











**FINNING<sup>®</sup>**

**2015 MANAGEMENT PROXY CIRCULAR**  
NOTICE OF 2015 ANNUAL MEETING



Welcome to Finning’s Notice of 2015 Annual Meeting and Management Proxy Circular. This PDF version of the Circular has been enhanced with navigation and task buttons to help you navigate through the document and find the information you want more quickly. The table of contents, page references and URLs link to pages and sections within the document as well as to outside websites. The task buttons provide quick access to search, print, save to disk and view options, but may not work on all browsers or tablets.

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March 18, 2015

## To Our Shareholders

On behalf of Finning International's Board of Directors and employees, we are pleased to invite you to attend the Finning Annual Meeting of Shareholders on Tuesday, May 5, 2015, to be held at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia at 2:00 pm Pacific time.

The business to be considered at our Annual Meeting is described in the accompanying Notice of Annual Meeting and Management Proxy Circular which contains important information about the meeting, voting, the nominated directors, our governance practices and how we compensate our executives and directors. It also describes the Board's roles and responsibilities and the key activities the Board committees undertook in 2014. New for this year's Management Proxy Circular is our Proxy Summary which provides shareholders with key information, including the business of the meeting, key governance best practices, a corporate and financial overview and executive compensation highlights.

We welcome your attendance at our Annual Meeting which offers you the opportunity to personally hear about our 2014 performance and our focus and strategy for the future, from our President and Chief Executive Officer, Scott Thomson.

The Board welcomes Jacynthe Côté, who was appointed to the Board in October 2014 and Messrs. Awad and Hartery who were elected as directors at our Annual Meeting in May 2014.

The Board would also like to acknowledge Ricardo Bacarreza and Andrew Simon for their dedicated service and contributions to Finning, to the Board and to our shareholders. Messrs. Bacarreza and Simon are not standing for re-election at our Annual Meeting in May.

Your vote is important. We encourage you to participate in this process by voting your shares and, if possible, by attending the Annual Meeting where you can consider and vote on a number of important matters. We will also webcast the meeting at [www.finning.com](http://www.finning.com). A recorded version will be available on our website until the next Annual Meeting of Shareholders. In addition, we encourage you to visit our website at any time before the meeting as it provides further useful information about Finning and details for accessing the webcast.

Whether you choose to vote by proxy or in person, we appreciate your participation in this important meeting.

Sincerely,

Douglas W.G. Whitehead  
Chair of the Board

L. Scott Thomson  
President & Chief Executive Officer

## Notice of Annual Meeting

An Annual Meeting of the Shareholders of FINNING INTERNATIONAL INC. (Finning, Company or the Corporation) will be held at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia at 2:00 pm Pacific time on Tuesday, May 5, 2015, for the following purposes:

1. to receive the consolidated financial statements for the year ended December 31, 2014 and the auditors' report thereon;
2. to appoint auditors and to empower the directors to determine the auditors' remuneration;
3. to consider and approve, on an advisory basis, an ordinary resolution to accept Finning's approach to executive compensation;
4. to elect directors; and
5. to transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on March 18, 2015, will be entitled to vote at the meeting and are encouraged to participate either by proxy or in person.

DATED the 18<sup>th</sup> day of March, 2015.

BY ORDER OF THE BOARD



J. Gail Sexsmith  
Corporate Secretary

## Proxy Summary

This summary highlights information contained in this Management Proxy Circular. This summary does not contain all of the information that you should consider. We encourage you to read the entire Management Proxy Circular carefully prior to voting.

### Annual Meeting Details

Date	Location	Time
Tuesday, May 5, 2015	Terminal City Club 837 West Hastings Street, Vancouver, British Columbia	2:00 pm

### Shareholder Voting Matters

Matters to Vote on	Management's Recommendation	Reference Page
Appointment and Remuneration of Auditors	For	9
Advisory Vote on Executive Compensation	For	9
Election of Directors	For each nominee	10

### Director Nominees

Name	Principal Occupation	Year First Appointed	Independent	2014 Board & Committee Attendance	Committee Participation at December 31, 2014
Marcelo A. Awad	Corporate Director	2014	Yes	100%	Audit & Human Resources
James E.C. Carter	Corporate Director	2007	Yes	100%	Audit, Corporate Governance & Safety, Environment & Social Responsibility (Chair)
Jacynthe Côté <sup>(1)</sup>	Corporate Director	2014	Yes	100%	n/a
Nicholas Hartery	Chairman of CRH plc & President & CEO, Prodigium LLC	2014	Yes	88%	Pension & Safety, Environment & Social Responsibility
Kevin A. Neveu	President & CEO, Precision Drilling Corporation	2013	Yes	100%	Audit, Pension & Safety, Environment & Social Responsibility
Kathleen M. O'Neill	Corporate Director	2007	Yes	100%	Audit (Chair), Corporate Governance & Human Resources
Christopher W. Patterson	Corporate Director	2010	Yes	94%	Corporate Governance, Human Resources & Pension (Chair)
John M. Reid, Lead Director	Corporate Director	2006	Yes	100%	Corporate Governance & Human Resources (Chair)
L. Scott Thomson <sup>(2)</sup>	President & CEO, Finning International Inc.	2013	No	100%	Safety, Environment & Social Responsibility
Douglas W.G. Whitehead, Chair <sup>(2)</sup>	Corporate Director	1999	Yes	100%	n/a
Michael M. Wilson	Corporate Director	2013	Yes	100%	Audit, Corporate Governance (Chair) & Human Resources

(1) Ms. Côté was appointed as a member of the Board of Directors effective October 1, 2014 and is not currently a member of any committee.

(2) Messrs. Thomson and Whitehead attend meetings of various other committees, of which they are not members, in their capacity as President & Chief Executive Officer and Chair of the Board, respectively.

## Governance Highlights

Practices	For more information, see
Advisory Vote on Executive Compensation	Page 9
Majority Voting Policy for the Election of Directors	Page 10
Director Independence	Page 25
Independent Director only Sessions Scheduled for all Board and Committee Meetings	Page 28
Diversity	Page 28
Director Retirement Policy	Page 28
Director Orientation & Education Programs	Page 31
Board and Committee Evaluation Process	Page 31
Share Trading & Hedging Policy for Directors, Executives and Key Employees	Page 34
Independent Board Compensation Consultant	Page 47
Share Ownership Guidelines for Directors and Executive Officers	Page 49 and 70
Clawback Policy	Page 61
Change of Control	Page 79

## Executive Compensation Highlights

	Practice	For more information, see
Base Salaries	In recognition of challenging market conditions, the Human Resources Committee and the Board of Directors has accepted management's recommendation that there be no 2015 base salary increases for senior executives, including named executive officers.	Page 58
2014 Short-Term Incentive Program (STIP) Updates	In 2014, we revised our STIP metrics to enhance our focus on operational excellence, safety and customer loyalty and continued to focus on the factors we can control, such as cost management, capital efficiency and asset utilization.	Page 66
2014 Long-Term Incentive Program (LTIP)	In alignment with shareholder interests and our operational excellence agenda, our LTIP metrics for our Performance Share Unit plan for 2014 were updated to include total shareholder return and return on invested capital	Page 68
Updated Share Ownership Guidelines (SOGs)	In line with our strong governance process, we conducted a market review of executive SOGs in 2014 and made several changes to our guidelines, for future years, to better align with market practice and shareholder interests.	Page 71

For more information on key compensation decisions and actions, please refer to page 58 and 59.

## Corporate & Financial Overview

Corporate Overview		Market Statistics @ December 31, 2014	
World's Largest Caterpillar Dealer		Share Price	\$25.23
Serving Customers for over 80 years		Market Capitalization	\$4.3B
Operating in seven Countries: Canada (west), Chile, Argentina, Bolivia, Uruguay, U.K. and Ireland		Enterprise Value	\$5.3B
Main Industries: Mining (oilsands, copper, coal), construction, forestry and power systems (prime power, petroleum, marine)		Dividend Yield	2.8%
Approximately 14,500 Employees		S&P/DBRS Rating	BBB+/A(low)
2014 Performance Highlights <sup>(1)</sup>			
Revenue	\$6.9B	Invested Capital	\$3.1B
EBITDA	\$720M	Return on Invested Capital	15.3%
Free Cash Flow	\$483M	TRIF	0.75

(1) For definitions see page 53

# MANAGEMENT PROXY CIRCULAR

## IMPORTANT

If you are a *registered shareholder* of Finning and are unable to attend the meeting in person, please date and execute the accompanying form of proxy and deposit it with Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 not less than 48 hours, excluding Saturdays and holidays, prior to the meeting or any adjournment thereof.

### **Canadian Notice and Access Rules**

Many shareholders of Finning are *non-registered shareholders*. These shareholders fall into two categories: (a) non-objecting beneficial owners (NOBOs) who do not object to their name and address being given to Finning; and (b) objecting beneficial owners (OBOs) who do object to their name and address being given to Finning.

Finning will deliver meeting related materials to NOBOs and OBOs using a “notice and access” procedure. Using this procedure, rather than delivering paper copies of this management proxy circular to NOBOs and OBOs, Finning is delivering a short-form notice and related materials (collectively, the “Short Form Notice”) to NOBOs and OBOs that provides details relating to the meeting and voting procedures to be followed, and also describes how NOBOs or OBOs can obtain either an electronic copy of this management proxy circular (either from the SEDAR website at [www.sedar.com](http://www.sedar.com) or the Finning website at [www.finning.com](http://www.finning.com)) or, if desired, a paper copy of this management proxy circular by dialling 1-888-346-6464.

Accordingly:

- (a) if you are a NOBO, Finning’s agent (Broadridge Financial Solutions, Inc.) has sent the Short Form Notice directly to you and has obtained your name, address and information about your holdings of securities in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf. By choosing to send these materials directly to you, Finning (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the voting instruction form provided by Broadridge Financial Solutions, Inc. and included in your Short Form Notice package; and
- (b) if you are an OBO and receive the Short Form Notice through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary.

In either case, NOBOs or OBOs who wish to obtain a full copy of the management proxy circular should follow the instructions for doing so in the Short Form Notice. *All shareholders are urged to carefully review the management proxy circular before casting any votes on any matters to be considered at the meeting.*

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## SECTION I – VOTING

### Meeting Procedures

#### Who can go to the meeting?

Anyone who holds Common Shares of Finning as of March 18, 2015, which is the record date for the meeting, or has been appointed proxyholder by such a shareholder, is entitled to attend the meeting. Other members of the public may attend the meeting, subject to the discretion of the Chair of the meeting.

If you own Common Shares of Finning on March 18, 2015 you are eligible to vote on the business matters and attend the annual meeting

#### Who can vote at the meeting and what are we voting on?

If you hold Common Shares as of the close of business on March 18, 2015, or have been appointed proxyholder by such a shareholder, you have the right to cast one vote per Common Share on the business matters set out in the accompanying Notice of annual meeting and any other matters which properly come before the meeting.

#### How many shareholders do you need to reach a quorum?

A quorum is reached with at least two people present who hold, or represent by proxy, in the aggregate at least 25 percent of the issued and outstanding Common Shares, being the shares entitled to be voted at this meeting. On March 18, 2015 Finning had 172,373,719 Common Shares issued and outstanding.

#### Does any shareholder beneficially own 10 percent or more of the outstanding Common Shares?

No. To the knowledge of the directors and executive officers of Finning, as of March 18, 2015, no one beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares that carry more than 10 percent of the voting rights attached to all Common Shares entitled to be voted at the meeting.

### Voting Procedures

How to Vote

#### Am I a registered or non-registered shareholder?

You are a registered shareholder if you have a share certificate in your name.

You are a non-registered 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). If you hold your shares through a brokerage account, it is highly likely you are a non-registered shareholder.

#### How can I vote if I am a registered shareholder?

- by attending the meeting and casting your vote in person;
- by appointing someone else as proxy to attend the meeting and vote your shares for you; or
- by completing your proxy form and returning it by mail or delivery, following the instructions on your proxy.

#### How can I vote if I am a non-registered shareholder?

If you are a non-registered shareholder and you receive your materials through an investment dealer or other intermediary, complete and return the forms entitling you to vote by following the instructions in those forms.

#### How do I appoint someone else to go to the meeting and vote my shares for me?

Two directors of Finning, Douglas W.G. Whitehead and L. Scott Thomson, have been named in the proxy to represent shareholders at the meeting. If you are a registered shareholder, you can appoint someone else to represent you at the meeting. Just complete a paper proxy by inserting the person's name in the appropriate space on the proxy form, or complete another acceptable paper proxy. If you are a non-registered shareholder, you can also appoint someone else to represent you at the meeting by following the instructions in the materials you receive through your investment dealer or other intermediary. In either case, the person you appoint does not need to be a shareholder but must attend the meeting to vote your shares.

#### Is there a deadline for my proxy to be received?

**Yes. Your proxy must be received by Computershare Investor Services Inc. (Computershare), Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 no later than 2:00 pm Pacific time on May 1, 2015.** If the meeting is adjourned, your proxy must be received 48 hours, excluding weekends and holidays, before the adjourned meeting date.

**How will my shares be voted if I return a proxy?**

Shares represented by a proxy will be voted or withheld from voting, as the case may be, on any ballot that may be called for at the meeting. A shareholder or intermediary may direct the manner in which the shares represented by the proxy are to be voted by marking the form of proxy accordingly. Where a choice is specified, the shares represented by the proxy will be voted or withheld from voting in accordance with the choice specified. Where no choice is specified in the proxy with respect to a matter identified therein, the shares represented will be voted in favour of any ballot that may be called for on that matter. The form of proxy confers discretionary authority upon the proxyholder in respect of amendments to the matters identified in the accompanying notice of annual meeting, and in respect of any other matters that may properly come before the meeting.

**What happens if there are amendments or variations or other matters brought before the meeting?**

Your voting instructions provided by proxy give discretionary authority to the person you appoint as proxyholder to vote as he or she sees fit on any amendment or variation to any of the matters identified in the notice of the meeting and any other matters that may properly be brought before the meeting, to the extent permitted by law. As of March 18, 2015, neither the directors nor executive officers of Finning are aware of any variation, amendment or other matter to be presented for a vote at the meeting.

**What if I change my mind?**

If you are a registered shareholder and have voted by proxy, you may revoke your proxy by delivering to Computershare a duly executed proxy by paper, with a later date or by delivering a form of revocation of proxy. This new proxy must be delivered to Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, any time up to 2:00 pm Pacific time on May 4, 2015, or if the meeting is adjourned, 2:00 pm Pacific time on the business day before the date of the adjourned meeting.

You may also revoke your proxy and vote in person at the meeting, or any adjournment thereof, by delivering a form of revocation of proxy to the Chair of the meeting at the meeting before the vote, in respect of which the proxy is to be used, is taken. You may also revoke your proxy in any other manner permitted by law.

If you are a non-registered shareholder, you may revoke or change your voting instructions by contacting the individual who serves your account.

**Is my vote by proxy confidential?**

Yes. All proxies are received, counted and tabulated by Finning's Transfer Agent, Computershare, in a way that preserves the confidentiality of individual shareholders' votes, except:

- as necessary to meet applicable laws;
- in the event of a proxy contest;
- in the event a shareholder has made a written comment on the proxy; or
- if there is a need for the Chair to rule on the validity of a proxy.

**Who is soliciting my proxy?****Your proxy is being solicited on behalf of management of Finning and Finning will pay for the cost of solicitation.**

Management will solicit proxies either by mail to your latest address shown on the register of shareholders or by electronic mail to the email address you provided. Additionally, employees or agents may solicit proxies by telephone or other ways at a nominal cost to Finning. Finning may, if determined advisable, retain an agency to solicit proxies for it in Canada and in the United States.

**What if I want to submit a proposal for consideration at the next annual meeting?**

Shareholders who wish to submit proposals for consideration at the 2016 annual meeting must deliver their proposals to Finning by no later than December 21, 2015. All shareholder proposals must comply with the applicable requirements of the *Canada Business Corporations Act* (CBCA). Shareholders who wish to make proposals are urged to seek legal advice to ensure their proposal complies with these requirements in full.

**What if I have more questions?**

Please contact Computershare if you have additional questions regarding the meeting:

- telephone: 1-800-564-6253
- mail: Computershare Investor Services Inc. Attention: Proxy Department  
100 University Avenue, 8<sup>th</sup> Floor Toronto, Ontario M5J 2Y1

Questions on voting? Call  
Computershare at 1-800-564-6253

**Except as otherwise noted, the information contained herein is as at December 31, 2014.**

**Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.**

## SECTION II – BUSINESS OF THE MEETING

### Financial Statements

Financial information about Finning is included in the consolidated financial statements and management's discussion and analysis for the year ended December 31, 2014. These documents are contained in Finning's 2014 Financial Report and are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Finning's website at [www.finning.com](http://www.finning.com).

### Appointment Of Auditors

The Board of Directors recommends the re-appointment of Deloitte LLP as auditors of Finning to hold office until the next annual meeting at a remuneration to be determined by the directors. For further information on the external auditors, please refer to page 36.

### Advisory Vote on Executive Compensation

As part of Finning's commitment to strong corporate governance practices, since 2011 the Board has given shareholders the opportunity to cast an advisory vote on the Board's approach to executive compensation (Say on Pay) at its annual meeting. At the 2014 and 2013 annual meetings, Finning's approach to executive compensation was approved by 94.52% and 95.78%, respectively, of the Common Shares voted on the advisory Say on Pay resolution.

Finning currently intends to hold an advisory Say on Pay vote at each annual meeting as part of the Corporation's process of shareholder engagement.

The purpose of a Say on Pay advisory vote is to provide shareholders the opportunity to indicate their acceptance of the Board's overall approach to executive compensation at Finning. The Board of Finning, through its Human Resources Committee, remains fully responsible for its compensation decisions and is not relieved of these responsibilities by either a positive or negative advisory vote by shareholders. Your vote is advisory only and non-binding on the Board or Finning. However, the Board and the Human Resources Committee will consider the outcome of the vote as part of its ongoing review of the executive compensation program of Finning together with feedback received from shareholders in the course of regular communications.

The Board diligently reviews Finning's executive compensation plans and consults third-party experts to design the terms of these plans relative to the current marketplace and would expect shareholders to also undergo their own due diligence before casting their votes. To fully understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions, shareholders should carefully read the executive compensation section starting on page 52. That section describes Finning's compensation philosophy, the objectives and elements of the program, the measurement and assessment process used by Finning and why a large portion of Finning's executive compensation is linked to business performance and earned over the longer term thereby aligning the interests of executives with the interests of shareholders.

You are encouraged, prior to casting your vote at the meeting, to provide any specific feedback, questions or concerns you may have regarding executive compensation directly to the attention of the Board by writing to the attention of the Chair of the Board, c/o the Corporate Secretary, Finning. See "Communications with the Board" on page 35.

As a shareholder you have the opportunity to vote for or against Finning's approach to executive compensation through 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 the shareholders accept the approach to executive compensation disclosed in Finning's management proxy circular delivered in connection with the 2015 annual meeting.

**The Board recommends that shareholders vote "for" the advisory resolution on Finning's approach to executive compensation.**

Approval of the above resolution will require an affirmative vote of a majority of the votes cast at the annual meeting. Unless otherwise instructed, the named proxyholders will vote for the advisory resolution. Finning will disclose the results of the advisory vote at the annual meeting, in a post-meeting press release, and in its report on the voting results for that meeting, which will be filed at [www.sedar.com](http://www.sedar.com).

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At Finning's 2014 and 2013 annual meetings, shareholders voted 94.52% and 95.78%, respectively, in favour of its approach to executive compensation

## Election Of Directors

The Board of Directors believes the appropriate size for the Board is between eight and 12 members, allowing the periodic ability to expand up to 14 members to provide an orientation period for new directors prior to the retirement of existing directors. In 2014, the following appointments and retirements of directors occurred:

- Mr. David Emerson did not stand for re-election at the May 13, 2014 annual meeting, and retired as a director on that date;
- Mr. Awad and Mr. Hartery were elected to the Board of Directors at the May 13, 2014 annual meeting;
- Ms. J. Côté was appointed to the Board of Directors on October 1, 2014.

As of the date of this proxy, the current number of directors that serve on the Board is 13. Messrs. Bacarreza and Simon will not be standing for re-election as directors. All other existing directors will be standing for re-election.

## Advance Notice

In 2014 at the Company's annual meeting, shareholders approved the adoption of an advance notice requirement for director nominations in our By-laws. This requirement now applies to director nominations. Shareholders who wish to nominate candidates for election as directors must provide timely notice in writing to the Corporate Secretary, 1000-666 Burrard Street, Vancouver, B.C., V6C 2X8 and include the information set out in our By-laws. The notice must be made not less than 30 days nor more than 65 days prior to the date of the annual meeting. Shareholders may obtain a copy of the Company's Advance Notice By-law by making a request in writing to the Corporate Secretary. The full text of the Company's Advance Notice By-law is also available from the SEDAR website at [www.sedar.com](http://www.sedar.com).

## Majority Voting Policy

All proposed nominees have been asked and have agreed to comply with Finning's Majority Voting Policy. Under Finning's Majority Voting Policy, in an uncontested election, where the total number of shares withheld from voting exceeds the total number of shares voted in favour of the director nominee, then such director nominee shall be considered not to have received the support of shareholders, even though duly elected. In such case, the director shall offer his or her resignation if a request is made by the Board, for consideration by the Corporate Governance Committee. The Corporate Governance Committee will make a recommendation to the Board and, in the absence of extraordinary circumstances, the Board would expect a recommendation from the Corporate Governance Committee to accept the director's offer to resign. Finning will advise shareholders through a press release, issued within 90 days of the annual meeting, confirming the Board's decision, and if it is not accepting the resignation, its rationale for such decision. The full Majority Voting Policy is available in the *Governance* section of Finning's website at [www.finning.com](http://www.finning.com).

All proposed nominees have agreed to comply with Finning's Majority Voting Policy

## Proposed Management Nominees For Election As Directors

In accordance with the By-laws of Finning, the Board of Directors has determined that 11 directors shall stand for election at the annual meeting.

The Board has assessed the relative diversity, attributes, skills and experience that the 11 directors standing for re-election and election offer, and is satisfied that the nominees adequately satisfy the Board composition requirements. The term of office for all current directors will end on the day of the meeting and management is nominating 11 individuals for re-election and election at the meeting. Each director elected at the meeting will hold office until his or her successor is elected at the next annual meeting, unless he or she resigns or is otherwise removed from office earlier.

All proposed management nominees are currently directors of Finning. All proposed management nominees are ordinarily resident in Canada except Christopher W. Patterson, who resides in the United States, Nicholas Hartery, who resides in the Republic of Ireland and Marcelo A. Awad, who resides in Chile.

Finning will issue a press release following the annual meeting and will file on SEDAR at [www.sedar.com](http://www.sedar.com), the results of the complete voting regarding all items of business conducted at the annual meeting, including the number of votes cast FOR and WITHHELD from each individual director.

Voting results will be available on [www.sedar.com](http://www.sedar.com) following Finning's annual meeting

Information regarding each of the proposed nominees, as at December 31, 2014, is set out in the following tables. For each nominee, the information provided includes:

- a brief biography and country of residence;
- independence status;
- date first appointed to the Board;
- areas of expertise;
- board and committee membership and meeting attendance;
- details on other public board memberships and board interlocks, if any;
- details on annual meeting voting results for the past two years, where applicable;
- details on attainment of share ownership requirements;
- securities held and market value for the past two years; and
- director compensation for the past two years.

**MARCELO A. AWAD**

Santiago, Chile

Age: 62

Director since: 2014

Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Banking, Compensation Leadership, Environment, Health & Safety, Governance, Government

Mr. Awad is a Corporate Director and serves as a senior advisor to Mitsubishi Corporation Investments, Haldeman Mining Company and People in Performance in Chile. Mr. Awad spent 16 years with Antofagasta Minerals SA and served as President & Chief Executive Officer for over seven years until his departure in 2012. Prior to joining Antofagasta Minerals, Mr. Awad spent 18 years with Codelco in progressively senior positions in both London and Chile until leaving his position of Executive Vice President, Copper Trading & Futures in 1996. In London, Mr. Awad was a director of the London Metal Exchange. Mr. Awad serves on the Board and is Chairman of the Investment Committee of Bethia Holding Company, a family diversified Investment Group. He currently serves on the boards of AC Perforaciones, a drilling services company, Echeverria Izquierdo S.A., a Chilean engineering and construction company and SAME Industrial, an environment engineering company.

Mr. Awad holds a Civil Engineering degree and is a graduate of Universidad Tecnica del Estado and is fluent in English and Spanish.

**Finning Board/Committee Memberships<sup>(3)</sup>**

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	4 of 4	May 13 –Dec 31	100%
Audit Committee	2 of 2	May 13 –Dec 31	100%
Human Resources Committee	2 of 2	May 13 –Dec 31	100%

**Other Public Company Boards/Committee Memberships**

Company	Type of Company	Position
Echeverria Izquierdo S.A.	Engineering and construction company	Director and Chair of the Audit Committee

**Public Board Interlocks**

None

**Annual Meeting Voting Results<sup>(3)</sup>**

Year	Votes in Favour		Votes Withheld	
2014	127,965,133	99.40%	775,127	0.60%

**Securities Held**

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	0	3,968	3,968	\$100,118	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>

**Value of Total Compensation Received<sup>(3)</sup>**

Year	Compensation
2014	\$122,153



**JAMES E.C. CARTER**  
Edmonton, Alberta, Canada

Age: 65  
Director since: 2007  
Independent Director

**Areas of Expertise:** CEO/SEO, Growth, Industry Experience, Banking, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance, Government

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 Brand Energy and Industrial Services, Clark Builders, EPCOR Utilities Inc., Irving Oil Limited, the Climate Change Emissions Management Corporation and Alberta Treasury Branch Financial. He is a former director and Chair of the Mining Association of Canada where he championed development of the *Toward Sustainable Mining* initiative, which is designed to help improve the mining industry's environmental and social performance. Mr. Carter was also a member, director and executive member of the Alberta Chamber of Resources.

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 in Mining Engineering from the Technical University of Nova Scotia (now Dalhousie Engineering). He has completed the Harvard Advanced Management Program in Boston, Massachusetts. Mr. Carter has also been awarded honorary doctorates by three Canadian universities. In June 2014 Mr. Carter was awarded the Order of Canada.

#### Finning Board/Committee Memberships

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	6 of 6	Jan 1 – Dec 31	
Audit Committee	2 of 2	May 13 – Dec 31	
Corporate Governance Committee	4 of 4	Jan 1 – Dec 31	100%
Human Resources Committee	2 of 2	Jan 1 – May 13	
Pension Committee	1 of 1	Jan 1 – May 13	
Safety, Environment & Social Responsibility Committee, Chair	4 of 4	Jan 1 – Dec 31	

#### Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
EPCOR Utilities Inc.	Utility	Director and Chair of the Environment, Health and Safety Committee and member of the Human Resources & Compensation Committee

#### Public Board Interlocks

None

#### Annual Meeting Voting Results

Year	Votes in Favour		Votes Withheld	
2014	127,818,635	99.28%	921,625	0.72%
2013	127,196,022	99.70%	387,750	0.30%

#### Securities Held

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	10,000	39,980	49,980	\$1,261,006		
2013	10,000	36,343	46,343	\$1,258,212	25,763	Yes
Change	0	3,637	3,637	\$2,794		

#### Value of Total Compensation Received

Year	Compensation
2014	\$196,038
2013	\$194,500

**JACYNTHE CÔTÉ**

Candiac, Quebec, Canada

Age: 56

Director since: 2014

Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance, Government

Ms. Côté is a Corporate Director. From 2009 until June 2014, Ms. Côté was President and Chief Executive Officer of Rio Tinto Alcan and she continued to serve in an advisory role until her retirement on September 1, 2014. Prior to 2009, she served as President and Chief Executive Officer of Rio Tinto Alcan's Primary Metal business group, following Rio Tinto's acquisition of Alcan Inc. in October 2007. Ms. Côté joined Alcan Inc. in 1988 and she served in a variety of progressively senior leadership roles during her career, including positions in human resources, environment, health and safety, business planning and development and production/managerial positions in Quebec and England. Ms. Côté is a director of the Royal Bank of Canada, Suncor Energy Inc. and serves as a member of the Advisory Board of the Montreal Neurological Institute and of the Board of Directors of École des Hautes Études Commerciales, Montreal.

Ms. Côté has a Bachelor's degree in Chemistry from Laval University.

