2021

FINNING INTERNATIONAL INC.

Management proxy circular
Notice of annual and special meeting

Notice of 2021 annual and special meeting

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

When	Where
Tuesday, May 11, 2021 2:00 p.m. Pacific time	Virtual meeting via live audio webcast online at https://web.lumiagm.com/437627256 and Rooftop Amenities Room 565 Great Northern Way Vancouver, British Columbia

You're entitled to receive notice of and to vote at the meeting if you held your common shares at the close of business on March 17, 2021 (the record date).

This year we are providing shareholders with the opportunity to attend our meeting in person, subject to limitations mentioned below, or online in a virtual format, which will be conducted via live webcast in real-time. All shareholders, regardless of geographic location and equity ownership, who held their shares at the close of business on the record date will have an equal opportunity to participate at the meeting and engage with management. You will need to be connected to the internet and comply with all of the requirements to attend the meeting online, which are described starting on page 10.

Due to the health authority restrictions in place at the date of this notice and the ongoing public health impact of COVID-19, we will be limited to 15 people attending the meeting in person. We also reserve the right to take any additional precautionary measures deemed to be appropriate, necessary or advisable in relation to the meeting to adhere to health authority restrictions in effect at the time of the meeting. Therefore, registered and non-registered shareholders are asked to participate in the meeting online, rather than attending in person and to vote their shares prior to the meeting by returning their proxy form or voting instruction form, voting online or using the toll-free telephone number set out on the proxy or voting instruction form.

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

At the meeting, shareholders will:

1. Receive the consolidated financial statements for the year ended December 31, 2020 and the auditor's report
2. Appoint the auditor and authorize the directors to set the auditor's fees
3. Participate in our advisory vote on executive pay
4. Confirm and approve amendments to our By-Law No. 1
5. Confirm and approve amendments to our Advance Notice By-Law
6. Elect directors

By order of the board of directors,

/s/ Dori Assaly

Dori Assaly
Corporate Secretary

Vancouver, British Columbia
March 17, 2021

Meeting Materials

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

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

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

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

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

Message to shareholders

Harold N. Kvisle
Board Chair

L. Scott Thomson
President and Chief Executive Officer

Fellow shareholders,

On behalf of the board of directors and leadership team of Finning International Inc., we invite you to attend our 2021 annual and special meeting, which will be held on May 11, 2021, Rooftop Amenities Room, 565 Great Northern Way, Vancouver, British Columbia and online beginning at 2:00 p.m. Vancouver, BC time. Under health authority requirements related to the COVID-19 pandemic in place at the time of writing this letter, we are limited to 15 people attending our annual meeting in person. Health authority requirements in effect at the time of the annual meeting may result in different, potentially more restrictive, protocols. We therefore welcome and encourage all shareholders who would like to attend the annual meeting to do so via the live audio webcast. For details on how to participate online, see page 10. We encourage shareholders to vote their shares in advance of the meeting by proxy or to vote virtually at the meeting online.

As always, shareholders will vote on the appointment of our auditor and the election of directors, and will be able to participate in an advisory vote on executive compensation. For details on 2020 executive compensation, see page 54. In addition, shareholders will be asked to vote on amendments to our By-Law No. 1 and our Advance Notice By-Law. For details on the by-law amendments, see page 15.

This past year, more than any other, reinforced for us the importance of resilience and adaptability. We are proud of our commitment to remain focused on the health and safety of our employees, customers and communities while continuing to provide the service and support our company is known for as we build and power a better world. We believe we demonstrated and continue to prove our ability to remain agile and pivot as change is required, which is not without difficult decisions and learnings along the way.

Specifically in 2020, we increased our efforts to embed a safety culture, resulting in positive momentum as we reduced our total injury frequency by 35% compared to 2019 and we continued to educate and motivate our workforce about the importance of building inclusive and respectful teams, through ongoing training and the adoption of our new global respect, inclusion and diversity policy. We continued to provide innovative solutions for our customers, including technology solutions that improve their safety, equipment health and productivity performance, virtual inspections and training, as well as doing our part to transition to a lower carbon economy by enabling cleaner power solutions. Most importantly, we remained focused on people, investing in skilled talent through continued apprenticeship programs, community support efforts and numerous volunteer hours by our own employees, globally, supporting the delivery of STEM outreach programming, all of which will support us on our path to recovery.

2020 was an exceptional execution year. Despite the challenges, we benefited from earlier investments in our digital capabilities and delivered on the commitments we set out at the beginning of the year. We improved our execution in South America, reduced our cost base in Canada, built a strong backlog of projects in the UK, and significantly lowered our finance costs. The combination of employee flexibility, liquidity from our capital markets partners, and government support programs in Canada and the UK have helped protect against significant job losses while positioning our business for a strong recovery.

Our investment in technology over the last 5 years allowed us to effectively navigate the pandemic. Solid IT infrastructure has enabled efficient remote work for all employees who can do their work from home. Machine connectivity has been essential to our improved inventory management, and is providing us with a great foundation to grow product support market share in non-mining sectors. Our investment in e-commerce resulted in a significant increase in non-service parts being transacted online, from about 10% in 2016 to over 40% in 2020.

We are pleased to share details of our board of director nominees beginning on page 17. All directors currently serving on our board are standing for re-election. We encourage you to read the attached management proxy circular to ensure you are well informed on the items we will ask you to vote on.

The challenges we continue to face motivate us to stay grounded in our conviction to control what we can control, staying the course to ensure we will come out a stronger, better company on the other side. Thank you for your ongoing support in 2020 and we look forward to welcoming you to our annual and special meeting May 11, 2021. For more information about Finning, including our online, interactive 2020 Sustainability Report, please visit our website at https://www.finning.com/en_CA/company.html.

Finning at a glance

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

We are trusted

We are collaborative

We are innovative

We are passionate

Over 85 years old and based in Vancouver, British Columbia, Canada, Finning employed over 11,900 people worldwide as of the end of 2020, and operates in Canada, South America, the United Kingdom and Ireland. Finning's mobile on-site refueling business, 4Refuel, operates in most provinces of Canada, as well as in Texas, USA.

Our 2020 performance

We navigated through a very challenging year while operating safely, supporting our customers and executing on our strategic priorities. Our investments in safety and digital technology, and our capital allocation decisions are paying off and leading to an increase in customer satisfaction. Our customer loyalty scores increased by 10% compared to 2019. These accomplishments demonstrate our continued adaptability and unwavering commitment to providing essential services to our customers. The pandemic year required extraordinary determination, effort, support and flexibility from our employees, and we are proud of how we operated in this environment and of the results we achieved.

Financial highlights (as at December 31)	**2020**	**2019**
Revenue	$6.2 billion	$7.8 billion
Net revenue[1]	$5.8 billion	$7.3 billion
Free cash flow[1]	$870 million	$42 million
Earnings before finance costs and income taxes (EBIT)	$392 million	$425 million
Basic earnings per share (EPS)	$1.43	$1.48
Earnings before finance costs, income taxes, depreciation, and amortization (EBITDA)[1]	$700 million	$718 million
Free cash flow[1]	$870 million	$42 million
Adjusted EBIT[1,2]	$328 million	$457 million
Adjusted basic EPS[1,2]	$1.14	$1.65
Adjusted EBITDA[1,2]	$636 million	$750 million
Adjusted ROIC[1,2]	9.6%	12.0%
Net Debt to Adjusted EBITDA[1,2]	1.4	2.0

You can read more about our performance and the impact it had on 2020 executive pay beginning on page 54.

Operational highlights (as at December 31)	**2020**	**2019**
Total injury frequency[3]	1.30	2.01
Total recordable injury frequency[3]	0.44	0.47

Notes:

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

2 Certain financial metrics were impacted by significant items management does not consider indicative of operational and financial trends either by nature or amount; these significant items are described on pages 5 and 44-46 of the company's 2020 MD&A. The financial metrics that have been adjusted to take into account these items are referred to as "Adjusted" metrics.

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

Proxy summary

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

2021 Meeting details

When
Tuesday, May 11, 2021
2:00 p.m. Pacific time

Where
Virtual meeting via live audio webcast online at
https://web.lumiagm.com/437627256

and

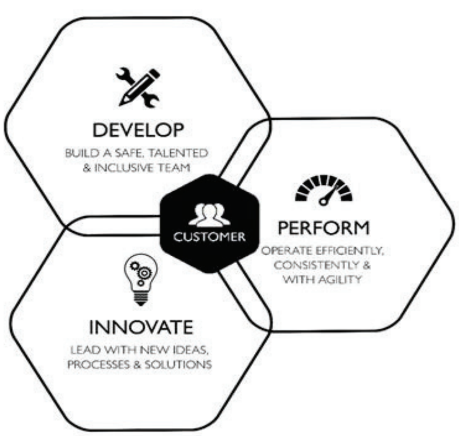
Rooftop Amenities Room
565 Great Northern Way
Vancouver, British Columbia

Items to be voted on	Management's voting recommendations	
Appoint the auditor	FOR the appointment of Deloitte LLP as auditor	page 14
Advisory vote on executive pay	FOR our approach to executive pay	page 15
Amendments to By-Law No. 1	FOR the amendments	page 15
Amendments to Advance Notice By-Law	FOR the amendments	Page 16
Elect directors	FOR each nominated director	page 17

You can vote your shares online or in person at the meeting or by proxy. See page 10 to read about how to vote your shares.

Strategic Framework

Our customer-centric growth strategy is based on three pillars – Develop, Perform, Innovate – which provide a strong foundation for our five global strategic priorities. Improving return on invested capital remains our key focus. We are accelerating product support revenue through leveraging technology. We are improving competitiveness of our business by sustainably reducing our cost base. And we are consistently delivering strong free cash flow, which allows us to return capital to shareholders and invest in opportunities that improve earnings capacity of our business.



Compensation highlights

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

Compensation principles

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

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

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

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

You can read more about compensation governance at Finning beginning on page 62.

2020 executive compensation

Our 2020 named executives are L. Scott Thomson, President and Chief Executive Officer (President and CEO), Greg Palaschuk, Executive Vice President and Chief Financial Officer (CFO), Kevin Parkes, President, Finning (Canada), Juan Pablo Amar, President, Finning (South America), Dave Cummings, Executive Vice President and Chief Digital Officer (CDO), and Steven Nielsen, former Executive Vice President and Chief Financial Officer (CFO) (retired as CFO on March 1, 2020).

Due to the global pandemic, commodity price declines in oil and copper and early signals of resulting revenue declines, base salaries were reduced effective April 2020 for many Finning employees, including our named executives. Our CEO, Mr. Thomson, received a 20% reduction in his base salary. As we began to see some recovery in our markets in the second half of the year, base salary reduction measures were lifted for 2021.

Total direct compensation awarded to our named executives in 2020 was approximately at target levels. Total direct compensation values in 2020 were slightly lower compared to 2019, due to the base salary reduction measures and the change in composition of our named executives in 2020.

You can read more about 2020 compensation decisions impacting our named executives beginning on page 65.

We welcome shareholder input regarding our compensation programs. We are holding another advisory vote on executive pay at our 2021 annual and special meeting of shareholders. See page 15 for details.

Governance highlights

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

Governance practices

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

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

1 Our code of conduct applies to everyone at Finning

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

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

4 We have a flat-fee structure for director compensation

5 We have written mandates and position descriptions for the board, committees, Board Chair, committee chairs and the President and CEO

6 The board and committees can retain independent advisors, as appropriate

7 We have a comprehensive board assessment process

8 Directors and executives must meet robust share ownership requirements

9 We value diversity at all levels of the organization and have a global inclusion and diversity strategy

You can read more about corporate governance at Finning beginning on page 36.

We're recognized globally

Canada

- On Canada's 2020 Top 100 Employer list and named as one of BC's Top 50 Employers for 2020
- Equileap – gender equality in the workplace – Top 10 Canadian company in 2020
- Globe & Mail 2020 Women Lead Here honouree

South America

- Ranked 1st place in the machinery sector by Merco Chile under the "highest business reputation" category
- Earned "Category A" status from Pride Connection, recognizing our work to protect the physical and psychologist safety of employees representing all genders and sexual orientations
- UN Women Uruguay: recognition for "Talent Does Not Have Gender", which rewards the progress of companies in gender equality

United Kingdom

- Highly commended by The Royal Society for the Prevention of Accidents (RoSPA) in the Engineering Services Industry for outstanding performance in health and safety
- Accredited as a Top 100 Apprenticeship Employer 2020 for the diversified apprentices we employ
- Gold Award, Employer Recognition Scheme for our continuous support to the Armed Forces community

We value sustainability

Finning:

- is a member of the 30% Club Canada, an initiative that encourages companies to aim for at least 30% female representation on corporate boards and at the executive management level
- is a signatory of the Catalyst Accord 2022, which calls on Canadian boards and CEOs to pledge to accelerate the advancement of women in business
- is a signatory of the Minerva Pledge, which calls on companies to create opportunities that support women's advancement and leadership within their own organizations and communities
- continues to work to eliminate the gender pay gap, through proactive analytics and interventions in talent acquisition and management processes
- invests in STEM education for youth in our communities and collaborates with local government, customers, union and industry partners to improve the representation of women in mining around the globe
- has established Indigenous Guiding Principles, in support of truth and reconciliation efforts in Canada, and continues to work to build equitable and inclusive relationships with our Indigenous employees and partners
- signed both the B.C. Business Council's and the Business Council of Canada's statements against racism
- is a member of Pride at Work Canada
- continues to invest in our physical and digital workplaces to ensure accessibility for our employees, customers and suppliers
- set a target to reduce our absolute greenhouse gas (GHG) emissions by 20% by 2027 from a 2017 baseline
- has published an annual sustainability report since 2017. Our 2020 report, which is aligned with the Global Reporting Initiative, the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures, was published in March 2021 and is available on our website (www.finning.com)

What’s inside this management proxy circular

Management proxy circular

You've received this management proxy circular because you are entitled to vote at Finning's 2021 annual and special meeting of shareholders.

Who can vote

You can vote your shares if you owned your shares at the close of business on March 17, 2021 (the record date). Each Finning share carries one vote.

How to vote

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

2021 meeting details

When	**Where**
Tuesday, May 11, 2021 2:00 p.m. Pacific time	Virtual meeting via live audio webcast online at https://web.lumiagm.com/437627256 and Rooftop Amenities Room 565 Great Northern Way, Vancouver, BC

Due to the continued uncertainty and risks associated with the COVID-19 pandemic, and to protect the health and safety of our communities, shareholders, employees and other stakeholders, we are offering our meeting in a virtual format, conducted via live audio webcast. Shareholders who held their shares at close of business on the record date will have an equal opportunity to participate in the meeting online regardless of their geographic location. At the meeting, shareholders will have a right to ask questions, and to vote on a number of important matters. In light of the COVID-19 pandemic, shareholders are asked to participate in the virtual meeting online, rather than attending in person and to vote their shares prior to the meeting by returning their proxy form or voting instruction form, voting online or using the toll-free telephone number set out on the proxy or voting instruction form.

In this document:

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

The record date is March 17, 2021. Information in this circular is as of December 31, 2020 unless otherwise noted. All dollar amounts are in Canadian (CAD) dollars.

Where to get more information

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

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

Your proxy is being solicited on behalf of Finning management

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

Board approval

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

By order of the board of directors,

/s/ Dori Assaly

Dori Assaly
Corporate Secretary

Vancouver, British Columbia
March 17, 2021

About non-GAAP financial measures

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

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

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

Our MD&A for the year ended December 31, 2020 contains reconciliations for each of these non-GAAP financial measures to their most directly comparable measure under GAAP, where available. You can also find additional information about these financial metrics, including definitions, under the heading Description of Non-GAAP Financial Measures and Reconciliations in our 2020 MD&A, available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

You can read about how we use certain of these financial metrics in our incentive plans in the discussion about 2020 executive compensation beginning on page 80.

How to vote

Each common share you held at the close of business on March 17, 2021 (the record date) carries one vote that may be cast on each of the items to be voted on and any other matters that may be properly brought before the meeting.

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

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

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

> As of the record date, we had 162,390,936 common shares issued and outstanding.
>
> As of the date of this circular, the directors and executive officers of Finning are not aware of anyone who beneficially owns, directly or indirectly, or exercises control or direction over, more than ten percent of our common shares.

Appointment of a third party as proxy

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

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

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

To register your proxyholder: To register a proxyholder, shareholders **MUST** visit https://www.computershare.com/finning by **2:00 p.m. Pacific time on May 7, 2021** and provide Computershare Investor Services Inc. (Computershare), our transfer agent, with the required proxyholder contact information, so that Computershare may provide the proxyholder with a control number via email. **Without a control number, proxyholders will not be able to attend and vote online at the meeting.**

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

Online participation and voting at our annual and special meeting

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

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

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

- log in at https://web.lumiagm.com/437627256 at least 15 minutes before the meeting starts
- click on "I have a control number"
- enter the password: finning2021 (case sensitive) OR
- click on "I am a guest" and complete the online form

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

Canadian notice and access

This year we are using notice and access to deliver this circular, as well as our annual financial statements and related management's discussion and analysis for the year ended December 31, 2020 (2020 financial report, and together with the circular, the meeting materials) to both registered and non-registered (beneficial) shareholders of our common shares. Notice and access is a set of rules developed by the Canadian Securities Administrators that permit us to post these materials online rather than mail them, substantially reducing our printing and mailing costs, and our impact on the environment through reduced paper and energy consumption.

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

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

Registered shareholders

What your package includes
Your package should include the following documents:
- notice and access notification to shareholders
- proxy form

Ways to vote
1. Attend the meeting online and vote online
2. Vote by proxy; or
3. Attend the meeting and vote in person

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

- log in at https://web.lumiagm.com/437627256 at least 15 minutes before the meeting starts
- click on "I have a control number"
- enter your 15-digit control number from your proxy
- enter the password: finning2021 (case sensitive)
- vote

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

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

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

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

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

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

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

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

- Online – Go to www.investorvote.com, enter your 15-digit control number and provide your voting instructions.

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

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

- FOR the appointment of Deloitte LLP as auditor
- FOR our advisory vote on executive pay
- FOR the amendments to By-Law No. 1
- FOR the amendments to the Advance Notice By-Law
- FOR the election of the nominated directors

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

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

Computershare must receive your proxy form, or you must have voted online, by telephone or fax by **2:00 p.m. Pacific time on May 7, 2021** or **at least 48 hours, excluding weekends and holidays**, before the date of the reconvened meeting if the meeting is postponed or adjourned. The proxy deadline may be waived or extended by the chair of the meeting, in the chair's sole discretion, without notice.

Non-registered (beneficial) shareholders

What your package includes
Your investment dealer or other intermediary should have sent you the following documents:
- notice and access notification to shareholders
- voting instruction form

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

How to vote online at our meeting if you are a duly appointed proxyholder or if you have appointed yourself as a proxyholder and the proxyholder registration with Computershare has been completed
- you will receive login credentials from Computershare once the proxy deposit deadline has passed
- log in at https://web.lumiagm.com/437627256 at least 15 minutes before the meeting starts
- click on "I have a control number"
- enter your username
- enter the password: finning2021 (case sensitive)
- vote

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

If you want to vote in person at the meeting, print your name in the space provided in your voting instruction form to appoint yourself as proxyholder and follow the instructions from your intermediary for returning the completed form. Check in with a Computershare representative when you arrive at the meeting.

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

As an alternative to submitting your voting instructions to your intermediary by completing and returning your voting instruction form, non-registered (beneficial) shareholders (other than non-registered shareholders (employees) under the employee stock purchase plan (ESPP)) may vote using one of the following methods:

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

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

Be sure you allow enough time for your intermediary to receive your completed form so they can provide your voting instructions to Computershare before the deadline. If you vote online or by telephone, you must do so by **2:00 p.m. Pacific time on May 7, 2021.** The proxy deadline may be waived or extended by the chair of the meeting, in the chair's sole discretion, without notice.

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

US beneficial shareholders

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

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

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

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

How to change your vote or revoke your proxy

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

- By providing new voting instructions on a proxy form with a later date or at a later time if you are voting by mail, telephone or online. Any new voting instructions must be received by Computershare by 2:00 p.m. Pacific time on May 7, 2021 or at least 48 hours, excluding weekends and holidays, before the date of the reconvened meeting if the meeting is postponed or adjourned.
- By delivering a written and signed revocation of proxy (without giving new voting instructions) to the registered office of Finning to the attention of the Corporate Secretary at Suite 300, 565 Great Northern Way, Vancouver, BC V5T 0H8 any time before 5:00 p.m. Pacific time on May 10, 2021, or, if the meeting is adjourned or postponed, before 5:00 p.m. Pacific time on the business day before the date of the reconvened meeting.
- By delivering a written and signed revocation of proxy to the chair of the meeting before the start of the meeting or before any adjournment or postponement. You may then vote at the meeting.
- By any other manner permitted by law.

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

If you're a non-registered shareholder, you must contact your intermediary right away if you need help providing new voting instructions, if you want to revoke your voting instructions (without giving new instructions) or if you want to vote in person instead. However, your intermediary is subject to the same time constraints noted above for registered shareholders.

How the votes are tabulated

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

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

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

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

Business of the meeting

1. Receive the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2020 and the auditor's report will be placed before the meeting. Copies of our 2020 consolidated financial statements are available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com). You will receive a printed copy of our 2020 consolidated financial statements only if you requested one.

2. Appoint the auditor

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

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

The table below sets out the fees paid to Deloitte for the years ended December 31, 2020 and 2019 for audit and other services.

	2020	2019
Audit fees generally relate to fees charged for the annual audit, interim reviews, administrative charges and other services related to the performance of the annual audit of our financial statements	$3,319,416	$3,826,532
Audit related fees generally relate to fees charged for assurance and related services, such as audits of Finning's pension plans, due diligence in connection with debt offerings and other services regulators require of auditors	$92,259	$99,300
All other fees generally relate to fees charged for any non-audit related or non-tax services. The 2020 fees relate to advisory services with respect to post-implementation review of the SAP project in South America.	$171,378	$-
Total	**$3,583,053**	**$3,925,832**

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

The board recommends you vote FOR appointing Deloitte LLP as our auditor for 2021 and authorizing the directors to set the auditor's fees.

Key things to know

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

We must receive a simple majority of the votes cast at the meeting for an item to be passed. We will disclose the voting results in a news release after the meeting and in our report on the voting results for the 2021 meeting, which will be filed under our profile on SEDAR (www.sedar.com). You can read more about voting beginning on page 10.

None of our directors or executive officers in 2020, and none of this year's nominated directors, and no one associated or affiliated with any of them, has a direct or indirect material interest in any matter to be acted on at the meeting other than the election of directors.

Pre-approving audit services

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

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

3. Participate in our advisory vote on executive pay

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

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

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

You will be voting on the following resolution:

> **BE IT RESOLVED**, on an advisory basis only and not to diminish the role and responsibilities of the board of directors, that shareholders accept the approach to executive compensation disclosed in Finning's management proxy circular delivered in connection with the 2021 annual and special meeting.

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

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

Our five-year average support of our approach to executive compensation is 90.2%.

