financial measures, including descriptions, composition, and where applicable, reconciliations from certain specified financial measures to their most directly comparable measure under GAAP, see the heading "Description of Specified Financial Measures and Reconciliations" in our 2021 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 measures in our incentive plans in the discussion about 2021 executive compensation beginning on page 54.

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 have a strong foundation to capture upcycle opportunities; our focus on growing product support, reducing costs, and reinvesting free cash flow to compound our earnings; our expectations related to accelerating product support revenue through leveraging technology, sustainably reducing our cost base to improve competitiveness, returning capital to shareholders and investing in opportunities that improve our earnings capacity; our GHG emissions reduction target; our expectation for increasing interest from our customers in low and zero carbon technology, including electric drive, electric battery, natural gas and hydrogen blending, and hydrogen fuel cells; continuing to offer our customers innovative and low-carbon solutions in partnership with Caterpillar; and advancing our sustainability journey, including a transition to energy efficient facilities and low-carbon fuel for our vehicle fleets to further reduce our own emissions. 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. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: the impact and duration of the COVID-19 pandemic and measures taken by governments, customers and suppliers in response; economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; the level of competition; our dependence on the continued market acceptance of our products, including Caterpillar products, and the timely supply of parts and equipment; our ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; our ability to effectively price and manage long-term product support contracts with customers; our ability to manage inflationary pressures and reduce costs in a recovering market; our ability to manage cost pressures as growth in revenue occurs; our ability to drive continuous cost efficiency in a recovering market; our ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary approvals, and secure financing on attractive terms or at all; the integrity, reliability and availability of, and benefits from, information technology and the data processed by that technology; regulatory initiatives or proceedings, litigation and changes in taxes, laws, regulations, or policies, including with respect to environmental protection; the cost of climate change initiatives; actual climate change consequences; and changes in political and economic environments in the regions where we carry on business. 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, including but not limited to: that we will be able to successfully manage our business through the COVID-19 pandemic and successfully implement our COVID-19 risk management plans; that our cost actions to drive earnings capacity in a recovery can be sustained; that general economic and market conditions will continue to improve; that our 2021 performance has set a strong foundation to capture up-cycle opportunities; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; our ability to successfully execute our plans and intentions; our ability to successfully attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; that identified opportunities for growth will result in revenue; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment and our current good relationships with Caterpillar; our ability to successfully execute climate change initiatives; and our customers and our suppliers, service providers and other third parties will be maintained. 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. 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.	Eleven of the twelve directors as of the date of this 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 director nominees 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 Mr. Thomson (such as his compensation or performance) are being discussed, Mr. Thomson is excused from those discussions and the directors meet alone. For committee meetings, at every meeting the independent directors also meet in-camera without management present. Since the beginning of Finning's most recently completed financial year, every board meeting and committee meeting included an in-camera session at which members of management and the non-independent director 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 48.
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 51.
(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 51.
(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 51.
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 of conduct (code), which is applicable to 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 2021 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, which are accessible through Finning's website and hosted by an independent third party. Further, Finning has a code of ethics for senior executive and financial management, a global anti-bribery and anti-corruption policy for directors, officers and employees of the company, and a supplier code of conduct. See page 47 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 pages 17 and 38 and Appendix B for information about the director nomination process and page 50 for information about the skills matrix.
(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 30.
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 44 and in the executive compensation discussion and analysis beginning on page 54.
(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 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 30. The human resources committee's mandate is described in their report beginning on page 32.
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 in their report beginning on page 34.