**Finning Board/Committee Memberships<sup>(5)</sup>**

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	3 of 3	Oct 1 – Dec 31	100%

**Other Public Company Boards/Committee Memberships**

Company	Type of Company	Position
Royal Bank of Canada	Bank	Director and member of the Audit Committee and Governance Committee
Suncor Energy Inc.	Energy Corporation	Director and member of the Audit Committee and Environment, Health, Safety and Sustainable Development Committee

**Public Board Interlocks**

Ms. Côté and Mr. Wilson serve together on the boards of Suncor Energy Inc. and Finning International Inc. They are both members of the Audit Committee for Suncor Energy Inc. They do not serve together on any of Finning's Board Committees.

**Annual Meeting Voting Results<sup>(5)</sup>****Securities Held**

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	0	1,586	1,586	\$ 40,016	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>

**Value of Total Compensation Received<sup>(5)</sup>**

Year	Compensation
2014	\$44,164





**NICHOLAS HARTERY**  
Limerick, Republic of Ireland

Age: 63  
Director since: 2014  
Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Compensation Leadership, Environment, Health & Safety, Governance

Mr. Hartery is Chairman of CRH plc, an Irish- based international building materials group, where he has been a non-executive director since 2004. He is also President & Chief Executive Officer of Prodigium LLC, a consulting company providing business advisory services. 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 served as the President & Chief Executive Officer at Verbatim Corporation. Mr. Hartery also serves on the boards of Musgrave Group, a privately owned international food retailer, and Eircom Group Ltd. a telecommunications service provider in Ireland.

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 (Electrical) from University College Cork and holds an MBA from University of Galway.

### Finning Board/Committee Memberships<sup>(3)</sup>

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	3 of 4	May 13 – Dec 31	75%
Pension Committee	2 of 2	May 13 – Dec 31	100%
Safety, Environment & Social Responsibility Committee	2 of 2	May 13 – Dec 31	100%

### Other Public Company Boards/Committee Memberships

Company	Type of Company	Position
CRH plc	Building materials manufacturing and distribution company	Director and Chairman and member of the Remuneration Committee, Chair of the Finance Committee, Nomination & Corporate Governance Committee and the Acquisitions Committee

### Public Board Interlocks

None

### Annual Meeting Voting Results<sup>(3)</sup>

Year	Votes in Favour		Votes Withheld	
2014	127,917,681	99.36%	822,579	0.64%

### Securities Held

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	0	4,027	4,027	\$101,596	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>

### Value of Total Compensation Received<sup>(3)</sup>

Year	Compensation
2014	\$115,741



**KEVIN A. NEVEU**  
Calgary, Alberta, Canada

Age: 54  
Director since: 2013  
Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance

Mr. Neveu is President & Chief Executive Officer and a Director of Precision Drilling Corporation and has held these positions since joining Precision in 2007. Mr. Neveu has 33 years of experience in the oilfield services sector, holding technical, marketing, management and senior leadership positions over his career. Previously, Mr. Neveu was President of the Rig Solutions Group of National Oilwell Varco in Houston and held senior management positions with it and its predecessor companies in London, Moscow, Houston, Edmonton and Calgary. Mr. Neveu currently serves as a director of Bonanza Creek Energy, Inc. and is a former board member of RigNet. He is a member of the Advisory Board for The Heart and Stroke Foundation of Alberta, a director for a Canadian national sports non-profit organization and an Advisor for the University of Calgary's School of Public Policy. Mr. Neveu is a director and member of the Executive Committee for the International Association of Drilling Contractors.

Mr. Neveu holds a Bachelor of Science degree and is a graduate of the Faculty of Engineering at the University of Alberta and is a Professional Engineer. He has completed the Harvard Advanced Management Program in Boston, Massachusetts.

#### Finning Board/Committee Memberships

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	6 of 6	Jan 1 – Dec 31	
Audit Committee	2 of 2	May 13 – Dec 31	100%
Pension Committee	2 of 2	May 13 – Dec 31	
Safety, Environment & Social Responsibility Committee	2 of 2	May 13 – Dec 31	

#### Other Public Company Boards/Committee Memberships

Company	Type of Company	Position
Precision Drilling Corporation	Oilfield services	Director
Bonanza Creek Energy, Inc.	Exploration production	Director and member of the Compensation Committee and Chair of the Governance & Nominating Committee

#### Public Board Interlocks

None

#### Annual Meeting Voting Results<sup>(6)</sup>

Year	Votes in Favour		Votes Withheld	
2014	126,479,603	98.24%	2,260,657	1.76%

#### Securities Held

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	10,000	3,035	13,035	\$328,874	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
2013	10,000	260	10,260	\$278,559		
Change	0	2,775	2,775	\$50,315		

#### Value of Total Compensation Received<sup>(6)</sup>

Year	Compensation
2014	\$165,648
2013	\$13,962



**KATHLEEN M. O'NEILL**  
Toronto, Ontario, Canada

Age: 61  
Director since: 2007  
Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Banking, Financial Leadership, Compensation Leadership, Governance, Government

Ms. O'Neill is a Corporate Director and experienced Audit Committee Chair. Prior to 2005, Ms. O'Neill was an Executive Vice-President at BMO Financial Group where her most recent position was Executive Vice-President, Personal & Commercial Development and Head of Small Business Banking. Prior to joining BMO Financial Group in 1994, Ms. O'Neill was with PricewaterhouseCoopers LLP for 19 years including eight years as a tax partner. Ms. O'Neill currently serves on the Board of Directors of ARC Resources Limited, Invesco Canada Funds (Invesco Canada Fund Inc. and Invesco Corporate Class Inc. boards, and Invesco Canada Funds Advisory Board and Independent Review Committee) and Cadillac Fairview Corporation Ltd. Ms. O'Neill is past Chair of St. Joseph's Health Centre and St. Joseph's Health Centre Foundation.

In 2005, Ms. O'Neill was accredited through the Institute of Corporate Directors / Rotman School of Management Director's Education Program. She is on the Ontario Advisory Council for the Institute of Corporate Directors (ICD). Ms. O'Neill instructs the audit committee effectiveness course and is a frequent examiner/executive in residence for the ICD. She holds a Bachelor of Commerce degree (with Honours) from the University of Toronto and is a Fellow of the Ontario Institute of Chartered Accountants. Ms. O'Neill was on the Steering Committee on Enhancing Audit Quality jointly sponsored by the Canadian Institute of Chartered Accountants and by the Canadian Public Accountability Board. In 2014, Ms. O'Neill was selected as one of Canada's most powerful women by the Women's Executive Network.

#### Finning Board/Committee Memberships

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Audit Committee, Chair and designated financial expert	4 of 4	Jan 1 – Dec 31	
Corporate Governance Committee	4 of 4	Jan 1 – Dec 31	
Human Resources Committee	4 of 4	Jan 1 – Dec 31	

#### Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
ARC Resources Limited	Oil & Gas	Director and Chair of the Audit Committee and member of the Health, Safety & Environment Committee and the Risk Committee
Invesco Canada Funds Advisory Board and Independent Review Committee and boards of Invesco Corporate Class Inc. and Invesco Canada Fund Inc.	Mutual fund	Member of Funds Advisory Board and Independent Review Committee, Director and Chair of the Audit Committee of Invesco Corporate Class Inc. and Invesco Canada Fund Inc.

#### Public Board Interlocks

None

#### Annual Meeting Voting Results

Year	Votes in Favour		Votes Withheld	
2014	128,486,124	99.80%	254,136	0.20%
2013	127,187,432	99.69%	396,340	0.31%

#### Securities Held

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	14,000	36,729	50,729	\$1,279,895	25,763	Yes
2013	14,000	31,236	45,236	\$1,228,157		
Change	0	5,493	5,493	\$51,738		

#### Value of Total Compensation Received

Year	Compensation
2014	\$193,000
2013	\$186,500

**CHRISTOPHER W. PATTERSON**

Bonita Springs, Florida, United States

Age: 60

Director since: 2010

Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Compensation Leadership, Environment, Health & Safety, Governance

Mr. Patterson is a Corporate Director. From April 2005 until his retirement in June 2009, he 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 a director of CAX Parent, LLC, Modine Manufacturing Company, Jeld-Wen Manufacturing Co. and FleetPride Inc.

Mr. Patterson holds a BA degree in economics and an MBA from the University of Western Ontario.

**Finning Board/Committee Memberships**

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Audit Committee	1 of 2	Jan 1 – May 13	50%
Corporate Governance Committee	2 of 2	May 13 – Dec 31	
Human Resources Committee	2 of 2	May 13 – Dec 31	100%
Pension Committee, Chair	3 of 3	Jan 1 – Dec 31	
Safety, Environment & Social Responsibility Committee	2 of 2	Jan 1 – May 13	

**Other Public Company Boards/Committee Memberships**

Company	Type of Company	Positions
Modine Manufacturing Company	Thermal management systems and components	Director and member of the Corporate Governance and Audit Committees and Chair of the Officer Nomination and Compensation Committee

**Public Board Interlocks**

None

**Annual Meeting Voting Results**

Year	Votes in Favour		Votes Withheld	
2014	128,685,418	99.96%	54,842	0.04%
2013	127,527,437	99.96%	56,335	0.04%

**Securities Held**

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	4,625	13,942	18,567	\$468,451		
2013	4,625	10,912	15,537	\$421,830	5,153	Yes
Change	0	3,030	3,030	\$46,621		

**Value of Total Compensation Received**

Year	Compensation
2014	\$177,549
2013	\$165,000

**JOHN M. REID**

Vancouver, British Columbia, Canada

Age: 67

Director since: 2006

Independent Director

**Areas of Expertise:** CEO/SEO, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance, Government

Mr. Reid is a Corporate Director. From November 1997 to November 2005 he was President and Chief Executive Officer of Terasen Inc. (formerly BC Gas Inc.). Mr. Reid joined Terasen Inc. in May 1995 as Executive Vice President, Finance and Chief Financial Officer. Formerly, Mr. Reid worked with Scott Paper Limited for 15 years in a number of senior financial positions and as President and Chief Executive Officer. Mr. Reid currently serves on the boards of Methanex Corporation and Corix. Over the years, he has served on many boards including MacDonald, Dettwiler & Associates Ltd., the University of British Columbia, Lester B. Pearson College, St. Paul's Hospital Foundation, Vancouver Board of Trade, Junior Achievement of British Columbia and the Financial Executives Institute.

Mr. Reid holds a Bachelor of Economics degree from the University of Newcastle in the United Kingdom and is a Fellow of the British Columbia and England and Wales Institutes of Chartered Accountants.

**Finning Board/Committee Memberships**

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors, Lead Director	6 of 6	Jan 1 – Dec 31	100%
Audit Committee	2 of 2	Jan 1 – May 13	
Corporate Governance Committee	4 of 4	Jan 1 – Dec 31	
Human Resources Committee, Chair	4 of 4	Jan 1 – Dec 31	

**Other Public Company Boards/Committee Memberships**

Company	Type of Company	Positions
Methanex Corporation	Methanol supply company	Director and member of the Audit, Finance and Risk Committee and Chair of the Human Resources Committee

**Public Board Interlocks**

None

**Annual Meeting Voting Results**

Year	Votes in Favour		Votes Withheld	
2014	128,467,790	99.79%	272,470	0.21%
2013	127,003,381	99.55%	580,391	0.45%

**Securities Held**

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	20,000	32,753	52,753	\$1,330,966	33,690	Yes
2013	20,000	28,609	48,609	\$1,319,734		
Change	0	4,144	4,144	\$11,232		

**Value of Total Compensation Received**

Year	Compensation
2014	\$216,676
2013	\$226,750

**L. SCOTT THOMSON**

Vancouver, British Columbia, Canada

Age: 45

Director since: 2013

Non-Independent Director

**Areas of Expertise:** CEO/SEO, Growth, Industry Experience, Banking, Financial Leadership, Compensation Leadership, Environment, Health & Safety

Mr. Thomson joined Finning International Inc. as President and Chief Executive Officer in June of 2013. Prior to joining Finning, Mr. Thomson was Chief Financial Officer of Talisman Energy Inc. with responsibility for finance, tax, treasury, investor relations, marketing, business development and strategy, planning and performance management from 2008 to 2013. Prior to Talisman, Mr. Thomson held several executive positions with Bell Canada Enterprises, including Executive Vice President, Corporate Development; Vice President, Head of Mergers and Acquisitions; and Vice President, Corporate Strategy from 2003 to 2008. Prior to Bell, Mr. Thomson was a Vice President at Goldman & Sachs and Co. from 1998 to 2002. Mr. Thomson currently serves as a director of Interfor Corporation.

Mr. Thomson holds a Bachelor of Arts in Economics and Political Science from Queen's University, Kingston and an MBA from the University of Chicago, Graduate School of Business.

**Finning Board/Committee Memberships<sup>(7)</sup>**

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	6 of 6	Jan 1 – Dec 31	100%
Safety, Environment & Social Responsibility Committee	4 of 4	Jan 1 – Dec 31	

**Other Public Company Boards/Committee Memberships**

Company	Type of Company	Position
Interfor Corporation	Forestry	Director and a member of the Audit Committee and the Environment & Safety Committee

**Public Board Interlocks**

Mr. Thomson and Mr. Whitehead serve together on the boards of Interfor Corporation and Finning International Inc. They are both members of, and Mr. Whitehead is Chair of the Audit Committee for Interfor Corporation. They do not serve together on any of Finning's Board committees.

**Annual Meeting Voting Results<sup>(7)</sup>**

Year	Votes in Favour		Votes Withheld	
2014	128,451,581	99.78%	288,679	0.22%

**Securities Held**

Year	Common Shares	DSUs	Options <sup>(8)</sup>	PSUs <sup>(8)</sup>
2014	90,991	0	556,770	186,830
2013	58,616	0	382,170	128,320
Change	32,375	0	174,600	58,510

For disclosure relating to Mr. Thomson's shareholdings and compensation as an executive of Finning, refer to Section V – Executive Compensation.

**Value of Total Compensation Received**

As an employee of Finning, Mr. Thomson does not receive any compensation in his capacity as a director.

**DOUGLAS W.G. WHITEHEAD**

North Vancouver, British Columbia, Canada

Age: 68

Director since: 1999

Chair since: 2008

Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance

Mr. Whitehead is a Corporate Director. From 2000 to May 2008 he was the President and Chief Executive Officer of Finning. Prior to joining Finning, Mr. Whitehead held a number of senior executive positions with Fletcher Challenge Canada including President and Chief Executive Officer, Senior Vice President and Chief Operating Officer and Vice President of the Crown Packaging Division. Mr. Whitehead is a director of Interfor Corporation, Kal Tire and Belcorp Industries.

Mr. Whitehead holds a Bachelor of Applied Sciences (Civil Engineering) from the University of British Columbia and an MBA from the University of Western Ontario.

**Finning Board/Committee Memberships<sup>(9)</sup>**

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors, Chair	6 of 6	Jan 1 – Dec 31	100%

**Other Public Company Boards/Committee Memberships**

Company	Type of Company	Positions
Interfor Corporation	Forestry	Chair of the Audit Committee and a member of the Corporate Governance and Nominating Committee

**Public Board Interlocks**

Mr. Whitehead and Mr. Thomson serve together on the boards of Interfor Corporation and Finning International Inc. They are both members of, and Mr. Whitehead is Chair of the Audit Committee for Interfor Corporation. They do not serve together on any of Finning's Board committees.

**Annual Meeting Voting Results**

Year	Votes in Favour		Votes Withheld	
2014	127,284,921	98.87%	1,455,339	1.13%
2013	126,288,388	98.98%	1,295,384	1.02%

**Securities Held**

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	143,299	57,842	201,141	\$5,074,782	67,380	Yes
2013	153,299	51,590	204,889	\$5,562,736		
Change	(10,000)	6,252	(3,748)	\$(487,954)		

**Value of Total Compensation Received**

Year	Compensation
2014	\$340,000
2013	\$325,000



**MICHAEL M. WILSON**  
Bragg Creek, Alberta, Canada

Age: 63  
Director since: 2013  
Independent Director

**Areas of Expertise:** CEO/SEO, Diversity, Growth, Industry Experience, Financial Leadership, Compensation Leadership, Environment, Health & Safety, Governance

Mr. Wilson is a Corporate Director. Mr. Wilson retired from Agrium Inc. in December 2013 after 13 years, including 10 years as President and Chief Executive Officer. Prior to joining Agrium, Mr. Wilson was a senior executive at Methanex Corporation, a leading global producer of methanol headquartered in Vancouver, B.C. where he was Executive Vice President, and President, Methanol. In addition, he held various senior positions in North America and Asia during his 18 years with Dow Chemical. Mr. Wilson brings over 30 years of international and executive management experience in the chemical industry. Mr. Wilson currently serves as a director of Air Canada, Celestica Inc., Suncor Energy Inc. and is Chair of the Calgary Prostate Cancer Centre.

Mr. Wilson is a graduate of the University of Waterloo, Ontario where he earned his degree in Chemical Engineering.

#### Finning Board/Committee Memberships

	Attendance at Meetings during 2014		
	Attendance	Term in 2014	% of Meetings Attended
Board of Directors	6 of 6	Jan 1 – Dec 31	
Audit Committee	4 of 4	Jan 1 – Dec 31	
Corporate Governance Committee, Chair	2 of 2	May 13 – Dec 31	100%
Human Resources Committee	4 of 4	Jan 1 – Dec 31	
Safety, Environment & Social Responsibility Committee	2 of 2	Jan 1 – May 13	

#### Other Public Company Boards/Committee Memberships

Company	Type of Company	Positions
Air Canada	Airline	Director and member of the Human Resources and Compensation Committee and the Pension Committee
Celestica Inc.	Electronics Manufacturing Services Company	Director and member of the Audit Committee, the Governance Committee and the Human Resources Committee
Suncor Energy Inc.	Energy Company	Director and member of the Audit Committee and the Governance Committee

#### Public Board Interlocks

Mr. Wilson and Ms. Côté serve together on the boards of Suncor Energy Inc. and Finning International Inc. They are both members of the Audit Committee for Suncor Energy Inc. They do not serve together on any of Finning's Board Committees.

#### Annual Meeting Voting Results

Year	Votes in Favour		Votes Withheld	
2014	128,498,893	99.81%	241,367	0.19%
2013	125,891,748	98.67%	1,692,024	1.33%

#### Securities Held

Year	Common Shares	DSUs	Total Units	Total Market Value <sup>(1)</sup>	Minimum Share Ownership Requirements <sup>(2)</sup>	
					Target Units (Common Shares and DSUs)	Meets Target Requirements
2014	10,000	13,133	23,133	\$583,644	5,153	Yes
2013	10,000	6,581	16,581	\$450,174		
Change	0	6,552	6,552	\$133,470		

#### Value of Total Compensation Received

Year	Compensation
2014	\$183,462
2013	\$151,780



## Footnotes to Director Nominee tables:

- (1) For purposes of measurement and disclosure in the referenced tables, the market value of Common Shares and Deferred Share Units (DSUs) was calculated using Common Share values of \$25.23 and \$27.15, which were the closing trading prices of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014 and December 31, 2013, respectively.
- (2) Target units for minimum share ownership requirements are set as the number of units (Common Shares and DSUs) required to be held as at December 31 2014, based on the Director Share Ownership requirements. The target number of units are determined based on the dollar value of the applicable annual retainer multiple divided by the market value of Common Shares at the measurement date of December 31, 2014. See "Board of Directors Compensation – Share Ownership Requirements" on page 49 of this management proxy circular.
- (3) Messrs. Awad and Hartery were elected as directors on May 13, 2014. They were only required to attend four Board meetings in 2014 and their 2014 compensation only reflects the period May 13, 2014 to December 31, 2014.
- (4) Messrs. Awad, Hartery and Neveu and Ms. Côté have two years from the date of their appointment to the Board of Directors to meet minimum share ownership requirements.
- (5) Ms. Côté was appointed as a member of the Board of Directors effective October 1, 2014. She was only required to attend three Board meetings in 2014 and her 2014 compensation reflects three months.
- (6) Mr. Neveu was appointed as a member of the Board of Directors effective December 1, 2013. He was only required to attend one Board meeting in 2013 and his 2013 compensation only reflects one month.
- (7) Mr. Thomson was appointed as a member of the Board of Directors and as President and Chief Executive Officer effective June 17, 2013. Mr. Thomson attended meetings of various other committees of which he was not a member in his capacity as President and Chief Executive Officer of Finning.
- (8) Mr. Thomson was granted Options and PSUs in his capacity as a senior officer of Finning.
- (9) Mr. Whitehead attended meetings of various other committees, of which he was not a member, in his capacity as Chair of the Board of Directors.

## Board Retirement

Finning has adopted a mandatory retirement policy for directors that serve on its Board. The following table indicates the ages of the directors standing for re-election, as at the date of this proxy and their mandatory retirement date, upon reaching the age of 70 years old, the mandatory retirement age in the policy. For more information on the terms of Finning's director retirement policy please refer to page 28.

Director	Current Age	Mandatory Retirement Date <sup>(1)</sup>
D.W.G. Whitehead	68	2017
J.M. Reid	67	2017
J.E.C. Carter	65	2020
N. Hartery	63	2021
M.M. Wilson	63	2022
M.A. Awad	62	2023
K.M. O'Neill	61	2024
C.W. Patterson	60	2024
J. Côté	56	2028
K.A. Neveu	54	2031
L.S. Thomson	45	2040

- (1) Directors may not stand for re-election in the year noted as the mandatory retirement date under Finning's current mandatory retirement policy, subject to the Board waiving these requirements in certain limited circumstances.

## Summary of Attendance of Directors

The following table sets out the attendance of the Board of Directors at Board meetings and Board standing committee meetings of which they were members during 2014. All meetings were held in person.

Director	Board Meetings Attended	Committee Meetings Attended	Percentage of Meetings Attended
<i>Director nominees standing for re-election</i>			
M.A. Awad <sup>(1)</sup>	4 of 4	4 of 4	100%
J.E.C. Carter	6 of 6	13 of 13	100%
J. Côté <sup>(2)</sup>	3 of 3	n/a	100%
N. Hartery <sup>(1)(3)</sup>	3 of 4	4 of 4	88%
K.A. Neveu	6 of 6	6 of 6	100%
K.M. O'Neill	6 of 6	12 of 12	100%
C.W. Patterson	6 of 6	10 of 11	94%
J.M. Reid	6 of 6	10 of 10	100%
L.S. Thomson <sup>(4)</sup>	6 of 6	4 of 4	100%
D.W.G. Whitehead <sup>(4)</sup>	6 of 6	n/a	100%
M.M. Wilson	6 of 6	12 of 12	100%
<i>Directors retired or not standing for re-election</i>			
R. Bacarreza	6 of 6	10 of 10	100%
D.L. Emerson <sup>(5)</sup>	1 of 2	5 of 5	86%
A.H. Simon	6 of 6	9 of 9	100%

(1) Messrs. Awad and Hartery were elected as directors effective May 13, 2014.

(2) Ms. Côté was appointed as a member of the Board of Directors effective October 1, 2014 and is not currently a member of any committee.

(3) Mr. Hartery had a pre-existing commitment in his first year serving as a director of Finning and was unable to attend one of the scheduled Board meetings in 2014.

(4) Messrs. Thomson and Whitehead attend meetings of various other committees, of which they are not members, in their capacity as Chief Executive Officer and Chair of the Board, respectively.

(5) Mr. Emerson retired from the Board of Directors on May 13, 2014.

It should be noted that the summary of attendance of directors at meetings of the Board of Directors and committees of the Board of Directors is not strictly indicative of the contribution made by each director. For example, in 2012 and continuing into 2014, to assist with Board renewal, Mr. Carter led the director recruitment process with an external recruitment firm. As part of this process various informal update sessions were held with the Corporate Governance Committee. These update sessions are not included in the attendance records as they are not formal convened meetings. Additionally, Board members are involved in director candidate interviews. Further, all new directors participate in an extensive orientation and onboarding program which includes meetings with senior management, Board members and site visits to Finning facilities.

Directors are entitled to attend Board committee meetings to enhance their knowledge of Finning's business and their understanding of particular committee matters, regardless of whether they are a member of that Board committee. During the course of the year directors serving as guests participated in many committee meetings and increased total annual committee meeting participation from a required attendance of 100 to 161.

## Director Independence

The following table describes the independence status of each member of the Board and, where applicable, the reasons for the Board's determination that a particular director is not independent.

Name	Executive Director	Non-Executive Directors		Reason for Non-Independent Status
	Not Independent	Independent		
<i>Director nominees standing for re-election</i>				
M.A. Awad		X		
J.E.C. Carter		X		
J. Côté		X		
N. Hartery		X		
K.A. Neveu		X		
K.M. O'Neill		X		
C.W. Patterson		X		
J.M. Reid		X		
L.S. Thomson	X			President and Chief Executive Officer of Finning
D.W.G. Whitehead		X		
M.M. Wilson		X		
<i>Directors not standing for re-election</i>				
R. Bacarreza		X		
A.H. Simon		X		

The Board of Directors is currently made up of 13 members. The Board has considered which of its members are "independent" for purposes of National Instrument 58-101 of the Canadian Securities Administrators and has concluded that all directors, other than L. Scott Thomson (who is the President and Chief Executive Officer of Finning) are independent as at the date of this circular.

Directors annually complete detailed questionnaires regarding their individual circumstances. In determining the independence of its members, the Board (with the assistance of the Corporate Governance Committee) reviews any exceptions noted in the questionnaires and assesses all relevant information including:

- direct or indirect material relationships with Finning which could interfere with the exercise of his/her independent judgment. For example, Mr. Neveu is the Chief Executive Officer and a board member of a company with which Finning does business. The amount of payments made between Precision Drilling Corporation and Finning and the nature of decisions made at Finning's Board level was evaluated and no conflicts of interest were identified. In addition, Ms. Côté and Mr. Wilson are directors of Suncor Energy Inc. and Mr. Hartery is a director and Chairman of CRH, both customers of Finning. Our directors would recuse themselves from voting on any matter that would impact the respective customer or Finning's business. If a material potential conflict was ever identified, such situation would be noted by the director and, where appropriate, the relevant director would recuse him/herself for that specific item of business. Additionally, any board materials pertaining to any material customer contract terms and conditions would not be shared with the relevant director or directors. The Board considers that a Board member's perspective from a customer experience viewpoint and market expertise adds to the overall strength of Finning's Board;
- employment by, or other relationship with, Finning or with its internal or external auditor, in which case the member will be deemed not independent until the prescribed period of three years has elapsed since the end of the service;
- immediate family member relationships with Finning, its internal or its external auditor;
- any payment of fees by Finning to the member or the member's immediate family. Finning does not arrange any personal loans or extension of credit to its directors; and
- direct or indirect relationships of its members with other members of the Board.

In addition, in order to ensure that the Board can function independently from management:

- Finning has separated the role of Chair of the Board and Chief Executive Officer (CEO);
- a Lead Director is appointed when the Chair is determined not to be independent, or in other circumstances where the Board considers such an appointment to be appropriate. Finning currently has a Lead Director who, amongst other responsibilities, facilitated the independence of the Board during the period the Chair of the Board was considered not independent. As more than six years have elapsed since the Chair was the Chief Executive Officer of Finning, the Board has determined that the Lead Director role will be eliminated after the 2015 annual meeting; and
- the Board further ensures its independence by convening independent director-only sessions at every Board meeting.

## Interlocking Outside Boards

In assessing the inter-relationships of Board members, the Corporate Governance Committee reviews those directors that serve on the same boards and committees of other reporting issuers. Although the Board does not set a formal limit on the number of interlocking board and committee memberships, the Board and the Corporate Governance Committee reviews any such interlocks as part of its annual evaluation of director independence. Common memberships on boards of public companies among Finning's current directors are set out below. The Board and the Corporate Governance Committee have determined that these board interlocks do not impair the independence or effectiveness of these directors as members of Finning's Board.

Company	Director	Interfor Committee Membership
Interfor Corporation	L.S. Thomson	Audit Environment & Safety
	D.W.G. Whitehead	Audit, Chair Corporate Governance & Nominating Committee
Suncor Energy Inc.	J. Côté	Audit Environment, Health, Safety and Sustainable Development
	M.W. Wilson	Audit Governance

## SECTION III – CORPORATE GOVERNANCE

Finning's Board of Directors and management are committed to the highest corporate governance standards and understand that such standards are central to the efficient and effective operation of Finning in a manner that ultimately enhances shareholder value.

Finning is a Canadian reporting issuer, listed on the Toronto Stock Exchange. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (NI 58-101) of the Canadian Securities Administrators requires issuers, such as Finning, to disclose certain corporate governance practices they have adopted.

As required by NI 58-101 and other applicable regulatory instruments, the following disclosure describes the corporate governance policies and initiatives developed by Finning. For additional disclosure relating to Finning's corporate governance, see Schedule A attached to this management proxy circular.