We encourage you to take some time to read the executive compensation section beginning on page 54 before you decide how to vote your shares. It discusses our compensation philosophy, individual compensation elements and our performance and the impact that our performance has had on the pay decisions for our most senior executives in 2020.

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

4. Amendments to our By-Law No. 1

On February 9, 2021, the board, on the recommendation of the governance and risk committee, approved certain amendments to the by-law regulating the business and affairs of Finning (By-Law No. 1).

The following is a summary of the amendments to By-Law No. 1 and is qualified by reference to the full text of the Amended and Restated By-Law No. 1 attached as Appendix A to this circular.

The amendments to By-Law No. 1 were adopted in line with evolving corporate governance practices and take into account the evolution of laws surrounding, and the increased importance of facilitating, electronic meetings and electronic voting. The purpose of the amendments is to allow Finning to hold virtual meetings at times when the circumstances so warrant, such as at times when the participants', employees' and other stakeholders' health or safety may be at risk, and to allow all shareholders of Finning, including those that are represented by proxy, to participate regardless of their geographic location by telephonic, electronic or other similar means, which could result in more shareholders attending the meeting and exercising their voting rights in an informed manner.

The amendments:

- permit, but not require, meetings of shareholders to be held, in accordance with the *Canada Business Corporations Act*, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting and to provide that any shareholder vote may be held, subject to and in accordance with the *Canada Business Corporations Act*, partly or entirely by means of a telephonic, electronic or other communication facility, if we make available such a communication facility;
- add language clarifying that the board chair is not entitled to a second or casting vote at a meeting of directors;
- add language specifying the method of delivery of notices;
- modify language for gender neutral terminology; and
- implement certain consequential and other amendments.

We believe that the amendments to By-Law No. 1 conform to the published guidelines of major proxy advisory firms.

You will be voting on the following resolution:

> **BE IT RESOLVED**, as an ordinary resolution of the shareholders of Finning, that:
>
> 1. the amendments to By-Law No. 1 of Finning, in the form approved by the Board of Directors of Finning on February 9, 2021, and included in Amended and Restated By-Law No. 1 attached as Appendix A to Finning's management proxy circular delivered in connection with the 2021 annual and special meeting, be and are hereby ratified, approved and confirmed; and
>
> 2. any officer of Finning be and is hereby authorized to take such actions as such officer may determine to be necessary or advisable to implement the foregoing resolution, such determination to be conclusively evidenced by the taking of any such actions.

The resolution must be passed, with or without amendment, by not less than a majority of votes cast by shareholders who vote in person or by proxy in respect of the resolution at the meeting.

The board recommends you vote FOR the amendments to By-Law No. 1.

5. Amendments to our Advance Notice By-Law

On February 9, 2021, the board, on the recommendation of the governance and risk committee, approved certain amendments to our Advance Notice By-Law, being the by-law that sets out the advance notice requirements for nomination of directors by shareholders (Advance Notice By-Law). The purpose of the Advance Notice By-Law is to provide our shareholders, directors and management with guidance on the process for nominating directors to ensure we and our shareholders have sufficient notice and information concerning any proposed director nominees. The Advance Notice By-Law fixes a deadline by which shareholders must submit director nominations to us prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice submitted to us for the notice to be in proper written form.

The following is a summary of the amendments to the Advance Notice By-Law and is qualified by reference to the full text of the Advance Notice By-Law attached as Appendix B to this circular.

Since the initial adoption of the Advance Notice By-Law, the standards for advance notice requirements have evolved. Accordingly, the amendments are intended to modernize our advance notice requirements to bring them into conformity with guidance with respect to advance notice requirements provided by major proxy advisory firms.

The amendments:

- remove language that prohibited a nominating shareholder from providing notice earlier than a specified number of days prior to the applicable shareholders' meeting;
- remove language that deemed time periods not to be reset under the relevant notice provisions in the event of an adjournment or postponement of a shareholders' meeting;
- add language that creates a different notice time period for annual or special meetings of shareholders called for the purpose of electing directors where "notice-and-access" is used for delivery of proxy-related materials, in light of the extended notice/delivery requirements that apply to issuers under applicable securities laws when using notice-and-access to distribute materials to shareholders; and
- remove language that required the proposed nominee to furnish such additional information as may be reasonably required by Finning to determine the nominee’s eligibility to serve on the board or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of the proposed nominee.

You will be voting on the following resolution:

> **BE IT RESOLVED**, as an ordinary resolution of the shareholders of Finning, that:
>
> 1. the amendments to the Advance Notice By-Law of Finning, in the form approved by the Board of Directors of Finning on February 9, 2021, and included in the Amended and Restated Advance Notice By-Law attached as Appendix B to Finning’s management proxy circular delivered in connection with the 2021 annual and special meeting, be and are hereby ratified, approved and confirmed; and
>
> 2. any officer of Finning be and is hereby authorized to take such actions as such officer may determine to be necessary or advisable to implement the foregoing resolution, such determination to be conclusively evidenced by the taking of any such actions.

The resolution must be passed, with or without amendment, by not less than a majority of votes cast by shareholders who vote in person or by proxy in respect of the resolution at the meeting.

The board recommends you vote FOR the amendments to the Advance Notice By-Law.

6. Elect directors

This year you will elect twelve directors to the board for a term of one year. All of our current directors are standing for re-election:

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

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

The board recommends you vote FOR each nominated director.

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

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

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

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

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

Shareholder proposals
Shareholders who wish to submit a proposal for consideration at the 2022 annual meeting must deliver their proposal to Finning by December 16, 2021. All shareholder proposals must comply with the requirements of the *Canada Business Corporations Act*. Shareholders who wish to make proposals are urged to seek legal advice to make sure their proposal complies in full with these requirements.

Nominating directors
If you want to nominate candidates for election to the board, submit your proposal in accordance with our advance notice by-law in writing to the Corporate Secretary prior to any annual or special meeting where directors are being elected. Notice must be delivered to us at least 30 days prior to the date of a shareholder meeting or 40 days in the event we use "notice and access" to deliver meeting materials to shareholders, as is the case with this meeting. You'll need to provide the information outlined in our advance notice by-law. This description of our advance notice by-law is a summary only and is qualified by reference to the by-law. You can find a copy attached as Appendix B to this circular, under our profile on SEDAR (www.sedar.com) or on our website (www.finning.com).

About the nominated directors

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

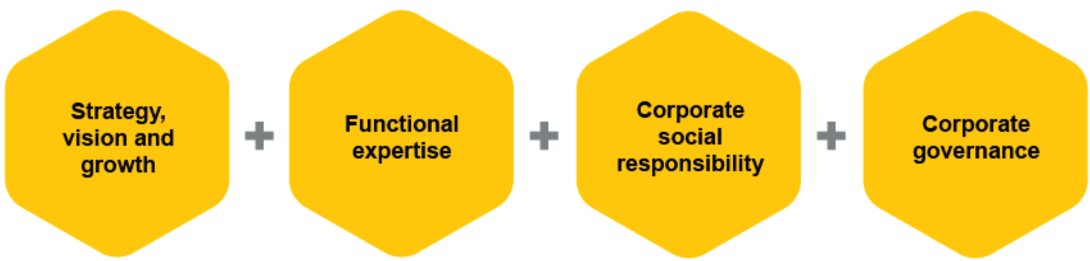
This year twelve directors will be elected to the board. We believe this is an appropriate size to ensure proper stewardship and serve the interests of shareholders. All of the nominated directors are qualified and have agreed to serve on Finning's board.

Independence

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

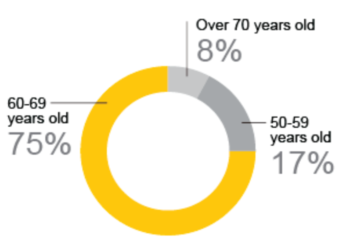
Key skills and experience

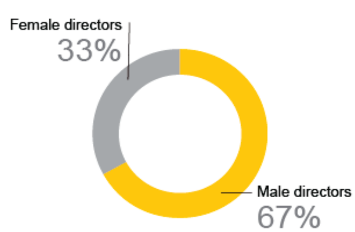
We recruit directors who have skills and experience in four core areas:

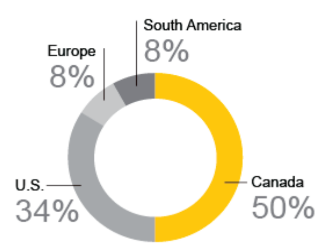


Diversity

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







Director nominee meeting attendance in 2020

In 2020, one board meeting was held in person and eight were held by videoconference. The table below shows the attendance record of our nominee directors at board and committee meetings in 2020. You can read more about each director's attendance record in the profiles that follow and in the detailed attendance table on page 48.

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

Notes:

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

2 Mr. Patterson was unable to attend an ad hoc board videoconference meeting on June 17, 2020 due to a scheduling conflict.

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

Director profiles

Harold N. Kvisle	Independent | Age 68 | Calgary, Alberta, Canada | Director since 2017

Board Chair since January 2019

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

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

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

2020 voting results	Finning board/committees	2020 meeting attendance	
92.27% votes *for* 7.73% votes *withheld*	Board of directors	9 of 9	100%
	Mr. Kvisle attended various committee meetings in his capacity as Board Chair		

Finning securities held					Compensation received from Finning ($)
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2020	35,000	49,560	84,560	2,285,657	371,300
2019	20,000	27,683	47,683	1,206,380	388,125
Change	15,000	21,877	36,877	1,079,277	-16,825

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

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

Director share ownership requirements

Directors are required to own Finning equity so their interests are aligned with those of our shareholders. We have two-year and five-year targets for meeting these requirements (see page 47).

Information about shareholdings is provided by each nominee as at December 31, 2020 and includes shares they hold directly or indirectly and deferred share units (DSUs). Market value is based on our year-end closing share price on the Toronto Stock Exchange (TSX) of $27.03 for 2020 and $25.30 for 2019. You can read more about director DSUs on page 45.

Vicki L. Avril-Groves | **Independent | Age 66 | Burr Ridge, Illinois, United States | Director since 2016**

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

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

Top five areas of expertise:

- Compensation leadership
- Diversity
- Financial leadership
- Governance
- Industry experience

2020 voting results	**Finning board/committees**	**2020 meeting attendance**	
93.69% votes *for* 6.31% votes *withheld*	Board of directors	9 of 9	100%
	Audit committee (financial expert)	4 of 4	100%
	Safety, environment and social responsibility committee	4 of 4	100%

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

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	15,000	32,069	47,069	1,272,275	218,400
2019	5,000	21,266	26,266	664,530	240,200
Change	10,000	10,803	20,803	607,745	-21,800

Meets her share ownership requirements.

Other public company boards, including committee membership

Commercial Metals Company – Compensation (chair); Nominating and corporate governance

Greif, Inc. – Compensation

James E.C. Carter, O.C. | **Independent | Age 71 | Edmonton, Alberta, Canada | Director since 2007**

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

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

Top five areas of expertise:

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

2020 voting results	**Finning board/committees**	**2020 meeting attendance**	
91.88% votes *for* 8.12% votes *withheld*	Board of directors	9 of 9	100%
	Governance and risk committee	4 of 4	100%
	Human resources committee (chair)	4 of 4	100%

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

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	10,000	91,003	101,003	2,730,111	234,700
2019	10,000	79,956	89,956	2,275,887	257,500
Change	0	11,047	11,047	454,224	-22,800

Meets his share ownership requirements.

Other public company boards, including committee membership

None

Jacynthe Côté	**Independent | Age 62 | Candiac, Québec, Canada | Director since 2014**

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

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

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

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

2020 voting results	**Finning board/committees**	**2020 meeting attendance**	
93.18% votes *for* 6.82% votes *withheld*	Board of directors	9 of 9	100%
	Human resources committee	4 of 4	100%
	Safety, environment and social responsibility committee (chair)	4 of 4	100%

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	10,000	50,149	60,149	1,625,827	230,450
2019	10,000	40,787	50,787	1,284,911	252,500
Change	0	9,362	9,362	340,916	-22,050

Meets her share ownership requirements.

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

Nicholas Hartery	**Independent | Age 69 | Limerick, Republic of Ireland | Director since 2014**

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

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

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

2020 voting results	**Finning board/committees**	**2020 meeting attendance**	
92.68% votes *for* 7.32% votes *withheld*	Board of directors	9 of 9	100%
	Governance and risk committee (chair)	4 of 4	100%
	Human resources committee	4 of 4	100%

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	0	65,236	65,236	1,763,329	240.050
2019	0	49,551	49,551	1,253,640	257,000
Change	0	15,685	15,685	509,689	-16,950

Meets his share ownership requirements.

Other public company boards, including committee membership
None

Mary Lou Kelley

Independent | Age 60 | South Bend, Indiana, United States | Director since 2018

Ms. Kelley is a Corporate Director. From 2014 to 2017 she served as the president of e-commerce for Best Buy, a retail company, and as senior vice president of Chico's FAS from 2010 to 2014. Prior to Chico's FAS, she held senior leadership roles in marketing and e-commerce with various companies, including L.L. Bean and Ashford.com. Earlier in her career, Ms. Kelley served as a management consultant with McKinsey and Company. From 2017 to 2019, Ms. Kelley served as advisor to the senior leadership and board of directors of Falabella Retail. Ms. Kelley is a director of Vera Bradley, Inc. and YETI Holdings, Inc.

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

Top five areas of expertise:

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

2020 voting results	Finning board/committees	2020 meeting attendance	
93.19% votes *for* 6.81% votes *withheld*	Board of directors	9 of 9	100%
	Human resources committee	4 of 4	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	0	31,168	31,168	842,471	230,450
2019	0	17,521	17,521	443,281	243,788
Change	0	13,647	13,647	399,190	-13,338

Meets her share ownership requirements.

Other public company boards, including committee membership

Vera Bradley, Inc. – Audit

YETI Holdings, Inc. – Compensation; Nomination and governance

Andrés J. Kuhlmann

Independent | Age 58 | Santiago, Chile | Director since November 2019

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

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

Top five areas of expertise:

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

2020 voting results	Finning board/committees	2020 meeting attendance	
93.7% votes *for* 6.3% votes *withheld*	Board of directors	9 of 9	100%
	Audit committee	4 of 4	100%
	Governance and risk committee	4 of 4	100%

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	0	13,920	13,920	376,258	219,200
2019	0	1,560	1,560	39,468	38,918
Change	0	12,360	12,360	336,790	180,282

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

Other public company boards, including committee membership

None

Stuart L. Levenick	Independent | Age 68 | Naples, Florida, United States | Director since 2016

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

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

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

2020 voting results	Finning board/committees	2020 meeting attendance	
93.42% votes *for* 6.58% votes *withheld*	Board of directors	9 of 9	100%
	Audit committee (chair)	4 of 4	100%
	Governance and risk committee	4 of 4	100%

Finning securities held					Compensation received from Finning ($)
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2020	0	50,941	50,941	1,376,935	247,050
2019	0	35,501	35,501	898,175	262,500
Change	0	15,440	15,440	478,760	-15,450

Meets his share ownership requirements.

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

Kathleen M. O'Neill	Independent | Age 67 | Toronto, Ontario, Canada | Director since 2007

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

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

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

2020 voting results	Finning board/committees	2020 meeting attendance	
91.78% votes *for* 8.22% votes *withheld*	Board of directors	9 of 9	100%
	Audit committee (financial expert)	4 of 4	100%
	Governance and risk committee	4 of 4	100%

Finning securities held					Compensation received from Finning ($)
Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	
2020	14,000	82,377	96,377	2,605,070	217,700
2019	14,000	71,685	85,685	2,167,831	237,500
Change	0	10,692	10,692	437,239	-19,800

Meets her share ownership requirements.

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

Christopher W. Patterson	Independent | Age 66 | Greensboro, North Carolina, United States | Director since 2010

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

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

2020 voting results	Finning board/committees	2020 meeting attendance	
99.34% votes *for* 0.66% votes *withheld*	Board of directors	8 of 9	89%
	Audit committee	4 of 4	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Top five areas of expertise:

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

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	9,025	48,596	57,621	1,557,496	218,400
2019	9,025	39,298	48,323	1,222,572	237,500
Change	0	9,298	9,298	334,924	-19,100

Meets his share ownership requirements.

Other public company boards, including committee membership

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

Edward R. Seraphim	Independent | Age 61 | North Vancouver, British Columbia, Canada | Director since January 2019

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

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

2020 voting results	Finning board/committees	2020 meeting attendance	
93.70% votes *for* 6.30% votes *withheld*	Board of directors	9 of 9	100%
	Audit committee	4 of 4	100%
	Safety, environment and social responsibility committee	4 of 4	100%

Top five areas of expertise:

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

Finning securities held

Year	Common shares (#)	DSUs (#)	Total units (#)	Total market value ($)	Compensation received from Finning ($)
2020	1,400	18,224	19,624	530,437	216,200
2019	1,400	5,924	7,324	185,297	233,000
Change	0	12,300	12,300	345,140	-16,800

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

Other public company boards, including committee membership

None

L. Scott Thomson	Not independent | Age 51 | West Vancouver, British Columbia, Canada | Director since 2013

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

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

2020 voting results	Finning board/committees	2020 meeting attendance	
92.93% votes *for* 7.07% votes *withheld*	Board of directors	9 of 9	100%
	Safety, environment and social responsibility committee	4 of 4	100%

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

Top five areas of expertise:

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

Finning securities held

Year	Common shares (#)	DSUs[1] (#)	Stock Options[2] (#)	Performance share units (#)	Restricted share units (#)
2020	207,599	9,262	1,209,026	288,680	125,312
2019	180,608	8,880	1,196,082	263,345	87,782
Change	26,991	382	12,944	25,335	37,530

Notes:

1 Mr. Thomson does not receive director compensation as a member of the Finning board. He receives executive compensation and received his executive DSUs in lieu of a cash payout under our short-term incentive plan on February 26, 2016.

2 Figures are as of December 31, 2020 and December 31, 2019. On February 16, 2021, Mr. Thomson exercised an aggregate 684,589 stock options by way of net cashless exercise resulting in the issuance of 124,209 common shares to Mr. Thomson, which were immediately sold on the TSX. For more information, see page 74.

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

Other public company boards, including committee membership

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

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

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

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

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

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

Committee reports

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

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

Committee responsibilities and their mandates are set out in each committee's terms of reference, which are approved by the board and are available on our website (www.finning.com). Each committee is satisfied that it has fulfilled all of its responsibilities in 2020.

Three of the four committees are made up of independent directors. Mr. Thomson is a member of the safety, environment and social responsibility committee because of his role as President and CEO, which is mandated in the committee's terms of reference. Committees are constituted annually following the election of directors at our annual meeting. Each committee meets in-camera, without management present, at each meeting. You can read more about the committees and governance at Finning beginning on page 36.

Audit committee

The committee is 100% independent and met four times in 2020.

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

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

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

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

The audit committee also reviews and approves any related party transactions. You can read more about our governance related to conflicts of interest and related party transactions on page 38.

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

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

2020 highlights	
Ethical business conduct	• reviewed and approved our ethics program charter and oversaw the activities of our global ethics committee and its investigations into complaints under our code of conduct
External audit function	• reviewed and recommended the external auditor’s audit plan and fees to the board for approval (see page 14 for details about the external auditor’s services and fees) • received quarterly reports and observations from the external auditor following the external auditor’s review and audit procedures • met independently with the external auditor at each meeting • completed an annual assessment of the external auditor • monitored audit quality indicators for the 2020 audit • reviewed reports from the external auditor on the external auditor’s independence • reviewed and approved the written policy for pre-approving the external auditor’s services • recommended the re-appointment of the external auditor for 2020
Risk management	• received quarterly executive updates on global top financial risks and mitigation measures, including top financial risks related to effects of the COVID-19 pandemic and information security • monitored cybersecurity risks, level of security maturity and mitigation plans, including additional procedures resulting from risks due to COVID-19 workforce disruptions • reviewed the financial and accounting management succession plan, including the process for Chief Financial Officer transition in March 2020 • reviewed an internally developed commercial governance framework to review deals and projects in a consistent manner to manage risks
Financial reporting and internal controls	• reviewed and recommended to the board for approval the annual and interim MD&A, financial statements and related news releases • reviewed disclosures related to government programs, including the Canada Emergency Wage Subsidy and the U.K. Coronavirus Job Retention Scheme • monitored implementation of a global finance management business, planning and consolidation / performance insights system
Internal audit function	• reviewed the internal audit function and approved the internal audit charter • reviewed and approved the annual internal audit plan, monitored the plan’s progress and any changes as a result of new risks due to the COVID-19 pandemic • met independently with the internal auditor at each meeting • reviewed the results of internal audit activities and compliance with applicable regulatory requirements, including continuous disclosure requirements • completed the internal auditor’s annual performance review • reviewed enterprise resource planning post-implementation in South America
Treasury	• reviewed the dividend strategy and made dividend recommendations • reviewed our financial arrangements and liquidity • reviewed and approved key treasury policies • recommended renewal of the company’s normal course issuer bid • monitored redemption of $200 million notes • reviewed and approved our global insurance coverage and premiums • monitored foreign exchange risks in South America
Pension plans	• reviewed and approved pension plan funding, investment and governance policies • monitored the investment and financial position of pension plans • monitored the risk reduction activities of defined benefit plans • recommended for approval (jointly with the human resources committee) the wind-up of a defined contribution retirement plan for certain employees that were added to another already existing pension plan • reviewed and approved the management pension committee’s terms of reference and adherence to them

General	• oversaw our regulatory and legal compliance • monitored the status of legal claims affecting Finning • reviewed the expenses of the Board Chair and President and CEO and approved a policy for review of these expenses every two years • recommended amendments to the audit committee's terms of reference for board approval • recommended amendments to the code of ethics for senior executive and financial management for board approval • established audit committee priorities for 2020 • completed a self-assessment of the committee and committee chair

The audit committee oversees Deloitte's performance, qualifications, independence and audit of Finning's financial statements, and recommends the auditor's compensation to the board for approval. See page 14 for information about the fees paid to Deloitte in 2020 and 2019.

You can find more information about the audit committee in our most recent 2020 annual information form, which is available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Governance and risk committee

The committee is 100% independent and met four times in 2020.

Members
Nicholas Hartery (chair)
James E.C. Carter
Andrés Kuhlmann
Stuart L. Levenick
Kathleen M. O'Neill

Mandate
The mandate of the governance and risk committee is to assist the board in fulfilling its obligations by providing a focus on risk management processes and a focus on governance that will enhance corporate performance. The committee is responsible for oversight of the processes for business risk assessment and management. The committee may delegate the assessment and recommendation-making function regarding specific risks that are within the mandate of other standing committees of the board to such other committees, which then report directly to the board on such risks. The board continues to have overall responsibility for risk oversight, which is the process for determining whether the corporation has an appropriate process in place for managing its significant risks and is improving that process continuously as the corporation's business environment changes.

The committee also assesses and makes recommendations regarding board effectiveness, including the development of annual board objectives and the implementation of annual board performance evaluations, and establishes a process for identifying, recruiting, appointing, re-appointing and providing ongoing development of directors.