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 surveys and 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. The evaluation process is normally conducted by an independent external consultant every three years, with a survey in the interim years using in-house designed surveys, evaluating governance and performance against the board's objectives and obtaining the board's input on areas of priority focus for the board. The surveys and the external assessments also include executive management's input and perspective. In 2021, the governance and risk committee engaged Watson Advisors to conduct a comprehensive review of board and individual director effectiveness. Details of the 2021 evaluation process and results are described on page 39. Ultimately, the governance and risk 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 about the board retirement policy and about board turnover can be found at page 53.
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 adopted a written inclusion and diversity policy that sets out our approach for promoting and achieving diversity on our board, including the identification and nomination of directors who offer diversity, including, among others, in terms of gender, visible minorities, Aboriginal peoples and persons with disabilities (designated groups). Refer to page 41 for more information about the board inclusion and 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.	The policy sets out our approach to enhancing inclusion and diversity on our board as a means to diversify perspectives and drive our business strategy to ultimately deliver better outcomes for our stakeholders. When assessing board composition and identifying and nominating candidates for election, the board considers candidates using objective criteria and considers the benefits of diversity as part of its overall business strategy. Diversity refers to business experience, geography, age, gender, Aboriginal peoples, persons with disabilities, visible minorities, sexual orientation and other personal characteristics. The governance and risk committee is responsible for annually reviewing the policy, assessing its effectiveness in promoting an inclusive and diverse board consistent with the principles of the policy, and recommending to the board, as needed, amendments to the policy. As part of this process, the governance and risk committee annually surveys directors using a skills matrix, which includes diversity, and a confidential questionnaire to self-identify diversity within the designated groups. In 2020, the board set a target for women to comprise at least 30% of the board. The board met this target in advance and has maintained a board composition of which at least 30% of all directors are women. See pages 41 and 50 for more information on our board diversity and our skills matrix, respectively.

PRACTICE	FINNING
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 board consider the representation of designated groups on the board and diversity in general when identifying and evaluating potential nominees for election or re-election. This selection process includes considering (including through the survey referred to above) the current board composition and the skill set required to round out the capabilities of the board, together with the diversity principles of the policy, which include having due regard for all groups referred to in the policy and maintaining at least 30% female representation on the board. Where external search organizations are asked to identify board nominees, search criteria includes diversity, including identifying candidates from the designated groups.
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.	For CBCA purposes, “members of senior management” comprise our “executive officers” as defined in National Instrument 51-102 Continuous Disclosure Obligations. As of the date of this proxy circular, we have ten executive officers. We are a member of the 30% Club Canada, an initiative to aim for at least 30% female representation on boards and in executive management positions. When nominating candidates to senior management positions, our objective is to identify the person who best possesses the skills required for each position, regardless of whether the nominee falls within the designated groups. However, where two candidates bring equivalent skills to the position, the candidate representing diversity characteristics will be preferred. The board is committed to support management in building and sustaining an inclusive and diverse workforce. Refer to page 41 for more information about our ongoing inclusion and diversity initiatives.
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	To further our commitment to gender equality and the advancement of women in corporate Canada, in 2020 the board established a target under the board inclusion and diversity policy for women to comprise 30% of our board. Also, as a member of the 30% Club Canada, we aim for at least 30% female representation on our board and in executive management positions. The extent of our board and senior management team diversity is affected by a number of factors, including the size of the available candidate pool having the necessary qualifications, personal attributes, business background and experience. Therefore, we have not adopted targets regarding other designated groups for the board and/or our senior management team at this time. However, we are committed to increasing the diversity of our organization, as we recognize diversity enhances decision-making and improves results. When recruiting, we endeavour to seek out candidates with diverse backgrounds and when two candidates bring equivalent skills to the position, the candidate representing diversity characteristics will be preferred.

PRACTICE	FINNING
• 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	Our target established in 2020 for 30% female representation on our board was achieved in advance and has been maintained since that time. Four of our twelve directors are female (33%), and five of our thirteen director nominees are female (38%). Refer to page 42 for more information about female representation in executive management positions.
• for each group for which a target has not been adopted, the reasons why the corporation has not adopted that target	See the answer to question 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 twelve directors, of whom: • Four identify as women (33%) • None identify as being an Aboriginal person, a member of a visible minority or a person with a disability Of our thirteen director nominees: • Five identify as women (38%) • One identifies as a visible minority (8%) • None identify as being an Aboriginal person 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 10 members of senior management (as defined in the CBCA), of whom: • Three identify as women (30%) • None identify as being an Aboriginal person, a member of a visible minority or a person with a disability

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;

ix) facilitating annual site visits to country operations; and

x) approval of the minutes of the annual meeting of shareholders.

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;

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

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;

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 Inclusion and 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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