### CORPORATE GOVERNANCE – CONTENTS:

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### Board Objectives

Every year the Board of Directors establishes a set of objectives to focus particular attention on during the year. The 2014 objectives developed by the Corporate Governance Committee for the Board of Directors focused on the following:

- Board composition and renewal;
- CEO support and executive succession;
- major initiatives oversight;
- Board effectiveness and efficiency; and
- top strategic risks.

These objectives are discussed at each Board meeting and are incorporated into the annual performance assessment of the Board. The Board's performance against these objectives is measured through the annual assessment process, utilizing an independent third-party consultant.

### Board Mandate

The Board of Directors has overall responsibility for Finning's business conduct. The Board fulfils this responsibility both directly and by delegating certain authority to Board committees and to Finning's senior management.

The direct responsibilities of the Board include:

- choosing Finning's CEO, who is responsible for all of Finning's day-to-day operations;
- reviewing and approving the annual operating plan and the strategic plan that takes into account an identification of business opportunities and business risks;
- overseeing and monitoring management's systems for the operations of Finning;
- monitoring and assessing Finning's performance in meeting both short- and long-term goals established by the Board;
- directly reviewing and approving major transactions proposed by management;
- reviewing reports and recommendations from committees of the Board with respect to matters such as succession planning and giving necessary directions to management;
- reviewing the content of significant communications with shareholders and the investing public, including this management proxy circular, annual information forms and quarterly and annual financial statements, management's discussion and analysis and their associated press releases; and
- approval of the appointment of all corporate officers and the remuneration of the leadership team, namely the CEO, the country operational Presidents, the Chief Operating Officer, the Chief Financial Officer, the Chief Human Resources Officer, the Chief Information Officer and the Executive Vice President, Customer and External Relations and any other employees of the Corporation as designated by the CEO.

## Board Meetings

During 2014, the Board of Directors met on six occasions. All six meetings were in person. At each Board meeting, the Board discusses the corporate strategy and annually has an in-depth discussion on strategy and the top key strategic business risks to Finning. At every meeting the Board holds independent sessions without management and without the non-independent directors present.

## Director Tenure

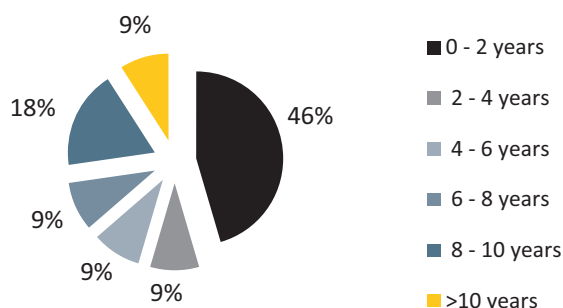
To encourage and facilitate Board renewal, the Board has adopted a mandatory retirement age policy, which is described in more detail below. This policy, when combined with an effective annual Board assessment process and natural turnover, provides the Board with an appropriate balance of knowledge and understanding, new perspectives and diversity and allows for a strong and effective Board. The Board has not otherwise adopted term limits for its directors as it does not believe in limiting the time a director can serve.

The Board recognizes that term limits can help facilitate board refreshment and new perspectives. However, term limits can also put a board at risk of losing longer serving directors who have an in-depth knowledge and understanding of a company and its business and its strategic business partner relationships. This loss of knowledge and understanding would not necessarily serve a company or its shareholders' best interests.

Of the 11 directors standing for election at the 2015 annual meeting, five directors have two or less years' tenure on the Board. The average tenure of the Board membership is just under five years. The information supplied in the charts below is based on the 11 directors standing for election at Finning's annual meeting.

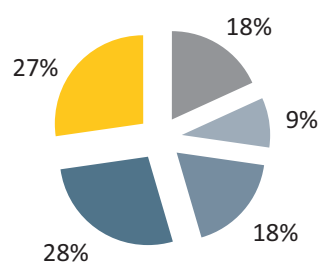
### Board Tenure Diversity

Years of Tenure



### Board Renewal Diversity

Term to Retirement



## Retirement Policy

All directors are eligible for re-election until reaching age 70, and must retire, at the next annual meeting following the date on which the director reaches the age of 70. The Board may waive this policy if after conducting a thorough search, a qualified replacement director cannot be found or if the retiring director possesses such unique skills that the loss of these skills would be a material loss to Finning.

## Diversity

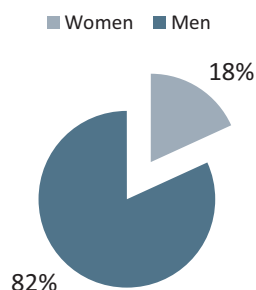
Diversity is integral to Finning at all levels throughout our organization. In addition to the traditional concepts of diversity (i.e., gender, culture, and geographic region) it is important for the Board to achieve a diversity of knowledge, experience and capabilities that support Finning's strategic direction. While Finning does not have a formal policy concerning diversity of director nominees, it is committed to building and sustaining a diverse and inclusive Board that both supports Finning's strategy and reflects its global presence.

Finning's Board does not support fixed percentages or quotas for diversity, as it is ultimately the skills and experience that are most important in determining the value that an individual brings to the Board. Where candidates are relatively equivalent in their levels of required skills and experience, candidates who enhance diversity and add broader perspective would be considered stronger candidates.

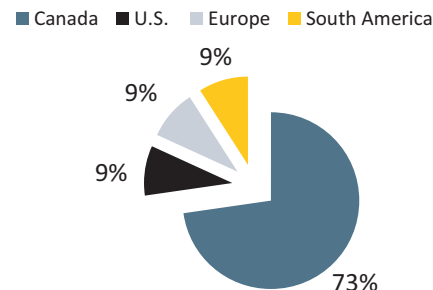
In 2014, as part of Finning's Board renewal process, three directors were recruited with the aid of an external advisor. Each director contributes to the Board's diversity. Two directors maintain geographic diversity with upcoming director retirements in 2015 and one female director increases the Board's gender diversity. All directors recruited in 2014 complemented and strengthened the skills and expertise of the Board as identified by our skills matrix and nomination process on page 30.

Finning currently has 13 directors, two of which are female directors, representing 15% of the Board. Of the 11 directors standing for election at the 2015 annual meeting, the two female directors will represent 18% of the Board. The information supplied in the charts on page 29 is based on the 11 directors standing for election at Finning's annual meeting.

## Board Gender Diversity



## Geographic Diversity



Globally, Finning management is also focused on broadening diversity within Finning and has recently developed and approved a diversity statement to be added to Finning's Code of Conduct, which applies to all employees, officers and directors. Finning management considers diversity on a broad and inclusive basis and defines a diverse and inclusive workforce to include gender, race, national and ethnic origin, colour, religion, age, sexual orientation, marital and family status, and mental or physical disabilities.

*"We are committed to building and sustaining a diverse and inclusive workforce reflecting our global presence. Diversity is important to the strategic success of Finning. We are committed to elevating diversity at Finning with clear accountability frameworks, internal staffing goals, and a commitment to developing a robust pipeline of diverse leaders."*

With regard to gender diversity, management agrees that women are the most underrepresented group within our industry. Finning recognizes that growing diversity in this area serves as an opportunity to source resources from a broader pool of high-quality employees and utilize diverse perspectives to improve Finning's business performance. At the end of 2014, 12.5% of Finning's total executive leadership population was female (represented as four out of 32 global top level executives at the vice president level or above).

To move the diversity agenda forward at Finning, a global diversity steering committee is being formed, chaired by Finning's CEO. This committee will place additional organizational focus on diversity and, in particular, on increasing the representation of women in leadership roles throughout Finning's operations. While Finning appreciates the benefits of a diverse workforce, the level of female representatives is only one factor of diversity which is measured, together with merit, qualifications and experience when considering candidates for employment and promotions.

## Director Nomination and Skills Matrix

The Corporate Governance Committee, a committee composed entirely of independent directors, is responsible for identifying and recruiting new candidates for nomination to the Board. In developing these recommendations for the Board, the Corporate Governance Committee believes that having a diverse Board brings a broader range of skills, experience and perspectives to corporate governance, while enhancing the Board's effectiveness. Ultimately, when identifying potential candidates, the Board assesses the candidates' competencies and skills against those that have been identified as desirable to enhance overall Board performance. The Board strives to provide a diverse and broad range of skills and synergies to support management in the achievement of their goals and Finning's strategic plans, while maintaining the Board's fiduciary responsibility to act in Finning's best interest. The Committee utilizes a skills and expertise matrix to assist with reviewing the skill set of candidates and the Board as a whole. 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 the strategic corporate goals as well as to prioritize and identify areas of future enhancements or gaps in the current skill sets of Board members or its various committees. As a result of director recruitment and renewal activities that have been ongoing since 2012, the Committee has actively been recruiting Board members with the specific skill requirements that have been identified in the director skills matrix as potential gaps. The Board and management are confident that ongoing recruitment activities will further strengthen the Board through diversity and in meeting the strategic needs of the Company.

In 2014 the Board continued to focus on Board renewal with consideration for future retirements, skill gaps and diversity to support Finning's strategic growth

In 2014, the Corporate Governance Committee and the Board continued to focus on Board renewal with consideration to future retirements and with a view to expanding the Board's skill sets and diversity to support the strategic growth of Finning and fulfilling those areas where skill gaps may arise. The Corporate Governance Committee worked with an independent third-party advisor to assist in identifying candidates for nomination to the Board, based on these skills and criteria. A working sub-group of the Corporate Governance Committee was assigned to work with the advisor and interview key candidates before presenting finalists to the full Corporate Governance Committee and Board. As a result of this process, Ms. Côté was appointed to the Board with an effective date of October 1, 2014 and Messrs. Awad and Hartery were elected as directors at the Company's annual meeting on May 13, 2014. The Board, in conjunction with its advisor, is continuing with efforts to strengthen its list of potential Board candidates for future considerations for Board renewal and replenishment to ensure a smooth transition, including maintaining and building upon the key skills and competencies of the Board.

Below is a listing of each director's key skills, together with a description of those key skills and experience desirable to support the strategic direction of Finning.

Director	CEO/SEO	Diversity	Growth	Industry	Banking	Financial	Compensation	EH&S	Governance	Government
M.A. Awad	x	x	x	x	x		x	x	x	x
J.E.C. Carter	x		x	x	x	x	x	x	x	x
J. Côté	x	x	x	x		x	x	x	x	x
N. Hartery	x	x	x	x			x	x	x	
K.A. Neveu	x	x	x	x		x	x	x	x	
K.M. O'Neill	x	x	x	x	x	x	x		x	x
C.W. Patterson	x	x	x	x			x	x	x	
J.M. Reid	x		x	x		x	x	x	x	x
L.S. Thomson	x		x	x	x	x	x	x		
D.W.G. Whitehead	x	x	x	x		x	x	x	x	
M.M. Wilson	x	x	x	x		x	x	x	x	
Total Directors with expertise	11	8	11	11	4	8	11	10	10	5

## Key Skills and Experience Diversity Matrix

### Strategy, Vision and Growth

#### Chief Executive Officer/Senior Executive Officer (CEO/SEO)

Experience as a CEO or SEO for a publicly listed company or for a major organization with international operations

#### Diversity

Experience with international operations that operate in the same countries as Finning's operations with a thorough understanding of cultural, regulatory and political requirements. Offers a depth of perspective from a gender, ethnic or geographic viewpoint

#### Growth

Experience driving a clear strategic vision with focus on superior execution, experience in significant acquisitions or mergers or restructurings

#### Industry Experience

- Industry experience as a senior officer in mining, large construction, power generation and alternate energies
- Operational expertise in international manufacturing, heavy equipment sales and marketing, supply chain excellence, technology and integrated solutions
- Key relationship expertise either through Caterpillar affiliations or global customer affiliates

#### Banking and Financial Institutions (Banking)

Experience in investment or corporate banking, or as an economist

#### Functional Expertise

##### Financial Leadership

Significant financial experience as a senior officer responsible for an organization of similar complexity as Finning, or experience working as a senior officer in financial accounting, reporting, and corporate finance for a major organization and knowledge of internal controls and testing

##### Compensation Leadership

Senior executive experience or board compensation committee participation with a thorough understanding of compensation, benefit and pension programs, legislation and collective bargaining

#### Corporate Social Responsibility

##### Environment, Health and Safety

Knowledge and experience in the areas of corporate social responsibility, community relations and environment, health and safety including knowledge of industry regulations and a commitment to best practices for workplace safety

#### Corporate Governance and Other Key Skills

##### Governance

Experience as a board member for a publicly listed company or for a major organization

##### Government

Broad regulatory, political and public policy experience at Canadian and international levels



## Board and Committee Evaluations

Acknowledging the impact that good governance contributes to corporate effectiveness, each year the Board, facilitated by the Corporate Governance Committee, formally reviews its own performance, the performances of each committee of the Board, the committee chairs, the Chair of the Board, Lead Director and of each individual director (facilitated through one-on-one interviews with the Chair of the Board).

Similar to past years, the 2014 process included the engagement of a third-party independent consultant who conducted online surveys and interviews with Board members and key executive management. For the 2014 evaluation process, and in consideration of the number of new members added to the Board over the past couple of years, the Committee selected a new third-party independent consultant to bring a new perspective to the annual board performance and self-assessment process. To initiate the annual performance process the consultant met with the Board Chair, Governance Committee Chair, the CEO and the Corporate Secretary to understand Finning's current context and specific items of interest to be explored in the review. The consultants also reviewed key corporate governance documents, guidelines and policies, past board objectives, and annual disclosure documents. In addition to an online survey, the evaluation process included direct interviews between the independent consultant and each director and key executive management, to facilitate an open discussion on the effectiveness and performance of the Board. The process focused upon:

- Board organizational stewardship processes over strategy, operational performance, financial oversight, risk oversight, talent management, CEO performance management, ethics and integrity, director orientation and education, director evaluation process and shareholder engagement;
- Board structure and stewardship processes over: Board composition, Board recruitment, renewal and term limits, Board leadership and succession, director orientation and education, and individual director evaluations;
- Board meeting practices: agenda and meeting structure, presentations and information dissemination to the Board, and committee reports;
- Board committees structure and performance and assessment of respective committee Chairs; and
- Board dynamics: Board and management relationship, Chair/CEO relationship, and Board culture.

Individual director assessments are facilitated by the Chair utilizing input from the survey results which help to focus the discussion between the Chair and the individual directors. These one-on-one director interviews continue throughout the year to continuously assess the performance and effectiveness of each director and the group as a whole.

The consultant compiled the results and provided a report to the Governance Committee and the Board on the effectiveness and performance of the Board and its Committees. The Board uses the report recommendations to help focus the Board in developmental areas, assess where changes are required in Board composition or skill sets, and assess where opportunities may arise to improve overall effectiveness of the Board's performance. Additionally, the results contribute to the setting of the annual Board objectives or raise items to focus on for future periods. Similarly, the individual committees utilize their results to highlight performance and composition areas for improvement.

The results of the 2014 directors' and executive management's assessment of the Board and its committees, as compiled by its independent third-party consultant, indicated that governance is working well at Finning. The Board of Directors and its committees demonstrate a healthy Board culture with a broad diversity of perspectives, and a high commitment of the Board to strong governance.

## Orientation and Education

The purpose of the Director Orientation and Education Program is to ensure there is an orientation program for new directors and an ongoing education program for existing directors. The program utilizes materials and resources that both inform and educate directors on the Corporation's corporate governance framework, its business, operations and current issues and strategies. The education program will address the educational needs of directors in respect of their duties generally. The program is overseen by the Corporate Governance Committee.

The purpose of the director orientation program is to increase a director's familiarity with the Corporation and its industry and to equip directors with sufficient information and resources to facilitate fully informed decisions.

The purpose of the education program is to enable directors to better perform their duties, and to recognize and deal appropriately with different issues that may arise during their tenure as a director and a member of a Board committee.

### Director Orientation

Director orientation is part of a process that begins when a potential director is being considered for membership on the Board, is the focus during the onboarding process and transitions into ongoing director education and assessment.

As part of the recruitment process, prospective Board members will receive certain information regarding the Corporation's organization, culture and strategy, the current Board composition and compensation plans, Board mandate and the key responsibilities of directors, and a schedule of future planned Board meetings.

Immediately after the Board approves the appointment of a new director, the Corporate Secretary will provide training and access to its Board portal where key orientation materials can be accessed, including its Board Policy Manual. Other material on the portal includes Board and committee meeting materials, governance information related to the responsibilities of directors, in addition to key policies and processes.

New directors are also provided with detailed information describing Finning and its business. In addition, all new directors meet with senior management for detailed briefings. Briefings and materials supplied include details on:

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

Finning's Director Orientation program involves visits to plant sites and facilities

The orientation program also involves direct visits to plant sites and facilities, where appropriate.

### Ongoing Director Education

Each director ultimately assumes responsibility for keeping himself or herself informed about Finning's business and relevant developments outside Finning that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board, including information regarding investor relations activities, analyst reports and shareholder information.

The education portion of the program is designed to enhance directors' skills and understanding of Finning's business environment, to enable them to better perform their duties and to recognize and deal appropriately with different issues that may arise during their mandate. Educational opportunities include:

- periodic presentations to the Board by management and advisors, with respect to specific topics related to Finning and its business;
- articles on emerging corporate governance trends and best practices, analyst reports and other relevant topics regarding Finning's business are regularly posted on the Board portal for all directors' general information;
- attendance at committee meetings by non-committee Board members who are interested in more in-depth discussions regarding subject matters of interest may attend committee meetings as a guest;
- plant site and facility visits from time to time to give directors additional insight into the Corporation's business; and
- external director education programs to enhance their development as a director. The Corporate Secretary will review information on education opportunities and advise directors, as appropriate. The Chair of the Board must pre-approve any external programs to be paid for by the Corporation.

The following table lists continuing education sessions and topical updates presented by management for all directors and committee members and guests, during regularly scheduled director and committee meetings in 2014:

Topic	Presenter or Location	Session held
<b>Corporate</b>		
• Director & Officer Insurance	Legal Counsel & Insurance Agent	August Board Meeting
• Technology Agenda & IT Global Strategy	Chief Information Officer, Finning International	August Board Meeting
• Top Finning Customers	EVP Customer & External Relations, Finning International	November Board Meeting
• Investor Relations Perception Study	VP, Investor Relations & Corporate Affairs, Finning International Inc.	November Board Meeting
• Global Risks	VP Risk Management, Finning International	October & December Board Meeting
• Global Corporate Structure Review	Director, Tax, Finning International	November Audit Committee Meeting
<b>Finning (Canada)</b>		
• Service Excellence	President, Finning (Canada)	May Board Meeting
• Organizational Updates	President, Finning (Canada)	May & August Board Meetings
• LNG Opportunities	Guest Speaker	October Board Meeting
• Mildred Lake Branch and Fort McKay Shop Tour, Health & Safety Presentation on Developing a High-Performance Safety Culture & Customer Site Visit	President, Finning (Canada) & an Industry Academic	October Board Meeting
<b>Finning South America</b>		
• Ultra Class Truck Strategy	President, Finning South America	May Board Meeting
• Argentina Economic Review	SVP Operations, Finning South America	August Board Meeting
• Overview of Shared Services Centre (Uruguay)	Assistant Corporate Controller, Finning International	November Audit Committee Meeting
<b>Finning U.K. &amp; Ireland</b>		
• Talent Management Review	Managing Director, Finning U.K. & Ireland	February Board Meeting

In October 2014, the full Board travelled with executive management to Fort McMurray, Alberta, where they convened their Board strategy meeting and education sessions. During this visit, the Board toured a customer's mine site and toured Finning's Fort McKay shop and its Mildred Lake Branch. In addition, an industry academic was present at the Mildred Lake Branch and provided a presentation to the Board and executive management on developing a high-performance safety culture.

During the year, certain directors have also attended education sessions independently. The 2014 sessions entailed offerings from Audit firms, Audit Committee conferences, the Chilean Management Institute, Institute of Corporate Directors, and included local government agencies, independent consultants, and attendance at other boards' education sessions. Further, certain directors have participated as instructors, panelists and guest lecturers for a variety of business forums and educational institutions, including the Institute of Corporate Directors. Topics covered included:

- Argentinean political environment;
- audit quality;
- board effectiveness;
- commodity pricing;
- corporate governance;
- corporate reporting;
- economic development;
- executive compensation;
- financial services industry;
- international financial reporting standards;
- money laundering;
- pensions;
- petroleum industry overview;
- talent management; and
- tax transparency.

## Risk Management Process

Finning's Board, with assistance from its committees, is responsible for ensuring that management has identified the principal risks of Finning's business and that all reasonable steps have been taken to ensure the implementation of appropriate systems and plans to manage these risks. The Audit Committee assists the Board in the assessment of the management systems and processes to manage business and financial risks. Management updates the Audit Committee on the top key risks and any changes in relative ranking of those risks at each regularly scheduled Audit Committee meeting including strategic, financial, operational and corporate risks. The Human Resources Committee reviews Finning's compensation policies and practices to confirm their alignment to Finning's risks and principles to ensure that they do not encourage inappropriate or excessive risk tolerance. The Safety, Environment & Social Responsibility Committee oversees the policies and systems to monitor for safety, health and environmental risks. See Committees of the Board of Directors starting on page 35 for more information about each committee's risk management activities for 2014.

In 2014, the Board, with its board renewal process and a relatively high number of new directors on its Board, identified that understanding and educating directors on the top key strategic risks to Finning's business was a priority. Top risks are noted in each quarterly operating review with the Board. In 2014, management presented its enterprise risk process and held educational sessions on the top key strategic risks and mitigation actions for the short and long term. As part of this process, emerging risks that could impact Finning's business into the future were identified and discussed.

## Key Policies

As part of its oversight responsibilities, the Board has approved a number of policies to ensure employees at all levels maintain Finning's high standards of governance. Copies of these policies are available on our website at [www.finning.com](http://www.finning.com). These include:

- Code of Conduct;
- Code of Ethics for Senior Executive and Financial Management;
- Corporate Disclosure Policy;
- Policy on Share Trading, Hedging and Use of Material Information;
- Whistleblower Policy; and
- Global Anti-Bribery and Anti-Corruption Policy.

Annually, Finning's senior executive and financial management receive the Code of Ethics for Senior Executives and Financial Management, together with the Code of Conduct, Corporate Disclosure Policy, Whistleblower Policy, Global Anti-Bribery and Anti-Corruption Policy and the Policy on Share Trading, Hedging and Use of Material Information. These employees annually acknowledge in writing that they are aware of these policies and acknowledge that they are bound by their terms.

## Ethical Business Conduct

As noted above, Finning has adopted a Code of Conduct (Code) which governs the behaviour of all directors, officers and employees of Finning and its subsidiaries. The Code also requires that agents, consultants, contractors and suppliers act consistently with this Code when acting with or on behalf of Finning. The Code, available in English and Spanish, sets out the fundamental terms upon which Finning conducts its business and deals with subjects such as compliance with laws, corruption and bribery, fiscal integrity and responsibility, health and safety, care of the environment, conflicts of interest, ensuring equal opportunities and providing a workplace free from harassment. The full text of the Code can be found on Finning's website at [www.finning.com](http://www.finning.com).

The Board monitors compliance with the Code through the Audit Committee. All directors, officers and key employees acknowledge their support and understanding of the Code on an annual basis. All new employees receive a copy of the Code upon hiring. All directors, officers and employees have a duty to report suspected Code violations. Suspected Code violations are reported to the Audit Committee. In order to address Code matters in a timely, unbiased and confidential manner, the Company has established a Global Ethics Committee comprised of the Compliance Officer (Corporate Secretary), Vice President, Risk Management, Chief Human Resources Officer and the Senior Vice President, Corporate Controller. The Global Ethics Committee investigates and, where appropriate, delegates potential violation claim reports to the Regional Ethics Committees (comprised of senior level executives in finance, legal, human resources and internal audit). The Global and Regional Ethics Committees are management committees.

Anyone who believes that a violation of the Code has occurred or who requires advice regarding compliance with the Code, is encouraged to report such violation or concerns through Finning's compliance website or telephone hotline. Both the compliance website and the telephone hotline are managed by an independent global reporting agency. In addition, the Compliance Officer can be contacted directly at [complianceofficer@finning.com](mailto:complianceofficer@finning.com). Further information on the reporting of ethics violations or concerns is provided in Finning's Whistleblower Policy, which is available on its corporate website at [www.finning.com](http://www.finning.com).

## Position Descriptions

The Board has adopted and approved a number of written position descriptions and mandates (Terms of Reference) for:

- the Board of Directors (attached hereto as Schedule B) and general Guidelines for the Board of Directors;

- the President and Chief Executive Officer;
- the Chair;
- the Lead Director; and
- each committee of the Board: Audit Committee; Human Resources Committee; Corporate Governance Committee; Safety, Environment & Social Responsibility Committee; Pension Committee.

Links to Finning's key governance policies and documents can be found in the *Governance* section of Finning's website at [www.finning.com](http://www.finning.com). In addition, any shareholder may request paper copies by contacting the Corporate Secretary.

## Communications with the Board

The Board ensures systems are in place for communication with Finning's shareholders and other stakeholders. Such communication includes quarterly and annual financial statements and related management's discussion and analysis (MD&A), management proxy circulars, annual information forms and news releases containing significant new financial information. The Board also encourages shareholders to attend Finning's annual meeting. The annual meeting provides a valuable opportunity to hear directly from management about the results of Finning's business and operations. Members of the Board are in attendance at annual meetings and the Board and committee chairs are available to answer questions.

The Board also recognizes that it is important for the Board to communicate with shareholders, including organizations that represent or advise shareholders on matters of governance. In July 2014, the Chair of the Board and the Human Resources Committee Chair met with the Canadian Coalition for Good Governance to discuss topics related to corporate governance and executive compensation and current best practices. The Board has determined that questions or concerns related to the Board and senior executive succession process, executive and Board compensation, Board level corporate governance and other matters that are within the scope of the Board's supervisory and oversight duties, as set out in its Terms of Reference, may appropriately be addressed to and by, the Board.

Those shareholders, employees and other interested parties wishing to communicate directly with the Board should do so through the Chair of the Board, in writing to:

Chair, Board of Directors  
c/o Corporate Secretary  
Finning International Inc.  
1000 – 666 Burrard Street  
Vancouver, B.C. V6C 2X8

Please send your communication in a sealed envelope and mark it *Private and Confidential*. Your envelope will be delivered unopened to the intended recipient.

## Committees of the Board of Directors

The Board carries out its responsibilities directly and through its committees, which make recommendations to the Board for approval. There are currently five standing committees of the Board of Directors:

- the Audit Committee;
- the Human Resources Committee;
- the Corporate Governance Committee;
- the Safety, Environment & Social Responsibility Committee; and
- the Pension Committee.

Each committee operates in accordance with Board-approved terms of reference. The Board may create a new committee whenever it considers it advisable to do so.

The Board rotates committee members and committee chairs from time to time as required. In doing so, the Board tries to make use, to the extent possible, of the particular expertise of each of the directors.

Committee chairs, in consultation with committee members, determine the frequency of meetings for each committee, provided that a committee must at all times comply with its terms of reference. The agenda for each meeting is established by the committee chair in consultation with appropriate members of management and the Corporate Secretary. Each committee chair reports to the full Board with respect to each of its meetings.

The Board of Directors, and each standing and special committee, ensures their independence by convening independent director-only sessions at every meeting.

Committee members are appointed annually following Finning's annual meeting or as required due to a change in composition of the directors or upon the creation of a special committee. The Corporate Governance Committee and the Chair of the Board provide recommendations to the Board in respect of all such appointments.

The following reports of the committees of the Board of Directors describe the composition, mandate and report on activities for 2014 undertaken by each of the committees of the Board.

## Audit Committee: Mandate and Report

### Mandate

The Audit Committee provides assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders with respect to Finning's:

- ethical business conduct;
- financial statements and related management discussion and analysis and earnings press releases;
- financial reporting processes;
- systems of internal and disclosure controls;
- internal audit function;
- external audit function;
- financial arrangements and liquidity; and
- risk management process.

In 2014, Finning was recognized with an Award of Excellence in Corporate Reporting – Industrial Products and Services by the Chartered Professional Accountants of Canada

It is the responsibility of the Committee to maintain an open avenue of communication between itself, the external auditors, the internal auditors and management of Finning. In performing its role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of Finning. It is also empowered to retain outside counsel or other experts as required.

### Committee Membership

Name	Independent
K.M. O'Neill, Chair and Financial Expert	Yes
M.A. Awad	Yes
J.E.C. Carter	Yes
K.A. Neveu	Yes
M.M. Wilson	Yes

Douglas W.G. Whitehead attends meetings of the Audit Committee in his capacity as Chair of the Board. All Committee members must be independent and financially literate, meaning that each member can read and understand financial statements that are comparable to Finning's in terms of breadth and complexity of accounting issues. At least one member is required to have accounting or related financial management expertise. K.M. O'Neill, the current Chair of the Audit Committee, is also the designated "financial expert".