2020 highlights	
Overseeing corporate governance policies	• reviewed terms of reference for the board, Board Chair, committees, directors and President and CEO, and recommended certain amendments for board approval • reviewed board and committee operating guidelines, and recommended certain updates for board approval • reviewed and recommended amendments to the board inclusion and diversity policy to clarify that board diversity considerations include, among others, geography, age, gender, visible minorities, Aboriginal peoples, persons with disabilities, sexual orientation and other personal characteristics • reviewed the code of conduct, whistleblower policy, global political contributions policy and corporate disclosure policy, and recommended certain amendments for board approval
Board Chair succession planning and board renewal	• established a process for Board Chair emergency replacement • oversaw board renewal • reviewed the skills matrix for directors and identified skill sets and diversity requirements for potential director nominees • monitored the board's independence and reviewed board interlocks for potential conflicts of interest • reviewed and recommended committee memberships • recommended the appointment of Finning South America Advisory Council members and Chair
Director compensation	• reviewed director compensation and authorized a temporary 20% cash compensation reduction as part of COVID-19 cost-containment measures (you can read more about our director compensation program on page 44) • reviewed director share ownership guidelines and individual director compliance with our guidelines • reviewed and recommended for approval amendments to the DSU plan for external directors
Director orientation, assessment and development	• oversaw performance evaluations of the board, Board Chair, committees and committee chairs with board member and key management participation • reviewed the results of the 2020 board, Board Chair, committee and committee chair evaluations • facilitated individual director peer evaluations, including one-on-one interviews conducted by the Board Chair with individual directors and by the governance and risk committee chair with the Board Chair • reviewed the director orientation and education program

Risk management	• reviewed reports on Finning's enterprise risk management process and global top risks • reviewed a report on business development opportunities related to business risks
General	• developed in early 2020, and subsequently revised and simplified mid-year, the annual board objectives with the Board Chair and President and CEO • completed an assessment of the prior year's board objectives for board consideration • established governance and risk committee priorities for 2020 • monitored information flow between management and the board • monitored corporate governance best practices, potential regulatory changes and disclosure trends • recommended amendments to the governance and risk committee's terms of reference for board approval • completed a self-assessment of the committee and committee chair

Human resources committee

The committee is 100% independent and met four times in 2020.

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

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

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

The mandate of the committee is to:

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

2020 highlights Senior executive compensation	• reviewed and recommended the 2020 performance objectives and compensation for the President and CEO • reviewed management's recommendations regarding salary of certain senior executives • reviewed and recommended short-term and long-term incentive awards for the President and CEO and other senior executives • reported quarterly to the board on the performance of the President and CEO relative to his annual objectives
Compensation programs and policies	• met with our independent consultant, who presented a report on trends and recent developments in executive compensation • confirmed that the performance measures for the long-term incentive plan support our strategic and operational priorities • reviewed and approved an amendment to the measurement period approach for the performance share unit (PSU) plan • reviewed and approved the short-term incentive plan performance measures • confirmed that senior executives have met, exceeded, or are on track to meet their share ownership requirements • completed our annual compensation risk review (you can read more about how the committee manages compensation risk on page 62)
Leadership team appointments	• recommended the appointments of the Executive Vice President and Chief Financial Officer and the Executive Vice President, Global Supply Chain
Human resources, talent management and I&D	• reviewed reports on employee metrics, programs and regional turnover • reported to the board on the status of union negotiations in Canada, South America, and the UK and Ireland
Succession planning	• reviewed and refreshed succession plans and talent actions for the leadership team and the CEO, including contingency planning
General	• as part of our risk management process, reviewed the top risks allocated to the committee, as well as supporting risk mitigation plans

	• recommended for approval (jointly with the audit committee) the wind-up of a defined contribution retirement plan for Alberta employees • recommended amendments to the human resources committee's terms of reference for board approval • established human resources committee priorities for 2020 • completed a self-assessment of the committee and committee chair

Safety, environment and social responsibility committee

The committee met four times in 2020.

Members
Jacynthe Côté (chair)
Vicki L. Avril-Groves
Mary Lou Kelley
Christopher W. Patterson
Edward R. Seraphim
L. Scott Thomson

Mr. Thomson is a member of the committee, as required by the committee's terms of reference, because he is the President and CEO and is responsible for Finning's day-to-day operations. He is the only non-independent member of the committee.

Mandate

The mandate of the safety, environment and social responsibility committee is to assist the board in its oversight of the corporation's safety and health, environmental and social responsibility policies and programs and monitor its performance against those policies and programs.

The committee encourages, assists and counsels management in its drive towards attaining and maintaining world-class safety, health and environmental performance and sustainability. The committee, through oversight of management's procedures and policies, ensures management builds compliance into the corporation's business processes and activities in order to meet or exceed applicable legal obligations. The committee supports management in achieving the goals of eliminating work-related injuries and occupational illnesses and reducing our impact on the environment.

Community investment is also a focus of this committee, as well as any matter affecting the company's sustainable development in the committee's areas of oversight responsibility. The committee is also involved in providing strategic input, monitoring risks and reviewing action plans in all these areas.

2020 highlights Ensuring compliance with legal and regulatory standards	• reviewed the annual update to safety, health and environmental vision, strategic objectives, and global road map • reviewed outcomes from global environment, health and safety audits
Eliminating environmental incidents, work-related injuries and occupational illnesses	• reviewed and approved total injury frequency (TIF) targets for 2020 Corporate STIP metrics and initial discussions of 2021 targets • reviewed significant incidents • monitored our health, safety and environmental performance, including leading and lagging indicators • reviewed progress in the development and implementation of safety critical standards • reviewed progress in safety-related training
Community investment and sustainable development	• reviewed our greenhouse gas (GHG) emissions performance and management's proposed target for reducing our absolute GHG emissions • received updates from regional management on community investment focused on supporting STEM education • received an update on our sustainability journey, including on ESG disclosure frameworks, GHG emissions and the circular economy at OEM • reviewed and supported management in the development of Finning's 2020 sustainability report • reviewed progress on our sustainability road map
General	• as part of our risk management process, reviewed the top risks allocated to the committee, as well as supporting risk mitigation plans • recommended updates to the safety, environment and social responsibility committee's terms of reference • reviewed updates on COVID-19 and process to return to physical workplaces • reviewed annual update on emergency response plans • established safety, environment and social responsibility committee priorities for 2020 • completed a self-assessment of the committee and committee chair

Sustainability

In 2020, Finning continued to make progress in its sustainability journey. We invested time and resources in managing the sustainability topics that are deemed more relevant to our business, including People, Environment, Products, Communities and Ethics and Governance. Our performance and progress in our journey are described in our annual sustainability report, which is available on our website (www.finning.com).

An important part of sustainability at Finning is inclusion and diversity. You can read more about this starting on page 41.

Corporate governance

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

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

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

You can find a list of the requirements of National Instrument 58-101 and a discussion of how Finning meets those requirements in Appendix C.

Where to find it

About the Finning board

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

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

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

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

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

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

The board met nine times in 2020.

Board committees

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

The board can create new committees, as needed.

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

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

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

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

The General Counsel oversaw the 2020 review of board effectiveness, which included an evaluation of the board, individual director peer reviews and committee and committee chair evaluations. You can read more about the evaluation process beginning on page 40.

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

Board independence

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

At every board meeting, including special board meetings, if any, the independent directors meet without management present. In 2020 the board met with the independent directors, without management present, at every meeting. Committees also meet without management present and in 2020 every committee met without management present at every meeting.

> The board has determined that eleven of the twelve nominated directors meet the definition of *independence* set out in National Instrument 58-101 of the Canadian Securities Administrators.
>
> Mr. Thomson is not independent because he is our President and CEO.

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

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

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

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

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

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

This process allows us to have directors with both market expertise and customer experience, which contributes to the overall strength of our board. All material conflicts of interest involving a director are reviewed by the governance and risk committee, and all related party transactions (as defined under applicable securities laws) are reviewed and approved by the audit committee or, if appropriate, a special committee of the board formed for such purpose. In 2020, there were no related party transactions.

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

Key priorities

The board's five priorities for strong stewardship are:

1. Business strategy
The board is actively involved in helping direct Finning's long-term business strategy and the board discusses Finning's strategy at every board meeting. The board also holds a strategy session every year in conjunction with a board meeting. Last year, our 2020 strategy session was held in August via videoconference due to the global pandemic.

Our 2020 strategic planning process included an in-depth review of our long-term global strategy, which included short-term business stability during the COVID-19 pandemic and a long-term sustainable growth strategy, executing on strategic priorities with a focus on digital and IT, talent, and environment, social and governance (ESG). At the December 2020 board meeting, management presented and the board approved our annual operating plan and budget for 2021, which is aligned with our business strategy.

2. CEO leadership and succession planning
CEO leadership
The board gives support and direction to the President and CEO in the achievement of his objectives. In 2020, focus areas for the board in supporting the President and CEO included support in responding to the COVID-19 pandemic in addition to: continued development of our leadership talent, including refreshing succession plans; building on safety, environment, diversity and inclusion and other sustainability initiatives; ensuring continued employee engagement; focus on supply chain performance, service operations and the rental business; continued alignment with Caterpillar; and continued support of our digital strategy. You can read more about the CEO's leadership in his profile beginning on page 26.

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

Succession activities reviewed by the human resources committee and reported to the board included the refreshment of succession plans and talent actions for the leadership team and the CEO, including CFO succession, which was completed in March 2020.

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

When considering director nominees, the board assesses the individual candidate's competencies and skills against those that the board has identified in a skills matrix as desirable to enhance board performance. As the board composition changes and as Finning's strategy evolves, the director skills matrix is reviewed to ensure that the current director skill sets align with our strategic goals. The skills matrix also helps the board to prioritize and identify areas for future enhancement or gaps in the current skill sets of the board and committees (see page 50 to read about our director skills matrix).

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

Nine independent directors have been recruited to the board since we began focusing on board renewal eight years ago.

4. Board effectiveness

The board sets objectives for board effectiveness at the beginning of each year. In 2020, the board identified its specific objectives in early 2020. Due to the impact of the COVID-19 pandemic on our business and the global economy, in mid-2020 the board reassessed and refocused its objectives into four priority areas:

- Corporate Governance: Focus on shareholder engagement; follow rigorous decision-making processes to deliver high quality, value-creating decisions.
- Business Strategy and Evolving Business Model: Focus on capital allocation and strategic and long-term issues; monitor progress for growth in revenue and market share and improved business performance and relevance.
- People: Monitor employee engagement and executive talent and succession planning; oversee inclusion and diversity initiatives.
- Risk: Risk identification and monitoring, including emerging and evolving risks due to the COVID-19 pandemic; CEO succession planning.

The board reviews its performance every year to assess its general performance and progress on its annual objectives. The governance and risk committee is responsible for the evaluation process, which is conducted annually in-house and at least every three years through an independent external consultant. In 2020, the board evaluation process was conducted in-house through the office of the General Counsel.

The board evaluation process:

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

The director evaluation process:

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

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

The conclusion of the evaluations is that our board is seen to have a strong level of engagement and there continues to be close alignment between directors and management on the board's effectiveness and on board priorities. The committees are also seen to be working effectively, with good support from management. The observations and recommendations from this evaluation process will be considered in the development of board and committee objectives for 2021.

5. Risk oversight

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

The governance and risk committee is responsible for oversight of our processes for managing critical business risks. Each of our operations identifies the main risks that could have a negative effect on our business, and then develops a plan to mitigate those risks. Management reports critical business risks and mitigation plans at each quarterly governance and risk committee meeting. The role of the governance and risk committee is to organize and expedite management of the enterprise risk process. The governance and risk committee will delegate business risks that are within the mandate of one of the other committees to the relevant committee. Management provides an update on those delegated business risks, and management's mitigation plans, at each quarterly meeting of the relevant committee, which then reports to the board. Overall responsibility for risk oversight remains with the board.

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

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

We discuss our principal risks in our 2020 annual information form and in our 2020 financial report. Both documents are available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Inclusion and diversity at Finning

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

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

Our priority is to build organizational capability (both in systems and leaders) to sustain and drive continuous improvement in our efforts to recruit, develop, promote and lead diverse talent inclusively, measured by the demographic representation and employee experience across leadership levels, functions and geographies, benchmarked against high performance company norms and labour market supply data. We are striving to achieve a more balanced gender composition across our workforce, leadership levels and board of director roles. You can find a list of the diversity disclosure requirements of the *Canada Business Corporations Act* and a discussion of how Finning meets those requirements in Appendix D.

2020 inclusion and diversity initiatives

In 2020, we continued to invest in organizational systems and culture transformation to drive ongoing continued improvements to the diversity and inclusivity of teams.

In addition to our public declarations of gender inclusion, Finning leaders celebrated Pride month, and took a public stance against racism. Our public statements represent our commitment to our ongoing work, internally, to create physical and digital workspaces that are safe, respectful, inclusive and equitable for all employees, regardless of difference.

To accelerate our transformation efforts, we established a global respect, inclusion and diversity policy, which sets out expectations of leaders to collaborate to identify and resolve barriers to equity and inclusion of employees and intervene proactively to protect the psychological safety of employees most at risk for exclusion, bullying or harassment.

To build capability and commitment with leaders, we virtualized Building Respectful Teams and Conscious Inclusion training to enable deployment deeper into our organization. We have also begun deploying Courage to Care programming, which helps leaders learn about the connection between physical and psychological safety and the interdependency with respect, inclusion and belonging, and mental wellness.

To build capability and commitment with employees, we established an Allies for Inclusion community, open to all employees across all management levels, functions and geographies. We piloted virtual programs to equip employees to partner with leaders to continue to drive inclusive culture change, through sessions such as Different Like Me, Stand By Me, and Culture Conversations.

Directors

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

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

The governance and risk committee considers diversity when conducting director recruitment activities and reviews diversity as part of its annual review of the director skills matrix. Diversity in this context includes geography, age, gender, visible minorities, Aboriginal peoples, persons with disabilities, sexual orientation and other personal characteristics.

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

Employees

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

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

Measuring our progress

Since we introduced our strategy, we've been optimizing our talent processes by monitoring gender balance and making interventions to sustainably improve gender balance in recruitment, hiring, succession planning, performance management activities and turnover. In addition, we have expanded performance reporting to include leadership accountability, leadership commitment and inclusive culture. Each year, we ensure 100% of executives have a performance goal to build diverse and inclusive teams. The results of our 2020 employee experience survey confirmed that we are making good progress: 89% of our employees responded favourably to the Inclusive Culture index of questions, which is nine points above the norm for global high performing companies.

Women in leadership

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

Women in executive management roles (vice presidents and above)

As at December 31

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

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

Currently three of our 11 executive officers (27%) are female. The number of women in executive roles declined slightly in 2020; however, we continue to improve the overall talent pipeline of female talent at Finning. Representation of female senior level leaders surpassed a critical 30% threshold, which is a 4% increase since 2018. We achieved a 2.5% increase in the representation of women in front-line leader roles (currently 16.5%), which is more aligned to our total female representation of 16.5%. This is largely due to leader accountability for intentional recruitment, retention and development efforts and globally consistent deployment of respectful and inclusive culture programming, supported by global policies. We continue to rely on qualitative and quantitative data to drive programming. Analysis of a gap between male and female turnover prompted our 2019 global audit of 100% of our facilities and ongoing investment in facility and personal protective equipment enhancements to better meet the needs of our female technicians.

Communications and engagement

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

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

We regularly engage with institutional investors and proxy advisory groups, including Institutional Shareholder Services (ISS) and Glass Lewis. In 2019 our Board Chair and human resources committee chair also engaged with the Canadian Coalition for Good Governance (CCGG), to discuss our governance and compensation practices. While we consistently receive positive feedback, we continue to monitor governance and disclosure practices to ensure we maintain our high governance standards.

As part of our stakeholder outreach program, our CEO, CFO, various members of the leadership team and our investor relations representatives engage with the investment community, government officials, media representatives and other stakeholders on a regular basis. These interactions are carried out throughout the year and are guided by our corporate disclosure policy, available on our website (www.finning.com). Since March 2020, almost all interactions with our stakeholders have been conducted virtually due to the global pandemic.

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

- Participating in industry-based institutional investor conferences
- Conducting one-on-one and group meetings
- Hosting tours of Finning's facilities and operations for the investment community and other interested stakeholders (since March 2020, these events have been put on hold due to the global pandemic)
- Conducting quarterly earnings calls with Q&A sessions accessible to the public by phone and webcast
- Participating in industry events that are of interest to the investment community

In these interactions, we discuss our strategic framework, operational priorities, financial performance, market outlook, growth opportunities, capital allocation priorities and other topics of interest. In 2020, we also discussed our response to the COVID-19 pandemic and the resiliency of our business.

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

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

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

We encourage shareholders to attend our annual and special meeting online to hear first-hand about our financial and operational results, our strategic plan to create value for all stakeholders, and to ask questions of management and the board.

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

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

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

Director compensation

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

2020 fee schedule

The table below shows the director fee schedule for 2020, which went into effect on January 1, 2019. The Board Chair receives a higher retainer because of the scope of his responsibilities. Mr. Thomson does not receive director compensation because he is compensated in his role as President and CEO.

Board retainer	**Amount [1, 2]**
Board Chair (includes an equity retainer of $237,000 in DSUs)	$395,000
All other directors (includes an equity retainer of $138,000 in DSUs)	$230,000
Committee chair retainers paid in cash	
• Audit committee	$25,000
• Human resources committee	$20,000
• Other committees (governance and risk, and safety, environment and social responsibility)	$15,000
Travel fees paid in cash (Board Chair is not eligible to receive travel fees) • $1,500 for the director to travel to a meeting on the same continent as his or her residence • $3,000 if the director has to travel to a different continent from his or her residence	$1,500–$3,000
Daily stipend paid in cash (Board Chair is not eligible to receive a stipend) • up to $1,500 per day if a director assumes short-term duties above ordinary director responsibilities • amount is set by the Board Chair and reviewed by the governance and risk committee	Up to $1,500

Notes:

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

2 Figures do not reflect the 20% reduction in the cash portion of director fees implemented from April 1, 2020 through December 31, 2020. See the 2020 Director Compensation table on page 45 for director fees paid in 2020.

Directors must receive at least 60% of their annual director or Board Chair, as applicable, retainer in deferred share units (DSUs). Directors can also elect annually to receive any other cash compensation they're entitled to receive (cash portion of the board retainer, chair retainers, travel fees and the stipend, if applicable) as DSUs. In 2020, directors received 85% of the total board compensation as DSUs. Compensation in the form of DSUs is at risk since DSUs can be redeemed only upon a director retiring from the board and the redemption amount of DSUs depends on the market value of our shares.

Director Compensation Benchmarking and Peer Group Review

To be competitive with the market, total compensation for directors is targeted at the 50th percentile of a peer group of companies. We benchmark director compensation against the same group of companies we use to benchmark executive compensation. For information on our peer group companies, see page 60. In late 2019, Meridian conducted a review of our director compensation against our peer group and determined that our director compensation was positioned slightly above market median. As a result, the board, on the recommendation of the governance and risk committee, authorized the 2020 director fees to remain at 2019 levels.

In April 2020, as part of our global cost containment measures taken to mitigate the financial impact of the COVID-19 pandemic, the board authorized a temporary 20% reduction in the cash portion of director compensation, in conjunction with executive and employee salary reductions. To the extent a director had previously elected to receive the cash portion of their fees in DSUs, an equivalent reduction was made to the number of DSUs issued. The fee reduction was in effect until December 31, 2020.

About director deferred share units

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

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

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

2020 Director compensation

The table below shows the compensation paid to our independent directors in 2020, including the portion they received as DSUs. For compensation paid to the President and CEO, who is also a director, please see the information starting at page 73.

					Allocation of fees earned		
	Board retainer	**Committee chair retainer**	**Other fees[1]**	**Total compensation[5]**	**Cash**	**DSUs[2,3]**	**% received as DSUs (excludes reinvested dividends)**
Vicki L. Avril-Groves	$216,200	-	$2,200	$218,400	$40,550	$177,850	81%
James E.C. Carter	$217,200	$16,000	$1,500	$234,700	$96,700	$138,000	59%
Jacynthe Côté	$216,950	$12,000	$1,500	$230,450	$92,450	$138,000	60%
Nicholas Hartery	$216,050	$12,000	$12,000	$240,050	-	$240,050	100%
Mary Lou Kelley[4]	$216,950	$12,000	$1,500	$230,450	-	$230,450	100%
Andrés Kuhlmann	$216,200	-	$3,000	$219,200	-	$219,200	100%
Harold N. Kvisle	$371,300	-	-	$371,300	-	$371,300	100%
Stuart L. Levenick	$216,550	$20,000	$10,500	$247,050	-	$247,050	100%
Kathleen M. O'Neill	$216,200	-	$1,500	$217,700	$79,700	$138,000	63%
Christopher W. Patterson	$216,200	-	$2,200	$218,400	$80,400	$138,000	63%
Edward R. Seraphim	$216,200	-	-	$216,200	-	$216,200	100%
Total	**$2,536,000**	**$72,000**	**$35,900**	**$2,643,900**	**$389,800**	**$2,254,100**	

Notes:

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

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

3 Amounts do not include DSUs credited as dividend equivalents on previous grants as they are not considered to be director compensation. See table titled "Outstanding share-based awards" on page 46 for DSUs credited as dividend equivalents to directors in 2020.

4 Ms. Kelley received an annual committee chair retainer for chairing a management/board working group.

5 Amounts represent the 20% cash fee reduction from the Director Fee Schedule implemented from April 1, 2020 through December 31, 2020.

Outstanding share-based awards

We do not grant options to non-executive directors and none of our non-executive directors hold any options. The following table includes details of outstanding share-based awards (DSUs) held by our non-executive directors as of December 31, 2020, including DSUs granted during 2020. DSUs granted to directors vest immediately but a director cannot redeem DSUs until the director retires or resigns from the board. For outstanding share-based awards granted to the President and CEO, who is also a director, please see the information starting at page 82.

Share-based awards (DSUs)

	Value Vested During the Year[1]		Market or payout value of vested share-based awards not paid-out or distributed[2]
	Directors' fees paid in DSUs in 2020	DSUs credited as dividend equivalents in 2020	
Vicki L. Avril-Groves	$177,850	$21,467	$866,825
James E.C. Carter	$138,000	$69,574	$2,459,824
Jacynthe Côté	$138,000	$36,867	$1,355,527
Nicholas Hartery	$240,050	$46,606	$1,763,343
Mary Lou Kelley	$230,450	$19,524	$842,472
Andrés Kuhlmann	$219,200	$5,989	$376,257
Harold N. Kvisle	$371,300	$30,907	$1,339,614
Stuart L. Levenick	$247,050	$34,987	$1,376,928
Kathleen M. O'Neill	$138,000	$62,667	$2,226,638
Christopher W. Patterson	$138,000	$35,623	$1,313,548
Edward R. Seraphim	$216,200	$9,483	$492,593

Notes:

1 Share-based awards – value vested during the year represents the amount of DSUs received by directors during 2020, valued as of the grant dates in 2020. DSUs are issued at fair market value, being the weighted average price per share at which board lots of Finning common shares traded on the day preceding the grant date.