### Meetings

The Committee met four times in 2014, with 100% attendance at three meetings and 86% attendance at one meeting. In addition, at each Committee meeting the members held sessions without management present.

### External Auditor

Deloitte LLP (Deloitte) has been Finning's external auditors since 2002. The Audit Committee has the oversight responsibility for reviewing Deloitte's performance, qualifications, independence and audit of Finning's financial statements.

Services provided by the external auditor are:

#### Audit Services

Audit Services generally relate to fees charged for the annual audit, interim reviews, administrative charges and other services related to the performance of the annual audit.

#### Audit-Related Services

Audit-related services include assurance and related services, such as audits of Finning's pension plans, French translation of interim and annual financial statements and notes and other services required by regulators of auditors.

#### Tax Services

Tax services include foreign tax advice and filings for corporate directors.

#### Other Services

Other services would include any non audit-related or non-tax services. Services provided relate to an assessment of supply chain performance in Finning (Canada) (2014: \$434,710; 2013: \$99,720) and an assessment of the Company's community investment programs (2014: \$9,818; 2013: \$57,657).

## External Auditor Fees

Fees paid or accrued by Finning and its major business units or subsidiaries for audit and other services provided by Deloitte during 2014 and 2013 were as follows:

Type of Service	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>
Audit Services	\$2,598,250	\$2,639,378
Audit-Related Services	100,715	195,007
Tax Services	7,223	15,760
Other Services	444,528	157,377
<b>Total:</b>	<b>\$3,150,716</b>	<b>\$3,007,522</b>

(1) Amounts were billed in various currencies and converted to Canadian dollars using the exchange rates in existence at the time of billing.

## Pre-approval Policies and Procedures

The Audit Committee has adopted a formal policy requiring the pre-approval of services to be provided by Deloitte, prior to the commencement of the engagement. Between regularly scheduled Audit Committee meetings, the Committee has delegated to the Chair of the Audit Committee the authority to approve individual service engagements up to a value of \$100,000 that have not been pre-approved. Under no circumstances will Finning's management engage the external auditors to perform services that have not been approved by the Audit Committee. Management and the external auditor are required to report quarterly to the Audit Committee all services provided by the external auditor and fees paid or accrued each quarter.

The Committee determined that the provision of the audit-related, tax and other services described above did not compromise the independence of Deloitte for purposes of performing audit services for Finning.

## Risk Management

Finning has adopted a risk management approach to identifying and evaluating risks in order to protect and enhance shareholder value. On a quarterly basis, the Audit Committee reviews Finning's process with respect to risk assessment and management of key risks, including Finning's major financial risks and exposures and the steps taken to monitor and control such exposures. The risk management process involves the identification, by each of Finning's significant operations, of key risks that could impact the achievement of Finning's strategic plan. Each of these key risks and related mitigation or action plans are monitored closely and disclosed annually in Finning's Annual Information Form. Any changes to the key risks are reviewed by the Audit Committee and are disclosed on a quarterly basis in Finning's interim financial filings.

## Highlights

Key areas of focus for the Committee included the following activities for 2014:

### Financial Statements

- reviewed quarterly and annual consolidated financial statements, management's discussion and analysis, and quarterly earnings press releases and made recommendations to the full Board;
- reviewed Finning's financial arrangements and liquidity;
- reviewed significant accounting principles and disclosures in accordance with International Financial Reporting Standards (IFRS);
- reviewed IFRS Accounting updates including new, pending and amended standards; and
- educational sessions supplied by management to facilitate a stronger understanding of Finning's global corporate structure, including an overview of the Shared Services Centre for its South American operations located in Uruguay.

### External Auditor

- reviewed and recommended selection of the external auditor and approved audit fees for the current year;
- met independently with the external auditor at each meeting;
- reviewed reports of the external auditor following quarterly reviews and annual audit;
- approved all audit and non-audit services performed by the external auditor; and
- reviewed and approved the annual Audit Plan of the external auditor.

### Internal Auditor

- reviewed the new rating scale for prioritizing risks;
- reviewed existing post implementation process and metrics used to determine the need for post implementation reviews;
- reviewed a Control Objectives for Information and Related Technology (COBIT) information technology standard maturity assessment;

- reviewed internal audit function and effectiveness;
- reviewed Code of Conduct and anti-bribery process, communication and monitoring;
- met independently with the internal auditor at each meeting;
- reviewed and approved the annual internal audit plan;
- reviewed results of internal audit reports and progress to audit plan and reviewed internal audit self-assessment; and
- reviewed and approved amendments to the internal audit charter.

#### **Risk Management, Internal Controls and Information Systems**

- reviewed effectiveness of internal controls and management of major financial risk exposures; and
- reviewed internal controls to ensure production of reliable financial statements.

#### **Treasury**

- reviewed insurable risks and insurance coverage;
- reviewed and approved financial investment criteria and policies and capital investment review;
- reviewed and approved amendments to policies governing investments, debt and short-term interest rate management, and foreign exchange risk management;
- reviewed Finning's capital structure;
- reviewed Finning's Dividend Policy and made recommendations to the full Board regarding the declaration of quarterly dividends;
- reviewed Argentina foreign exchange risks;
- reviewed foreign exchange exposures and management of the exposures; and
- reviewed and approved Finning's general banking authorities and made recommendation to the full Board.

#### **Compliance**

- provided oversight with respect to compliance with legal and regulatory requirements, regulatory updates and reviewed status of legal claims;
- reviewed CEO/CFO certification process for interim and annual financial statements;
- reviewed process to identify disclosure controls and internal controls for financial reporting and the effectiveness of these controls;
- reviewed and approved the Board Chair and CEO's expenses;
- oversaw Global Ethics Committee and their investigations related to suspected code violations, enhanced reporting of high risk cases, and reviewed the process and charter governing compliance to Finning's Code of Conduct;
- reviewed and approved amendments to the Approval of Audit and non-Audit Services provided by the Independent Auditor Policy;
- reviewed and approved amendments to the Committee's Terms of Reference; and
- completed the Committee's self-assessment and assessment of the Committee Chair.

#### **Succession Planning**

- implemented a short-term plan to manage the CFO vacancy effective June 2014. The Committee Chair, together with the Board Chair and Human Resources Committee Chair, are supporting management in the recruitment of a CFO. An executive search firm has been retained to conduct a comprehensive search for a new Chief Financial Officer, and the Chairs are involved in the oversight and selection process; and
- reviewed succession plan for retiring Vice President, Treasurer.

For more information regarding the Audit Committee and its mandate, please refer to the section entitled "Audit Committee" in Finning's most recent Annual Information Form, which is available at [www.sedar.com](http://www.sedar.com) and on Finning's website at [www.finning.com](http://www.finning.com).

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2014.



## Human Resources Committee: Mandate and Report

### Mandate

The Human Resources Committee provides oversight of the human resources and talent management strategy design of Finning's compensation programs and policies. The Committee provides recommendations to the Board of Directors on key compensation and human resources matters, including executive and key employee continuity, succession planning, and any changes to Finning's executive compensation program that the Committee considers to be necessary from time to time.

### Committee Membership

Name	Independent
J.M. Reid, Chair	Yes
M.A. Awad	Yes
R. Bacarreza	Yes
K.M. O'Neill	Yes
C.W. Patterson – Pension Lead Director	Yes
M.M. Wilson	Yes

Each member of the Committee is considered to possess the knowledge and experience in human resources and compensation matters to positively contribute to the Committee's work. All members have experience in compensation matters as former or current CEOs or senior executive officers and three members, one of which is the current Chair of the Committee, currently sit on compensation committees for other publicly traded companies.

### Meetings

In 2014, the Committee met four times, with 100% attendance at all meetings. In addition, at each Committee meeting the members held sessions without management present.

### Highlights

In 2014, the Committee focused on a number of key areas in human resources and compensation matters, including the following:

#### Executive Compensation

Following the annual review of Finning's executive compensation in 2014, the Committee approved the following with respect to the short-term and long-term incentive plans:

- confirmation of performance measures and metrics that ensure continued alignment with Finning's strategic plan and key operational priorities; and
- modifications to performance level thresholds, targets and maximums to ensure alignment with key stakeholders and market practice.

#### Performance Assessments

- reviewed the 2014 performance goals for the CEO and recommended approval by the Board;
- reviewed the performance of the CEO against his goals on a quarterly basis and reported to the Board;
- reviewed and approved 2013 short-term incentive payments, paid in 2014, based on achievement of certain financial, safety and individual performance targets for the CEO and other senior executives; and
- approved 2012 Performance Share Unit payout settled in 2014.

#### Talent Strategy

- reviewed Finning's Talent Strategy to ensure planned succession for key executive roles and further enable a highly engaged workforce. Talent management strategy was a strong focus for the Committee.

#### Succession Planning and Leadership Development

- reviewed high-potential development planning processes to support succession and leadership integration;
- as part of Finning's formal succession planning process:
  - reviewed potential CEO successor candidates, the performance of those individual executives in their current roles, and assessed the readiness of candidates to fill the CEO role;
  - reviewed the executive talent pool, succession plans and contingency planning for the CEO and the top senior executive positions deemed critical for the success of Finning;

- identified specific development plans and career planning for executive succession candidates and high-potential individuals;
- reviewed, without management present, the CEO succession plans with the Board of Directors;
- as part of ensuring adequate exposure of CEO successor candidates to the Board, candidates regularly make presentations at Board meetings and also participate in Board and company functions. In addition, the Board and the CEO also ensure that members of the senior management team present topical materials and/or lead education sessions at Board meetings to increase their exposure to the Board;
- reviewed organizational structure and design;
- reviewed development plans for all executive roles;
- the Committee Chair, together with the Board Chair and Audit Committee Chair, are supporting management in the recruitment of a CFO. An executive search firm has been retained to conduct a comprehensive search, and the Chairs are involved in the oversight and selection process; and
- reviewed key metrics including turnover, demographics, size of talent pools for certain executive functional talent pools.

#### ***Employee Culture and Engagement***

- reviewed results and action plans relating to Finning's annual Employee Opinion Survey;
- monitored the development and implementation of a new Human Resources dashboard; and
- reviewed organizational diversity and supported implementation of a diversity program.

#### ***Leadership Team Appointments***

- recommended appointment of executive officers reporting to the CEO to the Board of Directors, including:
  - Vice President, Treasurer; and
  - Chief Human Resources Officer.

#### ***Compliance***

- approved amendments to the executive share ownership guidelines, based on a market review of Finning's comparator group and recommended approval by the Board:
  - reviewed key executive's compliance of the guidelines and management's plans for facilitating compliance; and
- completed the Committee's self-assessment and assessment of the Committee Chair.

The Committee considers that it has appropriately fulfilled its mandate for the year ended December 31, 2014.

#### ***Advisors to the Committee and Finning***

In making its decisions relating to compensation, the Committee may obtain advice from consultants with expertise in this area. The Committee and Board consider the advice received from consultants and ultimately, make their own decisions about these matters. In 2014, Meridian Consulting began acting as the independent advisor for the Board and the Committee for matters relating to director and executive compensation. Towers Watson and Hay Group continue to provide Finning advice in respect of executive compensation practices and competitive market data. For more information on the advisors to the Committee and Finning, please refer to page 62.

## Corporate Governance Committee: Mandate and Report

### Mandate

The Corporate Governance Committee provides assistance to the Board by focusing on corporate governance programs and in establishing and monitoring corporate governance principles that will enhance corporate performance. The Committee has oversight for Finning's Code of Conduct. In addition, the Committee manages the evaluation process to monitor the effectiveness of the Board, its committees and individual directors and has responsibility for establishing a process for identifying, recruiting, appointing and re-appointing directors and succession planning for the Chair of the Board. The Committee also has responsibility for providing ongoing development of current Board members.

Finning was ranked in the top decile for its corporate governance practices in the Globe and Mail's Report on Business – 2014 Board Games Governance Rankings

A healthy governance culture also demands that both management and the Board engage in continuous constructive discussions to delineate their respective roles to best support Finning and its shareholders as business and regulatory environments continue to evolve. The Corporate Governance Committee, together with the Chair of the Board and the CEO, share the responsibility for developing annual objectives for the Board of Directors.

The Corporate Governance Committee monitors the flow of information between the Board and management and, where necessary, makes recommendations on improving these lines of communication.

### Committee Membership

Name	Independent
M.M. Wilson, Chair	Yes
J.E.C. Carter	Yes
K.M. O'Neill	Yes
C.W. Patterson	Yes
J.M. Reid	Yes

The Committee membership, not including the Chair of the Committee, is typically composed of the Chairs of the various standing committees of the Board.

### Meetings

The Committee met four times during 2014, with 100% attendance at all meetings. At each Committee meeting the members held sessions without management present.

### Highlights

Key areas of focus for the Committee included the following activities for 2014:

#### **Board Composition, Planning and Director Nominations**

- reviewed Board succession and renewal planning and identified skill sets, expertise and diversity requirements for potential future director nominees;
- extension of independent consultant's contract to facilitate Board member recruitment search;
- recommendation to the Board on the recruitment of new Board members, Messrs. Awad and Hartery effective May 13, 2014 and Jacynthe Côté, whose appointment was effective October 1, 2014;
- reviewed director independence and potential for conflicts of interest;
- completed assessment of existing and future membership of Board committees; and
- undertook a review of director compensation best practices and trends and reviewed the director compensation plan against its comparator group. The Committee recommended changes consistent with these findings, the Board's compensation philosophy and considering advice from the Board's independent compensation consultant.

### Governance

- developed annual Board objectives, together with the Chair of the Board and CEO;
- completed an annual review of the Terms of Reference for all Board standing committees and the Board Chair, Lead Director, Board of Directors, individual Director, and President and Chief Executive Officer and the Board Guidelines;

- completed an annual review of key governance policies including the Code of Conduct, Whistleblower Policy and Global Anti-Bribery and Anti-Corruption Policy and reviewed and approved amendments to the Corporate Disclosure Policy;
- reviewed and approved Finning's approach to Board tenure and Board diversity;
- reviewed and approved amendments to the Committee's Terms of Reference; and
- oversight for the updating of the Board Policy Manual on the Board portal.

**Shareholder Communications**

- adopted Say on Pay advisory vote for shareholders at 2014 annual meeting which received 94.52% shareholder approval;
- approved a Say on Pay advisory vote for shareholders at the 2015 annual meeting;
- reviewed letter from the Canadian Coalition for Good Governance and its evaluation of Finning's governance in key areas; and
- monitored current trends in disclosure.

**Director Orientation and Education**

- reviewed and refreshed the Director Orientation and Education program;
- provided onboarding and orientation for Messrs. Awad, Hartery and Ms. Côté; and
- ensured education sessions and topical updates for directors were provided throughout the year (for details, see Orientation and Education on page 31).

**Performance Evaluations**

- completed the Committee's self-assessment and assessment of the Committee Chair; and
- conducted a Board Performance Evaluation with Board members and a performance assessment of committees and committee chairs, which were facilitated by an independent third-party consultant. Individual Board member performance assessments were conducted by the Board Chair through one-on-one meetings with each director.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2014.

## Safety, Environment & Social Responsibility Committee: Mandate and Report

### Mandate

The Safety, Environment & Social Responsibility Committee provides assistance and counsel to the Board and management of Finning in its drive towards attaining and maintaining world-class safety, health and environment performance through the oversight of management's procedures and policies to ensure they build compliance into business processes and activities and exceed any legal obligations.

The Committee supports management in the corporate goal of eliminating environmental incidents, work-related injuries and occupational illnesses that could result from the activities of Finning.

Community investment is also supported by the Committee, as well as any matter affecting Finning's sustainable development in these areas of oversight responsibility.

### Committee Membership

Name	Independent
J.E. Carter, Chair	Yes
R. Bacarreza	Yes
N. Hartery	Yes
K.A. Neveu	Yes
A.H. Simon	Yes
L.S. Thomson	No

The Committee must be comprised of at least three directors, two of whom must be independent and one of whom must be the CEO.

### Meetings

The Committee met four times during 2014, with 100% attendance at all meetings. At each Committee meeting the independent directors held sessions without management present.

### Highlights

Key areas of focus for the Committee included the following activities for 2014:

#### **Monitor and assess safety, environment and social responsibility management systems and policies:**

- reviewed Accident Investigation Reporting and Root Cause Analysis consistent with its mandate to audit safety, environment and social responsibility systems and performance;
- oversight of the standardization of global significant incident reporting;
- reviewed global leading safety indicators;
- reviewed lost time injuries, significant near misses and corrective actions and requested management to develop a process for sharing high-impact safety incidents across all operations;
- monitored safety performance and continued focus on risk prevention with job hazard analysis and near miss reporting with increasing focus on total recordable injury reporting;
- reviewed environment, health and safety policies and encouraged the sharing of best practices and the setting of cardinal rules amongst the operations and with key customers;
- oversight of the development of the global Life Saving Rules;
- reviewed and monitored the occupational health programs and communications to employees on various health topics;
- supported Finning's global Health and Safety conference, through participation by the Committee chair, where the primary focus was to create safer environments for our employees worldwide;
- reviewed the results of environmental audits performed in the year and ensured compliance with international standards and regulations;
- reviewed environmental performance metrics and encouraged monitoring of a carbon footprint for each operation;
- reviewed environmental legal compliance for each operation and the Committee's role related to environmental compliance;
- participated in an on-site tour of a Finning customer's mine site and participated in branch tours at Finning's Fort McKay shop and its Mildred Lake facility in northern Alberta;
- attended a health and safety presentation provided by an industry academic, related to the development of a high-performance safety culture;
- creation of a global community investment governance framework within Finning's Guidelines for community investment;
- supported the engagement of an external consultant to facilitate the global development of a strategic focus to community investment that is aligned with Finning's interests;

- reviewed the Committee's Terms of Reference; and
- completed the Committee's self-assessment and assessment of the Committee Chair.

**External recognition for Finning's environment, health and safety performance:**

In Canada, Finning was recognized with a General Industry award by the North American Occupational Safety and Health (NAOSH) organization in British Columbia for one of its branches and received honourable mention for a number of its other branches. Finning was recognized by its customer, CNRL for its remarkable safety performance in achieving six years lost time incident-free on their site.

In South America, Finning received several recognition awards related to health and safety performance and compliance from its customers, including recognition from Freeport-McMoRan El Abra Mine for its Joint Health and Safety Committee's excellence in performance. BHP Billiton recognized Finning for the achievement of four years without lost time incidents at its Cerro Colorado Mine and Anglo American recognized Finning for the achievement of nine years without lost time incidents at the Mantoverde site. As well, Mutual de Seguridad certified and recognized Finning's Joint Health and Safety Committees' contributions to safety excellence and recognized Finning for its participation in the National Hand on Hand Campaign focused on hand injury prevention.

In the U.K. and Ireland, Finning's leading health and safety performance was recognized by the Royal Society for the Prevention of Accidents (RoSPA). RoSPA awarded Finning "The Engineering Services Sector Industry Award" for Occupational Health and Safety for the third consecutive year. The award recognizes Finning's outstanding management of health and safety and its exemplary health and safety culture. Additionally, Finning's Damar operation was recognized by RoSPA with two Gold Awards. One award was for its approach to the prevention of accidents and ill health, and the second award was for its management of road risk. This is the fourth consecutive Gold Award for Occupational Health and Safety that Damar has received.

**Internal recognition for Finning's environment, health and safety performance:**

In the 2014 Employee Opinion Survey, in which over approximately 87% of the workforce participated, the effectiveness of the safety systems and Finning's commitment to the well-being of its employees scored 88%, which was comparable to the prior year.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2014.

In 2014, employees who participated in Finning's Employee Opinion Survey ranked the effectiveness of Finning's safety systems at 88%

## Pension Committee: Mandate and Report

### Mandate

The Pension Committee provides assistance to the Board in overseeing Finning's pension plans, including registered pension plans and supplemental pension arrangements. This oversight includes the responsibility to analyze policies and strategies developed by management in the area of pensions and to review Finning's performance with respect to meeting its fiduciary obligations as they relate to Finning's pension plans.

Items to be addressed by the Pension Committee include, but are not limited to:

- governance;
- compliance;
- plan design;\*
- benefit strategy;\*
- investment strategy;
- funding policies;
- ongoing performance of the plans and their investments; and
- selection of certain advisors.

\* In conjunction with the Human Resources Committee

### Committee Membership

Name	Independent
C.W. Patterson, Chair	Yes
N. Hartery	Yes
K.A. Neveu	Yes
A.H. Simon	Yes

### Meetings

The Pension Committee met three times during 2014, with 100% attendance for all meetings. At each Committee meeting the members held sessions without management present.

### Highlights

Key areas of focus for the Committee included the following activities for 2014:

#### Governance

- completed annual governance review, including governance structure, processes and Terms of Reference for both the Committee and the Management Pension Committee;
- completed a Committee self-assessment on its performance and an assessment of the Committee Chair; and
- reviewed an Annual Communications Report, describing all communications to employees concerning pensions over a 12-month period.

#### Compliance

- reviewed Annual Compliance Report confirming compliance of all pension plans with Pension Legislation, the plan documents and related corporate policies.

#### Pension Strategy

- monitored progress of risk reducing strategies for the assets and liabilities of Finning's defined benefit (DB) pension plans;
- reviewed and approved the purchase of annuity contracts within the Canadian registered DB plans for a portion of the retiree liabilities in those plans (i.e., a partial annuity "buy-in"); and
- commenced a thorough review of the Canadian de-risking strategy following completion of the buy-in noted above and considering progress made thus far.

#### Plan Design

- re-assessed potential future changes to plan design to improve sustainability of the current plans in the longer term while staying competitive.

**Financial Position of Plans**

- monitored financial position of pension plans; and
- reviewed and approved funding policy, including ongoing consideration of the adequacy of amounts being contributed to the DB pension plans and the supplemental pension plans.

**Investments**

- reviewed investment strategy and policies;
- reviewed investments and fund managers;
- approved the investment of a portion of the Canadian registered DB plans' assets in annuity contracts to reduce some of the investment risk associated with the plans (i.e. the partial annuity "buy-in" noted above ); and
- monitored current strategies designed to lower equity risk exposure in favour of fixed income investments that better match liabilities over time as funded ratios improve and approved refinements to the strategies.

The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2014.



## SECTION IV – BOARD OF DIRECTORS COMPENSATION

### Director Compensation Plan

Finning’s main objective in designing its directors’ compensation plan, has been to develop a plan which supports the successful recruitment and retention of qualified individuals to serve as members of its Board. The compensation is intended to provide an appropriate level of remuneration considering the responsibilities, time requirements and accountability of their roles. Directors who are also employees of Finning or its subsidiaries do not receive any additional remuneration for acting as directors.

In establishing an effective director compensation plan, Finning strives to achieve a level of director compensation that is competitive and achieves the median level of compensation paid by companies that are comparable in size and in a similar business.

#### Evaluation of the Program

The Corporate Governance Committee reviews director compensation annually and makes recommendations to the Board with consideration given to best practices, trends and its pay philosophy. In 2014, management and the Board’s independent compensation consultant, Meridian Compensation Partners, undertook a review of director compensation and compared Finning’s existing Director Compensation Plan to its comparator group. Meridian Compensation Partners were appointed as the independent consultants to the Board effective May 2014. See “Advisors to the Committee and Finning” on page 40 for further information on the services provided by Meridian Compensation Partners. The director compensation comparator group was the same Canadian comparator group utilized by management in evaluating executive compensation plans, and comprised the publicly listed Canadian companies within this group. These companies were considered appropriate director compensation comparator companies due to their similar industry, focus and size in terms of revenue.

The review concluded that Finning’s director compensation was below the 50<sup>th</sup> percentile for total director compensation, which is its target for director compensation. Based on this analysis, as well as other considerations, the Corporate Governance Committee recommended adjustments to director compensation to reflect emerging compensation practices and to align directors’ pay to target compensation levels, effective January 1, 2015. However, in light of the recent pressures facing Finning’s business due to global economic challenges, particularly lower commodity prices, and the decrease in activity in Canada related to declining oil prices, the Board of Directors has determined to forego any compensation changes for 2015 in support of management’s austerity measures.

#### Fees and Retainers and Equity-Based Compensation

Director compensation includes:

- annual retainer and additional retainers for chairing or serving on committees;
- Board and committee meeting and conference call fees;
- travel fees, where applicable, to cover the necessary travel time to attend Board and committee meetings; and
- equity-based compensation in the form of deferred share units (DSUs).

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The table below shows Finning's current fees and retainers for directors:

Directors' Remuneration	Amount (\$)
Chair of the Board Annual Retainer <sup>(1)</sup>	195,000
Lead Director Annual Retainer	70,000
Director Annual Retainer	50,000
Audit Committee Chair Retainer	20,000
Human Resources Committee Chair Retainer	15,000
Other Committee Chair Retainer	10,000
Audit Committee Member Retainer	6,000
Other Committee Member Retainer	3,000
Board Meeting Fee <sup>(2)(3)</sup>	1,500
Committee Meeting Fee <sup>(2)(3)</sup>	1,500
Board Conference Call Meeting Fee	1,000
Committee Conference Call Meeting Fee	1,000

- (1) The Chair of the Board receives a fixed annual retainer and is not eligible for meeting fees, travel allowances or a daily stipend.
- (2) If a meeting is held at a place other than the city in which a director is resident, he/she receives an additional \$1,500 travel allowance; or if held on a different continent, he/she receives an additional travel allowance of \$3,000 in recognition of the time required to travel to and from the meeting.
- (3) An individual director may be eligible for a daily stipend, where he or she has assumed additional short-term duties over and above his or her ordinary director responsibilities, to a maximum of \$1,500 per day spent on the short-term duties. Any such additional compensation will be set by the Chair of the Board and reviewed by the Corporate Governance Committee.

#### **Director Equity-Based Compensation – Deferred Share Units**

In its effort to align the interests of members of the Board with those of its shareholders, Finning directors are required to meet minimum share ownership requirements and receive equity-based compensation in the form of DSUs as part of the overall director compensation program. A DSU plan was approved for the non-executive directors in 2000 as an appropriate form of equity-based compensation intended to provide a competitive long-term incentive aligned with shareholder interests.

In 2014, 60% of Director Compensation was paid in Deferred Share Units

Under that plan, directors who are not full-time employees of Finning or any of its subsidiaries are granted DSUs by way of an annual award based on the fair market value of Finning's Common Shares on the day preceding the annual grant date and having a value in the aggregate of \$80,000. The Lead Director is granted DSUs having a value, in the aggregate of \$100,000 and the Chair is granted DSUs having a value, in the aggregate of \$145,000.

Directors also have the right to receive DSUs in lieu of cash compensation payable for service as a director. DSUs are issued at the fair market value of Finning's Common Shares on the day preceding the date of issue.

In 2014 a total of 32,709 DSUs were issued to directors pursuant to the annual award. An additional 12,124 DSUs were issued in lieu of cash compensation payable for service as a director. DSUs accrue notional dividends that are allocated in the form of additional DSUs based upon the fair market value of Finning's Common Shares the day preceding the dividend payment date. A further 6,952 DSUs were granted to directors during the year as payment for notional dividends.

DSUs are only exercisable once an eligible director ceases to serve on the Board of Directors. At such time, he or she will be entitled to receive the value of the DSUs from Finning, payable (at the election of the eligible director) either in cash or in Common Shares of Finning. If an eligible director elects to receive payment in the form of Common Shares, Finning will purchase such Common Shares, on behalf of the eligible director, on the Toronto Stock Exchange. DSUs do not entitle eligible directors to voting rights. Directors have until December 31 of the year following the year they ceased to be a director to exercise their DSUs.

## Share Ownership Requirements

Finning and the Board of Directors believe that the interests of shareholders and directors are better aligned when directors hold significant investments in Finning. In support of this belief, Finning has fixed minimum requirements for share ownership by Finning's directors. Share ownership includes holdings of both Finning's Common Shares and DSUs. For purposes of these requirements, the annual retainer is defined to be the combination of the cash annual retainer and the value of the annual DSU grant to directors. The current share ownership requirements are:

Finning and the Board believe the interests of shareholders and directors are better aligned when directors hold significant investments in Finning

- by no later than two years after their appointment or election to the Board, directors must hold Common Shares and/or DSUs having a value equal to the annual retainer then payable to directors;
- by no later than five years after their appointment or election to the Board, directors must hold Common Shares and/or DSUs having a value equal to five times the annual retainer then payable to directors;
- once their minimum guidelines have been achieved, if a director's share ownership later falls below the minimum guidelines due to a decline in the share price, such director will have two years to restore the compliance; and
- for the purposes of these requirements, the value of the share ownership is defined as the greater of: (a) the original amount paid by the director to acquire the Common Shares or the grant value of the DSUs; and (b) the current market value of those shares and units at the point of measurement, normally the last trading day of the year.

These requirements are reviewed annually at the end of the calendar year by the Corporate Secretary and are reported to the Corporate Governance Committee. The most recent review indicates that all directors are in compliance with these requirements.

The Board of Directors believes that the holding of notional shares through Finning's DSU Plan and the share ownership requirements, provide an effective alignment of shareholder and directors interests.

## 2014 Director Compensation

The following table sets out the value of fees and other compensation paid to non-executive directors of Finning during 2014. The compensation amounts noted in the tables has been adjusted for those directors that were retired, elected or appointed in the year. Specifically, Mr. Emerson's compensation is for the period January 1, 2014 to May 13, 2014. Messrs. Awad and Hartery's compensation is for the period May 13, 2014 to December 31, 2014 and Ms. Côté's compensation is for the period October 1, 2014 to December 31, 2014. For details on compensation paid to Mr. Thomson who is the current executive director of Finning, refer to Section V – Executive Compensation. Mr. Thomson receives no additional compensation in his role as a director of Finning.

Director	2014 Fees Earned						Allocation of Fees Earned		
	Annual Cash Retainer (\$)	Meeting Fees (\$)	Travel Fees (\$)	Total Fees and Cash Retainer (\$)	Share-based Awards: Annual DSU Grant Cash Equivalent (\$)	Total Compensation (\$)	Cash (\$)	Share-based Awards: DSUs (\$) <sup>(1)</sup>	DSUs % of Total Compensation (%) <sup>(2)</sup>
M.A. Awad	37,604	19,000	15,000	71,604	50,549	122,153	9,000	113,153	93
R. Bacarreza	58,176	25,000	18,000	101,176	80,000	181,176	101,176	80,000	44
J.E.C. Carter	71,538	35,500	9,000	116,038	80,000	196,038	116,038	80,000	41
J. Côté	12,500	7,000	4,500	24,000	20,164	44,164	-	44,164	100
D.L. Emerson	25,401	9,000	-	34,401	29,451	63,852	-	63,852	100
N. Hartery	35,692	17,500	12,000	65,192	50,549	115,741	-	115,741	100
K.A. Neveu	57,648	19,000	9,000	85,648	80,000	165,648	85,648	80,000	48
K.M. O'Neill	76,000	28,000	9,000	113,000	80,000	193,000	56,500	136,500	71
C.W. Patterson	64,549	24,000	9,000	97,549	80,000	177,549	97,549	80,000	45
J.M. Reid	90,176	25,000	1,500	116,676	100,000	216,676	116,676	100,000	46
A.H. Simon	58,176	23,500	18,000	99,676	80,000	179,676	99,676	80,000	45
D.W.G. Whitehead	195,000	-	-	195,000	145,000	340,000	195,000	145,000	43
M.M. Wilson	66,462	28,000	9,000	103,462	80,000	183,462	-	183,462	100
<b>Total:</b>	<b>848,922</b>	<b>260,500</b>	<b>114,000</b>	<b>1,223,422</b>	<b>955,713</b>	<b>2,179,135</b>	<b>877,263</b>	<b>1,301,872</b>	<b>60</b>

(1) Where DSUs are being issued in lieu of Board fees, they are valued based on the fair market value of Finning's Common Shares on the day preceding the payment date. For the annual DSU grant, DSUs are valued based on the fair market value of Finning's Common Shares on the day preceding the annual grant date.

(2) Indicates the portion of the director's total fees and cash retainer that is paid in DSUs and is, therefore, at risk.

### Outstanding Share-Based Awards and Option-Based Awards

Finning does not issue options to non-executive directors. DSUs are the only share-based awards issued to non-executive directors and there were no share-based awards that were unvested at December 31, 2014.

Director	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share Awards that have not Vested (\$)	Market or Payout Value of Vested Share Awards not Paid out or Distributed (\$) <sup>(1)</sup>
M.A. Awad	n/a	n/a	n/a	n/a	n/a	n/a	100,118
R. Bacarreza	n/a	n/a	n/a	n/a	n/a	n/a	1,314,035
J.E.C. Carter	n/a	n/a	n/a	n/a	n/a	n/a	1,008,706
J. Côté	n/a	n/a	n/a	n/a	n/a	n/a	40,016
N. Hartery	n/a	n/a	n/a	n/a	n/a	n/a	101,596
K.A. Neveu	n/a	n/a	n/a	n/a	n/a	n/a	76,574
K.M. O'Neill	n/a	n/a	n/a	n/a	n/a	n/a	926,675
C.W. Patterson	n/a	n/a	n/a	n/a	n/a	n/a	351,762
J.M. Reid	n/a	n/a	n/a	n/a	n/a	n/a	826,366
A.H. Simon	n/a	n/a	n/a	n/a	n/a	n/a	1,368,641
D.W.G. Whitehead	n/a	n/a	n/a	n/a	n/a	n/a	1,459,349
M.M. Wilson	n/a	n/a	n/a	n/a	n/a	n/a	331,344

(1) The value of the vested share awards was calculated using a Common Share value of \$25.23 which was the closing share price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value of all share-based and option-based compensation which vested during the year ended December 31, 2014, for each of the non-executive directors described below.

Name	Option Awards – Value During the Year on Vesting (\$)	Realized Gains on Option Exercises (\$)	Share Awards – Value During the Year on Vesting <sup>(1)(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
M.A. Awad	n/a	n/a	113,153	n/a
R. Bacarreza	n/a	n/a	80,000	n/a
J.E.C. Carter	n/a	n/a	80,000	n/a
J. Côté	n/a	n/a	44,164	n/a
D.L. Emerson	n/a	n/a	63,852	n/a
N. Hartery	n/a	n/a	115,741	n/a
K.A. Neveu	n/a	n/a	80,000	n/a
K.M. O'Neill	n/a	n/a	136,500	n/a
C.W. Patterson	n/a	n/a	80,000	n/a
J.M. Reid	n/a	n/a	100,000	n/a
A.H. Simon	n/a	n/a	80,000	n/a
D.W.G. Whitehead	n/a	n/a	145,000	n/a
M.M. Wilson	n/a	n/a	183,462	n/a

(1) DSU grants are valued based on the fair market value of Finning's Common Shares on the day preceding the grant date. The majority of DSUs are granted through the annual grants. In 2014 there were two annual grants of DSUs issued. The first issuance, valued at \$29.17, was granted in May 2014 in accordance with the Director Compensation Plan. The second issuance, valued at \$31.67, was granted in October 2014 and reflects Ms. Côté's pro-rata allocation of her annual DSU grant, based on her appointment to the Board of Directors effective October 1, 2014. Other DSUs are granted throughout the year where directors have elected to receive DSUs in lieu of Board fees and for notional dividend credits.

(2) The Share Awards Value excludes the value of the notional dividends issued during 2014 as they are not deemed to be director compensation.

**Director Ownership**

The following two tables set out the number and value of all securities held by the non-executive Directors in Finning as at December 31, 2014.

**Number of Securities Held**

Director	Vested Options (#)	Unvested Options (#)	Total Options (#)	Share-based Awards: DSUs (#)	Common Shares (#)	Total Units (#)
M.A. Awad	n/a	n/a	n/a	3,968	-	3,968
R. Bacarreza	n/a	n/a	n/a	52,082	21,000	73,082
J.E.C. Carter	n/a	n/a	n/a	39,980	10,000	49,980
J. Côté	n/a	n/a	n/a	1,586	-	1,586
N. Hartery	n/a	n/a	n/a	4,027	-	4,027
K.A. Neveu	n/a	n/a	n/a	3,035	10,000	13,035
K.M. O'Neill	n/a	n/a	n/a	36,729	14,000	50,729
C.W. Patterson	n/a	n/a	n/a	13,942	4,625	18,567
J.M. Reid	n/a	n/a	n/a	32,753	20,000	52,753
A.H. Simon	n/a	n/a	n/a	54,247	25,000	79,247
D.W.G. Whitehead	n/a	n/a	n/a	57,842	143,299	201,141
M.M. Wilson	n/a	n/a	n/a	13,133	10,000	23,133

**Value of Securities Held**

Director	Vested Options Value (\$)	Unvested Options Value (\$)	Share-based Awards: DSUs Value (\$) <sup>(1)</sup>	Common Shares Value (\$) <sup>(1)</sup>	Total Value of all Equity Holdings (\$) <sup>(1)</sup>
M.A. Awad	n/a	n/a	100,118	-	100,118
R. Bacarreza	n/a	n/a	1,314,035	529,830	1,843,865
J.E.C. Carter	n/a	n/a	1,008,706	252,300	1,261,006
J. Côté	n/a	n/a	40,016	-	40,016
N. Hartery	n/a	n/a	101,596	-	101,596
K.A. Neveu	n/a	n/a	76,574	252,300	328,874
K.M. O'Neill	n/a	n/a	926,675	353,220	1,279,895
C.W. Patterson	n/a	n/a	351,762	116,689	468,451
J.M. Reid	n/a	n/a	826,366	504,600	1,330,966
A.H. Simon	n/a	n/a	1,368,641	630,750	1,999,391
D.W.G. Whitehead	n/a	n/a	1,459,349	3,615,433	5,074,782
M.M. Wilson	n/a	n/a	331,344	252,300	583,644

(1) The value of equity holdings was calculated using a Common Share value of \$25.23 which was the closing share price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014.

## SECTION V – EXECUTIVE COMPENSATION

### Executive Compensation

This section of the Management Proxy Circular discusses the elements of our executive compensation program, 2014 performance highlights and the related executive compensation decisions made over the past year.

Section	Purpose	Pages
<b>Letter to Shareholders</b>	Letter from the Chair of the Board and Chair of the Human Resources Committee that introduces the Compensation Discussion & Analysis (CD&A) and provides an overview of Finning's 2014 performance	54-55
<b>Compensation Philosophy and Objectives</b>	Introduces Finning's executive compensation approach, including the key principles of our program and how we implement them	56-57
<b>Overview of Key Decisions and Actions</b>	Provides a high-level overview of base salary, Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP) decisions made in 2014  Highlights key executive compensation program changes introduced at the beginning of the year as well as those planned for 2015	58-59
<b>How We Pay for Performance</b>	Illustrates the CEO's compensation mix to show that the majority of the pay delivered to him and our other named executive officers is at risk, or incentive-based  Shows how STIP and LTIP payouts are linked to business goals	60
<b>Our Say on Pay Vote and Other Shareholder Outreach</b>	Explains how shareholder feedback and the Say on Pay vote taken at our annual meeting of shareholders inform our executive compensation decisions and any updates made to our program	61
<b>Managing Compensation Risk</b>	Highlights the features of Finning's executive compensation program that help limit excessive risk-taking, including our share ownership guidelines (SOGs), clawback policy, hedging policy and change in control policy	61
<b>Determining Compensation for 2014</b>	Explains the different roles the Human Resources Committee, CEO and independent compensation consultant play in determining compensation levels for our named executive officers  Lists the companies that comprise Finning's comparator groups and how the Company considers them in the review of its overall executive compensation structure	62-64
<b>Elements of Finning's Executive Compensation Programs</b>	Provides an overview of the elements of our executive compensation program and how each links to program objectives	65
<b>Analysis of 2014 Compensation Decisions and Actions</b>	Provides greater detail on the 2014 base salary, STIP and LTIP decisions introduced in the Overview of Key Decisions and Actions section  Includes information about the Deferred Share Unit (DSU) Plan, pension benefits and other benefit programs as well as executive perquisites and SOGs	66-71
<b>Named Executive Officer Profiles</b>	Consists of a biography and three-year compensation summary for each current named executive officer	72-75
<b>Compensation Tables and Disclosures</b>	Comprises the Summary Compensation Table, LTIP Awards Table, pension disclosure and information on termination and change in control benefits	76-83

## Key Terms to Know

Several key terms related to our financial results and executive compensation program appear throughout this section of the Management Proxy Circular. For reference, their definitions are listed below.

**Deferred Share Unit (DSU):** A notional unit with a value equal to a common share of the Company that can only be redeemed when the individual leaves the Company

**Earnings Before Interest and Taxes (EBIT) Margin:** Calculated as net income before interest, finance costs and provision for income taxes. Our Market Leadership and Service Excellence priorities combined with cost management are factors in our control that impact EBIT

**Earnings Per Share (EPS):** Net income divided by average outstanding shares

**Fair Market Value (FMV):** Fair market value of Company shares on any date means the volume-weighted average price per share at which shares have traded on the preceding day

**Free Cash Flow (FCF):** Cash flow provided by (used in) operating activities less net additions to property, plant and equipment and intangible assets; allows Finning to fund daily operations and make long-term investments, has a direct impact on ROIC, and focuses attention on efficient inventory management, improved collections and cost and capital management

**Invested Capital (IC):** Capital invested to build and run the business, formally calculated as book value of shareholders' equity plus net debt; represents funds raised to invest capital primarily in working capital (e.g., inventories, accounts receivable less payables), facilities and other capital expenditures

**Invested Capital Turns (ICT):** Calculated as total revenue divided by IC. Our Supply Chain and Asset Utilization priorities are factors in our control that impact ICT. A common ROIC calculation is EBIT Margin x ICT, with ICT as the key indicator of capital efficiency

**Long-Term Incentive Plan (LTIP):** Recognizes executives' role in driving Finning's business growth, increasing shareholder value and supporting our continued financial success; made up of two components: performance share units (PSUs) and stock options

**Lost Time Injury (LTI):** The number of lost time injuries per 200,000 work hours; in 2014 TRIF replaced LTI as the STIP measure for employee safety as TRIF helps us better identify the causes of safety incidents and take steps to maintain a safe working environment for all employees

**Net Promoter Score (NPS):** Industry standard measure that drives future demand for products and services and demonstrates the importance of customer loyalty; calculated by subtracting % Detractors (unsatisfied customers) from % Promoters (loyal customers who refer others)

**Performance Share Unit (PSU):** A notional unit with a value equal to a common share of the Company. The value received is contingent on meeting predetermined performance targets and the share price at the time of payout

**Return on Equity (ROE):** Net income divided by average shareholder equity for a period

**Return on Invested Capital (ROIC):** Calculated as EBIT divided by IC. Improvements in ROIC correlate well with total shareholder return and provide a comprehensive measure of Finning's performance. Another common ROIC calculation is EBIT Margin x ICT, highlighting both profitability and capital efficiency's contribution to this key metric

**Share Ownership Guidelines (SOGs):** Guidelines that require all senior executives to meet specific ownership targets based on position; aligns the financial interests of our executives and our shareholders with long-term stock price performance

**Short-Term Incentive Plan (STIP):** A cash-based award that encourages executives to focus on specific corporate annual performance goals and individual goals

**Stock Option:** The right to purchase Company stock in the future at a predetermined price

**Total Recordable Injury Frequency (TRIF):** The number of total recordable injuries multiplied by 200,000 and divided by exposure hours; aligned with the fundamental importance of employee safety at Finning. TRIF helps us address the root cause of incidents and allows us to take action to prevent more serious injuries

**Total Shareholder Return (TSR):** Measures the value an investor receives from the stock over time. TSR combines share price appreciation and dividends paid to show the total return to the shareholder (assumes reinvestment of dividends); expressed as a percentage

## Letter to Shareholders

Dear Shareholder,

At Finning's upcoming Annual Meeting of Shareholders on May 5, 2015, you are invited to cast your advisory Say on Pay vote for 2015. To ensure you have the information you need to make an informed vote regarding our executive compensation programs and decisions, we are providing you with this Compensation Discussion and Analysis (CD&A).

### Oversight and Philosophy

The Board and the Human Resources Committee carefully oversee governance practices for executive compensation. The Human Resources Committee receives support from independent advisors and works closely with management to identify and make changes that ensure Finning's executive compensation programs are:

- competitive;
- effective at attracting, retaining and inspiring key employees while taking into account the overall cost of compensation;
- aligned with our global priorities and encourage appropriate behaviours and decisions; and
- rewarding our executives for performance and for building shareholder value.

For more information on the role of the Human Resources Committee, please refer to pages 39-40.

### 2015 CD&A Updates

Our goal is to provide executive compensation information to shareholders as clearly and concisely as possible. With this in mind, we have made several changes to the 2015 CD&A. These changes include the addition of an overview that summarizes 2014 decisions related to our named executive officers' (NEOs) pay and executive compensation program updates for 2014. We encourage you to review the information it highlights, which can be found on pages 58-59 of this CD&A.

In addition, you will notice updates to the 2015 CD&A's format and design. We have added charts and graphs to present compensation information visually and included callouts to highlight important information we know our shareholders need.

### 2014 Performance and Achievement Highlights

In 2014, Finning continued to execute on its operational excellence agenda through a fundamental focus on safety and people as well as a greater emphasis on efficiently managing costs and capital to increase return on invested capital (ROIC). Through our efforts towards driving earnings growth and managing invested capital efficiently, we are focused on improving a key financial metric – ROIC, which is strongly correlated with increasing shareholder returns.

In line with our focus on earnings growth and capital discipline and the Company's commitment to earning its customers' loyalty, Finning employees worked to advance the following operational priorities: customer and market leadership, service excellence, supply chain and asset utilization. Through the outstanding contributions of Finning employees world-wide, we improved our safety performance, gained market share and improved inventory turns.

In 2014, overall revenues were up 2% to \$6.9 billion, driven by record product support, which grew by 8%. Advancements in our operational priorities also resulted in the Company ending the year in a strong financial position with free cash flow of \$483 million.

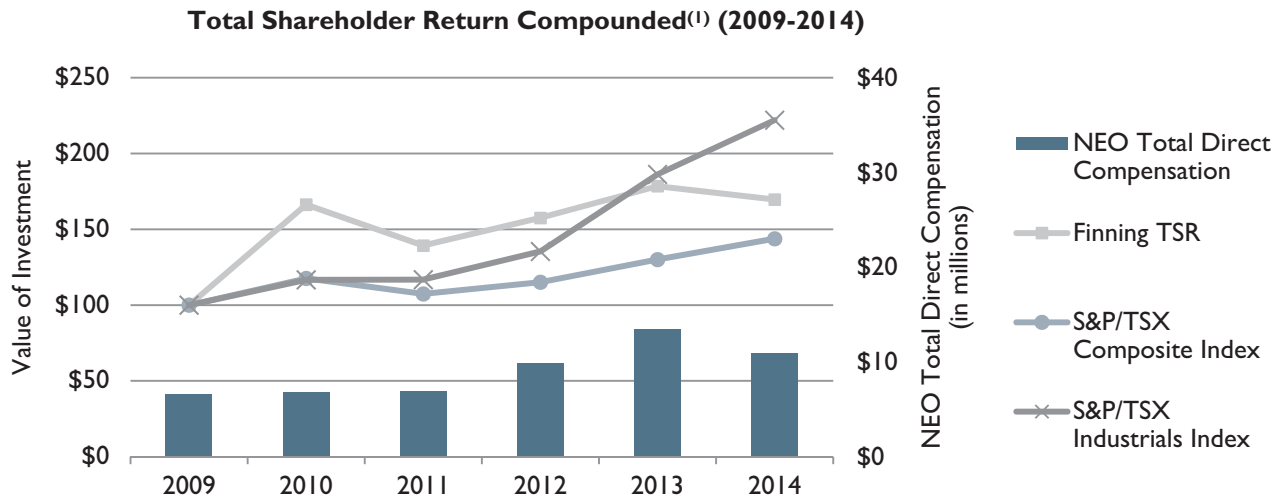
In Canada, higher earnings and greater capital efficiencies translated to an increase in ROIC. In addition, South America maintained historic profitability levels by taking actions early to reduce their cost structure and invested capital to align with lower activity levels. In the U.K. and Ireland, we maintained EBIT margin year over year in a highly competitive market environment.

The Company navigated a difficult macro-economic environment in South America in 2014 and is now managing through the emerging economic challenges in Canada with a similar focus on proactively adjusting its cost base and invested capital to anticipated business levels. Overall, we believe our focus on what we can control – costs and capital efficiency – positions us well for future growth and helped us build sustainable value as a company in 2014 and into the future.

In addition to our financial results, employee safety and customer loyalty are two important metrics by which Finning evaluates its annual performance. In 2014, we placed greater emphasis across the organization on total recordable injury frequency (TRIF) as a measure of our safety performance and net promoter score (NPS) as a measure of customer loyalty – more information on these new metrics is included in the overview on pages 58-59. Looking ahead, we will maintain our Company-wide focus on ensuring the safety of our employees every day, providing superior service to our customers and improving our operating performance.



Each year, the Human Resources Committee assesses the actual compensation of our NEOs relative to the Company's performance, as detailed below. The graph below shows the relationship of our NEOs' total compensation (as reflected in the Summary Compensation Table on page 76) compared to our cumulative shareholder return over the last five years. As illustrated, the compensation of our NEOs has generally tracked TSR and Finning shares have outperformed the S&P/TSX Composite Index over this period.



(1) Assumes dividends are reinvested into additional stock on an ongoing basis; reflects total return index values (based on the aggregate, market value of the index constituents plus their paid dividends/distributions assuming dividends/distributions are reinvested into additional stock on an ongoing basis).

Your Board, with the support of the Human Resources Committee, remains committed to ensuring that executive compensation is aligned with shareholder interests, linked to performance and drives Finning's long-term competitiveness. We believe that our sound governance practices relating to executive compensation, on which you are invited to vote, are appropriately linked to our strategy to build long-term shareholder value and enable us to obtain the right balance between attracting and retaining talented leaders and providing compensation that is based on performance and sound risk-taking.

Sincerely,

Douglas W.G. Whitehead  
Chair of the Board

John M. Reid  
Chair, Human Resources Committee

## 2014 Compensation Discussion and Analysis

At Finning, we believe in aligning executive compensation with shareholder interests and business results. In this spirit, we offer competitive compensation programs that allow our leaders to share in the Company's financial success when they deliver performance that helps achieve short- and long-term corporate goals, increases shareholder value and demonstrates commitment to our operational excellence agenda.

### Compensation Philosophy and Objectives

Finning abides by a compensation philosophy based on the principles of pay-for-performance, to ensure our incentive program payouts are based on individual, business unit and corporate performance results, and market competitiveness, to ensure our executive compensation package is competitive to attract and retain skilled executives. Guided by this compensation philosophy, we developed our executive compensation programs to limit incentives that promote excessive risk-taking and meet the following objectives:

- ✓ **Enable** Finning to attract individuals who have the leadership and management skills to drive the future growth and success of the Company
- ✓ **Retain** the services of valued members of Finning's executive team
- ✓ **Motivate** executives to achieve excellence within their respective areas of responsibility and together as a team
- ✓ **Reward** executives for their individual and collective contributions to Finning's success and encourage a strong link between an individual's compensation and the interests of Finning and its shareholders
- ✓ **Support** the health and the well-being of the members of Finning's executive team

In addition to the Company's financial performance, we consider shareholder input and market pay practices when determining the appropriate compensation levels for our leaders. We also take executives' current compensation into account as well as the advice of an independent external compensation consultant.

**Finning's compensation Plan includes four basic components:**

Base Salary	Cash Short-Term Incentive Plan (STIP)
Long-Term Incentive Plan (LTIP)	Non-Direct Compensation (e.g., pension, benefits, other perquisites)

Our pay-for-performance philosophy is to target the 50<sup>th</sup> percentile – median – of the total compensation similar companies offer their executives. We retain the ability to exceed the 50<sup>th</sup> percentile through higher incentive payouts when performance exceeds expectations and, conversely, to reduce payments below median when performance is below expectations.

To help ensure our executives' pay is aligned with Finning's overall business strategy, the executive compensation program is driven by a core set of principles embedded in our overall compensation philosophy. While actual performance targets may vary from year to year, the following principles relating to the program remain consistent:

Key Principle	Method of Implementing Principle
Senior executives should be focused on building shareholder value.	The Human Resources Committee seeks to focus senior management on several key financial metrics that it considers key drivers of shareholder value, such as EBIT margin and ICT in our short-term incentive plan and ROIC and TSR in our long-term incentive plan.
Senior executives' compensation should be performance-based.	Total individual compensation varies from year to year depending on corporate, business unit and individual performance results.
A significant portion of senior executives' compensation should be at risk.	The senior executives' compensation plan contains elements of pay at risk, in the sense that an executive does not receive certain compensation amounts until a minimum performance threshold is achieved and will receive increasing amounts as performance exceeds the targets.
Senior executives should focus on building the business over a medium and long-term time horizon.	The senior executives' compensation plan includes a long-term incentive plan that is focused on achieving results with a medium to longer-term view.
Senior executives should be focused on employee health and safety.	Safety targets make up a component of the bonus structure. Also, as part of corporate policy, even if the safety target has been achieved in a given year, the safety component of the bonus structure is not paid out to a senior executive if there has been an employee fatality in his or her area of responsibility.
The bonus structure should be relatively simple and easy to understand.	A limited number of metrics are used. The Human Resources Committee believes that if too many metrics are used, the overall effect of the bonus structure is diluted.
The focus of the bonus structure should be on quantitative metrics.	The majority of metrics used are financial and operational in nature, in alignment with Finning's broader strategy and priorities, and are those that executives have a reasonable ability to influence.
Teamwork among senior executives should be encouraged and rewarded.	A portion of the bonus payable to senior executives working in business units relates to overall corporate performance in addition to actual business unit performance.
Compensation programs should not encourage inappropriate risk taking.	The executive compensation program is balanced between fixed and variable pay. Performance metrics are designed to measure a combination of quantitative and qualitative objectives that are aligned with the Company's business strategy. Maximum payouts under the incentive programs are capped, a clawback policy is in place and executives are required to hold company shares.

This CD&A provides information on the following 2014 NEOs:

- L. Scott Thomson, President and Chief Executive Officer
- David S. Smith<sup>(1)</sup>, Former Executive Vice President and Chief Financial Officer
- Juan Carlos Villegas, President, Finning (Canada) and Chief Operating Officer, Finning International Inc.
- Andrew S. Fraser, Executive Vice President, Customer and External Relations
- Marcello Marchese, President, Finning South America

(1) Mr. Smith served as Chief Financial Officer through June 30, 2014, at which time he left the Company. Since his departure, CFO responsibilities have been shared by our CEO, SVP and Corporate Controller and VP Treasurer.

## Overview of Key Compensation Decisions and Actions

### Key Compensation Decisions and Plan Updates

(see pages 66-71 for details)

#### 2014 Base Salaries

- **CEO:** Mr. Thomson's 2014 base salary was increased 3% to \$927,000 in order to adjust his pay to the median market level compensation being paid to executives with comparable responsibility and experience.
- **Other NEOs:** Like our CEO, Messrs. Smith, Villegas and Marchese each received a 2014 base salary increase of 3% in order to adjust their pay to the market level compensation being paid to senior executives with comparable responsibility and experience. Mr. Fraser did not receive a base salary increase in 2014 as he received a salary increase in November 2013, upon accepting his new role.

#### 2015 Base Salaries

In recognition of challenging market conditions, the Human Resources Committee has accepted management's recommendation that there be no 2015 base salary increases for senior executives, including NEOs.

#### Short-Term Incentive Plan (STIP)

##### 2014 STIP Updates

In 2014, we revised our STIP metrics to enhance our focus on operational excellence, safety and customer loyalty and continued to focus on the factors we can control, such as cost management, capital efficiency and asset utilization. To place a greater emphasis on improvement in these areas, STIP metrics were changed as follows:

Financial Metrics	Non-financial Metrics
<ul style="list-style-type: none"> <li>• Added an <b>invested capital turns (ICT)</b> measure in place of EPS/EBIT</li> <li>• <b>EBIT margin</b> and <b>free cash flow (FCF)</b> continue to be components of the STIP</li> </ul>	<ul style="list-style-type: none"> <li>• Replaced the lost time injury (LTI) measure for employee safety with the <b>total recordable injury frequency (TRIF)</b> measure to help us better identify the root causes of safety incidents and take steps to maintain a safe working environment for all employees</li> <li>• Introduced a new customer loyalty component, measured as <b>net promoter score (NPS)</b>, to help ensure consistent delivery of high-quality services</li> </ul>

##### 2014 STIP Awards

Our 2014 performance resulted in an overall corporate score of 98%. Based on this, the Human Resources Committee determined that bonus payouts would be 99% of the target for the CEO and between 85% and 105% for the other NEOs.

#### Long-Term Incentive Plan (LTIP)

##### 2014 LTIP Updates

In alignment with shareholder interests and our operational excellence agenda, our LTIP consists of two components: performance share units (50%) and stock options (50%). In 2014, in order to drive greater shareholder value, profitability and capital efficiency, we changed our PSU metrics as follows:

2013 PSU Metric	2014 PSU Metrics
Return on equity (ROE)	Total shareholder return (TSR) Return on invested capital (ROIC)

Together, TSR and ROIC provide a more comprehensive measure of Company performance.