2 Market or payout value of vested share-based awards not paid-out or distributed represents all vested DSUs held as of December 31, 2020, valued based on our 2020 year-end closing share price on the TSX of $27.03.

Our expectations of directors

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

Ethical business conduct

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

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

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

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

Key policies

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

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

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

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

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

The code is reviewed annually by management and any revisions are subject to review by the governance and risk committee and approval by the board. The code was last updated in February 2021 and a copy is available on our website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

Share ownership

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

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

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

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

Our Corporate Secretary reviews our directors' equity holdings at year-end and reports on the compliance results to the governance and risk committee. The 2020 review found that all directors have met their share ownership requirements.

The table below shows each director's equity holdings at the end of 2020 compared to the previous year. The market value is based on our 2020 year-end closing share price on the TSX of $27.03.

	Equity ownership						Market value	Share ownership	
	As at Dec 31, 2020		As at Dec 31, 2019		Net change		Dec 31, 2020 ($)	requirement ($)	Meets ownership requirement
	Shares	DSUs	Shares	DSUs	Shares	DSUs			
Vicki L. Avril-Groves	15,000	32,069	5,000	21,266	10,000	10,803	1,272,275	250,000	yes
James E.C. Carter	10,000	91,003	10,000	79,956	–	11,047	2,730,111	700,000	yes
Jacynthe Côté	10,000	50,149	10,000	40,787	–	9,362	1,625,827	700,000	yes
Nicholas Hartery	–	65,236	–	49,551	–	15,685	1,763,329	700,000	yes
Mary Lou Kelley	–	31,168	–	17,521	–	23,647	842,471	250,000	yes
Andrés Kuhlmann	–	13,920	–	1,560	–	12,360	376,258	250,000	yes
Harold N. Kvisle	35,000	49,560	20,000	27,683	15,000	21,877	2,285,657	450,000	yes
Stuart L. Levenick	–	50,941	–	35,501	–	15,440	1,376,935	700,000	yes
Kathleen M. O'Neill	14,000	82,377	14,000	71,685	–	10,692	2,605,070	700,000	yes
Christopher W. Patterson	9,025	48,596	9,025	39,298	–	9,298	1,557,496	700,000	yes
Edward R. Seraphim	1,400	18,224	1,400	5,924	–	12,300	530,437	250,000	yes

Attendance

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

			Committee meetings			
	Total 2020 attendance	Board meetings	Audit	Governance and risk	Human resources	Safety, environment and social responsibility
Vicki L. Avril-Groves	100%	9 of 9 (100%)	4 of 4 (100%)	–	–	4 of 4 (100%)
James E.C. Carter	100%	9 of 9 (100%)	–	4 of 4 (100%)	4 of 4 (100%)	–
Jacynthe Côté	100%	9 of 9 (100%)	–	–	4 of 4 (100%)	4 of 4 (100%)
Nicholas Hartery	100%	9 of 9 (100%)	–	4 of 4 (100%)	4 of 4 (100%)	–
Mary Lou Kelley	100%	9 of 9 (100%)	–	–	4 of 4 (100%)	4 of 4 (100%)
Andrés Kuhlmann	100%	9 of 9 (100%)	4 of 4 (100%)	4 of 4 (100%)	–	–
Harold N. Kvisle[1]	100%	9 of 9 (100%)	–	–	–	–
Stuart L. Levenick	100%	9 of 9 (100%)	4 of 4 (100%)	4 of 4 (100%)	–	–
Kathleen M. O'Neill	100%	9 of 9 (100%)	4 of 4 (100%)	4 of 4 (100%)	–	–
Christopher W. Patterson[2]	94%	8 of 9 (89%)	4 of 4 (100%)	–	–	4 of 4 (100%)
Edward R. Seraphim	100%	9 of 9 (100%)	4 of 4 (100%)	–	–	4 of 4 (100%)
L. Scott Thomson	100%	9 of 9 (100%)	–	–	–	4 of 4 (100%)

Notes:

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

2 Mr. Patterson was unable to attend an ad hoc board videoconference meeting on June 17, 2020 due to a scheduling conflict.

Serving on other boards

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

Interlocks

The governance and risk committee reviews all directorships and interlocks when it assesses director independence and makes a recommendation based on its assessment to the board. Mr. Kvisle and Ms. O'Neill serve together on the board of ARC Resources Ltd. (ARC). The governance and risk committee has determined, and recommended to the board, which the board has accepted, that this relationship does not impair the exercise of independent judgment by these board members. As Mr. Kvisle serves as Board Chair of both Finning and ARC, Mr. Kvisle is not a member of any committee of either company, so there are no committee interlocks between Mr. Kvisle and Ms. O'Neill.

Skills and development

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

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

Skills matrix

The governance and risk committee maintains a skills matrix to track the key skills and experience of individual directors and the expertise of the board as a whole, and to identify any gaps. The matrix is also a tool for identifying education opportunities and the desired skills when recruiting new director candidates to fill vacancies or address upcoming director retirements. The tiered rating system for director self-assessment in the matrix assists the governance and risk committee to differentiate between directors with expertise versus more limited exposure to a particular skill or experience.

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

Key skills and experience	**Total directors**	Vicki L. Avril	James E.C. Carter	Jacynthe Côté	Nicholas Hartery	Mary Lou Kelley	Andrés Kuhlmann	Harold N. Kvisle	Stuart L. Levenick	Kathleen M. O'Neill	Christopher W. Patterson	Edward R. Seraphim	L. Scott Thomson
Chief executive officer or senior officer has experience as a chief or senior executive officer for a publicly listed company or major organization with international operations	12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Growth has experience driving a clear strategic vision focused on superior execution, significant acquisitions, mergers or restructurings or organic growth	12	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Banking and financial institutions has experience in investment or corporate banking or as an economist	2		✓							✓			
Talent / Compensation leadership has a thorough understanding of talent management, compensation, benefit and/or pension programs, legislation and/or collective bargaining from senior executive experience	10	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Digital has experience in digital analytics and innovation, technology solutions for customer support and product monitoring or technology for operational excellence	5				✓	✓	✓		✓				✓
Diversity has experience with companies that operate in the same countries as Finning and a thorough understanding of cultural, regulatory and political requirements. Offers a depth of perspective from a gender, ethnic or geographic viewpoint	7	✓		✓		✓				✓	✓	✓	✓
Environment, health and safety has knowledge and experience in corporate social responsibility, community relations, environment and/or health and safety including industry regulations and a commitment to workplace safety best practices	8		✓	✓	✓		✓	✓			✓	✓	✓
Financial leadership has significant financial experience as a senior officer for an organization of similar complexity as Finning, or experience as a senior officer at a major organization in financial accounting, reporting and internal controls, and corporate finance	8	✓		✓		✓		✓	✓	✓		✓	✓
Governance has experience as a board member for a publicly listed company or major organization	9	✓	✓		✓	✓	✓	✓	✓	✓	✓		
Industry experience • has experience as a senior officer in mining, large construction, power generation, agriculture or alternative energies • has operational expertise in international manufacturing, heavy equipment sales and marketing, distribution or supply chain excellence, technology and integrated solutions • has relationship expertise through Caterpillar or global customer affiliations.	11	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓

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

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

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

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

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

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

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

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

Our 2020 education program focused on the following areas:

Topic	Presenter	Attendees
Corporate and operations		
Global strategy and education sessions • Megatrends and macro-economic outlook • Environment, social and governance issues and strategy • Sustainable growth goals • Digital, IT and operational excellence • Finning performance solutions • Talent	Finning executive management	Board
Business, Planning and Consolidations / Performance Insights (BPC/PI)	Head of Global Internal Audit, Finance	Audit committee
Enterprise resource planning	Executive Vice President and Chief Financial Officer	Audit committee
Project Blueprint – commercial governance framework	Vice President, Finance, Finning (Canada)	Audit committee
COVID-19 impacts, response plans and updates	Chief Human Resources Officer	Board
Caterpillar response to COVID-19	Finning executive management	Board

Topic	Presenter	Attendees
Insights on the COVID-19 and post-COVID-19 world	President & CEO, Scotiabank	Board
Rental business	President, Finning (Canada)	Board
Sales excellence	Director, Sales, Marketing & Distribution	Board
Political, social and economic issues in Chile, Argentina and Bolivia	Finning South America Advisory Council	Board
Social unrest in Chile	Clinical Professor, Liberal Studies, New York University	Board
Argentina business review	Finning executive management	Board
Regulatory updates	General Counsel	Audit committee Governance and risk committee
Accounting and assurance updates	Senior Vice President, Corporate Controller	Audit committee
Risk management processes and global top risks	Executive Vice President and Chief Financial Officer and Vice President, Risk Management	Governance and risk committee
Technology		
Cyber and information security	Chief Digital Officer	Audit committee and Board
Finning Performance Solutions – Integrated Knowledge Centre - Mining	President, Finning (Canada) and Fleet Performance Director – Mining	Board
Human resources		
Employee engagement	Chief Human Resources Officer	Human resources committee
Executive participation on outside boards	Chief Human Resources Officer	Human resources committee
Female turnover and involuntary turnover	Chief Human Resources Officer	Human resources committee
Indigenous Relations Guiding Principles	Chief Human Resources Officer	Human resources committee
Trends and recent developments in executive compensation	Meridian Compensation Partners and Chief Human Resources Officer	Human resources committee
Sustainability	Vice President, EH&S and Sustainability	Safety, environment & social responsibility committee
Global safety standards: lifting and hoisting; energy isolation	Vice President, EH&S and Sustainability	Safety, environment & social responsibility committee

Some directors also attended external education sessions, including education sessions provided by organizations like the Institute of Corporate Directors, CPAB and CPA Canada, among others. Sessions attended in 2020 covered the following topics:

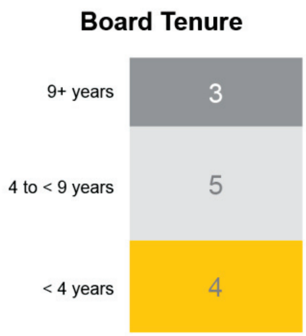
- financial reporting
- audit committees – COVID-19, human resources
- ESG – climate change, circular economy
- cybersecurity
- director legal obligations
- corporate policies

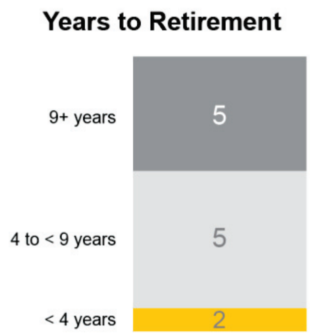
Retirement and term limits

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

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

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





Executive compensation

This section of the circular discusses our executive compensation program and the 2020 pay decisions for our most highly compensated senior officers.

Our named executive officers (named executives or NEOs) for 2020 are:

- **L. Scott Thomson**, President and Chief Executive Officer (President and CEO)
- **Greg Palaschuk**, Executive Vice President and Chief Financial Officer (CFO)
- **Kevin Parkes**, President, Finning (Canada)
- **Juan Pablo Amar**, President, Finning South America
- **Dave Cummings**, Executive Vice President and Chief Digital Officer (CDO)
- **Steven Nielsen**, former Executive Vice President and Chief Financial Officer (CFO)

Mr. Nielsen retired as Executive Vice President and CFO effective March 1, 2020 and is therefore also a named executive officer for 2020.

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

Where to find it

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

Fellow shareholders,

The board and its human resources committee are responsible for aligning executive compensation with Finning's corporate strategy, business results and shareholder interests.

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

2020 performance

We are proud of how our global teams have operated safely, served our customers, and executed on our strategic priorities in a very challenging year. Our total injury frequency (TIF) decreased by 35%, and our customer loyalty scores increased by 10% in 2020 compared to 2019. This performance speaks to the engagement of our people and the trust customers put in our business during uncertain times. We want to thank our employees for their adaptability, perseverance, and unwavering commitment to supporting each other and our customers through the COVID-19 global pandemic.

2020 compensation for our named executives

In response to the pandemic and global market volatility, Finning activated robust business continuity plans to minimize disruptions to our business, adapt to evolving market conditions and control costs. To this end, base salaries were reduced effective April 2020 for many Finning employees, including the CEO (-20%) and other named executives (-12%). As we started to see the beginnings of recovery in our markets in the second half of the year, reduction measures were lifted in 2021.

We were also able to preserve jobs in Canada and the UK as we qualified for financial support from government subsidy programs. As it relates to the Canada Emergency Wage Subsidy (CEWS), funds received have been excluded from our reported financial results, to ensure transparency and prevent unfair benefit as it relates to our 2020 short-term incentive plan awards.

We continue to demonstrate a strong link between pay and performance, with 85% of the CEO's target total direct compensation at risk and an average of 67% for our other named executives. Amidst the many challenges of 2020, we stayed focused on what we can control. Though financial performance resulted in below target results, our successes in safety and increased customer loyalty resulted in an overall short-term incentive payout at 100%.

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

Looking ahead to 2021

Short-term incentive plan updates

Target Award Changes
In January 2021, we returned NEO target cash compensation to 2020 levels. This was achieved by increasing the target short-term incentive award by 5% (at-risk pay) for all NEOs and returning the remaining balance in base salaries. This shift in pay mix further strengthens our alignment with competitive market practices and our focus on pay-for-performance.

Safety
As part of continued progression on our safety journey and to further reinforce our safety culture, beginning in 2021, a significant incident modifier will be incorporated into our safety metric. This update will help to drive additional focus on the reduction of significant injuries in the workplace.

Alignment with shareholder interests

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

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

Advisory vote on executive pay

We've held an advisory vote on executive pay every year since 2011 as part of our commitment to strong corporate governance practices and engaging with shareholders. Our five-year average support of our approach to executive compensation is 90.2%; we value this feedback.

The next section of the circular discusses our executive compensation program and the 2020 pay decisions for our most senior officers in more detail. We encourage you to read this section before you decide how to vote your shares. We welcome your feedback on executive compensation at any time and encourage you to participate in the advisory vote.

/s/ Harold N. Kvisle	*/s/ James E.C. Carter*
Harold N. Kvisle Board Chair	**James E.C. Carter** Human resources committee chair

Finning's compensation principles

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

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

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

Note:

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

The nature of our business requires some level of risk-taking. As shown in the table below, our compensation policies and programs are designed to increase long-term value without encouraging excessive risk-taking. For more information on compensation governance and the role of the human resources committee, please see page 32.

What We Do

✓ **Independent compensation committee** – All of the members of our human resources committee are independent and have experience in compensation as a former or current CEO or senior executive officer

✓ **Independent compensation consultant** – The human resources committee uses an external independent advisor who provides independent advice on executive compensation plan design, compensation governance and compensation best practices

✓ **Share ownership requirements** – Executives have share ownership requirements, so they have an interest in our future success and are exposed to the same share price volatility that our shareholders experience

✓ **Clawback policy** – If an employee's gross negligence, fraud or intentional misconduct causes or significantly contributes to our having to make a material financial restatement, Finning officers may have to repay incentive compensation they received

✓ **Use of discretion** – The human resources committee reviews situations where there are significant variances to our annual operating plan that have a clear positive or negative impact on short-term incentive payouts

- the committee may use its discretion to increase or decrease the size of an award

✓ **Balanced program structure** – Our compensation program includes a balanced mix of short, medium and long-term compensation components with an emphasis on quantitative measures to provide a holistic assessment of performance

✓ **Overlapping performance cycles** – Our performance share unit plan, which comprises 50% of our long-term incentive plan, has overlapping performance cycles, which encourages sustained long-term performance

✓ **Payout maximums** – Payouts are capped at a maximum level of performance for both our short-term and long-term incentive plans to discourage excessive risk-taking

✓ **Stress-testing and back-testing** –- We test the incentive plan metrics and weightings, looking back historically and at potential future outcomes based on different performance scenarios to make sure the plan designs are sound and result in intended outcomes

✓ **Change-in-control provisions** – We have a double-trigger payment requirement for our NEOs

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

What We Don't Do

X Allow for the repricing or backdating of stock options

X Count unexercised stock options or unvested Performance Share Units (PSUs) towards share ownership requirement

X Offer excessive severance – agreements are in place for the CEO and other named executives that limit the amount of severance provided upon termination and/or a change-in-control

X Provide payouts if performance is below threshold levels

X Allow executives or directors to purchase financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted to them as compensation, or Finning securities that they hold directly or indirectly

- we also prohibit the use of hedging to offset the value of shareholdings for executive and director share ownership requirements

X Offer excessive pension, perquisites and benefits

Compensation discussion and analysis

Philosophy and approach

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

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

Compensation is designed to meet five objectives:

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

Pay for performance

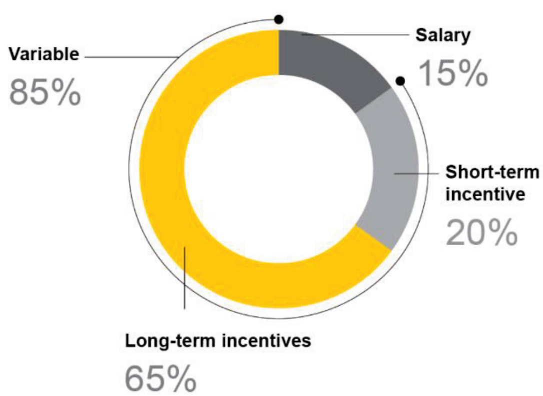
Our senior executive team plays a key role in executing our short and long-term goals and maintaining our unwavering commitment to our people and their safety. This understanding shapes our approach to providing a competitive total rewards package for our named executives.

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

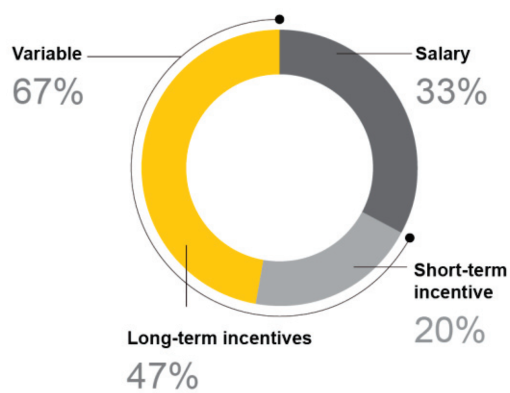
Incentive awards focus on the achievement of corporate, business unit and individual performance goals. They do not encourage excessive risk-taking and their value is not guaranteed.

The images below show the breakdown of 2020 total direct compensation for our CEO and named executives. Individual profiles of our named executives, including 2020 pay mix summaries, can be found beginning on page 73.

Pay Mix for CEO



Pay Mix for Other NEOs (average)



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

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

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

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

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

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

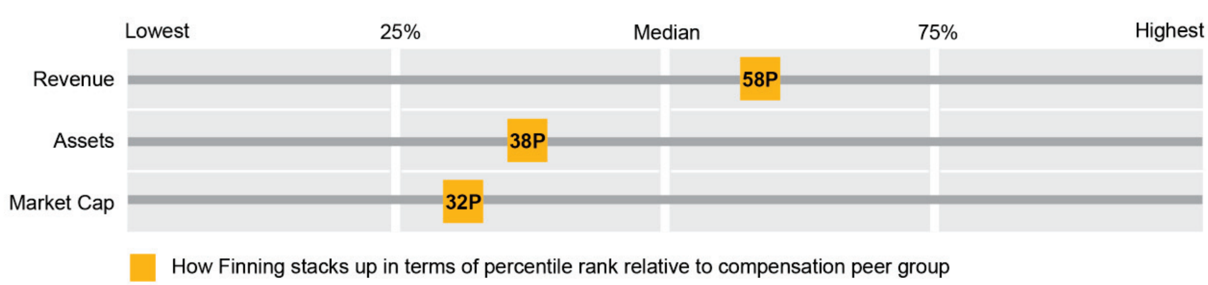
2020 Compensation Peer Group

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

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

The 2020 compensation peer group was the same as 2019, but for the addition of Agnico Eagle Mines Limited. Agnico Eagle Mines Limited was selected as an appropriate compensation peer company given it meets size criteria and is a Canadian company with global operations.

How Finning stacks up against the current compensation peer group:



Share ownership

We require executives to meet share ownership requirements, so they have a significant interest in our future success. They must meet their requirements within five years after assuming their position and maintain the ownership level while at Finning. If the executive is promoted to a higher level, they will have another five years to meet the higher incremental ownership requirements.

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

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

The table below sets out the share ownership of each named executive as at December 31, 2020. Our CEO and our other named executives have met or exceeded, or are on track to achieving, their share ownership requirements.

	Ownership Requirement (Multiple of Salary)	Shares		DSUs		RSUs		Actual Multiple (Total Holdings)[1]	Compliance Due Date
		Value	Units	Value	Units	Value	Units		
L. Scott Thomson	5x $5,038,348	$5,611,398	207,599	$250,354	9,262	$3,387,188	125,312	9.2x $9,248,940	Dec. 31/23
Greg Palaschuk[2]	2.5x $1,212,200	$758,500	28,061	$0	-	$404,063	14,949	2.4x $1,162,563	Mar. 1/25
Kevin Parkes[3]	2.5x $1,426,759	$418,278	15,475	$186,917	6,915	$608,013	22,494	2.1x $1,213,208	Dec. 31/23
Juan Pablo Amar[4]	2x $816,406	$740,433	27,393	$0	-	$401,281	14,846	2.8x $1,141,714	Dec. 30/24
Dave Cummings	2.5x $1,106,557	$2,364,454	87,475	$359,480	13,299	$595,024	22,013	7.5x $3,318,957	Dec. 31/23

Notes:

1 The total holdings shown were calculated using the market value of our common shares, based on our 2020 year-end closing share price on the TSX of $27.03 and unit values rounded to the nearest whole number. We do not include stock options to determine compliance with our share ownership requirements because we do not consider them as equity until they are exercised and retained as common shares. PSUs are not included because vesting is contingent upon meeting performance conditions over a three-year period. DSUs and RSUs count towards an executive's ownership requirement. DSUs are not paid out until the holder leaves the company and RSUs have a three-year cliff vesting design, meaning the holder must be employed by Finning for at least three years for their RSUs to vest. Upon vesting, RSUs are paid out and are then no longer included to determine compliance with our share ownership guidelines. You can read more about our RSUs and DSUs on page 70.

2 Mr. Palaschuk is on track to achieving share ownership requirements; his compliance due date is March 1, 2025.

3 Mr. Parkes is on track to achieving share ownership requirements; his compliance due date is December 31, 2023.

4 Mr. Amar's share ownership multiple is lower compared to other Executive Vice Presidents because Chilean tax rules do not allow a payout from our short-term incentive plan to be redirected to a DSU plan on a pre-tax basis. The 20% reduction in his share ownership requirement reflects this tax issue and equalizes the share ownership requirements for all Executive Vice Presidents on an after-tax basis.

Compensation governance

The human resources committee oversees the development of our executive compensation plans, philosophy, guidelines and policies and regularly reviews them to make sure we maintain a strong link between pay and performance. It also provides oversight on human resources, inclusion and diversity and talent management strategies and provides input to the board on planning for leadership succession at Finning.