ROIC is aligned with our operational priorities, which are directly linked to driving continued earnings growth (customer and market leadership and service excellence) and improving capital efficiency (supply chain optimization and asset utilization). In addition, TSR is strongly aligned with shareholder interests as it reflects Finning's ability to create long-term value. The S&P/TSX Capped Industrials Index is the comparator group against which Finning benchmarks TSR. The Index was selected because it has historically correlated well with Company share price performance and because a number of companies in similar industries are part of it.

**2014 LTIP Awards**

For the 2014 LTIP, the combined grant of PSUs and stock options reflects approximately the 50<sup>th</sup> percentile of our comparator group based on market data:

- *PSUs*: For the 2014-2016 performance cycle, NEOs received PSU target grants with values ranging from \$222,121 to \$1,399,550.

For the 2012-2014 performance cycle, PSU awards were earned at 135.6% of target in December 2014 based on ROE performance for those three years. As noted previously, in 2014, ROE was replaced by TSR and ROIC as the performance target for PSUs; beginning with the 2014-2016 performance cycle, PSU awards earned will be based on these new metrics.

- *Stock Options*: NEOs received target grants of stock option awards with values ranging from \$222,121 to \$1,399,550.

**2015 Program Updates****Updated Share Ownership Guidelines (SOGs)**

In line with our strong governance process, we conducted a market review of executive SOGs in 2014. Based on this review, we made several changes to our guidelines to better align with market practice and shareholder interests. Effective June 1, 2015, the SOGs will be revised to reflect increased levels of ownership for the majority of executives as detailed below. Executives will have five years to meet the ownership requirements specified.

Position	2014 Ownership Requirement	2015 Ownership Requirement
CEO	3x base salary	4x base salary
COO	2x base salary	2x base salary (no change)
EVP	1.5x base salary	2x base salary
SVP	1x base salary	1.5x base salary
VP	1x base salary	1x base salary (no change)

Along with the new guidelines, we are introducing a new bonus deferral program that, beginning in 2015, will allow executives in most regions, at the Vice President level and higher, to redirect cash earned through STIP payouts into a DSU plan on a pre-tax basis until their individual SOG requirements are achieved. For more details on the updates to the SOGs, see page 71.

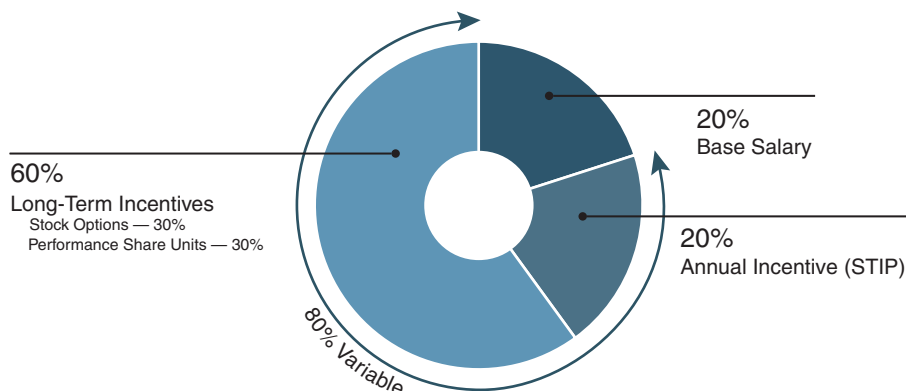
## How We Pay for Performance

Finning's success depends largely on our NEOs' contributions to executing on our short- and long-term goals and maintaining our unwavering commitment to safety and talent. This understanding shapes our approach to providing a competitive total rewards package to our NEOs.

### Focus on Pay-for-Performance

To ensure management's interests are aligned with those of shareholders and the performance of our company, a substantial portion of our CEO's compensation is at-risk and will vary above or below target levels depending on Company performance.

Total direct compensation comprises base salary, target short-term incentives and target long-term incentives. In 2014, 80% of the total direct compensation delivered to Mr. Thomson and between 59%-72% delivered to the other NEOs was incentive-based. The Committee believes these compensation mixes ensure a strong link between pay and performance and are aligned with market practice.



With our pay-for-performance philosophy, executives can earn in excess of target levels (up to a maximum) when their performance exceeds established objectives. And, if performance falls below established objectives, our incentive plans pay below target levels, which in some cases could be nothing at all.

To ensure that we are adhering to the principle of pay-for-performance, we evaluate the degree of alignment of our total incentive compensation to our business results, including EBIT margin, FCF, ICT, ROIC and TSR relative to the TSX Capped Industrials Index over the prior three fiscal years.

We use a balance of short- and long-term incentives as well as cash and non-cash compensation to meet these objectives. The Company's incentive compensation programs for executives are designed to link compensation performance with the full spectrum of our business goals, some of which are short-term, while others take several years or more to achieve:

	Short-Term (Cash) Annual Incentive	Long-Term (Cash/Equity) PSUs	Long-Term (Equity) Stock Options
<b>Objective</b>	Short-term operational business priorities	Long-term strategic financial goals	Long-term shareholder value creation
<b>Time Horizon</b>	1 Year	3 Years	7 Years (vesting occurs over a three-year period and begins on first anniversary of grant date)
<b>Financial Metrics</b>	25% EBIT Margin 25% ICT 20% FCF	50% ROIC 50% TSR	Stock Price appreciation over the Grant Price (FMV at time of grant)
<b>Non-financial Metrics</b>	15% NPS 15% TRIF		

## Our Say on Pay Vote and Other Shareholder Outreach

In determining the elements of our executive compensation program and their related metrics, the Human Resources Committee gives serious consideration to aligning the interests of executives and shareholders. To further this alignment, beginning in 2011, Finning voluntarily provided shareholders the right to cast an advisory vote on the Company's approach to executive compensation. At the 2014 annual meeting, 94.52% of the votes cast approved our overall approach to executive compensation. In 2013, there was 95.78% approval and in 2012, 95.76% approval. Based on shareholder feedback, the Human Resources Committee determined that no other material changes to our compensation programs were warranted for 2015.

In summer 2014, Finning surveyed investors to elicit feedback on several topics, including the Company's financial and operating performance, operational excellence agenda, management, investment factors and investor relations. Investors expressed support for the strengthened focus on ROIC and comments regarding executive leadership were generally positive, noting substantial improvement in transparency since the CEO's appointment in 2013.

## Managing Compensation Risk

Key features of our executive compensation program help limit excessive risk-taking. These include:

- **Program structure:** Our compensation program incorporates a balanced mix of short-, medium- and long-term compensation components; quantitative and qualitative measures to provide a holistic assessment of performance; maximum awards in the STIP and the PSU component of the LTIP; and overlapping performance cycles in the PSU plan, which serve to encourage sustained performance.
- **Share Ownership Guidelines (SOGs):** These guidelines require all executives to meet established minimum ownership requirements based on position. This requirement exposes the executives to the same long-term stock price volatility our shareholders experience. For details on our requirements and the updates made for 2015, see page 70.
- **Clawback policy:** If a restatement of Finning's financial statements is necessary because of the CEO's misconduct, intentional misstatement of information, gross negligence or fraud and the restated financial statements result in a lower amount of incentive compensation owing to him for the period covered by the restated financial statements, then the CEO will be required to repay all or some of the incentive compensation received in the prior 24-month period.
- **Hedging policy:** Senior executives are prohibited from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted to them as compensation or held directly or indirectly by them. Hedging may also not be utilized to offset the value of the shareholding requirements set by Finning's SOGs for executive management and directors.
- **Other practices:** The Company has a double-trigger requirement in place for the CEO with respect to cash benefits in a "change in control" situation. This means that two events must occur before the cash benefits are payable: a change in control and the termination of the CEO's employment. While no specific change-in-control agreements exist for the other NEOs, in practice, executives must be involuntarily terminated before receiving any cash benefits from the Company.

### Compensation Risk Oversight

The Human Resources Committee develops and reviews the compensation plans, philosophy, guidelines and policies for senior executives to ensure that there is a link between pay and performance while striking a balance with risk management.

The nature of the business in which Finning operates requires some level of risk-taking in order to achieve growth and desired outcomes in the best interest of shareholders. Finning's executive compensation policies and programs seek to increase long-term value while limiting incentives that promote excessive risk-taking.

In 2012, Finning began conducting annual risk assessments with periodic reviews performed by external compensation consultants. Based on the 2014 assessment, and having considered the features of the compensation program, the Committee does not believe that any risks arise from Finning's compensation policies and practices that are reasonably likely to have a material adverse effect on Finning.

## Determining Compensation for 2014

### Role of the Human Resources Committee

The Human Resources Committee reviews all compensation decisions relating to our leaders and considers recommendations from the CEO to determine the appropriate level of compensation for each of the NEOs, excluding the CEO.

For the CEO, the Committee provides a recommendation with respect to compensation to the Board, which makes the final decisions regarding such matters.

The Human Resources Committee carefully oversees governance practices for executive compensation and works closely with management to identify and make changes that ensure Finning's executive compensation programs are aligned with our overall compensation philosophy. In assessing individual NEO performance, the Human Resources Committee considers many factors, including time in role, demonstrated level of leadership competence and oversight of strategic projects and initiatives. In addition to the CEO's recommendations for the other NEOs, the Human Resources Committee also considers current and market trends in executive compensation and reviews the competitiveness of Finning's compensation plan relative to its comparator group of companies, described on page 63. The Human Resources Committee meets both in the presence of senior management and with only Committee members present.

In situations where there are significant variances to Finning's annual operating plan (AOP) that have a clear positive or negative impact on STIP payouts, such as unusual items, write-offs or actuarial gains/losses on pension plans, the Human Resources Committee reviews the case and may exercise discretion to increase or decrease the size of an award or payout.

While certain senior executives, including the CEO, review and make recommendations with respect to the compensation programs, final approval of the programs, related incentive metrics and incentive payments for all NEOs lies with the Human Resources Committee and, in some cases, the Board of Directors.

### Role of the CEO

At the beginning of each year, the CEO sets objectives with each NEO within the context of the overall corporate strategy. At the end of the year, the CEO reviews each NEO's performance against set objectives and completes detailed performance review summaries for each NEO. Based on year-end performance outcomes, the CEO prepares compensation recommendations for the NEOs. The Human Resources Committee then reviews and approves these compensation recommendations made by the CEO.

### Role of the Compensation Consultant

In making its decisions around compensation and the design of the programs in general, the Human Resources Committee and management may obtain advice from consultants with expertise in this area. The Committee and Board consider the compensation consulting firm's advice regarding our executive compensation program and then, ultimately, make their own decisions about these matters.

In 2014, the Company engaged the services of Towers Watson, Hay Group and Meridian Compensation Partners. Towers Watson has been retained by the Company since 2010 to provide advice in respect to Finning's executive compensation practices. Finning management has also retained Towers Watson to perform other work related to retirement and benefit programs. As discussed in the "Executive Compensation Comparator Groups" section on page 63, in making its compensation-related decisions and recommendations, the Committee reviews comparative market data provided by Hay Group, an independent compensation consultant retained by management since 1998. Hay Group provides annual updates on compensation trends and executive market data, which the Committee considers in making their decisions on executive compensation.

#### Key Pay Practices

The following list highlights executive compensation practices we have implemented to help drive performance. To motivate and reward our leaders while mitigating risk, we:

- ✓ Pay for performance by delivering most of the total cash compensation as variable pay
- ✓ Target pay based on market comparables
- ✓ Deliver total direct compensation primarily through variable pay
- ✓ Set challenging short- and long-term incentive award goals
- ✓ Provide strong oversight that ensures adherence to incentive grant regulations and limits
- ✓ Maintain robust share ownership requirements (*updated for 2015*)
- ✓ Adhere to a clawback policy
- ✓ Offer market-competitive benefits
- ✓ Consult with an independent advisor on pay



Beginning in 2014, the Committee engaged the services of Meridian Compensation Partners to provide independent advice to the Committee in the area of executive compensation. The following table provides a breakdown of services provided by Hay Group, Meridian Compensation Partners and Towers Watson, as well as fees paid in the last two years to these consultants:

	2014			2013		
	Hay Group	Meridian	Towers Watson	Hay Group	Meridian	Towers Watson
Executive Compensation – Related Fees	\$ 97,700	\$6,545	\$ 205,102	\$100,000	\$5,000	\$ 238,500
All Other Fees <sup>(1)</sup>	\$ 13,280	\$ 0	\$1,022,754	\$ 18,500	\$ 0	\$ 840,400
<b>Total</b>	<b>\$110,980</b>	<b>\$6,545</b>	<b>\$1,227,856</b>	<b>\$118,500</b>	<b>\$5,000</b>	<b>\$1,078,900</b>

(1) Non-executive compensation consulting, retirement (actuarial, administration and general advice) and benefit programs.

### Executive Compensation Comparator Groups

As a general guide in fixing the level for each of the components of executive compensation, Finning compares its overall compensation structure, as well as each individual component of the structure, with that of a comparator group.

In conducting its executive compensation reviews, Finning, with input from the Human Resources Committee and in consultation with Hay Group, an independent human resources consultancy, selects a comparator group of companies for each region. Generally, this group consists of companies with whom Finning may compete for executive talent. While Finning's unique business model makes it difficult to align with competitors of similar statistical significance, comparator group selection criteria generally include companies:

- of comparable size to Finning (in terms of revenue and employees);
- which operate in similar industries (e.g., heavy equipment, mining, construction, forestry); and
- for our Canadian comparator group, generally major Canadian companies with global operations that are publicly listed independently or through their parent organization, with an emphasis on companies that have a presence in western Canada.

In addition, in consultation with Hay Group and regional senior management, Finning selects separate groups of comparator companies to use for local benchmarking purposes for the NEOs responsible for overseeing Finning's operations in foreign jurisdictions. Our 2014 comparator groups include the companies listed below:

Canadian Comparator Group	South America (Chile) Comparator Group
Agrium	AES Gener
Arcelor Mittal Canada	Anglo American
Barrick Gold Corporation	Antofagasta Minerals
BHP Billiton Canada	Barrick Gold
Canadian Forest Products	Barrick Gold – Compania Minera Zaldivar
Canadian Oil Sands	BHP Billiton
Enbridge Inc.	CGE
Fortis Inc.	Codelco
Glencore Canada	Compania Minera Dona Ines de Collahuasi SCM
Goldcorp	Freeport McMoRan
Kinross Gold Corporation	Glencore
Methanex Corporation	Gold Fields
North American Energy Partners	KGHM International Ltd.
Potash Corporation of Saskatchewan	Kinross
Russel Metals Inc.	Komatsu
Sherritt International Corp.	LAN
SNC Lavalin	Rio Tinto Mining & Exploration Ltd.
Stuart Olson	Teck Resources
Suncor Energy Inc.	
Teck Resources Limited	
Toromont Industries	
Vale Canada	
Wajax	
West Fraser Timber Co. Ltd.	

The comparator groups noted above are used for compensation purposes only. TSR was used to determine part of the vesting for the LTIP's PSU component beginning in 2014 and Finning chose the S&P/TSX Capped Industrials Index as the comparator group against which to benchmark performance for purposes related to PSU awards. The Index was selected because it has historically correlated well with Company share price performance and because a number of companies in similar industries are part of it. For more details, see page 68.

## Elements of Finning's Executive Compensation Programs

	Link to Program Objectives	Key Features
<b>Base Salary</b>	The Human Resources Committee considers base salaries paid by companies for comparable roles in general industry and uses the 50 <sup>th</sup> percentile as a guideline, offering market-competitive fixed compensation	Provides a stable source of income and is a standard compensation element in executive compensation packages
<b>Short-Term Incentive (STIP)</b>	A cash-based award that encourages executives to focus on specific corporate annual performance goals and individual goals	Target incentive opportunity is set as a percentage of base salary and is awarded only if threshold performance levels are met
<b>Long-Term Incentive (LTIP):</b> Performance Share Units	Links compensation of executives to the building of long-term shareholder value, balances short-term operating focus and aligns the long-term financial interests of executive management with those of our shareholders	Performance-based shares are designed to reward executives for attainment of specified medium-term corporate ROIC and TSR performance goals
<b>Long-Term Incentive (LTIP):</b> Stock Options	Helps ensure that executive pay is directly linked to the achievement of the Company's long-term objectives	Seven-year term and three-year vesting promote retention and NEOs only receive value if the stock price rises
<b>Pension</b>	Critical element of a total rewards program that helps attract and retain executive talent	Eligible senior executives receive retirement benefits through a defined contribution plan (for those who joined Finning after January 1, 2010) or a defined benefit plan (for those who joined prior to January 1, 2010)
<b>Employment and Change in Control Agreements</b>	Helps ensure NEOs remain focused on creating sustainable performance	Agreements protect the Company and senior executives from risks by providing: <ul style="list-style-type: none"> <li>• economic stability;</li> <li>• death or disability payments; and</li> <li>• payments and benefits in the event of a change in control and subsequent involuntary termination (applies only to the CEO)</li> </ul>
<b>Perquisites and Other Benefits</b>	Keeps program competitive	Perquisites are limited in amount and the Human Resources Committee limits eligibility and use

## Analysis of 2014 Compensation Decisions and Actions

### Base Salary

Base salary is the basic method of compensating our senior executives and the only portion of total direct compensation that is not “at risk.” Base salary is an important component of Finning’s ability to attract and retain individuals who have the leadership and management skills to drive the further growth and success of our business.

### 2014 Base Salary Decisions

Messrs. Thomson, Smith, Villegas and Marchese each received a base salary increase of 3% in order to adjust their pay to the market-level compensation being paid to executives with comparable responsibility and experience. Mr. Fraser did not receive a base salary increase in 2014 as he received a salary increase in November 2013 upon accepting his new role.

### Short-Term Incentive Plan (STIP)

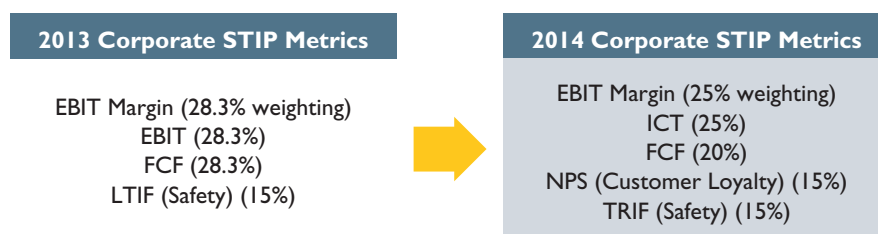
Our STIP rewards executives for achieving a series of employee safety, customer loyalty, financial and individual performance targets over the course of a year. For each goal, executives earn an award as long as minimum performance thresholds are achieved. Once these thresholds are met, payout can be increased by reaching performance levels that exceed established targets.

Targets for each NEO are set annually and are generally based on Finning’s broader Annual Operating Plan (AOP). These targets consist of metrics (i.e., financial or other measures) relating to both overall corporate performance and, where applicable, the performance of business units for which each executive has responsibility. The focus on corporate, business unit and individual performance goals varies based on each executive’s role. While short-term incentives encourage teamwork, individual accountability is also an important element in determining the final award. The table below provides the 2014 weightings for each NEO:

	2014 STIP Weightings		
	Corporate	Business Unit	Individual
L. Scott Thomson	85%	0%	15%
David S. Smith <sup>(1)</sup>	85%	0%	15%
Juan Carlos Villegas	35%	50%	15%
Andrew S. Fraser	85%	0%	15%
Marcello Marchese	25%	60%	15%

(1) Mr. Smith served as Chief Financial Officer through June 30, 2014, at which time he left the Company.

In 2014, the STIP metrics were updated to enhance our focus on factors in our control. EBIT was removed and replaced by ICT to further strengthen focus on profitability and capital efficiency. A customer loyalty metric was added and the safety metric now measures TRIF rather than LTIF:



Actual STIP payout is a percentage of base salary times the weighting of the final STIP performance results for the year, as indicated below:



**Why TRIF, NPS and ICT?**

- **TRIF:** Employee safety is a core value at Finning. By replacing the LTI measure for safety with TRIF, we can better identify the causes of safety incidents and take steps to maintain a safe working environment for all employees.
- **NPS:** Introducing a customer loyalty goal (measured by NPS) demonstrates Finning's commitment to our customers. It also helps ensure consistent delivery of high-quality services, which can help grow market share across all industries.
- **ICT:** Adding the ICT measure, in combination with profitability (EBIT%) and the FCF measure, links to our focus on improving ROIC.

**2014 STIP Decisions**

2014 performance for each of our STIP metrics is summarized in the following table:

2014 STIP Corporate Score							
	Weighting	Threshold	Target	Maximum	Actual	Score	
EBIT Margin	25%	7.6%	8.2%	8.8%	7.5% <sup>(1)</sup>	0%	
Invested Capital Turns	25%	2.02	2.14	2.30	2.10	83%	
Free Cash Flow	20%	\$250M	\$333M	\$450M	\$483M	200%	
Net Promoter Score	15%	57	61	66	57	50%	
Total Recordable Injury Frequency	15%	1.09	0.91	0.80	0.75	200%	
<b>2014 Weighted Score Calculation: 98%</b>							

- (1) The Human Resources Committee applied its use of discretion and approved an adjustment to account for a one-time write-off of previously capitalized enterprise resource planning costs in the Company's South American operations. This write-off was considered infrequent/non-recurring and of an unusual nature. It was not anticipated during the 2014 budget process and was not reflective of the underlying performance of Finning's ongoing business operations. Unadjusted EBIT margin was 7.3%.

The tables below summarize the individual target opportunities and payouts for the NEOs, which take into account the financial results above as well as the individual performance component of the STIP. For the CEO, all personal objectives are approved by the Board of Directors upon the recommendation of the Human Resources Committee. For all other NEOs, personal objectives are approved by the CEO to ensure they are clearly aligned with overall corporate priorities and objectives. Finning believes that disclosure of the details associated with the personal objectives and business unit goals of NEOs would affect its overall competitive position and, as a result, does not disclose them. The varying payouts for the key metrics and overall payouts relative to target for each executive demonstrate the ongoing link between pay and performance in the short-term incentive plan.

	Corporate		Business Unit		Individual		Overall Weighted Score (% of Target)
	Weight	x Score	Weight	x Score	Weight	x Score	
L. Scott Thomson	85%	98%	N/A	N/A	15%	100%	99%
David S. Smith <sup>(1)</sup>	N/A	98%	N/A	N/A	15%	100%	N/A
Juan Carlos Villegas	35%	98%	50%	94%	15%	160%	105%
Andrew S. Fraser	85%	98%	N/A	N/A	15%	65%	93%
Marcello Marchese	25%	98%	60%	70%	15%	125%	85%

	Target (% of Base Salary)	Potential Payout Range (% of Base Salary)	Target Award Opportunity	Actual % of Target	Actual Amount Awarded
L. Scott Thomson <sup>(2)</sup>	100%	0%-200%	\$927,000	99%	\$913,929
David S. Smith <sup>(1)</sup>	60%	0%-120%	N/A	N/A	N/A
Juan Carlos Villegas	80%	0%-160%	\$618,000	105%	\$650,986
Andrew S. Fraser	60%	0%-120%	\$318,000	93%	\$296,853
Marcello Marchese	60%	0%-120%	\$324,966	85%	\$269,174

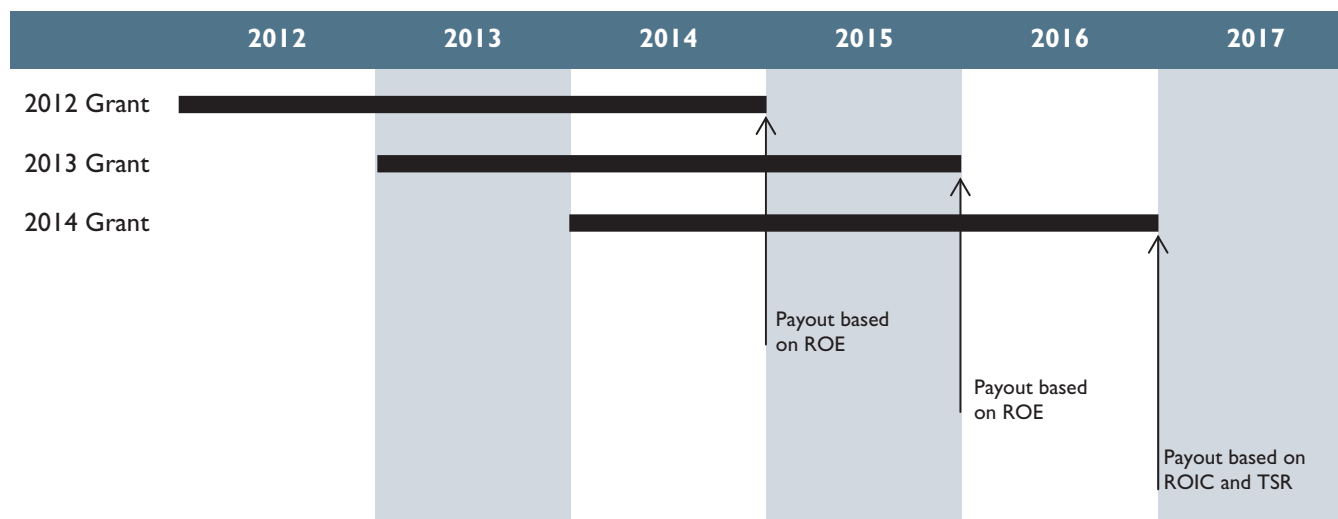
- (1) Mr. Smith served as Chief Financial Officer through June 30, 2014, at which time he left the Company.
- (2) The Board of Directors, upon the recommendation of the Human Resources Committee, awarded Mr. Thomson 175% on the individual component of the STIP because Mr. Thomson exceeded the majority of his 2014 performance objectives, as set out at the beginning of the year. However, Mr. Thomson has requested that the individual component of his STIP be re-set to 100%, in light of the current challenging macro-economic environment. The Board of Directors has since exercised its use of discretion and has agreed to Mr. Thomson's request.

## Long-Term Incentive Plan (LTIP)

The LTIP recognizes executives' role in driving Finning's business growth, increasing shareholder value and supporting our continued financial success. It is made up of two components: PSUs and stock options.

### The Performance Share Unit (PSU) Plan

The PSU Plan is a performance-based incentive plan that creates alignment between our executives and shareholders, as each unit's value is tied to share price and performance conditions for vesting. PSUs are paid out in cash, assuming performance targets are met. PSUs vest at the end of three years and their value is measured at the end of three years using the prevailing share price at the time of payout, as shown below for the 2012-2014 performance cycle:



### 2012 – 2014 Performance Cycle Payout

Vesting for PSUs granted in 2012 was determined at the end of 2014, based on the former metric (average ROE over 2012, 2013 and 2014). Performance targets and results for the 2012-2014 cycle are summarized in the following table:

	Average ROE			Actual ROE Performance
	Threshold 15.0%	Target 18.0%	Maximum 22.0%	19.4%
	↓	↓	↓	↓
<b>Award Payout</b>	<b>50%</b>	<b>100%</b>	<b>200%</b>	<b>135%</b>

Messrs. Smith, Villegas, Fraser and Marchese each received a payout for the 2012-2014 PSU performance cycle. Mr. Thomson did not receive a payout given he was not employed with the Company at time of grant.

#### Why ROIC and TSR?

**ROIC** is aligned with our operational priorities, which are directly linked to improving profitability and capital efficiency and places a clear focus on factors we can control. Improvements in ROIC correlate well with TSR and provide a comprehensive measure of Finning's performance.

**TSR** shows the performance of Finning's shares over time relative to other comparable companies. Because shareholders ultimately want to pay management for strong share price performance and for outperforming other companies, relative TSR is a useful and informative measure.

Beginning in 2014, fifty percent of our NEOs' PSU payout is now based on TSR results, with the other fifty percent based on ROIC results over the three-year performance cycle. These new metrics are strongly tied to shareholder value, profitability and capital efficiency, providing us with a more comprehensive measure of Finning's performance over time.

We compare Finning's TSR with the TSR of the constituents of the S&P/TSX Capped Industrials Index over the three-year performance cycle. The Index comprises 23 companies and executives' payouts are based on our percentile ranking compared to the companies within the Index at the end of the performance cycle. TSR performance over the period is calculated based on the five-day trading average leading up to January 1 of the grant year and the five-day trading average ending December 31 at the end of the three-year period.