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

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

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

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

You can read more about the individual committee members' relevant skills and experience in the director profiles beginning on page 20.

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

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

In 2020, Meridian conducted an independent review of our executive compensation and governance practices. They concluded that our compensation framework and governance practices are both strong and effective. Furthermore, Meridian met with the committee to discuss a variety of key compensation topics, including executive and director compensation trends, long-term incentive trends and regulatory updates.

In 2020, Meridian did not provide any services to the company, or to any of its directors or management, other than in the areas of executive and director compensation-related consulting.

The table below shows the fees paid to Meridian in 2020 and 2019:

	2020	**2019**
Executive and director compensation-related fees	$18,467	$16,188
All other fees	n/a	n/a
Total	**$18,467**	$16,188

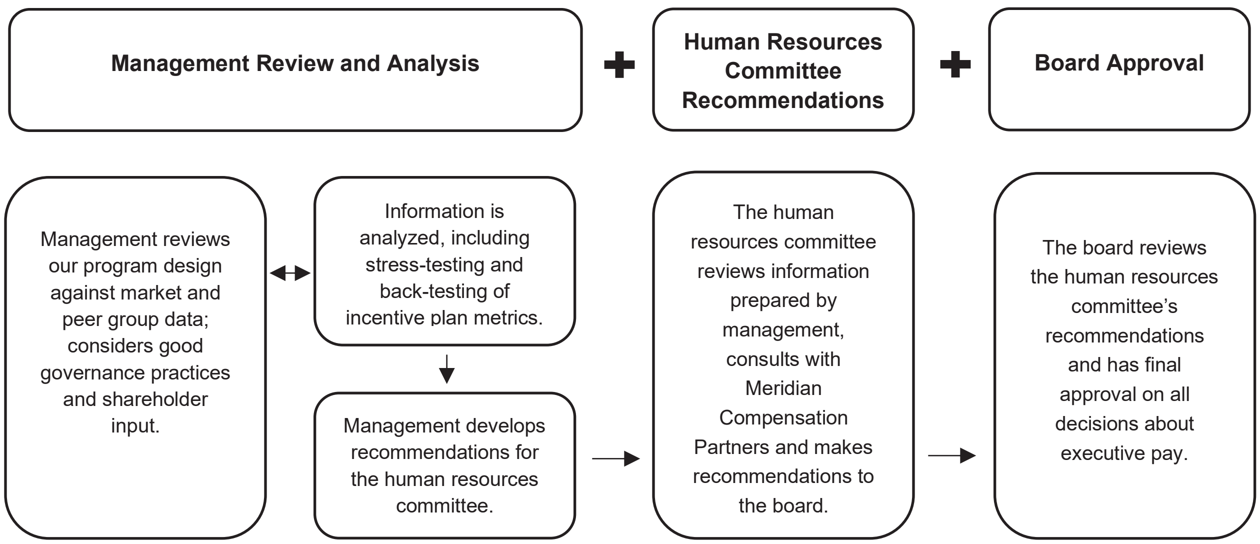
For information on our compensation approach for directors, please refer to page 44.

Managing compensation risk
The nature of our business requires some level of risk-taking. Our compensation policies and programs are designed to increase long-term value without encouraging excessive risk-taking. You can read more about many of the key features, practices and policies relating to our executive compensation program that help to manage risk and limit excessive risk-taking on page 64.

In 2012, the committee began conducting an annual compensation risk assessment, with periodic reviews performed by external compensation consultants. Following our 2020 review, the committee believes that our compensation policies and practices do not pose any risks that are reasonably likely to have a material adverse effect on Finning or our shareholders.

Decision-making process

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



Review and Analysis
Compensation planning and performance targets are integrated with our overall corporate strategy and annual operating plan. At the beginning of the year, our review process includes a multi-phased approach to incorporate economic, market, historical and internal performance factors. Stress-testing is conducted by looking at potential payout outcomes over a number of performance scenarios.

At the end of the year, the President and CEO reviews each named executive's performance against the executive's objectives and completes a detailed performance review and compensation recommendations for each named executive. Back-testing is also conducted to make sure compensation plan designs are sound and result in intended outcomes.

Recommendations
The committee considers current and emerging market trends in executive compensation and the competitive positioning of Finning's compensation plan relative to our compensation peer group to determine the appropriate level of compensation for each named executive. It also sets the incentive plan measures and targets, taking into consideration the President and CEO's recommendations and discussions with the board.

In its decision-making, the committee also considers our financial performance, shareholder input, market pay practices and current and past compensation, as well as the advice of external compensation consultants.

The committee reviews the President and CEO's performance, prepares a performance review and compensation recommendation and presents these to the board.

Also, the committee reviews the performance of the other named executives and considers time in the role, demonstrated leadership competence, oversight of strategic projects and initiatives, as well as the President and CEO's recommendations and performance summaries.

Board Approval
The board approves the corporate strategy and our annual operating plan, which drive the approved budget and performance objectives for corporate, business unit and individual performance.

The board reviews Finning's performance, the President and CEO's performance and the human resources committee's analysis and recommendations regarding executive compensation. It has final approval on all decisions about executive pay and can use its discretion to adjust the final awards up or down.

Compensation program

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

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

		Link to program objectives	Key features	
Fixed pay	Salary	• standard element in executive compensation packages • important element for attracting and retaining individuals who have the leadership and management skills to drive further growth and success of our business • only portion of total direct compensation that is not "at-risk"	• provides a stable source of income • competitive with the market	page 65
Variable (at-risk) pay	Short-term incentive	• cash-based annual incentive • encourages executives to focus on specific corporate, business unit and individual goals that support our short-term operational business priorities	• target opportunity set as a percentage of salary • awarded only if threshold performance levels are met	page 65
	Deferred compensation (deferred share units or DSUs)	• equity-based compensation directly aligned with shareholders • executives who have not yet met their share ownership requirement may elect to receive a portion of their short-term incentive award in DSUs • also granted to executives in special situations	• may only be redeemed after the executive retires or leaves the company • settled in cash	page 72
	Long-term incentives			page 69
	Performance share units or PSUs	• equity-based incentive that links compensation to building of long-term shareholder value • balances short-term operating focus with long-term strategic financial goals • aligns the long-term financial interests of executive management with those of our shareholders	• designed to reward executives for achieving specific corporate ROIC and rTSR goals over a three-year period • settled in cash	page 70
	Stock options	• equity-based incentive that links executive pay to the achievement of Finning's long-term objectives • focuses on creating long-term shareholder value	• vest over three years • expire after seven years • help retain executive talent • only have value if our share price rises • settled in equities	page 71
	Restricted share units or RSUs	• equity-based incentive that aligns the long-term financial interests of executive management with those of our shareholders	• three-year cliff vesting • help retain executive talent • settled in cash	page 72
Indirect pay	Pension	• critical element of a total rewards program • helps attract and retain executive talent	• eligible senior executives receive retirement benefits through a defined contribution plan	Page 72
	Perquisites and other benefits	• helps keep total rewards program competitive	• perquisites are limited	page 72

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

Executive compensation decisions for 2020

Salary

To support our competitive pay positioning, in February 2020, the board approved a 3% salary increase for Mr. Thomson effective April 1, 2020. Messrs. Parkes and Cummings also received salary increases of 10% and 1.5%, respectively, to improve alignment with the 50th percentile of our compensation peer group.

Due to the global pandemic, commodity price declines in oil and copper and early signals of resulting revenue declines, in March 2020, we took the decision to reduce executive base salaries, effective April 1, 2020, as shown in the table below:

	2020 approved salary	Salary reduction (%)	2020 salary after reduction
L. Scott Thomson	$1,030,000	-20%	$824,000
Greg Palaschuk[1]	$500,000	-12%	$440,000
Kevin Parkes	$588,500	-12%	$517,880
Juan Pablo Amar[2]	$453,382	-12%	$404,562
Dave Cummings	$456,425	-12%	$401,654

Notes:

1 Mr. Palaschuk was appointed Executive Vice President and CFO on March 1, 2020. The 2020 approved salary reflects this appointment.

2 Mr. Amar was appointed President, Finning South America on January 1, 2020. The 2020 approved salary reflects this appointment. His 2020 salary, after reduction, includes an adjustment for inflation that all Chilean employees received.

In January 2021, we returned NEO target cash compensation (base salary plus short-term incentive target) to 2020 levels before the April 1, 2020 reduction. We also shifted the pay mix for all NEOs by increasing the target short-term incentive award by 5% (at-risk pay) and returning the remaining balance in base salaries. This shift in pay mix further strengthens our alignment with competitive market practices.

Short-term incentive

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

Target awards are set as a percentage of salary.

			Performance mix		
	2020 Target Bonus (as a % of salary)	Potential payout range (as a % of salary)	Corporate	Business unit	Individual
L. Scott Thomson	125%	0-250%	85%		15%
Greg Palaschuk	60%	0-120%	85%		15%
Kevin Parkes	60%	0-120%	25%	60%	15%
Juan Pablo Amar	60%	0-120%	25%	60%	15%
Dave Cummings	60%	0-120%	85%		15%
Steven Nielsen	80%	0-160%	85%		15%

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

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

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

2020 Corporate metrics for the short-term incentive

We use financial and non-financial corporate metrics.

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

Note:

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

The table on the next page shows our 2020 financial and non-financial targets, thresholds and maximums for the short-term incentive along with the resulting 2020 corporate metrics score. The targets were set and approved in February 2020, prior to our awareness of impending and significant business impacts associated with COVID-19.

Due to macroeconomic headwinds, including the significant downturn in the global commodity markets, political and economic uncertainty related to Brexit, and the devaluation of currencies in Argentina and Chile, 2020 financial targets were set slightly lower compared to 2019. However, the 2020 financial targets represented a similar level of challenge to achieve compared to 2019, amidst the prevailing and volatile market environment.

Our customer loyalty (NPS) target remained the same compared to 2019. Our safety target (TIF) was set at a more challenging level compared to 2019, reflecting Finning's continuous commitment towards embedding a strong safety culture in our workplace.

We also expanded the performance range (both threshold and maximum) for our short-term incentive targets to address the uncertainty and volatility in the 2020 market that we anticipated early in the year.

	Threshold (50%)	Target (100%)	Maximum (200%)	2020 result
Financial performance (70%)				
EBITDA % for incentive payout[1,2]	9.3%	11.1%	12.6%	10.5%
IC Turns[1,4]	1.81	2.01	2.41	1.84
Absorption[1,3]				
Non-financial performance (30%)				
NPS	68%	75%	81%	78%
TIF[5]	2.24	2.04 – 1.68	1.48	1.30
2020 corporate metrics score[6]				**100%**

Notes:

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

2 In 2020, Finning received benefits from various government programs, including CEWS due to COVID-19. For the purpose of calculating EBITDA % for the short-term incentive plan for all eligible employees, including our executives, management determined it was inappropriate to unfairly benefit from government assistance programs offered in 2020 and recommended the following adjustments:

- Eliminate the benefit of CEWS in EBITDA % results ($107.4M, excluding 4Refuel)
- Include $45M to reflect the value of cost reductions in the Canadian operations that otherwise would have been incurred in the absence of CEWS

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

Also, note that for the purpose of the short-term incentive calculation, EBITDA % differs slightly from reported results due to the exclusion of 4Refuel.

3 The specifics relating to our absorption metric are not disclosed here nor in our MD&A, as this information is confidential and proprietary. Disclosure of these details would prejudice the company's interests. At target, the absorption metric comprises 10% of the overall weighting within the set of corporate metrics.

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

5 The target for TIF was set as a range between 2.04 and 1.68.

6 As a result of the adjustments outlined under Note 2, upon recommendation by management, the human resources committee exercised its discretion and agreed to cap the 2020 corporate metrics score at 100% to account for benefits received from government programs due to COVID-19 (unadjusted result was 113%).

Business unit performance

The short-term incentive award is also based on business unit performance for some executives, depending on their areas of responsibility. In 2020, in addition to the corporate metrics outlined above, business unit level metrics were set for both Mr. Amar and Mr. Parkes. These metrics were quantitative in nature and set at a similar degree of difficulty as our corporate metrics. We do not disclose details about our business unit goals because this information is proprietary and would compromise our competitive position. For Mr. Amar, business unit performance metrics (at target values) equated to approximately 12% of his 2020 total compensation. For Mr. Parkes, business unit performance metrics (at target values) equated to approximately 14% of his 2020 total compensation.

Individual performance

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

The President and CEO's personal objectives are approved by the board on the recommendation of the human resources committee. The President and CEO approves the personal objectives of the other named executives to make sure they align with our corporate priorities and objectives. We do not disclose details about individual personal objectives because they are proprietary and would compromise our competitive position. In addition to individual performance results relating to personal objectives set at the beginning of the year, 2020 individual performance scores also provide recognition for the executive team's successes in navigating Finning through the unprecedented business impacts associated with COVID-19.

	2020 individual performance score	Weighting
L. Scott Thomson	125%	15%
Greg Palaschuk	125%	15%
Kevin Parkes	140%	15%
Juan Pablo Amar	140%	15%
Dave Cummings	120%	15%
Steven Nielsen	100%	15%

The table below shows the 2020 short-term incentive awards for the named executives.

	2020 Salary[1] $	**x**	**Short-term incentive target opportunity** (% of salary)	**x [**	**Corporate metrics score** (0-200%) x weighting	**+**	**Business unit score** (0-200%) x weighting	**+**	**Individual score** (0-200%) x weighting	**] =**	**2020 short-term incentive award $**	**Compared to target**
L. Scott Thomson	$870,771		125%		100%				125%		$1,129,281	4%
Greg Palaschuk[2]	$426,487		60%		100%				125%		$251,393	3%
Kevin Parkes	$523,003		60%		100%		78.03%		140%		$291,264	-7%
Juan Pablo Amar	$417,616		60%		100%		126.14%		140%		$304,903	22%
Dave Cummings	$414,267		60%		100%				120%		$256,017	3%
Steven Nielsen[3]	$139,484		80%		100%				100%		$111,587	0%

Note:

1 Amounts reflect actual salaries earned in 2020.

2 The figure shown under “short-term incentive target opportunity” reflects Mr. Palaschuk’s target as Executive Vice President and CFO. His short-term incentive award has been pro-rated to reflect a target opportunity of 60% for ten months as Executive Vice President and CFO and a target opportunity of 40% for two months as Senior Vice President of Commercial & Financial Performance Management, Finning Canada.

3 Based on the terms of the short-term incentive plan, Mr. Nielsen’s 2020 award was pro-rated due to his retirement on March 31, 2020.

Long-term incentive

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

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

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

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

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

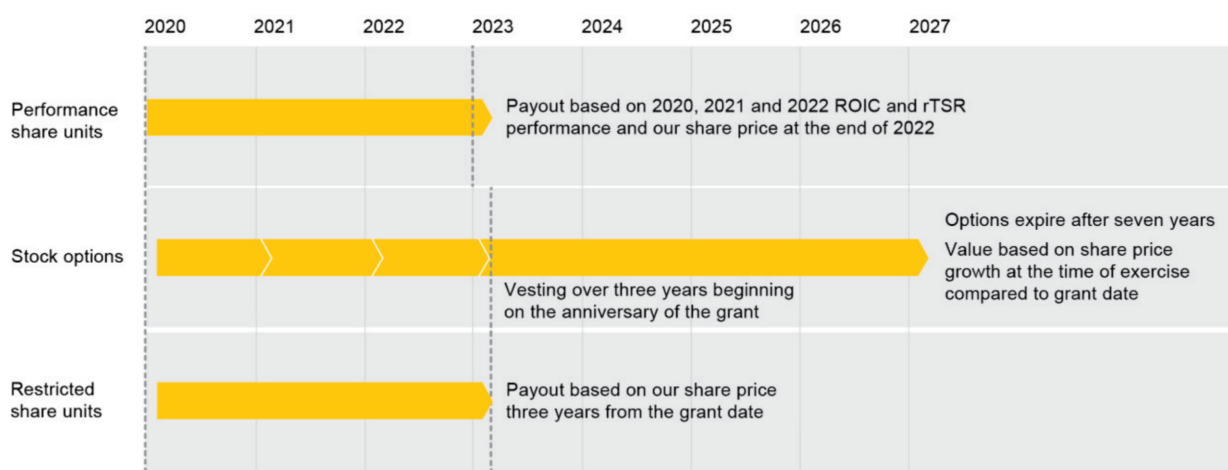
We also take into consideration previous grant values. The 2020 long-term incentive awards for named executives were at similar levels compared to 2019.

The table below shows what was granted to each named executive in 2020 during our annual long-term incentive award cycle. It shows how the award was allocated and the value of each award based on its grant date value. See the footnotes to the summary compensation table on page 80 for details about how we determined the grant date fair values of PSUs, stock options and RSUs.

Allocation ($/#)

	2020 long-term incentive award	Performance share units (50%)		Stock options (20%)		Restricted share units (30%)	
		value	units	value	units	value	units
L. Scott Thomson	$3,750,000	$1,875,000	105,990	$750,000	205,114	$1,125,000	63,595
Greg Palaschuk	$605,000	$302,500	17,100	$121,000	33,092	$181,500	10,260
Kevin Parkes	$660,000	$330,000	18,654	$132,000	36,100	$198,000	11,193
Juan Pablo Amar	$605,000	$302,500	17,100	$121,000	33,092	$181,500	10,260
Dave Cummings	$632,500	$316,250	17,880	$126,500	34,596	$189,750	10,726

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



Performance share unit plan

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

Assessing performance

The 2020 PSU awards vest on December 31, 2022, based on our financial and relative performance in each of the years 2020, 2021 and 2022.

In 2020, due to ongoing and significant volatility in the macroeconomic environment, we changed our calculation for PSUs from an average of rTSR and ROIC performance over a three-year period to a calculation based on the three-year average of annual achievement periods.

The PSUs will continue to maintain a three-year time horizon with vesting still occurring and payout values based on share price at the end of the three-year period.

This change will enable us to more accurately link pay with business performance and better support retention of our executive talent.

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

2020 PSU Plan Targets

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

rTSR[1] – 50%

Year	Weighting	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
2020	33.33%	25P	50P	100P
2021	33.33%	25P	50P	100P
2022	33.33%	25P	50P	100P

ROIC – 50%

Year	Weighting	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
2020	33.33%	5.0%	7.1%	9.2%
2021	33.33%	10.1%	14.4%	18.7%
2022	33.33%	Targets to be set at the end of 2021[2]		

Notes:

1 We measure our rTSR against companies that are in the index for the full year in the years 2020, 2021 and 2022.

2 Threshold, target and maximum for 2022 will be set at the end of 2021.

We measure our rTSR performance under the plan based on our relative performance in the S&P/TSX Capped Industrials Index in each of the years 2020, 2021 and 2022. We use the volume weighted average trading price of the shares for the 30 trading days before the grant date and the volume weighted average trading price of the shares for the 30 trading days prior to December 31 at the end of the performance period and assume reinvestment of dividends.

ROIC performance is measured in each of the years 2020, 2021 and 2022 against targets set in relation to our annual operating plan.

At the end of 2022, the vesting of PSUs is contingent upon the achievement of rTSR and ROIC performance targets set out above for each of the years 2020, 2021 and 2022.

We will calculate the payout value of the 2020 PSU awards using the volume weighted average trading average for our shares for the five trading days preceding December 31, 2022.

Payout of 2018 PSU awards

Performance targets and results for the 2018 to 2020 cycle are summarized in the following table:

	Threshold (50%)	Target (100%)	Maximum (200%)	2020 result	Score	Weighting	Performance factor
Total shareholder return (rTSR)[1]	25th percentile	50th percentile	100th percentile	27th percentile	54%	50%	27%
Average return on capital (ROIC)[2] for incentive payout	11.5%	15.5%	19.5%	11.5%	50%	50%	25%
2018 PSU performance factor							**52%**

Notes:

1 Payout amounts for the rTSR component of the 2018 PSU award were calculated by using the percentile ranking of our three-year TSR compared to the TSR of each of the companies that make up the S&P/TSX Capped Industrials Index, provided they were in the index for the full three-year performance period.

2 For the purpose of the ROIC component of the PSU performance factor calculation, the human resources committee exercised its discretion to exclude the CEWS benefit recorded in 2020 as well as employee and facility restructuring costs incurred in Q1 and Q2 of 2020 that were not considered to be indicative of operational and financial trends. As a result, 2020 reported EBIT was reduced by $61 million for purposes of the 2020 ROIC calculation.

The 2018 PSUs were granted at $33.68 and vested on December 31, 2020 based on our rTSR and ROIC for the three-year period ending December 31, 2020. The value of each unit upon vesting was $27.12 (the volume weighted average trading price of our shares on the TSX for the five trading days preceding December 31, 2020).

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

	Number of PSUs granted	Number of PSUs received as dividend equivalents[1]	PSU performance factor	Volume weighted average trading price	Payout[1]
L. Scott Thomson	67,548	6,962	52%	$27.12	$1,050,776
Greg Palaschuk	4,954	511	52%	$27.12	$77,064
Kevin Parkes	12,384	1,276	52%	$27.12	$192,645
Juan Pablo Amar	4,954	511	52%	$27.12	$77,064
Dave Cummings	12,384	1,276	52%	$27.12	$192,645
Steven Nielsen[2]	13,509	1,392	52%	$27.12	$210,146

Notes:

1 Values have been rounded to the nearest whole number.

2 Based on the terms of the PSU plan, Mr. Nielsen's payout award was pro-rated due to his retirement on March 31, 2020.

Stock option plan

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

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

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

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

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

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

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

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

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

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

Pension, perquisites and other benefits

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

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

You can find more information about our pension plans beginning on page 85.

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

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

L. Scott Thomson | President and CEO

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

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

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

2020 compensation

The table below shows Mr. Thomson's total direct compensation for 2020, compared to the two previous years.

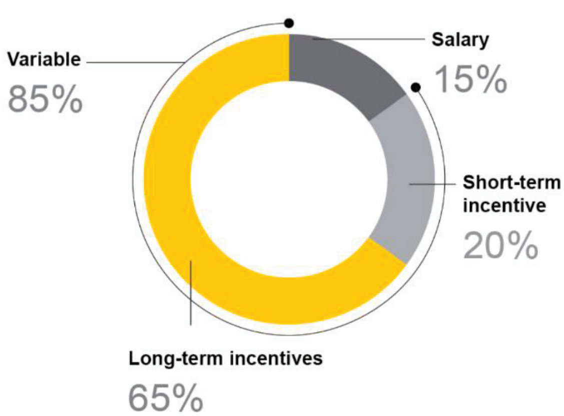
Please refer to the notes to the summary compensation table on page 80 and in our prior circulars for additional details.

	2020	2019	2018
Fixed pay			
Salary	$870,771	$993,429	$973,350
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$1,129,281	$850,928	$894,697
Long-term incentive			
• Performance share units	$1,875,000	$2,250,000	$2,250,000
• Stock options	$750,000	$750,000	$750,000
• Restricted share units	$1,125,000	$750,000	$750,000
Total direct compensation	**$5,750,052**	**$5,594,357**	**$5,618,047**

The figures outlined above are reflective of long-term incentive awards granted during our annual compensation program cycle. The value of Mr. Thomson's 2019 retention incentive award is not included in the above table. Please see page 81 or last year's management proxy circular for more information on the retention incentive award, including its unique vesting terms and redemption rules.