For PSUs granted in 2014 (the 2014-2016 performance cycle), payouts will be based on the following:

Finning 3-Year TSR Compared to Index Constituents' TSR				
	Below the 25 <sup>th</sup> Percentile	25 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	100 <sup>th</sup> Percentile
	↓	↓	↓	↓
<b>Award Payout</b>	<b>No Payout</b>	<b>50% of Target</b>	<b>100% of Target</b>	<b>200% of Target</b>

ROIC Performance				
	<17% (Below Threshold)	17% (Threshold)	18.5% (Target)	21.5% (Maximum)
	↓	↓	↓	↓
<b>Award Payout</b>	<b>No Payout</b>	<b>50% of Target</b>	<b>100% of Target</b>	<b>200% of Target</b>

### Stock Option Plan

Stock options enable Finning to strengthen the link between shareholder and Company interests with those of our executives over a longer-term time horizon. The exercise price of each option is set at the market value of Finning's shares at the time of grant. Accordingly, the total value of the options (and, therefore, the benefit potentially received by each NEO) increases as Finning's stock price increases.

Finning's senior executives hold options that vest in accordance with a specified schedule and are then exercisable over a period of time, providing an incentive for executives to remain with Finning and to take steps to build Finning's business in a manner that increases the Company's stock price over time. All options are granted and governed by the terms of Finning's existing 2005 Stock Option Plan for Senior Executives (Option Plan). Options granted under the Option Plan have a seven-year term and vest in three equal annual installments beginning on the first anniversary of the grant date. For more details on the terms of the Option Plan, see Schedule C to this management proxy circular.

### 2014 PSU and Stock Option Decisions

The annual grants for the 2014 LTIP were as follows:

	Long-Term Incentive Plan				
	Number of Stock Options	Value of Stock Options	Number of PSUs	Value of PSUs	Total Value of Award
Scott Thomson	174,600	\$1,399,550	58,510	\$1,399,550	\$2,799,100
David S. Smith <sup>(1)</sup>	27,710	\$ 222,121	9,290	\$ 222,121	\$ 444,242
Juan Carlos Villegas	87,120	\$ 698,321	29,200	\$ 698,321	\$1,396,642
Andrew S. Fraser	27,710	\$ 222,121	9,290	\$ 222,121	\$ 444,242
Marcello Marchese	33,360	\$ 267,347	11,180	\$ 267,347	\$ 534,694

(1) Mr. Smith served as Chief Financial Officer through June 30, 2014, at which time he left the Company.

### Deferred Share Unit (DSU) Plan

In certain circumstances, Finning may grant DSUs to senior executives if approved by the Human Resources Committee. Two such grants have occurred since 2006; one grant made in 2012 and another in 2013, both in relation to the COO role, as described below. Only a small number of current executives hold vested DSUs and only one executive holds unvested DSUs.

DSUs track the value of Finning's Common Shares but do not entitle the holder to receive Common Shares from treasury or to voting rights. All DSUs, other than the 2012 and 2013 grants, are fully vested, based on historical share price performance criteria. All vested DSUs accrue notional dividends that are allocated in the form of additional DSUs based on the fair market value of Finning's Common Shares on the day preceding the dividend payment date. Vested DSUs can only be converted into a cash payment or Common Shares for a period of time specified by the plan following termination of employment or retirement from Finning. If payment is requested in the form of Common Shares, Finning will purchase the Common Shares on behalf of the executive on the Toronto Stock Exchange.

The updated share ownership guidelines (SOGs) introduced in 2015 will allow senior executives to rollover their STIP payouts, beginning in 2016, to a DSU plan. For more on the new guidelines' impact on DSUs, see the "2015 SOG Updates" section on page 71.

## Pension, Perquisites and Other Benefits

Finning provides a series of pension and benefit programs to its NEOs. These generally include:

- defined benefit pension plans (for NEOs in Canada or the U.K. who joined prior to January 1, 2010) or defined contribution pension plans (for NEOs in Canada or the U.K. who joined after January 1, 2010);
- executive supplementary income plans;
- health and dental coverage for employees and dependents;
- death and disability benefits; and
- an employee share purchase plan (ESPP).

Variations in these programs may exist between Finning's regions due to local market conditions.

Under the terms of the ESPP, in most regions, Finning provides a partial match of up to 2% of base salary for contributions made by employees into a fund that is then used to purchase Finning's Common Shares on the open market for the benefit of these employees.

Finning also provides a series of perquisites to its senior executives. These include car allowances, club dues, tax consultation reimbursement and annual executive medical examinations. Although these items make up a very small portion of the total compensation paid to a senior executive, the Human Resources Committee believes the provision of these benefits assists in the overall goal of attracting and retaining individuals who have the leadership and management skills to drive the further growth and success of Finning's business. In some instances, these benefits also assist in achieving Finning's goal of supporting the health and well-being of its senior executives such that these executives are able to devote the time and energy necessary to Finning's business to continue its growth and development.

The value of all benefits conferred under such plans and programs to the NEOs in 2014 is described later in the Summary Compensation Table. Additional disclosure relating to Finning's pension plans and supplementary income plans is provided later under the heading "Pension Plan Disclosure" on page 81.

## Share Ownership Guidelines (SOGs)

Finning strongly encourages executive share ownership as we believe that the interests of shareholders and NEOs are better aligned when executives directly hold investments in the Company.

As of December 31, 2014, Mr. Fraser had met his share ownership requirement and all other current NEOs are on track to do so within the current guidelines' allotted five-year time frame.

Shareholdings are defined as the total of Common Shares and vested DSUs owned by the executive. Under our current guidelines, a maximum of 50% of the required ownership value may be held in the form of DSUs. Stock Options and PSUs are not included in the definition of shareholdings for the purposes of this requirement.

Equity Holdings							
	Ownership Multiple of Salary	Total Vested DSUs Held	Total Value of Vested DSUs Held	Common Shares Held	Total Value of Common Shares Held	Total Shareholdings	Total Value of Shareholdings <sup>(1)</sup>
L. Scott Thomson	3 x	N/A	N/A	90,991	\$2,373,452	90,991	\$2,373,452
Juan Carlos Villegas	2 x	59,184	\$1,493,212	22,439	\$ 566,136	81,623	\$2,059,348
Andrew S. Fraser	1.5 x	55,015	\$1,388,028	18,022	\$ 454,695	73,037	\$1,842,724
Marcello Marchese	1.5 x	N/A	N/A	24,682	\$ 622,727	24,682	\$ 622,727



	Share Ownership Requirement				
	Common Shares Held	DSUs Held Eligible for Meeting Ownership Requirements <sup>(2)</sup>	Total Value of Shareholdings Eligible for Ownership Requirements <sup>(3)</sup>	% of Requirement Achieved	Meets Guidelines
L. Scott Thomson	90,991	N/A	\$2,373,452	85%	Has until June 16, 2018 to achieve
Juan Carlos Villegas	22,439	30,618	\$1,338,636	87%	Has until June 17, 2017 to achieve
Andrew S. Fraser	18,022	15,755	\$ 852,195	107%	Yes
Marcello Marchese	24,682	N/A	\$ 622,727	77%	Has until June 17, 2017 to achieve

- (1) This represents the total value of all vested DSUs and Common Shares held. This does not include unvested DSUs or other at-risk long-term incentives, such as stock options and PSUs. Stock options are not considered as equity until they are exercised and retained as Common Shares. PSUs are not included in the calculation as there is no guarantee of vesting until certain performance conditions have been met.
- (2) Includes only qualifying DSUs based on the rule that a maximum of 50% of the required ownership value may be held in the form of DSUs.
- (3) The Value of Shareholdings was calculated using the higher of market value of Common Shares or cost base to purchase Common Shares. The market value used for the calculations was \$25.23, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014.

## 2015 SOG Updates

In line with good governance practices, we conducted a market review of our existing executive SOGs in 2014. Based on this review, we made several changes to our guidelines to better align with market practice and shareholder interest. Effective June 1, 2015, the SOGs will be revised as specified below. Executives will have five years to meet their new ownership requirement.

Position	2015 Ownership Requirement	2014 Ownership Requirement
CEO	4x base salary	3x base salary
COO	2x base salary (no change)	2x base salary
EVP	2x base salary	1.5x base salary
SVP	1.5x base salary	1x base salary
VP	1x base salary (no change)	1x base salary

We will also introduce a new bonus deferral program that offers executives in most regions who are subject to SOGs the opportunity to redirect cash earned through STIP payouts into a DSU plan on a pre-tax basis until share ownership guidelines are achieved. In addition, this program will allow 100% of DSUs held to count toward total required shareholdings. Previous DSU grants will be grandfathered under our current guidelines and these vested DSUs will continue to be capped at 50% towards share ownership.

## Statement of Executive Compensation

### Named Executive Officer Profiles

Finning's NEOs are the Chief Executive Officer, the Chief Financial Officer and the three next highest paid executive officers. Their profiles on the following pages provide a brief biography, share ownership levels and summary of total compensation over the past three years. A profile for David S. Smith, our former Chief Financial Officer, is not included as Mr. Smith left the Company halfway through fiscal year 2014. For purposes of measurement and disclosure in the referenced tables, the market value of Common Shares, DSUs, PSUs and Stock Options was calculated using Common Share values of \$25.23, \$27.15 and \$24.57, which were the closing trading prices of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014, December 31, 2013 and December 31, 2012, respectively.



#### L. SCOTT THOMSON

President and Chief Executive Officer  
Vancouver, British Columbia, Canada  
Age: 45

#### Total Shareholdings

	Number	Value
2014	90,991	\$2,373,452
2013	58,616	\$1,591,424
2012	N/A	N/A

Mr. Thomson joined Finning International Inc. as President and Chief Executive Officer in June of 2013.

Prior to joining Finning, Mr. Thomson was Chief Financial Officer of Talisman Energy Inc. with responsibility for finance, tax, treasury, investor relations, marketing, business development and strategy, planning and performance management from 2008 to 2013. Prior to Talisman, Mr. Thomson held several executive positions with Bell Canada Enterprises, including Executive Vice President, Corporate Development; Vice President, Head of Mergers and Acquisitions; and Vice President, Corporate Strategy from 2003 to 2008. Prior to Bell, Mr. Thomson was a Vice President at Goldman, Sachs and Co. from 1998 to 2002. Mr. Thomson currently serves as a director of Interfor Corporation.

Mr. Thomson holds a Bachelor of Arts in Economics and Political Science from Queen's University, Kingston and an MBA from the University of Chicago, Graduate School of Business.

### Share Ownership Guidelines

Minimum Ownership Requirement		Eligible Holdings <sup>(1)</sup>	% 2014 Guidelines Achieved	Meets 2014 Guidelines
Multiple	Amount			
3 x salary	\$2,781,000	\$2,373,452	85%	Has until June 16, 2018 to meet guideline

### Total Compensation<sup>(2)</sup>

Three-Year Look-Back	2014	2013	2012
<b>Base Salary</b>	\$ 926,273	\$ 467,308	N/A
<b>Short-Term Incentive</b>	913,929	294,185	N/A
<b>Long-Term Incentive (PSUs)</b>	1,399,550	2,399,550	N/A
<b>Long-Term Incentive (Stock Options)</b>	1,399,550	2,399,550	N/A
<b>Pension Value</b>	146,455	56,077	N/A
<b>All Other Compensation</b>	53,942	24,652	N/A
<b>Total Compensation</b>	<b>\$4,839,699</b>	<b>\$5,641,322</b>	N/A

(1) For further details on the calculation of Eligible Holdings, please refer to the "Share Ownership Guidelines" section in this management proxy circular.

(2) The Total Compensation values included in this table are consistent with the Summary Compensation Table and should be read in tandem with the related footnotes to that table on pages 76-77.

**JUAN CARLOS VILLEGAS**

President, Finning (Canada) and Chief Operating Officer, Finning International Inc.  
Edmonton, Alberta, Canada

Age: 60

**Total Shareholdings**

	Number	Value
2014	81,623	\$2,059,348
2013	73,720	\$2,001,498
2012	75,185	\$1,847,295

In November 2013, Juan Carlos Villegas was appointed President of Finning (Canada) in addition to his position as Chief Operating Officer of Finning International Inc., which was effective in June 2012. As President of Finning (Canada), Mr. Villegas has overall responsibility for the Canadian operations with a mandate for delivering on the key priorities in supply chain, service excellence, asset utilization, market share growth and talent. As the Chief Operating Officer of Finning International, Mr. Villegas has responsibility for increasing operational efficiencies and profitability. His previous role was President of Finning South America, where he led the successful growth of the business during his six-year tenure. Over the course of his career with Finning, Mr. Villegas has also served as Vice President of Power Systems for Canada, Vice President of Mining for South America and Vice President of Operations for Chile. Prior to joining Finning, Mr. Villegas had over 18 years of experience with the Cummins and Komatsu dealer in Chile, Argentina, Peru and Bolivia and held various executive management positions with Cummins and Komatsu, including Vice President Operations for the southern cone of South America.

Mr. Villegas was educated in Chile and also attended the University of California at Irvine. Mr. Villegas has completed a number of executive development courses in the United States and Canada.

**Share Ownership Guidelines**

Minimum Ownership Requirement		Eligible Holdings <sup>(1)</sup>	% 2014 Guidelines Achieved	Meets 2014 Guidelines
Multiple	Amount			
2.0 x salary	\$1,545,000	\$1,338,636	87%	Has until June 17, 2017 to meet guideline

**Total Compensation<sup>(2)</sup>**

Three-Year Look-Back	2014	2013	2012
<b>Base Salary</b>	\$ 771,894	\$ 750,000	\$ 676,202
<b>Short-Term Incentive</b>	650,986	359,100	407,684
<b>Long-Term Incentive (PSUs)</b>	698,321	458,769	381,751
<b>Long-Term Incentive (Stock Options)</b>	698,321	1,758,338	381,751
<b>Long-Term Incentive (DSUs)</b>	-	200,007	500,000
<b>Pension Value</b>	135,719	139,666	46,731
<b>All Other Compensation</b>	280,823	258,497	771,122
<b>Total Compensation</b>	<b>\$3,236,064</b>	<b>\$3,924,377</b>	<b>\$3,165,241</b>

(1) For further details on the calculation of Eligible Holdings, please refer to the "Share Ownership Guidelines" section in this management proxy circular.

(2) The Total Compensation values included in this table are consistent with the Summary Compensation Table and should be read in tandem with the related footnotes to that table on pages 76-77.

**ANDREW S. FRASER**

Executive Vice President,  
Customer and External Relations  
West Vancouver, British Columbia, Canada  
Age: 54

**Total Shareholdings**

	Number	Value
2014	73,037	\$1,842,724
2013	69,607	\$1,889,830
2012	67,558	\$1,659,900

Andrew S. Fraser was appointed Executive Vice President, Customer and External Relations in November 2013. In this role, Mr. Fraser is accountable for strengthening relationships with Finning's key customers, supporting the dealer principals' ongoing collaboration with Caterpillar and fostering community and government relations. Reflecting the fundamental importance of safety at Finning, Mr. Fraser is also responsible for providing strategic oversight and coordination across the operations to meet Finning's commitment to continued safety excellence. In his career spanning over 30 years with Finning, Mr. Fraser has held a variety of senior roles across the operations. Most recently, Mr. Fraser was President of Finning (Canada), where he laid a solid foundation for greater operational improvements. Prior to that, he provided leadership for a renewed business strategy in the U.K. as Managing Director of Finning U.K. Group. Before being appointed Managing Director of Finning U.K. Group in 2006, Mr. Fraser held a variety of progressively senior leadership roles within Finning (Canada), including Group Vice President; Sales and Marketing Vice President; and Operations and Customer Relations Vice President.

Mr. Fraser holds a B.A. in economics from Wilfred Laurier University, an MBA from Royal Roads University and is a certified director (ICD.D) with the Institute of Corporate Directors.

**Share Ownership Guidelines**

Minimum Ownership Requirement		Eligible Holdings <sup>(1)</sup>	% 2014 Guidelines Achieved	Meets Guidelines
Multiple	Amount			
1.5 x salary	\$795,000	\$852,195	107%	Yes

**Total Compensation<sup>(2)</sup>**

Three-Year Look-Back	2014	2013	2012
<b>Base Salary</b>	<b>\$ 530,000</b>	<b>\$ 507,939</b>	<b>\$ 469,231</b>
<b>Short-Term Incentive</b>	<b>296,853</b>	<b>199,372</b>	<b>169,623</b>
<b>Long-Term Incentive (PSUs)</b>	<b>222,121</b>	<b>230,725</b>	<b>238,237</b>
<b>Long-Term Incentive (Stock Options)</b>	<b>222,121</b>	<b>230,725</b>	<b>238,237</b>
<b>Pension Value</b>	<b>112,000</b>	<b>367,000</b>	<b>332,000</b>
<b>All Other Compensation</b>	<b>225,857</b>	<b>57,303</b>	<b>59,385</b>
<b>Total Compensation</b>	<b>\$1,608,952</b>	<b>\$1,593,064</b>	<b>\$1,506,713</b>

(1) For further details on the calculation of Eligible Holdings, please refer to the "Share Ownership Guidelines" section in this management proxy circular.

(2) The Total Compensation values included in this table are consistent with the Summary Compensation Table and should be read in tandem with the related footnotes to that table on pages 76-77.



**MARCELLO MARCHESE**  
 President, Finning South America  
 Santiago, Chile  
 Age: 49

Marcello Marchese was appointed President of Finning South America in June 2012 with overall responsibility for Finning's operations in Chile, Argentina, Bolivia and Uruguay. His previous role was Senior Vice President, Construction and Power Systems, effective 2008. Mr. Marchese joined Finning in 1998 as Manager of the Power Systems Division in Chile. In 2002, he was transferred to Finning International, Vancouver, Canada where he held the positions of Business Development Manager, Power Systems and International Marketing Manager, Power and Energy. Mr. Marchese returned to Chile in January of 2006 as Vice President of Customer Support Services, Finning South America and in October 2006, he assumed the position of Vice President, Operations for the region. Mr. Marchese has over 18 years of experience in progressively senior roles in the aviation and power systems industries, in addition to the various roles he has held at Finning.

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

#### Total Shareholdings

	Number	Value
2014	24,682	\$622,727
2013	22,772	\$618,260
2012	20,173	\$495,651

#### Share Ownership Guidelines

Minimum Ownership Requirement		Eligible Holdings <sup>(1)</sup>	% 2014 Guidelines Achieved	Meets 2014 Guidelines
Multiple	Amount			
1.5 x salary	\$803,643	\$622,727	77%	Has until June 17, 2017 to meet guideline

#### Total Compensation<sup>(2)</sup>

Three-Year Look-Back	2014	2013	2012
<b>Base Salary</b>	\$ 525,627	\$ 532,134	\$ 470,625
<b>Short-Term Incentive</b>	269,174	177,839	249,385
<b>Long-Term Incentive (PSUs)</b>	267,347	248,955	146,236
<b>Long-Term Incentive (Stock Options)</b>	267,347	248,955	146,236
<b>Pension Value</b>	-	n/a	n/a
<b>All Other Compensation</b>	87,283	88,652	95,233
<b>Total Compensation</b>	\$1,416,778	\$1,296,535	\$1,107,715

(1) For further details on the calculation of Eligible Holdings, please refer to the "Share Ownership Guidelines" section in this management proxy circular.

(2) The Total Compensation values included in this table are consistent with the Summary Compensation Table and should be read in tandem with the related footnotes to that table on pages 76-77.

## Summary Compensation Table

The following table summarizes the total compensation earned in each of the last three fiscal years by each of the NEOs:

	Year	Salary (\$)	Share Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total Compensation (\$)
L. Scott Thomson, President and Chief Executive Officer <sup>(5)</sup>	2014	926,273	1,399,550	1,399,550	913,929	146,455	53,942	4,839,699
	2013	467,308	2,399,550	2,399,550	294,185	56,077	24,652	5,641,322
David S. Smith, Former Executive Vice President and Chief Financial Officer <sup>(6)</sup>	2014	256,070	222,121	222,121	143,909	90,000	971,680	1,905,901
	2013	475,631	307,375	307,375	165,267	188,000	41,472	1,485,120
	2012	459,712	238,237	238,237	207,138	174,000	41,474	1,358,798
Juan Carlos Villegas, President, Finning (Canada) and Chief Operating Officer, Finning International Inc. <sup>(7)</sup>	2014	771,894	698,321	698,321	650,986	135,719	280,823	3,236,064
	2013	750,000	658,776	1,758,338	359,100	139,666	258,497	3,924,377
	2012	676,202	881,751	381,751	407,684	46,731	771,122	3,165,241
Andrew S. Fraser, Executive Vice President, Customer and External Relations <sup>(8)</sup>	2014	530,000	222,121	222,121	296,853	112,000	225,857	1,608,952
	2013	507,939	230,725	230,725	199,372	367,000	57,303	1,593,064
	2012	469,231	238,237	238,237	169,623	332,000	59,385	1,506,713
Marcello Marchese, President, Finning South America <sup>(9)</sup>	2014	525,627	267,347	267,347	269,174	n/a	87,283	1,416,778
	2013	532,134	248,955	248,955	177,839	n/a	88,652	1,296,535
	2012	470,625	146,236	146,236	249,385	n/a	95,233	1,107,715

- (1) This primarily refers to the grant of PSUs. It also includes DSUs that have been awarded to Mr. Villegas, as described under footnote 7. The PSUs have been valued at the grant date using an expanded Binomial Valuation Model. This model has been chosen because it is consistent with the methodology utilized for the market data in compensation benchmarking reports prepared by our compensation consultant, Hay Group. The underlying assumptions and values are outlined in the table below. They differ from the values used for financial reporting purposes (accounting fair value). The values shown are “theoretical values” derived at a point in time and will be different than the value upon exercise. The grant values shown are calculated as PSUs granted multiplied by the PSU value, using the following PSU values for the regular annual grant:

Assumptions	2014	2013	2012
	Grant Value	Grant Value	Grant Value
Expected term in years	3	3	3
Expected volatility	30.35%	32.58%	37.03%
Risk-free interest rate	2.50%	2.00%	2.00%
Expected dividend yield	2.17%	2.11%	2.38%
Performance discount at target relative to payout schedule	82.00%	85.00%	85.00%
Share price at grant	\$ 29.17	\$ 22.29	\$ 25.49
<b>PSU value</b>	<b>\$ 23.92</b>	<b>\$ 18.94</b>	<b>\$ 21.67</b>
<i>Accounting fair value</i>	<i>\$ 26.73</i>	<i>\$ 20.90</i>	<i>\$ 23.32</i>

Actual PSU payments are disclosed in the “Incentive Plan Awards-Value Vested or Earned During the Year” table.

- (2) This refers to the grant of stock options. The grant price is the fair market value on the day prior to the grant day. Option awards granted are based on a comparative analysis to the comparator group and the executives' performance. The stock options granted have been valued at the grant date using the Binomial Valuation Model. This model has been chosen because it is consistent with the methodology utilized for the market data in compensation benchmarking reports, prepared by our compensation consultant, Hay Group. They differ from the values used for financial reporting purposes (accounting fair value). The underlying assumptions and values are outlined in the table below. The values shown are "theoretical values" derived at a point in time and will be different than the value upon exercise. The grant values shown are calculated as stock options granted x stock option value, using the following stock option values for the regular annual grant:

Assumptions	2014 Grant Value	2013 Grant Value	2012 Grant Value
Expected option term in years	7	7	7
Expected volatility	30.35%	32.58%	37.03%
Expected dividend yield	2.17%	2.11%	2.38%
Risk-free interest rate	2.50%	2.00%	2.00%
Exercise price	\$ 29.17	\$ 22.29	\$ 25.49
<b>Option value</b>	<b>\$ 8.02</b>	<b>\$ 6.36</b>	<b>\$ 7.93</b>
<i>Accounting fair value</i>	<i>\$ 7.58</i>	<i>\$ 6.47</i>	<i>\$ 7.34</i>

- (3) This refers to compensatory amounts that include the current pension service costs during the year as well as the impact of pay increases since the previous year's calculation. For further details, please refer to the "Pension Plan Disclosure" section outlined later in this management proxy circular.
- (4) This includes all perquisites (e.g., car allowance, car benefits, tax return preparation, executive medical examinations, life insurance) and other executive benefits.
- (5) Mr. Thomson's base salary and short-term incentive were prorated for 2013 based on his start date of June 17, 2013. In addition, in 2013, upon appointment as CEO, he received a one-time grant of PSUs with a value of \$1,000,000 (included in "Share Awards" column) and a one-time grant of stock options with a value of \$1,000,000 (included in "Option Awards" column).
- (6) Mr. Smith served as Chief Financial Officer through June 30, 2014, at which time he left the Company. In 2014, "All Other Compensation" for Mr. Smith includes \$784,448 for termination benefits.
- (7) In 2013, in connection with his appointment to the additional role of President, Finning (Canada), Mr. Villegas received an additional stock option grant in the amount of \$1,299,569 (175,000 options) included in the "Option Awards" column. These options have the additional vesting requirement that they may not be exercised until after November 20, 2016 (three years following the grant date). In addition, he received a special grant of DSUs in 2013, shown under the "Share Awards" column for "Long-Term Incentive Plans" that will vest two years following the grant date. He also received \$180,000 in housing allowance in 2013 as part of his expatriate assignment in Canada, shown under the "All Other Compensation" column. In 2012, in connection with his promotion to Chief Operating Officer, Mr. Villegas was awarded a special DSU grant valued at \$500,000 shown under the "Share Awards" column for "Long-term Incentive Plans" that will vest in five equal installments over five years, with vesting beginning on his first anniversary date in the COO role. Also, in 2012, the amounts included in the "All Other Compensation" column include \$62,500 for relocation costs, \$105,000 in housing allowance as part of his expatriate assignment in Canada and an early withdrawal of \$500,000 from his Chilean indemnity plan. For more details on the Chilean indemnity plan, please refer to the section of "Termination or Change of Control Benefits" set out later in this management proxy circular. For Mr. Villegas' service in South America prior to becoming COO in 2012, amounts were converted from Chilean pesos based on the 2012 average annual exchange rate: 1 CLP = 0.002055 CAD.
- (8) In 2014, "All Other Compensation" for Mr. Fraser includes \$187,913 for equity loss payments on the sale of two homes due to relocation.
- (9) Amounts have been converted from Chilean pesos based on the following average annual exchange rates: 2014: 1 CLP = 0.001939 CAD; 2013: 1 CLP = 0.002083 CAD; 2012: 1 CLP = 0.002055 CAD.

## Long-Term Incentive Plan Awards

## Outstanding Share-Based Awards and Option-Based Awards

The following table summarizes all share-based and option-based awards that were held by each of the NEOs described below as of December 31, 2014.

	Option-based Awards					Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Grant Date	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares at target that have not Vested (#)	Market or Payout Value of Share Awards at target that have not Vested <sup>(2)</sup> (\$)	Market or Payout Value of Vested Share Awards not paid out or distributed <sup>(3)</sup> (\$)
L. Scott Thomson	174,600	May 21/14	29.17	May 21/21	-	58,510	1,476,207	-
	382,170	June 17/13	22.00	June 17/20	1,234,409	128,320	3,237,514	-
David S. Smith	27,710	May 21/14	29.17	June 30/17	-	9,290	234,387	-
	48,320	May 15/13	22.29	June 30/17	142,061	16,220	409,231	-
	30,050	May 15/12	25.49	June 30/17	-	-	-	-
	16,080	May 18/11	28.29	June 30/17	-	-	-	-
	27,330	May 20/10	17.43	May 20/17	213,174	-	-	-
Juan Carlos Villegas	87,120	May 21/14	29.17	May 21/21	-	29,200	736,716	-
	175,000	November 20/13	26.02	November 20/20	-	-	-	-
	-	September 13/13	-	-	-	9,043	228,155	-
	72,120	May 15/13	22.29	May 15/20	212,033	24,220	611,071	-
	18,840	August 14/12	24.50	August 14/19	13,753	12,799 <sup>(4)</sup>	322,919	220,712
	30,050	May 15/12	25.49	May 15/19	-	-	-	-
	16,080	May 18/11	28.29	May 18/18	-	-	-	-
	34,160	May 20/10	17.43	May 20/17	266,448	-	-	-
-	Prior to 2006	-	-	-	-	-	1,272,500	
Andrew S. Fraser	27,710	May 21/14	29.17	May 21/21	-	9,290	234,387	-
	24,180	May 15/13	22.29	May 15/20	71,089	12,180	307,301	-
	30,050	May 15/12	25.49	May 15/19	-	-	-	-
	16,080	May 18/11	28.29	May 18/18	-	-	-	-
	-	Prior to 2006	-	-	-	-	-	1,388,020
Marcello Marchese	33,360	May 21/14	29.17	May 21/21	-	11,180	282,071	-
	39,130	May 15/13	22.29	May 15/20	115,042	13,140	331,522	-
	7,330	August 14/12	24.50	August 14/19	5,351	-	-	-
	11,400	May 15/12	25.49	May 15/19	-	-	-	-
	8,810	May 18/11	28.29	May 18/18	-	-	-	-
	12,120	May 20/10	17.43	May 22/17	94,536	-	-	-
	7,560	May 22/09	14.64	May 22/16	80,060	-	-	-
	34,200	May 16/08	29.83	May 16/15	-	-	-	-

- (1) The value of Unexercised In-the-Money Options was calculated using a Common Share value of \$25.23, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014. Stock options have a seven-year term and vest over three years as outlined previously in this management proxy circular under the heading "Long-Term Incentive Plan."
- (2) The value of these share-based awards (PSUs primarily, other than as noted in footnote (4) below) was calculated using a Common Share value of \$25.23, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014. PSUs vest at the end of three years if performance criteria are met as outlined previously in this management proxy circular under the heading "Long-Term Incentive Plan."
- (3) The value of these share-based awards (DSUs only) was calculated using a Common Share value of \$25.23, which was the closing trading price of Finning's Common Shares on the Toronto Stock Exchange on December 31, 2014. DSUs can only be converted to a cash payment or shares upon termination of employment or retirement from Finning as outlined previously in this management proxy circular under the heading "Long-Term Incentive Plan."
- (4) The number of units shown for Mr. Villegas includes DSUs. Mr. Villegas' DSUs granted in 2012 vest equally over a five-year period and the DSUs granted in 2013 vest two years from the date of grant.



**Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets out the value of all share-based and option-based compensation which vested during the year ended December 31, 2014 for each of the individuals described below. This table also captures all non-equity incentive plan compensation earned during the year.

	Option Awards – Value During the Year on Vesting <sup>(1)</sup>	Realized Gains on Option Exercises	Share Awards – Value During the Year on Vesting <sup>(2)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year
	(\$)	(\$)	(\$)	(\$)
L. Scott Thomson	928,673	-	-	913,929
David S. Smith	180,820	277,250	331,202	143,909
Juan Carlos Villegas	371,333	1,084,818	646,386	650,986
Andrew S. Fraser	149,166	406,590	397,443	296,853
Marcello Marchese	144,940	128,454	247,860	269,174 <sup>(3)</sup>

- (1) The value of stock options that vested during the fiscal year. The value equals the difference between the exercise price of the options and the closing price of the Common Shares on the Toronto Stock Exchange on the vesting date. If the closing price of the Common Shares on the vesting date was below the exercise price, the stock options have no current value and are shown as “-”. Stock options have a seven-year term and vest over three years as outlined previously in this management proxy circular under the heading “Long-Term Incentive Plan.”
- (2) PSUs vest at the end of three years if performance criteria are met as outlined previously in this management proxy circular under the heading “Long-Term Incentive Plan.” PSUs granted in 2012 vested on December 31, 2014 and were paid in cash; 3-year average ROE of 19.4% was achieved, which resulted in 135% vesting of the grant.
- (3) Converted from Chilean Pesos based on average 2014 exchange rate (1 CLP = 0.001939 CAD).

**Termination and Change of Control Benefits**

The table below outlines the compensation that would be paid to the NEOs upon termination or change in control.

Type of Termination or Change in Control	Base Salary	Short-Term Incentive	Long-Term Incentives	Benefits	Pension/Other
Resignation (prior to retirement eligibility)	None	Payable in full if executive has worked the entire calendar year; otherwise none	Vested stock options must be exercised within 30 days of resignation or by the end of the original term, whichever is sooner Unvested PSUs are cancelled Unvested DSUs are cancelled	None	No longer earns credited service  Mr. Villegas and Mr. Marchese: Chilean indemnity plan will pay a lump sum of one month salary per year of service, less any prior early payout <sup>(1)</sup>
Retirement	None	Current year’s incentive is prorated to retirement date	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 within this period and are available for exercise	Post-retirement benefits are provided for five years or to the age of 65, whichever is sooner	No longer earns credited service  Mr. Villegas and Mr. Marchese: Chilean indemnity plan will pay a lump sum of one month salary per year of service, less any prior early payout <sup>(1)</sup>

Type of Termination or Change in Control	Base Salary	Short-Term Incentive	Long-Term Incentives	Benefits	Pension/Other
Termination (involuntary, not for cause)	Base salary is paid out in a lump sum: CEO: 24 months COO: 18 months Other NEOs: No other agreements in place	CEO: 24 months of the lesser of either target STIP or the average of STIP received in the previous two years COO: 18 months of the lesser of either target STIP or the average of STIP received in the previous two years Other NEOs: No other agreements in place	Vested PSUs are payable; unvested PSUs are eligible to vest according to plan terms and are prorated to retirement date Unvested DSUs are cancelled  All NEOs: 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 and PSUs are cancelled COO: 50% of unvested DSUs will vest. Stock options granted in November 2013 will follow the same vesting pattern as if it were a retirement	If eligible for retirement, post-retirement benefits are provided for five years or to the age of 65, whichever is sooner	No longer earns credited service  Mr. Villegas and Mr. Marchese: Chilean indemnity plan will pay a lump sum of one month salary per year of service, less any prior early payout <sup>(1)</sup>
Change in Control <sup>(2)</sup>	CEO: consistent terms to that of involuntary termination if termination for "Good Reason" occurs within 12 months from the date of change in control <sup>(3)</sup> Other NEOs: No specific change in control agreements are in place	CEO: consistent terms to that of involuntary termination if termination for "Good Reason" occurs within 12 months from the date of change in control <sup>(3)</sup> Other NEOs: No specific change in control agreements are in place	In the absence of any surviving corporation's assumption of outstanding awards made under the various plans, the following terms apply: 50% of unvested options are exercisable; remaining unvested options are cancelled 50% of all unvested DSUs are exercisable; remaining unvested DSUs are cancelled Unvested PSUs may be deemed to be vested at the discretion of the Human Resources Committee and redeemed	None	None

(1) Chilean Finning executives are eligible for an indemnity plan that will pay a benefit upon dismissal. For certain executives, the benefit is also payable upon resignation or retirement, as is the case for Mr. Villegas and Mr. Marchese. The benefit is typically payable in a lump sum, and is based on one month of salary per year of service. Certain limits may apply and early partial payouts are possible in some circumstances. Mr. Villegas and Mr. Marchese are eligible for this benefit as a result of their roles at Finning South America. For Mr. Villegas, the applicable salary rate will be the rate he was earning immediately prior to his relocation from South America to Canada.

- (2) A change in control is defined as a transaction whereby Finning is not the surviving entity of a merger, consolidation or amalgamation with another corporation or in the event of a liquidation or reorganization.
- (3) “Good Reason” means any action by the Company after a change in control that, without the Executive’s consent (which the Executive must not withhold unreasonably), results in:
- a material change in the Executive’s status, duties, position or responsibilities;
  - a material reduction in the Executive’s Base Salary or benefits entitlements (other than STIP and LTIP);
  - 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.

The table below shows the amounts that would have been paid if any of the NEOs had been involuntarily terminated without cause and/or impacted by a change of control, assuming target achievement of STIP:

	Type of Event	Base Salary (\$)	Target Short-Term Incentive Plan (\$)	Long-Term Incentive Plan (\$)	Other (\$)	Total (\$)
L. Scott Thomson, President and Chief Executive Officer	Termination	1,854,000	1,854,000	n/a	n/a	3,708,000
	Change in Control <sup>(1)</sup>	n/a	n/a	411,470 <sup>(2)</sup>	n/a	411,470
Juan Carlos Villegas, President, Finning (Canada) and Chief Operating Officer, Finning International Inc.	Termination	1,158,750	927,000	275,532	365,988 <sup>(3)</sup>	2,727,269
	Change in Control <sup>(1)</sup>	n/a	n/a	346,210 <sup>(2)</sup>	n/a	346,210
Andrew S. Fraser, Executive Vice President, Customer and External Relations <sup>(4)</sup>	Termination	n/a	n/a	n/a	n/a	n/a
	Change in Control <sup>(1)</sup>	n/a	n/a	35,545 <sup>(2)</sup>	n/a	35,545
Marcello Marchese, President, Finning South America <sup>(5)</sup>	Termination	n/a	n/a	n/a	725,473 <sup>(3)</sup>	725,473
	Change in Control <sup>(1)</sup>	n/a	n/a	38,347 <sup>(2)</sup>	n/a	38,347

- (1) A change in control is defined as a transaction whereby Finning is not the surviving entity of a merger, consolidation or amalgamation with another corporation or in the event of a liquidation or reorganization. Payout amounts will only apply in the absence of any surviving corporation’s assumption of outstanding awards made under the Stock Option, DSU and PSU plans.
- (2) This payout occurs only if the surviving entity of a merger, consolidation or amalgamation does not assume the Company’s outstanding LTIP awards. In this case, 50% of unvested options are exercisable; remaining unvested options are cancelled. 50% of all unvested DSUs are exercisable; remaining unvested DSUs are cancelled. Unvested PSUs may be deemed to be vested at the discretion of the Human Resources Committee and redeemed. Given this, the figures presented in this table include the values for options and DSUs only.
- (3) This amount reflects the estimated balance remaining in the Chilean indemnity plan.
- (4) No formal termination agreement terms are outlined in the employment contract for Mr. Fraser.
- (5) No formal termination agreement terms are outlined in the employment contract for Mr. Marchese, other than his benefit under the Chilean indemnity plan.

## Pension Plan Disclosure

Finning provides various pension plans for its employees. Executive pensions are generally intended to be set at the market median when compared to pension benefits provided by comparator companies in the appropriate region where the executive is based.

In South America, no Company-sponsored pension plans exist.

In the U.K., beginning in April 2012, new service accruals in the defined benefit plan called the Finning Pension Scheme ended for all U.K. employees, including senior executives, and current and new senior executives in the U.K. began participating in a defined contribution arrangement (U.K. Executive DC Plan).

In Canada, prior to January 1, 2010, executives at the level of Vice-President or above were enrolled in a registered defined benefit pension plan called the Finning International Inc. Retirement Plan (Executive Group – DB Provisions) (the “Canadian Executive DB Plan”) and an executive supplementary income plan (SIP). Beginning January 1, 2010, the Canadian Executive DB Plan and the SIP were closed to new entrants and new executives at the level of Vice-President or above are enrolled in a defined contribution pension plan called the Finning International Inc. Retirement Plan (Executive Group – DC Provisions) (the “Canadian Executive DC Plan”) and an associated supplementary accumulation plan (SAP).

During 2014, the current NEOs who are or were based in Canada participated in the Canadian plans. Two of the four participated in the Canadian Executive DB Plan and the other two participated in the Canadian Executive DC Plan. The remaining NEO, who is based in South America, did not participate in a Company pension plan since no such plan exists in that region and no information for him is included in the tables that follow. The respective plans and benefits earned under the plans are described below.

## Executive DC Pension Plans

### Canadian Plans

Finning's contributions in respect to executives under the Canadian Executive DC Plan are at a rate of 12% of base salary plus bonus under the short-term incentive plan, where such bonus will be capped at target. All contributions will be made to a registered plan to the extent permitted under the Income Tax Act (ITA) and notional contributions for amounts in excess of ITA limits will be made to the unfunded SAP. The executive makes an election as to how the funds will be invested from a range of available investment options under the Canadian Executive DC Plan. Notional contributions under the SAP are credited with interest based on a long-term Government of Canada bond yield plus 2%.

### U.K. Plan

Finning's contributions in respect to executives under the U.K. Executive DC Plan are at a rate of 16% of base salary. Executives are required to contribute 5% of pay. The executive makes an election as to how the funds will be invested from a range of available investment options under the U.K. Executive DC Plan. Currently, no NEOs are based in the U.K. and therefore, no NEOs participate in this plan.

### Defined Contribution Pension Plan Table

The accumulated value at the start and end of the year, as well as compensatory amounts earned during the year for each of Finning's NEOs participating in an Executive DC Plan during the year, are provided in the following table:

	Accumulated Value at Start of Year (\$)	Compensatory (\$)	Accumulated Value at Year End (\$)
L. Scott Thomson	59,155	146,455	216,692
Juan Carlos Villegas <sup>(1)</sup>	194,651	135,719	347,015

- (1) Mr. Villegas became eligible to participate in the Canadian Executive DC Plan in June 2012, upon his appointment as COO and relocation to Canada. Prior to that time, he did not participate in any Finning pension plan. In 2012, Mr. Villegas received a "Depositos Convenidos" or "Agreed Deposit" arrangement in Chile, intended to assist him in respect of retirement savings. This amount is reported as "All Other Compensation" in the compensation tables.

## Executive DB Pension Plans

### Canadian Plans

Participants in the Canadian Executive DB Plan and the SIP are not required to make any contributions to either plan. The SIP is generally intended to "top up" an executive's pension that is capped under the Canadian Executive DB Plan due to statutory limits. Any exceptions to this are noted below.

Under the terms of these plans, the total combined amount of pension payable to an executive 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, essentially capping service at 35 years. Final average earnings are defined as the average annual pensionable earnings (130% of base salary under the SIP) during the 36 consecutive months within the last 10 consecutive years of employment in which such earnings were the highest. Short-term and long-term incentive payout amounts are not included in the final average earnings. Pensions are reduced at a rate of 3% per year before age 60, for retirement after age 55.

In addition to the above, a 2-1/2 year service bonus component was part of the SIP pension calculation for retirement at age 60 for any member who joined the SIP prior to August 2, 2004. The service bonus grades from 0 to 2-1/2 years for retirement between ages 55 and 60, and grades back to 0 for retirement between ages 60 and 65, unless such continued employment beyond age 60 is at the request of Finning. This service bonus component is no longer provided to new participants after August 2, 2004.

**U.K. Plan**

As noted above, beginning in April 2012, new service accruals in the U.K. Executive DB Plan ended. Pensions earned prior to that time are frozen and will be indexed to an inflationary measure thereafter, prior to, and after retirement.

Prior to April 2012, participants in the plan contributed 12% of earnings, and received a pension determined as 2% of a participant's final pensionable salary multiplied by the total number of years of credited service. Final pensionable salary generally was the rate of base salary as at the previous April 6 (the end of the tax year). Pensions are unreduced at age 60 (or age 55 for service prior to December 31, 2002).

Currently, no NEOs are based in the U.K. and therefore, no NEOs participate in this plan.

**Defined Benefit Pension Plan Table**

The number of credited years of service at December 31, 2014, the estimated annual pension benefits payable and the estimated value of the accrued obligation at the end of both 2013 and 2014 (including a broad reconciliation over the year) for each of Finning's NEOs participating in an Executive DB Plan are provided in the following table:

Name (a)	No. of Years Credited Service (#) (b)	Annual Benefits Payable <sup>(1)</sup> (\$ (c)		Accrued Obligation at Start Year (\$ (d)	Compensatory <sup>(2)</sup> (\$ (e)	Non-Compensatory <sup>(2)</sup> (\$ (f)	Accrued Obligation at Year End (\$ (g)
		At year end (c1)	At age 65 (c2)				
		David S. Smith <sup>(3)</sup>	5.3				
Andrew S. Fraser <sup>(4)</sup>	15.5	202,700	399,600	3,180,000	112,000	736,000	4,028,000

- (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 the executive's current salary rate.
- (2) Compensatory amounts shown include the current service cost earned during the current year as well as the impact of 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. Certain year-end assumptions for 2014 changed from those used for 2013 in order to conform to accounting standards set out by IFRS, resulting in increases in the obligations shown in this table. The key assumption change that resulted in the Non-Compensatory decreases was the corporate bond yield discount rate, which decreased over the year.
- (3) Mr. Smith left the Company on June 30, 2014. The annual benefits payable, as shown in column (c), reflect the pension amount payable to Mr. Smith upon his departure.
- (4) Mr. Fraser joined the SIP prior to August 2, 2004 and therefore is entitled to up to an additional 2-1/2 years of Credited Service if he remains with Finning until age 60. This service is included in current Credited Service as shown in column (b) only to the extent the individual is currently eligible. The Annual Benefits Payable at age 65, as shown in column (c2), includes the additional 2-1/2 years on the assumption that the individual remains with Finning beyond age 60 at Finning's request.

## SECTION VI – OTHER INFORMATION

### Directors and Officers Liability Insurance

Finning provides liability insurance for its directors and officers. The current policy limit is \$100,000,000 each loss/each policy year. The deductible is nil for a non-indemnifiable loss against the individual directors and officers, \$250,000 for an indemnifiable loss against the directors and officers and \$500,000 for any securities claims.

### Indebtedness of Directors, Officers and Employees

Finning does not, as a general rule, provide loans to its directors and officers. As of February 28, 2015, there were no loans made or outstanding to any director or officer or former director or officer of the Corporation or any of its subsidiaries. Should any loan be made to a director of the Corporation, or any subsidiary of the Corporation, such loan would require the prior approval of the Board of Directors.

Finning does, from time to time, provide loans to its employees that are routine indebtedness.

### Approval of this Circular

The contents and the sending of this circular have been approved by the directors.

Dated as of March 18, 2015.



J. Gail Sexsmith  
Corporate Secretary

## SCHEDULE A

### National Instrument 58-101

#### Disclosure of Corporate Governance Practices

PRACTICE	FINNING
<b>1. Board of Directors</b>	
(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 Chief Executive Officer 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.	12 of the 13 current directors are independent.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directorships in other reporting issuers held by the nominees for director are listed in the description of each nominee under the heading “Proposed Management Nominees for Election as Directors”.
(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 regularly scheduled Board meeting, the Board meets once outside of the presence of members of management. It also meets in camera without its non-independent director, L. Scott Thomson. Where matters directly involving L. Scott Thomson (such as compensation issues) are being discussed, L. Scott Thomson is excused from those discussions and the directors meet alone. For committee meetings, the independent directors also meet in camera without management.
(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 Chairman of the Board, Douglas W. G. Whitehead, is independent. The Chairman’s role and responsibilities are described in the “Terms of Reference for the Chair”, which are posted on Finning’s website in the <i>Governance Section – Corporate Governance (Corporate Governance Policies)</i> . The Board has appointed John M. Reid as Lead Director. Mr. Reid is independent. The Lead Director’s roles and responsibilities are described in the “Terms of Reference for the Lead Director”, which are posted on Finning’s website in the <i>Governance Section – Corporate Governance (Corporate Governance Policies)</i> .
(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 “Summary of Attendance of Directors” on page 24.
<b>2. Board Mandate</b>	
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 Schedule B.
<b>3. Position Descriptions</b>	
(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 Chairman of the Board, the Lead Director, 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 Chief Executive Officer have developed a written position description for the Chief Executive Officer, which is reviewed annually. In addition, the Human Resources Committee annually reviews goals and objectives for the Chief Executive Officer and assesses his performance against the goals and objectives for the year.
<b>4. Orientation and Continuing Education</b>	
(a) Briefly describe what measures the board takes to orient new directors regarding:	A full description of these measures is contained under the heading "Orientation and Education" on page 31.
(i) the role of the board, its committees and its directors; and	
(ii) the nature and operation of the issuer's business.	A full description of these measures is contained under the heading "Orientation and Education" on page 31.
(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 "Orientation and Education" on page 31.
<b>5. Ethical Business Conduct</b>	
(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 for directors, officers and employees of Finning.
(i) disclose how a person or company may obtain a copy of the code;	The Code is available on Finning's website and on SEDAR.
(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 reports 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 2014 that would require 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, executive officers or directors do not participate in the negotiations or approvals pertaining to such a 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 of Conduct, a whistleblower telephone hotline has been established globally, as well as online reporting, which is available on Finning's website. A Global Anti-Bribery and Anti-Corruption Policy was adopted in 2013.
<b>6. Nomination of Directors</b>	
(a) Describe the process by which the board identifies new candidates for board nomination.	The Corporate Governance Committee is responsible for identifying, recruiting and recommending new candidates for Board nomination or appointment. At least annually, the Committee reviews the Board's current composition by comparing the diversity of skills, attributes and experience of Board members against Board requirements. See page 29 for further details on the Director Nomination process and 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 Corporate Governance Committee is composed entirely of independent directors. It currently acts as a nominating committee.



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(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The Corporate Governance Committee mandate is described on page 41.
<b>7. Compensation</b>	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Corporate Governance 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 the compensation is competitive considering the scope of the responsibilities. The process followed by the committees is described in Director Compensation beginning on page 47 and in the executive compensation discussion and analysis starting on page 56.
(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 Human Resources Committee is composed entirely of independent directors.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Human Resources Committee's mandate is described in their report beginning on page 39.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	<p>In arriving at its recommendations, the Human Resources Committee of the Board engages consultants from time to time. This is discussed in the Human Resources Committee's report on page 40 and in the Compensation Discussion and Analysis on page 62.</p> <p>The Board retained Consultants in 2014 to assist the Corporate Governance Committee in determining compensation for Finning's independent directors. This is described in Director Compensation – Evaluation of the Program on page 47.</p>
<b>8. Other Board Committees</b>	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	Finning has a Corporate Governance Committee, a Safety, Environment & Social Responsibility Committee and a Pension Committee. The mandates of these committees are described on pages 41, 43 and 45, respectively.
<b>9. Assessments</b>	
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 Corporate Governance Committee has the responsibility for conducting an annual performance evaluation of the Board, each of its Board committee Chairs and Board committees, the Chairman and each individual director. The process involves, among other things, asking each director to complete detailed evaluation questionnaires. The survey also includes executive management's input and perspective in relevant sections of the survey. Ultimately, the Committee makes recommendations to the full Board regarding any changes and improvements it determines to be necessary. Details on assessments undertaken in 2014 are described on page 31.

## SCHEDULE B

### 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 consistent with its fiduciary responsibility to the shareholders to maximize shareholder value and provide strategic oversight.
- 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. Nominees for director are initially considered and recommended by the Corporate Governance Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation.
- B. A majority of directors comprising the Board must qualify as independent 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 will be as set forth in their terms of reference, as amended from time to time.

##### 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 in fulfilling their responsibilities;
- vii) approving any recommended changes to the terms of reference for the Board, the Board Chair, the Lead Director, an individual director, the President & Chief Executive Officer, Board committees and the Guidelines for the Board of Directors;
- viii) setting annual board objectives; and
- ix) facilitating annual site visits to country operations.

###### B. Management and Human Resources

The Board has the responsibility:

- i) for the appointment and replacement of a Chief Executive Officer (“CEO”), for monitoring CEO performance, for approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO’s duties;
- ii) for approving terms of reference for the CEO;
- iii) in consultation with the CEO, for approving annual objectives that the CEO is responsible for meeting;
- iv) to the extent feasible, for satisfying itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the organization;

- v) for acting upon the advice of the CEO, and the recommendation of the Human Resources Committee, for approving the appointment of all corporate officers and the remuneration of the Leadership Team, defined as all Executive Management directly reporting to the CEO, the country operational Presidents and any other employees of the Corporation as designated by the CEO; and
- vi) for ensuring that plans have been made for management succession including appointing, training and monitoring 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 written Code of Conduct and a Code of Ethics for Senior Management and Financial Officers;
- iii) for approving and properly disclosing any waivers to the Code of Conduct and the Code of Ethics for Senior Management and Financial Officers; and
- iv) 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 and approve release thereof by management;

- vi) for approving the Management Proxy Circular, Annual Information Form and documents incorporated by reference therein; and
- vii) 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 its communications policies for 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 shareholders, other security holders and regulators on a timely and regular basis;
  - 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 on its stewardship for the preceding year (annual reports); 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 reasonable prudent people 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) the manner and the term for the issuance of securities;
    - d) the declaration of dividends;
    - e) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
    - f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
    - 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.

## SCHEDULE C

### Finning International Inc.

#### 2005 Stock Option Plan

The following is a summary of the key terms of Finning's existing Option Plan. Shareholders who wish to review a full copy of the Option Plan should contact the Corporate Secretary.

Under the Option Plan, the Board is authorized to issue options to senior executives of Finning or its subsidiaries. The terms of such options will include:

- Term of Option:** As determined by the Board at the time of grant, provided such term is not more than seven years after grant date.
- Exercise Price:** As determined by the Board at the time of grant, provided such price is not less than the weighted average trading price of the Common Shares on the business day prior to the grant date.
- Vesting:** Options vest in three equal tranches, beginning on the first anniversary of the grant date and ending on the third anniversary of the grant date.
- Transferability:** Options are non-assignable and non-transferable.
- Exercise:** All exercises of options will generally be done using a cashless exercise method which involves the holder thereof voluntarily giving up the right to exercise a number of vested options with a value equal to the purchase price of the Common Shares to be issued. The Common Shares underlying such cancelled vested options shall continue to be available for future issuance upon the grant and exercise of Options subsequently granted under the Option Plan. Finning may consent to the exercise of options using a traditional cash method.

In the event that the employment of a senior executive is terminated while such executive holds options issued under the Option Plan, all unvested options will become immediately void, except as described below. In addition, the following rules will apply:

- (a) if the executive dies, all unvested options immediately vest and each vested option may then be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is one year after such termination of employment;
- (b) if the executive becomes disabled or retires (so long as it is not retirement for the purpose of accepting competitive employment), each vested option may then be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is three years after such termination of employment. In addition, any unvested option which would normally have vested during such exercise period will be considered to be a vested option as of the date of such vesting;
- (c) if the executive is dismissed without cause or voluntarily resigns, such vested options may be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is 30 days after such termination of employment;
- (d) if the executive voluntarily resigns for the purpose of accepting competitive employment, then unless specifically determined otherwise by the Human Resources Committee of the Board of Directors (or its successor), such vested options may be exercised for a period that ends on the earlier of: (i) the option expiry date; and (ii) the date that is 30 days after such termination of employment; and
- (e) if the executive is dismissed with cause, such vested options shall be immediately null and void unless otherwise determined by the Human Resources Committee of the Board of Directors (or its successor).

The maximum number of Common Shares issuable upon the exercise of options granted under the Option Plan is currently fixed at 7,470,000. As at March 18, 2015:

- (a) 4,158,781 options were issued and outstanding under the Option Plan (representing 2.41% of the total number of issued and outstanding shares as of such date);
- (b) 2,060,989 Common Shares (representing 1.20% of the total number of issued and outstanding shares as of such date) remain available for future issuance under the Option Plan; and
- (c) 1,250,230 Common Shares issuable under the Option Plan (up to the maximum number specified above) have previously been issued and are no longer available for future issuance.

The table below summarizes the option activity, including grants, cancellations and exercises from March 18, 2014 to March 18, 2015, under our 2005 Stock Option Plan.

2005 Stock Option Plan	As at March 18, 2014		Activity			As at March 18, 2015	
	# of Common Shares or Options	% of Shares Outstanding	# of Options Granted	# of Options Cancelled and/or Withheld	# of Options Exercised and Shares Issued	# of Common Shares or Options	% of Shares Outstanding
Shares issued on exercise of options	997,194	0.58%			253,036	1,250,230	0.72%
Options granted and outstanding	5,417,697	3.15%	1,020,100 <sup>(1)</sup>	(2,025,980)	(253,036)	4,158,781	2.41%
Options available for future grants	1,055,109	0.61%	(1,020,100)	2,025,980		2,060,989	1.20%
<b>Total:</b>	<b>7,470,000</b>	<b>4.34%</b>				<b>7,470,000</b>	<b>4.33%</b>

(1) Options granted to senior executives in 2014 represent 0.59% of the issued and outstanding Common Shares of Finning, as at March 18, 2015.

The maximum number of Common Shares issuable under the Option Plan may be increased with the approval of shareholders by way of an ordinary resolution and the approval of all necessary regulatory authorities. In addition, any amendments to the Option Plan or repricing of previously issued options will require approval of shareholders by way of an ordinary resolution.

The total number of options granted to insiders of Finning under the 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.

The number of Common Shares issuable, and the exercise price in respect of, options issued under the Option Plan will be adjusted in the event of any stock splits, consolidations or similar transactions. In addition, if Finning is not the surviving entity of a merger or similar transaction or in the event of a liquidation or reorganization and in the absence of the surviving corporation assuming Finning's obligations under outstanding option grants, the following rules apply:

- (a) all vested options may be exercised by a senior executive up to the closing of the transaction and thereafter are null and void; and
- (b) 50% of all unvested options are exercisable by a senior executive for a period of seven days prior to the anticipated closing of the transaction. Any such unvested options not exercised and all other unvested options will thereafter be null and void.

Finally, Finning is authorized, subject to receipt of all necessary regulatory approvals, to adopt sub-plans that apply to designated executives or groups of executives. The purpose of giving Finning the ability to adopt such sub-plans is to ensure that Finning has the ability to tailor specific plans to meet local taxation and regulatory requirements in jurisdictions outside Canada where Finning employs senior executives. As part of the Stock Option Plan, the Board of Directors has approved a sub-plan for residents of the United Kingdom which contains some minor variations in terms which are necessary to comply with local tax requirements including a requirement that all option exercises must be done using a cash exercise method.

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