2020 pay mix

The graph below shows the breakdown of Mr. Thomson's total direct compensation for 2020. 85% of Mr. Thomson's 2020 pay was at risk.



2020 Key Performance Highlights

- Strong leadership and timely response to rapidly changing global market conditions and pandemic, resulting in $115M lower SG&A (from 2019) while improving safety performance and customer experience scores and achieving an 85% employee sustainable engagement score, only 1% below the norm for comparable high performing companies
- Enhanced global supply chain capabilities and processes along with a disciplined capital allocation strategy, resulted in a record $870M free cash flow[1] generation
- Global greenhouse gas absolute emissions decreased 21% year over year (partially due to COVID-19 travel restrictions); intensity by exposure hours decreased 4%
- Maintained gender balance in senior leadership succession pool
- Global health and well-being plan developed and endorsed by all regions, to be rolled out in 2021

Note:

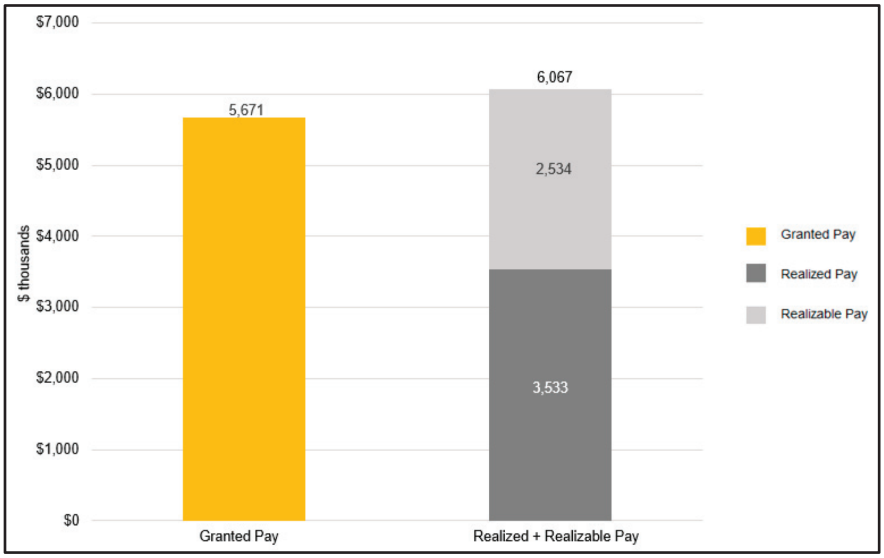
1 This financial metric, referred to as a non-GAAP financial measure, does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. Please see page 9 for more information about non-GAAP financial metrics.

CEO realized and realizable pay

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

The graph below shows Mr. Thomson's average pay granted for the last five years compared to the average amount he actually received over that five-year period (2016 - 2020) (realized pay) plus the average value of his outstanding long-term incentive awards over the same period (realizable pay). The value of the outstanding awards, that is, Mr. Thomson's unvested PSUs (assumed at target or 100%), unvested RSUs and unexercised stock options, is based on our 2020 year-end closing share price on the TSX of $27.03 and is not guaranteed. Average granted CEO pay for the period was $5,671,001 while average realized + realizable pay (totalling $6,066,636) was 7% higher.

Average CEO Pay – 2016 to 2020



Average CEO Pay – 2016 - 2020			
Compensation element	**Granted[1]**	**Realized[2]**	**Realizable[3]**
Salary	$938,310	$938,310	–
Short-term incentive	$982,691	$982,691	–
Long-term incentive			
• Performance share units	$2,175,000	$991,228	$1,157,802
• Stock options	$750,000	$339,002	$698,427
• Restricted share units	$825,000	$281,739	$677,438
Average total[4] compensation	**$5,671,001**	**$3,532,970**	**$2,533,667**

Notes:

1 Granted pay: direct compensation (salary earned, actual short-term incentive award and the grant date fair market value of annual long-term incentive awards) reported in our summary compensation table on page 80 and in prior management proxy circulars.

2 Realized pay: earned pay (salary earned, actual short-term incentive received, stock options exercised, and vested PSUs and RSUs). Realized pay reflects a 52.0% payout of target for the 2018 PSU award, a 53.3% payout of target for the 2017 PSU award, and an 83.1% payout of target for the 2016 PSU award. In 2020, Mr. Thomson did not exercise any stock options.

3 Realizable pay: reflects the potential realizable value of awards yet to be paid as at December 31, 2020 (unvested PSUs assumed at target (100%), unvested RSUs and unexercised option awards) based on our 2020 year-end closing share price on the TSX of $27.03. These figures are variable and depend on future performance.

On February 16, 2021, Mr. Thomson exercised an aggregate 684,589 stock options in respect of his 2014, 2015, 2016, and a portion of his 2019 grants. The options were exercised using the net cashless exercise method, which resulted in the issuance of 124,209 shares to Mr. Thomson, which were immediately sold on the TSX at an average price of $30.89 per share. The total realized value of this stock option exercise was $3,837,164, less applicable withholding taxes. The stock option exercise did not change Mr. Thomson's equity ownership (shares, DSUs and RSUs) which was equal to 9.2x salary as of December 31, 2020, exceeding his share ownership requirement of 5x salary.

4 Reflective of long-term incentive awards granted during our annual compensation program cycle. Does not include Mr. Thomson's 2019 retention incentive award. Please see page 81 or last year's management proxy circular for more information on the retention incentive award, including its unique vesting terms and redemption rules.

Greg Palaschuk | Executive Vice President and Chief Financial Officer

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

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

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

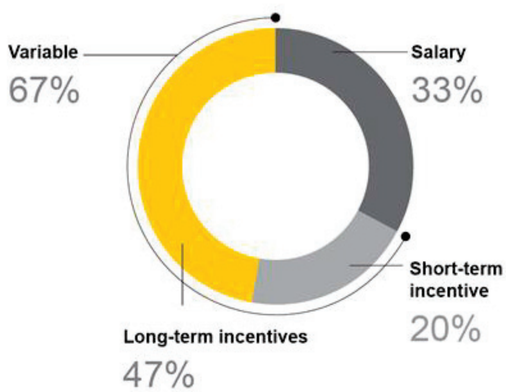
2020 compensation

The table below shows Mr. Palaschuk's total direct compensation for 2020, compared to the two previous years.

	2020	2019	2018
Fixed pay			
Salary	$426,487	$325,000	$325,000
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$251,393	$114,667	$141,996
Long-term incentive			
• Performance share units	$302,500	$165,000	$165,000
• Stock options	$121,000	$55,000	$55,000
• Restricted share units	$181,500	$55,000	$55,000
Total direct compensation	**$1,282,880**	**$714,667**	**$741,996**

2020 pay mix

The graph below shows the breakdown of Mr. Palaschuk's total direct compensation for 2020.
67% of Mr. Palaschuk's 2020 pay was at risk.



Kevin Parkes | President, Finning (Canada)

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

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

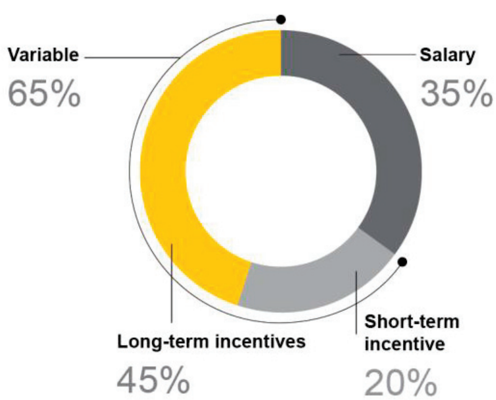
2020 compensation

The table below shows Mr. Parkes' total direct compensation for 2020, compared to the two previous years.

	2020	2019	2018
Fixed pay			
Salary	$523,003	$535,000	$425,734
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$291,264	$279,188	$230,311
Long-term incentive			
• Performance share units	$330,000	$412,500	$412,500
• Stock options	$132,000	$137,500	$137,500
• Restricted share units	$198,000	$137,500	$137,500
Total direct compensation	**$1,474,267**	**$1,501,688**	**$1,343,545**

2020 pay mix

The graph below shows the breakdown of Mr. Parkes' total direct compensation for 2020.
65% of Mr. Parkes' 2020 pay was at risk.



Juan Pablo Amar | President, Finning South America

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

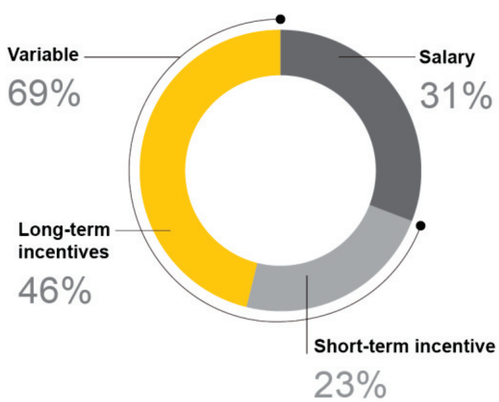
In November 2010, Mr. Amar became Vice President of Human Resources, responsible for people strategy, training, organizational development, safety and corporate communications in South America. In February of 2013, he assumed the position of Vice President of Finance, leading areas of legal and insurance,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

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

2020 compensation
The table below shows Mr. Amar's total direct compensation for 2020, compared to the two previous years.

	2020	2019	2018
Fixed pay			
Salary	$417,616	$396,209	$413,257
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$304,903	$115,480	$72,045
Long-term incentive			
• Performance share units	$302,500	$158,400	$165,000
• Stock options	$121,000	$52,800	$55,000
• Restricted share units	$181,500	$52,800	$55,000
Total direct compensation	**$1,327,519**	**$775,689**	**$760,302**

2020 pay mix
The graph below shows the breakdown of Mr. Amar's total direct compensation for 2020. 69% of Mr. Amar's 2020 pay was at risk.



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

Mr. Cummings joined Finning as Executive Vice President and Chief Information Officer in June of 2013 and was appointed as Executive Vice President and Chief Digital Officer in April 2019. He has executive accountability to lead the digital, operations excellence, pricing and information technology teams across the company, and to develop and deliver digital performance solutions and other digital value-added services to our customers.

Prior to Finning, Mr. Cummings was CIO and Technology Executive at Maxum Petroleum, North America's largest oil field specialist fuels and lubricants distribution and services company headquartered in Connecticut, U.S.A. Prior to Maxum Petroleum, Mr. Cummings served as Chief Information Officer of Univar, a global industrial chemical distributor. Before joining Univar, Mr. Cummings spent 23 years with ConocoPhillips in numerous locations in operations, engineering, technology and commercial roles.

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

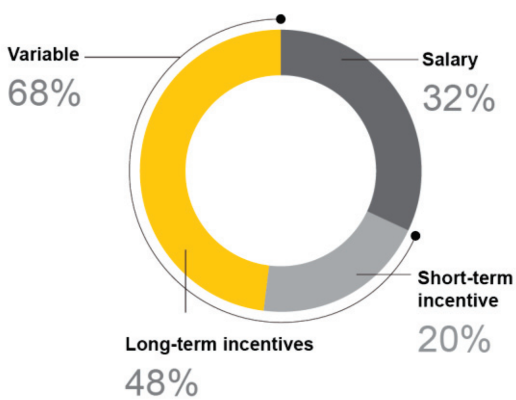
2020 compensation

The table below shows Mr. Cummings' total direct compensation for 2020, compared to the two previous years.

	2020	2019	2018
Fixed pay			
Salary	$414,267	$439,600	$408,800
Variable (at-risk) pay			
Short-term incentive (annual cash bonus)	$256,017	$180,740	$180,368
Long-term incentive			
• Performance share units	$316,250	$412,500	$412,500
• Stock options	$126,500	$137,500	$137,500
• Restricted share units	$189,750	$137,500	$137,500
Total direct compensation	**$1,302,784**	**$1,307,840**	**$1,276,668**

2020 pay mix

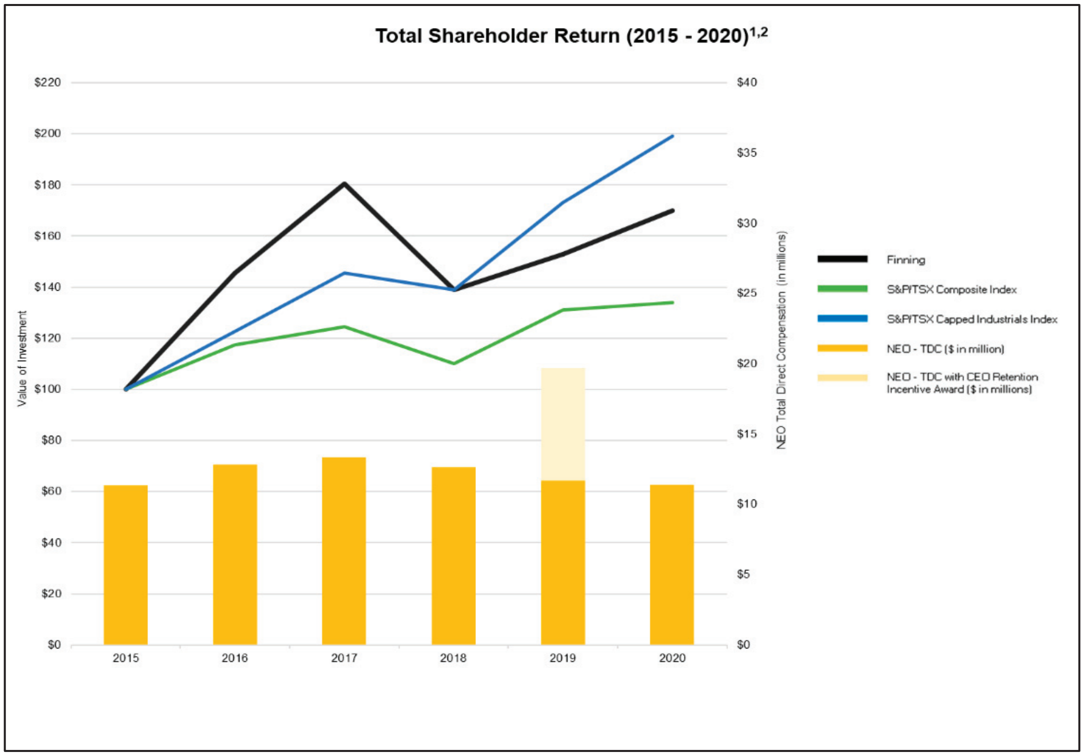
The graph below shows the breakdown of Mr. Cummings' total direct compensation for 2020.
68% of Mr. Cummings' 2020 pay was at risk.



Share performance and executive compensation

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

The graph below compares the total shareholder return of $100 invested in Finning common shares on December 31, 2015 against the total return of the S&P/TSX Composite Index and the S&P/TSX Capped Industrials Index for the five most recently completed financial years, assuming reinvestment of dividends. The graph also shows the total direct compensation (TDC) awarded to our named executives over the same period. Executive compensation generally correlates with our share performance, with the exception of the past two years. This slight shift can be attributed to the 2020 base salary reduction measures and the change in composition of our named executives, as shown at the bottom of this page.



	2015	2016	2017	2018	2019[3]	2020
Finning	$100.00	$145.43	$180.40	$138.88	$152.88	$170.09
S&P/TSX Composite Index	$100.00	$117.51	$124.59	$110.09	$131.16	$134.00
S&P/TSX Capped Industrials Index	$100.00	$122.63	$145.45	$138.87	$173.11	$199.05
Total direct compensation awarded to the named executives ($ millions)	$11.35	$12.84	$13.37	$12.62	$11.70	$11.39

Notes:

1 Source: NASDAQ.

2 Total shareholder return for Finning includes dividends.

3 2019 total direct compensation awarded to the named executives excludes the retention incentive award for the CEO. In the chart above, for 2019, the lightly shaded component for total direct compensation to named executives shows the $8 million grant value under the retention incentive award for the CEO. Please see page 81 or the 2020 management proxy circular for more information on the retention incentive award, including its unique vesting terms and redemption rules.

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

2015: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Neil Dickinson
2016: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Kevin Parkes
2017: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Dave Cummings
2018: L. Scott Thomson, Steven Nielsen, Juan Carlos Villegas, Marcello Marchese, Dave Cummings
2019: L. Scott Thomson, Steven Nielsen, Marcello Marchese, Kevin Parkes, Dave Cummings
2020: L. Scott Thomson, Greg Palaschuk, Kevin Parkes, Juan Pablo Amar, Dave Cummings, Steven Nielsen

Executive compensation details

Summary compensation table

The table below sets out the total compensation earned by each named executive in the last three fiscal years ending December 31, 2020, 2019 and 2018.

	Year	Salary	Share awards[1]	Option awards[2]	Non-equity incentive plan compensation[3]	Pension value[4]	All other compensation[5]	Total compensation
L. Scott Thomson President and Chief Executive Officer[6]	2020	$870,771	$3,000,000	$750,000	$1,129,281	$208,832	$398,835	$6,357,719
	2019	$993,429	$11,000,000	$750,000	$850,928	$224,166	$71,521	$13,890,044
	2018	$973,350	$3,000,000	$750,000	$894,697	$228,042	$72,600	$5,918,689
Greg Palaschuk Executive Vice President and Chief Financial Officer	2020	$426,487	$484,000	$121,000	$251,393	$64,781	$46,841	$1,394,502
	2019	$325,000	$220,000	$55,000	$114,667	$54,600	$39,373	$808,640
	2018	$325,000	$220,000	$55,000	$141,996	$50,720	$14,666	$807,381
Kevin Parkes, President, Finning Canada[7]	2020	$523,003	$528,000	$132,000	$291,264	$96,178	$155,545	$1,725,990
	2019	$535,000	$550,000	$137,500	$279,188	$63,953	$139,633	$1,705,274
	2018	$425,734	$550,000	$137,500	$230,311	$17,299	$83,262	$1,444,106
Juan Pablo Amar[8] President, Finning South America	2020	$417,616	$484,000	$121,000	$304,903	n/a	$234,987	$1,562,506
	2019	$396,209	$211,200	$52,800	$115,480	n/a	$83,706	$859,395
	2018	$413,257	$220,000	$55,000	$72,045	n/a	$89,971	$850,273
Dave Cummings Executive Vice President and Chief Digital Officer (CDO)	2020	$414,267	$506,000	$126,500	$256,017	$71,372	$153,200	$1,527,356
	2019	$439,600	$550,000	$137,500	$180,740	$74,096	$142,545	$1,524,481
	2018	$408,800	$550,000	$137,500	$180,368	$77,088	$137,666	$1,491,422
Steven Nielsen, former Executive Vice President and Chief Financial Officer (retired)[9]	2020	$139,484	$0	$0	$111,587	$49,570	$229,906	$530,547
	2019	$561,000	$800,000	$200,000	$307,538	$107,731	$103,603	$2,079,872
	2018	$561,000	$800,000	$200,000	$336,759	$120,120	$106,162	$2,124,041

Notes:

1 Refers to grants of PSUs and RSUs. The 2020 grant date value of PSU awards was calculated by taking the number of PSUs granted, multiplied by the fair market value of our common shares on the day before the grant ($17.69).

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

Assumptions	2020	2019	2018
Expected term	3 years	3 years	3 years
Performance discount at target relative to payout schedule	100%	100%	100%
Share price at grant	$17.69	$22.95	$33.31
PSU value	$17.69	$22.95	$33.31
Accounting fair value	$19.52	$25.68	$37.79

See Incentive plan awards – Value vested or earned during the year on page 82 for the market or payout values at the end of 2020.

The grant value of RSU awards was calculated by taking the number of RSUs granted, multiplied by the fair market value of our common shares on the day before the grant: $17.69 in 2020, $22.95 in 2019, and $33.31 in 2018. The accounting fair value is the same.

2 The grant price of stock options is the fair market value on the day prior to the grant date. The Black-Scholes model was used in the valuation of the stock option awards.

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

Assumptions	2020	2019	2018
Expected option term	7 years	7 years	7 years
Expected volatility	32.21%	27.48%	29.28%
Expected dividend yield	3.16%	2.78	2.67%
Risk-free interest rate	0.38%	1.59%	2.18%
Exercise price	$17.75	$22.31	$33.68
Option value	$3.66	$5.04	$7.78
Accounting fair value	$3.59	$4.28	$6.85

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

4 Compensatory amounts include the current pension service costs during the year and the impact of pay increases since the previous year's calculation. See pension plans beginning on page 85 for more information.

5 Includes all perquisites (car allowance, athletic club dues, allowance for preparation of tax returns, executive medical examinations and life insurance) and other executive benefits. Also shown in this column are amounts relating to corrective payments made in 2020 (details shown below) in respect of the 2015 and 2016 PSU plans. An administrative error was made in the calculation of the volume weighted average trading price used to calculate share price relating to our rTSR performance in both grant years. Amounts reported represent the total incremental cost to Finning.

- Mr. Thomson's 2020 amount includes $328,983 due to a payment correction made in respect of the 2015 and 2016 PSU plans
- Mr. Palaschuk's 2020 amount includes $14,978 due to a payment correction made in respect of the 2015 and 2016 PSU plans and a car allowance of $13,950
- Mr. Parkes' 2020 amount includes $45,908 due to a payment correction made in respect of the 2015 and 2016 PSU plans and a housing allowance of $72,000 as part of his expatriate assignment in Canada
- Mr. Amar's 2020 amount includes a car allowance of $44,935 and a project bonus amount of $141,530 in respect of 2019 performance
- Mr. Cummings' 2020 amount includes $40,029 due to a payment correction made in respect of the 2015 and 2016 PSU plans and a housing allowance of $60,000
- Mr. Nielsen's 2020 amount includes $95,305 due to a payment correction made in respect of the 2015 and 2016 PSU plans and a payout for accrued vacation pay of $100,215

6 In 2019, Mr. Thomson received a retention incentive award with a grant date value of $8 million in the form of 326,265 notional share units. The retention incentive award begins vesting in one-fifth annual installments at the end of 2022 over a five-year period to the end of 2026. Upon vesting, the notional share units are converted to DSUs, the value of which continues to track our share price and which can only be redeemed upon Mr. Thomson leaving the company. The grant value of the notional share units was calculated by using the volume weighted average trading price on the TSX from January 2, 2019 to March 29, 2019 ($24.52).

7 Mr. Parkes' amounts have been converted from British Pounds Sterling based on the following average annual exchange rate:
1 GBP = 1.729924 CAD in 2018.

8 Mr. Amar's amounts have been converted from Chilean pesos based on the following average annual exchange rates:
1 CLP = 0.001694 CAD in 2020, 1 CLP = 0.001894 CAD in 2019, and 1 CLP = 0.002025 CAD in 2018.

9 Mr. Nielsen retired as Executive Vice President and CFO effective March 1, 2020 and retired from the company on March 31, 2020. He did not receive a long-term incentive award in 2020 and his short-term incentive award was pro-rated accordingly.

Incentive plan awards

Outstanding equity awards

The following table summarizes all share-based and option-based awards that were held by each named executive, as of December 31, 2020.

		Option-based awards				Share-based awards		
	Grant date	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options[1]	Number of shares or units of shares at target that have not vested[2]	Market or payout value of share awards at target that have not vested[2]	Market or payout value of vested share awards not paid out or distributed[3]
L. Scott Thomson	May 13/20	205,114	17.75	May 13/27	1,903,458	174,507	4,716,932	
	May 15/19	160,464	22.31	May 15/26	757,390	140,138	3,787,929	
	May 07/19					326,265	8,818,943	
	May 15/18	92,708	33.68	May 15/25	-	24,837	671,339	1,050,776
	May 15/17	119,639	26.79	May 15/24	28,713			
	May 11/16	154,341	21.83	May 11/23	802,573			
	Feb 26/16							250,354
	May 12/15	302,160	25.44	May 12/22	480,434			
	May 21/14	174,600	29.17	May 21/21	-			
Total		**1,209,026**			**3,972,568**	**665,747**	**17,995,143**	**1,301,130**
Greg Palaschuk	May 13/20	33,092	17.75	May 13/27	307,094	28,154	761,006	
	May 15/19	11,767	22.31	May 15/26	55,540	10,278	277,807	
	May 15/18	6,799	33.68	May 15/25	-	1,821	49,226	77,064
	Nov 10/17	5,432	31.47	Nov 10/24	-			
	May 15/17	6,700	26.79	May 15/24	1,608			
	May 11/16	7,112	21.83	May 11/23	36,982			
	May 12/15	14,830	25.44	May 12/22	23,580			
	Jun 02/14	10,710	29.19	Jun 02/21	-			
Total		**96,442**			**424,804**	**40,253**	**1,088,039**	**77,064**
Kevin Parkes	May 13/20	36,100	17.75	May 13/27	335,008	30,713	830,181	
	May 15/19	29,418	22.31	May 15/26	138,853	25,692	694,444	
	May 15/18	16,996	33.68	May 15/25	-	4,553	123,081	192,645
								76,640
	May 15/17	21,934	26.79	May 15/24	5,264			
	May 11/16	12,841	21.83	May 11/23	66,773			
	Feb 26/16							110,278
	May 12/15	10,139	25.44	May 12/22	16,121			
	May 12/15	2,221	25.49	May 12/22	3,420			
Total		**129,649**			**565,419**	**60,958**	**1,647,706**	**379,563**
Juan Pablo Amar	May 13/20	33,092	17.75	May 13/27	307,094	28,154	761,006	
	May 15/19	11,297	22.31	May 15/26	53,322	9,866	266,679	
	May 15/18	6,799	33.68	May 15/25	-	1,821	49,226	77,064
	May 15/17	8,774	26.79	May 15/24	2,106			
	May 11/16	2,074	21.83	May 11/23	10,785			
Total		**62,036**			**373,307**	**39,841**	**1,076,911**	**77,064**
Dave Cummings	Nov 06/20							359,480
	May 13/20	34,596	17.75	May 13/27	321,051	29,436	795,663	
	May 15/19	29,418	22.31	May 15/26	138,853	25,692	694,444	
	May 15/18	16,996	33.68	May 15/25	-	4,553	123,081	192,645
	May 15/17	21,934	26.79	May 15/24	5,264			
	May 11/16	18,838	21.83	May 11/23	97,958			
	May 12/15	37,570	25.44	May 12/22	59,736			
	May 21/14	12,990	29.17	May 21/21	-			
Total		**172,342**			**622,862**	**59,681**	**1,613,188**	**552,125**
Steven Nielsen	15-May-19	42,790	22.31	Mar 31/23	201,969	14,574	393,948	
	13-Aug-18							462,737
	15-May-18	24,722	33.68	Mar 31/23	-	4,239	114,570	210,146
	15-May-17	31,904	26.79	Mar 31/23	7,657			
	11-May-16	44,586	21.83	Mar 31/23	231,847			
	12-May-15	85,900	25.44	May 12/22	136,581			
Total		**229,902**			**578,054**	**18,813**	**508,518**	**672,883**

Notes:

1 Based on our 2020 year-end closing share price on the TSX of $27.03. Stock options have a seven-year term and vest over three years (see page 71). On February 16, 2021, Mr. Thomson exercised an aggregate 684,589 stock options. For more information, see page 74.

2 These figures represent unvested PSUs, RSUs, DSUs, and dividend equivalents rounded to the nearest whole number. Value is based on our 2020 year-end closing share price on the TSX of $27.03. PSUs vest at the end of three years if performance criteria are met (see page 70). RSUs vest at the end of three years (see page 72).

3 These figures represent vested PSU awards, DSUs, and dividend equivalents rounded to the nearest whole number, as at December 31, 2020. The value of vested PSUs is based on a fair market value of $27.12, the volume weighted average trading price on the TSX for the five trading days preceding December 31, 2020. Vested PSUs, as presented in this table, include dividends and were paid out in cash in February 2020. The value of vested DSUs is based on our 2020 year-end closing share price on the TSX of $27.03. DSUs can only be redeemed when an executive leaves or retires from Finning (see page 72).

Incentive plan awards – Value vested or earned during the year

The table below shows the value of all share-based and option-based awards that vested in 2020 for each named executive, as well as non-equity incentive plan compensation earned during the year.

	Option awards – value vested during the year[1]	Share awards – value vested during the year[2]	Non-equity incentive plan compensation – value earned during the year[3]
L. Scott Thomson	-	$1,586,893	$1,129,281
Greg Palaschuk	-	$138,429	$251,393
Kevin Parkes	-	$290,941	$291,264
Juan Pablo Amar	-	$116,379	$304,903
Dave Cummings[4]	-	$650,421	$256,017
Steven Nielsen	-	$349,128	$111,587

Notes:

1 For option awards, the value is the difference between the exercise price of the options and the closing price of our common shares on the TSX on the vesting date. If the closing price was below the exercise price, the stock options have no current value. Stock options have a seven-year term and vest over three years (see page 71).

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

3 The value for Mr. Amar has been converted from Chilean Pesos based on an average exchange rate of 1 CLP = $ 0.001694 in 2020.

4 In 2018, Mr. Cummings received a performance-based retention award in the form of DSUs with a target value of $300,000 if certain performance conditions were met by 2020. Mr. Cummings was successful in achieving the performance conditions; the value outlined under "share awards – value vested during the year" column includes this amount, in the form of DSUs.

Stock options exercised in 2020

No stock options were exercised in 2020 by any named executives.

Equity compensation plan information

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

(as at December 31, 2020)	Number of shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of shares remaining available for future issuance under equity compensation plans (excluding outstanding options)
Equity compensation plans approved by shareholders			
2005 stock option plan for senior executives	3,683,449	$24.40	1,912,462
Equity compensation plans not approved by shareholders	nil	nil	nil

About the stock option plan

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

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

The table below is a summary of the activity under the stock option plan, including grants, cancellations and exercises from January 1, 2020 to December 31, 2020.

2005 stock option plan	As at January 1, 2020 # of common shares or options	 % of shares outstanding	Activity in 2020 # of options granted	 # of options cancelled and/or withheld	 # of options exercised and issued	As at December 31, 2020 # of common shares or options	 % of shares outstanding
Shares issued on exercise of options	1,870,108	1.15%			3,981	1,874,089	1.16%
Options granted and outstanding	3,416,168	2.09%	724,739[1]	(453,477)	(3,981)	3,683,449	2.27%
Options available for future grants	2,183,724	1.34%	(724,739)	453,477		1,912,462	1.18%
Total	**7,470,000**	**4.58%**				**7,470,000**	**4.61%**

Note:

1 Options granted to senior executives in 2020 represent 0.43% of Finning's issued and outstanding common shares as at December 31, 2020.

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

	2020	2019	2018
Weighted average number of securities outstanding	162,289,564	163,427,006	167,997,608
Options granted under our 2005 stock option plan	724,739	608,821	358,755
Burn rate	**0.43%**	**0.37%**	**0.22%**

Making changes to our stock option plan

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

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

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

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

Other things to know about the plan

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

We have 1,912,462 common shares remaining in reserve to be issued under our 2005 stock option plan, representing 1.18% of the total number of issued and outstanding common shares as of December 31, 2020.

Since the plan's inception in 2005, 1,874,089 shares have been issued on the exercise of stock options granted under the plan, representing 1.16% of the total number of issued and outstanding common shares as of December 31, 2020.

All executives of Finning are eligible to receive stock option awards under the 2005 stock option plan. The plan terms are the same for all executives, including named executives. For further information on plan terms upon termination or a change-in-control, please see page 86.

You can read more about the stock option plan on page 71. You can receive a copy of the plan document by writing to our Corporate Secretary, Finning International Inc., Suite 300 – 565 Great Northern Way, Vancouver, British Columbia V5T 0H8 or send an email to corporatesecretary@finning.com.

Pension plans

Many of our employees participate in our various pension plans.

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

Canada

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

Executive DC Pension Plan

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

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

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

	Accumulated value at start of year	Compensatory	Accumulated value at year end
L. Scott Thomson	$1,481,022	$208,832	$1,753,654
Greg Palaschuk	$312,376	$64,781	$409,549
Kevin Parkes	$66,402	$96,178	$172,494
Dave Cummings	$518,126	$71,372	$630,778
Steven Nielsen	$540,976	$49,570	-

South America

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

Termination and change-in-control

We have employment agreements with each of our named executives that set out their salary, benefits and incentive plans and, for all named executives other than Mr. Amar, include change-in-control provisions. The normal termination without cause provisions in Mr. Amar's employment agreement would apply in a change-in-control scenario, in accordance with the governing Chilean law.

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

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

Estimated payments if employment is terminated

The table below shows the amounts that would have been paid if any of the named executives resigned on December 31, 2020. It also shows the estimated value of incremental payments the named executives would receive in each of the situations listed below, assuming a termination date of December 31, 2020. If terminated with cause, no incremental payments are provided.

			Estimated incremental value upon retirement, termination, or change-in-control		
	Compensation element[1,2]	Estimated payments upon resignation	Retirement	Termination (without cause, no change-in-control)[3]	Termination (without cause and change-in-control)[4]
L. Scott Thomson	Cash	1,129,281	n/a	3,760,964	3,760,964
	Vested Awards	2,865,314	n/a	n/a	n/a
	Unvested Awards	n/a	6,801,633	n/a	n/a
	Pension	1,753,654	n/a	n/a	n/a
	Total	**5,748,249**	**6,801,633**	**3,760,964**	**3,760,964**
Greg Palaschuk	Cash	251,393	n/a	734,431	1,226,422
	Vested Awards	157,746	n/a	n/a	n/a
	Unvested Awards	n/a	786,164	n/a	n/a
	Pension	409,549	n/a	n/a	n/a
	Total	**409,139**	**786,164**	**734,431**	**1,226,422**
Kevin Parkes	Cash	291,264	n/a	920,571	1,650,907
	Vested Awards	517,426	n/a	n/a	n/a
	Unvested Awards	n/a	1,223,013	n/a	n/a
	Pension	172,494	n/a	n/a	n/a
	Total	**808,690**	**1,223,013**	**920,571**	**1,650,907**
Juan Pablo Amar	Cash	679,089	1,003,723	986,491	n/a
	Vested Awards	107,730	n/a	n/a	n/a
	Unvested Awards	n/a	777,533	n/a	n/a
	Pension	n/a	n/a	n/a	n/a
	Total	**786,820**	**1,781,256**	**986,491**	**-**
Dave Cummings	Cash	256,017	n/a	623,177	1,246,354
	Vested Awards	761,368	n/a	n/a	n/a
	Unvested Awards	n/a	1,199,094	n/a	n/a
	Pension	630,778	n/a	n/a	n/a
	Total	**1,017,384**	**1,199,094**	**623,177**	**1,246,354**

Notes:

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

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

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

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

Double trigger change-in-control provisions

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

A change-in-control is defined as follows:

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

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

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

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

Treatment of compensation if employment is terminated

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

	Type of termination event				
Compensation element	**Resignation (prior to retirement eligibility)**	**Retirement[1]**	**Termination (involuntary, not for cause)**	**Termination with cause**	**Termination (without cause and change-in-control)**
Salary	Salary ends[2]	Salary ends[3]	Lump sum payment: Mr. Thomson: 24 months' base salary Messrs. Palaschuk and Parkes: nine months plus one additional month per completed year of service up to maximum of 18 months' base salary Mr. Amar: monthly salary multiplied by each year of service with the company or fraction thereof Mr. Cummings: twelve months' base salary	Salary ends	Messrs. Thomson, Palaschuk, Parkes and Cummings: 24 months' base salary Mr. Amar: no specific agreement in place[4]
Short-term incentive	Payable at assessed performance if the executive has worked the entire calendar year, otherwise award is forfeited	Incentive for the current year is pro-rated to the retirement date	Mr. Thomson: 24 months of the target award or the average award received in the previous two years, whichever is less Mr. Palaschuk: payment is pro-rated based on the number of months worked during the year, based on the average award received in the past two years Mr. Amar: no specific agreement in place Messrs. Parkes and Cummings: twelve months of the target award or average award received in the previous two years, whichever is less	No incentive paid	Messrs. Thomson, Palaschuk, Parkes and Cummings: 24 months of the target award or the average award received in the previous two years, whichever is less Mr. Amar: no specific agreement in place[4]

Compensation element	Type of termination event Resignation (prior to retirement eligibility)	Retirement[1]	Termination (involuntary, not for cause)	Termination with cause	Termination (without cause and change-in-control)
Performance share units	Vested PSUs are redeemed Unvested PSUs are cancelled	Vested PSUs are redeemed Unvested PSUs vest according to plan terms and are pro-rated to the retirement date	Vested PSUs are redeemed Unvested PSUs are cancelled	All PSUs are cancelled	If surviving entity does not assume awards, vested PSUs and any unvested PSUS the human resources committee deems to be vested are redeemed
Stock options	Vested stock options must be exercised within 30 days of resignation or by end of original term, whichever is sooner Unvested options are cancelled	Vested stock options must be exercised within three years of retirement or by the end of the original term, whichever is sooner Unvested options continue to vest	Vested stock options must be exercised within 30 days of termination or by the end of the original term, whichever is sooner Unvested stock options are cancelled	All vested and unvested stock options are cancelled	If surviving entity does not assume awards, vested options and 50% of unvested options are exercisable (within a seven-day window) before completion of the change-in-control, remaining unvested options are cancelled
Restricted share units	Vested RSUs are payable Unvested RSUs are cancelled	Vested RSUs are payable Unvested RSUs vest according to plan terms and are pro-rated to the retirement date	Vested RSUs are payable Unvested RSUs are cancelled	All RSUs are cancelled	If surviving entity does not assume awards, vested RSIs and any unvested RSUS the human resources committee deems to be vested are redeemed
Deferred share units	Vested DSUs are payable Unvested DSUs are cancelled	Vested DSUs are payable Unvested DSUs are cancelled	Vested DSUs are payable Unvested DSUs are cancelled	Vested DSUs are payable Unvested DSUs are cancelled	Vested DSUs are payable Unvested DSUs are cancelled[5]
Pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension	Entitled to accrued pension
Benefits	Benefits end	Post-retirement benefits are provided for five years or to age 65, whichever is sooner	Benefits end	Benefits end	Benefits end

Notes:

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

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

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

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

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

Other information

Directors' and officers' insurance

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

Loans to directors and officers

As a general rule we do not provide loans to our directors and officers. As of March 17, 2021, we did not have any loans outstanding to a current or former director or officer of Finning or any of our subsidiaries. Any loan to a director would require the board's approval.

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

Normal course issuer bid

We have maintained a normal course issuer bid (NCIB) continuously since 2015, which we renew annually in May. On May 8, 2019, we announced the renewal of our NCIB which allowed us to purchase up to 6,000,000 of our common shares for cancellation during the twelve-month period from May 11, 2019 to May 10, 2020. The amount represented 3.7% of our total common shares issued and outstanding as at April 23, 2019. On May 4, 2020, we announced the renewal of our NCIB. The current NCIB allows us to purchase up to 8,000,000 of our common shares for cancellation during the twelve-month period from May 11, 2020 to May 10, 2021, representing approximately 4.9% of our total issued and outstanding shares as at May 1, 2020.

The purchase price under the NCIB is the market price of our common shares at the time of purchase, plus brokerage fees, or such other price as the TSX may permit. Under the current NCIB, we can purchase, through the facilities of the TSX or other Canadian marketplaces or alternative trading systems, if eligible, a daily maximum of 109,844 common shares representing 25% of the average daily trading volume, subject to certain exceptions for block purchases.

We implemented the NCIB because the board believes that purchasing our common shares from time to time is an effective way to use available cash to increase shareholder value.

In light of the impacts of the COVID-19 pandemic, we halted the purchase of common shares from March 16, 2020. As of the date of this circular, we have not purchased any common shares under our current NCIB.

Since May 11, 2015, we have purchased 10,890,094 common shares at a weighted average price of $23.15 per common share.

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

For more information

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

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

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

Or email corporatesecretary@finning.com.

Forward-looking statement disclaimer

This circular contains statements about our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts. A statement we make is forward-looking when we use what we know and expect today to make a statement about the future. Forward-looking statements may include terminology such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target, and will, and variations of such terminology. Forward-looking statements in this circular include, but are not limited to, statements with respect to: our belief that we are positioned for a strong recovery due to, among other things, our employee flexibility, liquidity from our capital markets partners, and government support programs; our belief that machine connectivity is providing us with a great foundation to grow product support market share in non-mining sectors; our GHG emissions reduction target; our ability to accelerate product support revenue through leveraging technology, improve our competitiveness by sustainably reducing our cost base and consistently deliver strong free cash flow to allow us to return capital to shareholders and invest in opportunities that improve earnings capacity for our business. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws. Unless we indicate otherwise, forward-looking statements in this circular reflect our expectations at the date in this circular. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on a number of assumptions, which give rise to the possibility that actual results could differ materially from the expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize. Factors that could cause actual results or events to differ materially from those expressed in or implied by these forward-looking statements include: the impact and duration of the COVID-19 pandemic and measures taken by governments, customers and suppliers in response; economic and market conditions; foreign exchange rates; commodity prices; the level of customer confidence and spending, and the demand for, and prices of, our products and services; the level of competition; our dependence on the continued market acceptance of our products, including Caterpillar products, and the timely supply of parts and equipment; our ability to continue to improve productivity and operational efficiencies while continuing to maintain customer service; our ability to effectively price and manage long-term product support contracts with customers; our ability to reduce costs in response to slowing activity levels; our ability to manage cost pressures as growth in revenue occurs; our ability to drive continuous cost efficiency in a recovering market; our ability to negotiate satisfactory purchase or investment terms and prices, obtain necessary approvals, and secure financing on attractive terms or at all; the integrity, reliability and availability of, and benefits from, information technology and the data processed by that technology; regulatory initiatives or proceedings, litigation and changes in laws, regulations, or policies, including with respect to environmental protection; the cost of climate change initiatives; actual climate change consequences; and changes in political and economic environments in the regions where we carry on business. Forward-looking statements are provided in this circular for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this circular are based on a number of assumptions that we believed were reasonable on the day we made the forward-looking statements, including but not limited to: that we will be able to successfully manage our business through the COVID-19 pandemic and successfully implement our COVID-19 risk management plans; that our cost actions to drive earnings capacity in a recovery can be sustained, including that we will be able to manage the return of our workforce in lower cost jurisdictions/regions as planned; that our action plan to minimize the impact of Brexit will be successful; that general economic and market conditions will improve; that the level of customer confidence and spending, and the demand for, and prices of, our products and services will be maintained; our ability to successfully execute our plans and intentions; our ability to successfully attract and retain skilled staff; market competition will remain at similar levels; the products and technology offered by our competitors will be as expected; that identified opportunities for growth will result in revenue; consistent and stable legislation in the various countries in which we operate; no disruptive changes in the technology environment and that our current good relationships with Caterpillar, our ability to successfully execute climate change initiatives; and our customers and our suppliers, service providers and other third parties will be maintained. Some of the assumptions, risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements contained in this circular are discussed in Section 4 of our current annual information form (AIF) and in the annual management's discussion and analysis (MD&A), which are available under our profile on SEDAR (www.sedar.com).

We caution readers that the risks described in the AIF and the annual MD&A are not the only risks that could impact the company. Additional risks and uncertainties not currently known to us or that are currently deemed to be immaterial may also have a material adverse effect on our business, financial condition or results of operation.

Appendix A

Finning International Inc.

By-Law No. 1

(Amended and Restated as of ~~February 15, 2017~~ ____________, 2021)

ARTICLE ONE
INTERPRETATION

1.01 **Definitions**. In the by-laws of the Corporation, unless the context otherwise requires:

(a) "Act" means the *Canada Business Corporations Act* (S.C. 1985, Chap. 44), and any statute that may be substituted therefor, as from time to time amended;

(b) "articles" means the articles attached to the certificate of continuance continuing the Corporation under the Act, as the same are from time to time amended or restated;

(c) "board" or "board of directors" means the board of directors of the Corporation;

(d) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

(e) "Corporation" means Finning International Inc., formerly Finning Tractor & Equipment Company Limited, continued by the certificate of continuance under the Act;

(f) "meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; and

(g) "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts, executors, administrators, legal representatives and unincorporated organizations.

1.02 **Headings**. The headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this or any subsequent by-law.

ARTICLE TWO
BUSINESS OF THE CORPORATION

2.01 **Financial Year**. Until changed by the board, the financial year of the Corporation shall end on the last day of December in each year.

2.02 **Execution of Instruments**. All deeds, transfers, assignments, contracts, obligations, certificates and other instruments in writing (except instruments in writing made in the ordinary course of the Corporation's business) requiring execution by the Corporation shall be signed:

(a) by such person or persons as are designated by resolution of the board or as are designated by persons appointed for such purpose by the board; or

(b) by the secretary or an assistant secretary for the purpose of certifying copies of or extracts from the articles or by-laws of the Corporation, minutes of meetings or resolutions of the shareholders or the board or committees of the board, or any instrument executed or issued by the Corporation.

ARTICLE THREE
BORROWING AND SECURITIES

3.01 **Borrowing Power**. Without limiting the powers of the Corporation as set forth in the Act, the board may from time to time:

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;

(c) subject to the Act, give the guarantee of the Corporation; and

(d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this Section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 **Rights Attaching to Debt Obligations**. Any bonds, debentures or other debt obligations of the Corporation may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Corporation, appointment of directors or otherwise and may by their terms be assignable free from any equities between the Corporation and the person to whom they were issued or any subsequent holder thereof, all as the board may determine.

ARTICLE FOUR
DIRECTORS

4.01 **Number of Directors and Quorum**. The board shall consist of such number, not fewer than the minimum number and not more than the maximum number provided in the articles, as is determined from time to time by resolution of the board. Subject to Section 4.09, the quorum for the transaction of business at any meeting of the board shall be a majority of the board. A director interested shall be counted in a quorum despite ~~his~~such director's interest.

4.02 **Election and Term**. The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election.

4.03 **Meeting by Telephone and Other Facilities**. If all the directors of the Corporation consent, a director may participate in a meeting of the board or of a committee of the board by means of a telephonic, electronic or other communication facility that permits all persons participating in the meeting to communicate adequately with each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and committees of the board.

4.04 **Calling of Meetings**. Meetings of the board shall be held from time to time at such time and at such place in or outside of Canada as the board, the ~~chairman~~chair of the board, the president, a vice-president, or any one director may determine.

4.05 **Notice of Meeting**. Subject to Sections 4.06 and 4.08, notice of the time and place of each meeting of the board shall be given to each director at least 48 hours before the time when the meeting is to be held or such lesser time as may be reasonable under the circumstances. In addition to any other method of communication provided for herein, notice of a directors' meeting may be given by telephone~~.~~ or sent by electronic means addressed to the person at such person's last recorded address with the Corporation.

4.06 **First Meeting of Directors**. Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which the board is elected.

4.07 **Adjourned Meeting**. Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the meeting from which the adjournment is taken.

4.08 **Regular Meetings**. The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of the regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any regular meeting except where the Act requires the business to be transacted to be specified.

4.09 **Residency Requirement**. The board shall not transact business at a meeting unless at least twenty-five percent (25%) of the directors present at such meeting are resident Canadians, except where:

(a) a resident Canadian director who is unable to be present approves in writing or by telephonic, electronic or other communications facilities the business transacted at the meeting; and

(b) a majority of resident Canadians would have been present had that director been present at the meeting.

4.10 **Action by the Board**. The board shall manage the business and affairs of the Corporation. Subject to Section 4.09, the powers of the board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

4.11 **~~Chairman~~Chair**. The ~~chairman~~chair of the board, if any, or in ~~his~~the chair's absence, the vice-~~chairman~~chair, if any, or in ~~his~~the vice-chair's absence, the president shall preside as ~~chairman~~chair at every meeting of directors, or if none of the ~~chairman~~chair of the board, the vice-~~chairman~~chair or the president is present within 15 minutes of the time appointed for holding the meeting or is willing to act as ~~chairman~~chair, or if the ~~chairman~~chair of the board, the vice-~~chairman~~chair and the president have advised the secretary that they will not be present at the meeting, the directors present shall choose one of their number to be ~~chairman~~chair of the meeting.

4.12 **Votes to Govern**. At all meetings of the board every question shall be decided by a majority of the votes cast on the question~~.~~, and in the case of an equality of votes, the chair of the meeting shall not have a second or casting vote.

4.13 **Remuneration and Expenses**. The directors shall be paid such remuneration for their services to the Corporation as the board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

ARTICLE FIVE
COMMITTEES

5.01 **Committees of Directors**. The board may constitute, dissolve or reconstitute committees of directors, however designated, and delegate to such committee or committees any of the powers of the board except those which, under the Act, a committee of directors has no authority to exercise. There is no minimum residency requirement for the composition of committees.

5.02 **Audit Committee**. The board shall elect annually from among its number an audit committee to be composed of not less than three directors of whom all members shall not be officers or employees of the Corporation or any of its affiliates. The audit committee shall review the annual audited statements of the Corporation before, and shall comment thereon at the time that, such statements are submitted to the board for approval.

5.03 **Transaction of Business**. The powers of a committee of directors may be exercised by a meeting at which a quorum is present including meetings by telephonic, electronic or other communication facility to the extent permitted by Section 4.03, or by a resolution in writing signed by all members of the committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of a committee may be held at any place in or outside of Canada. Unless otherwise determined by the board, the majority of the members of a committee shall constitute a quorum thereof. Questions arising at any committee meeting shall be determined by a majority of the votes cast on the question, and in the case of an equality of votes the ~~chairman~~chair of the committee meeting shall be entitled to a second or casting vote.

5.04 **Procedure**. Subject to the provisions of these by-laws, and unless otherwise determined by the board, each committee shall meet and adjourn as it thinks proper and shall have power to elect its ~~chairman~~chair, to make rules for the conduct of its business and to appoint such assistants as it may deem necessary. Each committee shall keep regular minutes of its transactions, shall cause them to be recorded in books kept for that purpose, and shall report the same to the board at such times as the board may from time to time require.

ARTICLE SIX
OFFICERS

6.01 **Appointment**. The board may from time to time appoint a ~~chairman~~chair of the board, a president and such other officers as it shall consider appropriate and may delegate to any one or more of such officers the authority to appoint additional officers. The board, or in the case of an officer appointed by another officer, the appointing officer, may specify the duties, terms of employment and remuneration of such officers. Subject to the Act, the board may delegate to such officers powers to manage the business and affairs of the Corporation. The ~~chairman~~chair of the board and the president shall be directors. Any officer other than the ~~chairman~~chair of the board and the president may but need not be a director and one person may hold more than one office.

6.02 **Term of Office**. The board, or in the case of an officer appointed by another officer, the appointing officer, may remove any officer of the Corporation without prejudice to the officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office at the pleasure of the board, or until ~~his~~such officer's earlier resignation.

ARTICLE SEVEN
PROTECTION AND INDEMNITY OF DIRECTORS AND OFFICERS

7.01 Conflicts of Interest

(a) ***Affiliated Positions:*** Subject to compliance with the Act, no director shall be disqualified by ~~his~~such director's office or by reason of holding any other office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder.

(b) ***Disclosure of Interests:*** A director or an officer of a Corporation shall disclose to the Corporation, in writing or by requesting to have it entered in the minutes of meetings of directors or of meetings of committees of directors, the nature and extent of any interest that ~~he~~such director or ~~she~~officer has in a material contract or material transaction, whether made or proposed, with the Corporation, if the director or officer:

(a) is a party to the contract or transaction;

(b) is a director or an officer, or an individual acting in similar capacity, of a party to the contract or transaction; or

(c) has a material interest in a party to the contract or transaction.

The disclosure shall be made at such time(s) and in such form as the Act may require.

(c) ***Voting:*** A director required to make a disclosure under subsection (b) shall not vote on any resolution to approve the contract or transaction unless the contract or transaction:

(a) relates primarily to ~~his or her~~such director's remuneration as a director, officer, employee or agent of the Corporation or an affiliate;

(b) is for indemnity or insurance; or

(c) is with an affiliate.

7.02 Indemnity

(a) The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a direct or indirect shareholder or creditor, and ~~his~~such director's or officer's heirs and legal representatives, except in respect of an action by or on behalf of the Corporation or such body corporate to procure a judgment in its favour, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by ~~him~~such director or officer in respect of any civil, criminal or administrative action or proceeding to which ~~he~~such director or officer is made a party by reason of being or having been a director or officer of the Corporation or such body corporate if:

(i) ~~he~~such director or officer acted honestly and in good faith with a view to the best interests of the Corporation; and

(ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, ~~he~~such director or officer had reasonable grounds for believing that ~~his~~such director's or officer's conduct was lawful.

(b) The Corporation shall with the approval of a court indemnify a person referred to in subsection (a) in respect of an action by or on behalf of the Corporation or such body corporate to procure a judgment in its favour, to which ~~he~~such person referred to in subsection (a) is made a party by reason of being or having been a director or an officer of the Corporation or such body corporate, against all costs, charges and expenses reasonably incurred by ~~him~~such person in connection with such action if ~~he~~such person fulfils the conditions set out in clauses (i) and (ii) (if applicable) of subsection (a).

(c) The matters against which a director and officer is entitled to be indemnified pursuant to this Section 7.02 shall, to the maximum extent permitted by law, include:

(i) costs, charges and expenses incurred by such director or officer in connection with any investigation relating to any matter in respect of which the Corporation would be required to indemnify pursuant to subsection (a) of this Section 7.02 if an action were commenced; and

(ii) costs, charges and expenses incurred by such director or officer in establishing ~~his~~such director's or officer's right to be indemnified pursuant to this Section 7.02.

7.03 **Limitation of Liability**. Except as otherwise provided in the Act, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other person, or for joining in any receipt or act for conformity; or for any loss, damage or expense incurred by the Corporation through the insufficiency or deficiency of title to any property acquired by, for or on behalf of the Corporation; or for the insufficiency or deficiency of any security in or upon which any moneys of the Corporation are invested; or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or other property of the Corporation are lodged or deposited; or for any other loss, damage, or misfortune whatever which may arise out of the execution of the duties of ~~his~~the director's or officer's office or in relation thereto unless the same are occasioned by ~~his~~such director's or officer's own willful neglect or default.

7.04 **Amplification of Rights**. The foregoing provisions of this Article shall be in amplification of and in addition to, and not by way of limitation of or substitution for, any rights, immunities or protection conferred upon any director or officer by any statute, law, matter or thing whatsoever.

7.05 **Liability Insurance**. Subject to the Act, the Corporation may, with the approval of the board, from time to time purchase and maintain insurance for the benefit of any person referred to in Section 7.02 against any liability incurred by ~~him~~such person.

7.06 **Indemnities to Directors and Others**. The board may from time to time by resolution cause the Corporation to give indemnities to any director or other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any affiliated corporation and to secure such director or other person against loss by mortgage and charge upon the whole or any part of the real and personal property of the Corporation by way of security, and any action from time to time taken by the board under this Section shall not require approval or confirmation by the shareholders.

ARTICLE EIGHT
SHARES

8.01 **Allotment**. The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 **Transfer Agents and Registrars**. The board may from time to time appoint or authorize the appointment of one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to ~~his~~such person's functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

8.03 **Non-recognition of Trusts**. Subject to the Act, the Corporation shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by applicable legislation, be bound to see to the execution of any trust, whether express, implied or constructive, in respect of any share or to recognize any other claim to or interest in such share on the part of any person other than the registered holder thereof.

8.04 **Shareholder Entitled to Certificate or Acknowledgment; Joint Holders**. Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that if two or more persons are registered as joint holders of any share, the Corporation is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to the duly authorized agent of one of the shareholders will be sufficient delivery to all. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.05 **Share Certificates**. Share certificates shall be in such form as the board shall from time to time approve. Any share certificate need not be under the corporate seal. Unless the board otherwise determines, certificates representing shares in respect of which a transfer agent or registrar has been appointed shall not be valid unless countersigned by or on behalf of the transfer agent or registrar. The signature of one of the signing officers, or, in the case of share certificates which are not valid unless countersigned by or on behalf of a registrar, transfer agent or branch transfer agent, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office, or the office specified in the certificate, at the date of issue of the certificate.

8.06 **Replacement of Share Certificates**. The board or any officer or agent designated by the board may, in ~~its~~the board's, or ~~his~~such officer's or agent's discretion, direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee and on such terms as to indemnity, reimbursement of expenses (including legal fees incurred by the Corporation) and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

ARTICLE NINE
DIVIDENDS AND RIGHTS

9.01 **Declaration**. The board may from time to time declare dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation and no dividend shall bear interest against the Corporation. The board shall determine the value of any dividend not paid in money.

9.02 **Dividend Cheques**. Subject to the rights, privileges, restrictions and conditions attached to any shares in the capital of the Corporation, a dividend payable in money shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to the registered holder at ~~his~~the registered holder's recorded address, unless such holder otherwise directs. In the case of joint holders, the cheque shall, unless the joint holders otherwise direct, be made payable to the order of all joint holders and mailed to them at their recorded address. The mailing of cheques as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.03 **Non-Receipt of Cheques**. Subject to the rights, privileges, restrictions and conditions attached to any shares in the capital of the Corporation, in the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such ~~terns~~terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 **Unclaimed Dividends**. Any dividend, whether declared before or after the enactment of this by-law, unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE TEN
MEETINGS OF SHAREHOLDERS

10.01 **Annual Meetings**. The annual meeting of shareholders shall be held at such time in each year and, subject to Section 10.03, at such place as the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors and appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

10.02 **Special Meetings**. The board may at any time call a special meeting of shareholders.

10.03 **Place of Meetings**. ~~Meetings~~Subject to Section 10.21, meetings of shareholders shall be held at such place within Canada as the board may from time to time determine.

10.04 **Notice of Meetings**. Notice of the time and place of each meeting of shareholders shall be given not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of the business to be transacted in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and shall state the text of any special resolution to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

10.05 **~~Chairman~~Chair, Secretary and Scrutineers**. The ~~chairman~~chair of the board, if any, or in ~~his~~the chair's absence, the vice-~~chairman~~chair, if any, or in ~~his~~the vice-chair's absence, the president shall preside as ~~chairman~~chair at every meeting of the shareholders, or if none of the ~~chairman~~chair of the board, the vice-~~chairman~~chair, or the president is present within 15 minutes of the time appointed for holding the meeting or is willing to act as ~~chairman~~chair, or if the ~~chairman~~chair of the board, the vice-~~chairman~~chair, and the president have advised the secretary that they will not be present at the meeting, the shareholders present shall choose one of their number to be ~~chairman~~chair of the meeting, if the secretary of the Corporation is absent, the ~~chairman~~chair shall appoint some person who need not be a shareholder, to act as secretary of the meeting, if desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the ~~chairman~~chair with the consent of the meeting.

10.06 **Persons Entitled to be Present**. The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors, legal counsel and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other persons may be admitted only on the invitation of the ~~chairman~~chair of the meeting or with the consent of the meeting.

~~10.07~~10.07 **Participation in Meeting by Electronic Means.** Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

10.08 **Quorum**. A quorum for the transaction of business at any meeting of shareholders shall be two individuals present at the commencement of the meeting holding or representing by proxy shares carrying, in the aggregate, not less than twenty-five (25) percent of the votes eligible to be cast at the meeting.

10.~~08.~~09 **Authorized Representative**. Any body corporate or association that is a shareholder of the Corporation may, by a resolution of the directors or governing body of the body corporate or association (a certified copy of which shall be deposited with the secretary of the Corporation prior to the meeting at which it is to be used), appoint an individual to represent it at meetings of shareholders of the Corporation. Any such individual may exercise on behalf of the body corporate or association ~~he~~such person represents all powers that it could exercise if it were an individual shareholder.

10.~~09~~10 **Proxies**. Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or ~~his~~such shareholder's attorney authorized in writing or a proxy may be in any other form (including electronic) that the directors may determine or approve from time to time. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof.

10.~~10~~11 **Time for Deposit of Proxies**. The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours (excluding Saturdays and holidays), before which time proxies to be used at the meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or otherwise in accordance with the regulations made pursuant to Section 10, 11 or, in any case where no such regulations have been made, if it has been received by the secretary of the Corporation or by the ~~chairman~~chair of the meeting or any adjournment thereof prior to the time of voting.

10.~~11 **Lodging**~~12 **Deposit of Proxies**~~**; Use of Facsimile.**~~. The board may from time to time pass resolutions establishing regulations regarding the ~~lodging~~depositing of proxies at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held~~ and~~, providing for particulars of proxies to be ~~cabled or telegraphed or~~ sent in writing or by fax, e-mail, internet, telephone communication or any other method of transmitting legibly recorded messages before ~~the~~a meeting or an adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving ~~such~~those particulars, and providing that particulars of those proxies ~~so lodged~~ may be voted as though the proxies themselves were produced ~~at~~ to the chair of the meeting or of the adjourned meeting~~, and votes~~ as required herein. Votes given in accordance with ~~such regulations shall be~~proxies and particulars of proxies so deposited are valid and shall be counted. ~~The chairman of any meeting of shareholders may, subject to any regulations made as aforesaid, in his discretion accept telegraphic or cable or written communication as the authority of anyone claiming to vote on behalf of and to represent a shareholder notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such telegraphic or cable or written communication accepted by the chairman shall be valid and shall be counted.~~

10.~~12~~13 **Validity of Proxies**. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding:

(a) the previous death or insanity of the shareholder giving the proxy, or

(b) the revocation of the proxy or of the authority under which the proxy was executed, or

(c) the transfer of the share in respect of which the proxy is given,

provided that no intimation in writing of the death, insanity, revocation or transfer as aforesaid has been received at the office of the Corporation or by the ~~chairman~~chair of the meeting before the commencement of the meeting, or the adjourned meeting, at which the proxy was used.

10.~~13~~14 **Joint Shareholders**. If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, the vote of the joint holder whose name appears first on the shareholders list of the Corporation shall be accepted to the exclusion of the votes of the other joint shareholders.

10.~~14~~15 **Votes to Govern**. At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the ~~chairman~~chair of the meeting shall be entitled to a second or casting vote, whether or not ~~he~~the chair is a shareholder.

10.~~15 **Show of Hands**~~16 **Voting**. Subject to the provisions of the articles, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is directed, required or demanded as hereinafter provided. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so directed, required or demanded, a declaration by the ~~chairman~~chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders upon the question. Any vote by shareholders may be held, subject to and in accordance with the Act, partly or entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such communication facility. Any person participating in a meeting of shareholders under Section 10.07 or 10.21 and entitled to vote at that meeting may vote, subject to and in accordance with the Act, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

10.~~16~~17 **Ballots**. On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the ~~chairman~~chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which ~~he~~such person is entitled to vote at the meeting on the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the question. A poll demanded on the election of a ~~chairman~~chair, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the ~~chairman~~chair of the meeting directs.

10.~~17~~18 **Dispute of a Vote**. In the case of any dispute as to the admission or rejection of a vote, the ~~chairman~~chair shall determine the same.

10.~~18~~19 **Polls**. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

10.~~19~~20 **Adjournment**. The ~~chairman~~chair may, with the consent of any meeting, adjourn the meeting from time to time. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting other than by announcement at the meeting that is adjourned. If a meeting of shareholders is adjourned by one of more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.21 **Meetings**. If determined by the board, meetings of shareholders may be held, in accordance with the Act, partly or entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, provided such communication facility is made available by the Corporation. A meeting held entirely by means of a telephonic, electronic or other communication facility pursuant to this Section 10.21 shall be deemed to be held at the place where the registered office of the Corporation is located.

ARTICLE ELEVEN
NOTICES

11.01 **Method of Giving Notices**. Any notice or other communication to be given to any person under any provision of the articles or the by-laws of the Corporation or of any statute shall be sufficiently given, subject to any special requirement in that regard contained in the provision, if

(a) reduced to writing and either delivered or mailed by prepaid mail or sent by any means ~~of any form~~ of prepaid, transmitted or recorded communication to such person at the following applicable address:

~~(a)~~(i) if to a shareholder or director, to the recorded address of the shareholder or director appearing in the books of the Corporation or, if not so appearing, to the last address known to the person charged with the mailing; and for such purpose the address of any shareholder or director on the Corporation's books may be changed in accordance with any information which appears to be reliable, and any notice with respect to shares registered in the names of more than one person shall be given to whichever of the persons is named first in the share register and notice so given shall be sufficient notice to all the holders thereof;

~~(b)~~(ii) if to the Corporation, to its registered office; or

~~(c)~~(iii) if to the auditor, to the office of the auditor in the City of Vancouver, or to such other address as the auditor shall have designated by notice to the Corporation~~.~~;

(b) sent to such person at their recorded address by facsimile transmission, with confirmation of transmission by the transmitting equipment;

(c) transmitted by electronic document or other electronic means to such person at such person's recorded address or designated information system in accordance with the Act and other applicable laws; or

(d) posted or made available through a generally accessible electronic source, such as a website, permitted by the Act and other applicable laws.

The secretary of the Corporation may change or cause to be changed the recorded address of any shareholder, director, officer or auditor in accordance with any information believed by the secretary to be reliable.

11.02 **Signature to Notice**. The signature to any notice to be given by the Corporation may be written, stamped, typewritten, electronic or printed, or partly written, stamped, typewritten, electronic or printed.

~~11.03 **Time of Delivery**. Any notice or other communication delivered shall be deemed to have been given at the time of delivery, any notice or other communication sent by any means of recorded communication shall be deemed to have been given on the day when it is transmitted by the Corporation or, if transmitted by others, on the day when it is dispatched or delivered to the appropriate communication company or agency or its representative for dispatch, and a certificate or declaration in respect of any thereof in writing signed by any officer or by an employee of a transfer agent or registrar of the Corporation shall be conclusive evidence of the matters therein certified or declared.~~

11.03 **Time of Delivery**. A notice that is delivered personally is deemed to be given when received. A notice that is mailed is deemed to have been given at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that such person did not receive the notice at the time or at all. A notice transmitted by facsimile is deemed to have been given when the sender transmitting equipment generates a facsimile confirmation slip which discloses that the notice was transmitted to the recorded number used by the person to whom the facsimile is transmitted. A notice that is delivered by electronic document or other electronic means is deemed to have been given when dispatched or transmitted to the information system designated by the addressee. A notice posted or made available through a generally accessible electronic source permitted by the Act or other applicable laws shall be deemed to have been given when the notice of its availability and location is given to the addressee in accordance with the Act and/or other applicable laws.

11.04 **Omissions and Errors**. The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to the notice or otherwise founded thereon.

11.05 **Persons Entitled by Death or Operation of Law**. Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of the share which shall have been duly given to the shareholder from whom ~~he~~the person derives ~~his~~such person's title to the share prior to ~~his~~such person's name and address being entered on the securities register (whether the notice was given before or after the happening of the event upon which ~~he~~such person became so entitled) and prior to ~~his~~such person furnishing to the Corporation the proof of authority or evidence of ~~his~~such person's entitlement prescribed by the Act.

11.06 **Waiver of Notice**. Any shareholder (or ~~his~~such shareholder's duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to ~~him~~such person under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and the waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of the notice as the case may be. Any waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

~~ADOPTED~~ APPROVED by the Board of Directors on the ~~15~~9th day of February, ~~2017~~2021.

~~RATIFIED~~ CONFIRMED by Shareholders on ~~May 10~~______________, ~~2017~~2021.

____

President and Chief Executive Officer

____

Corporate Secretary

Appendix B

FINNING INTERNATIONAL INC.

ADVANCE NOTICE BY-LAW

(Amended and Restated as of February 9, 2021)

PURPOSE

The purpose of this Advance Notice By-law (**By-law**) is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

NOMINATIONS OF DIRECTORS

1. **Nomination procedures** - Subject to the *Canada Business Corporations Act* (**Act**) and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (**Board**) may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called is the election of directors. Such nominations may be made in the following manner:

    (a) by or at the direction of the Board, including pursuant to a notice of meeting;

    (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or

    (c) by any person (**Nominating Shareholder**):

        i. who, at the close of business on the date of the giving of the notice provided for below in this By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and

        ii. who complies with the notice procedures set forth below in this By-law.

2. **Timely notice** - In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation at the principal executive offices of the Corporation.

3. **Manner of timely notice** - To be timely, a Nominating Shareholder's notice to the Secretary of the Corporation must be made:

    (a) in the case of an annual meeting of shareholders, not less than 30 ~~nor more than 65~~ days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (**Notice Date**) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

    (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made~~; and~~,

    ~~(c) In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.~~

    provided, however, that if notice-and-access (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a

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meeting described in Section 3(a) or (b) above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not less than 40 days prior to the date of the applicable meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the Notice Date, notice by the Nominating Shareholder shall be made, in the case of an annual meeting of shareholders (which includes an annual and special meeting), not later than the close of business on the tenth (10th) day following the Notice Date and, in the case of a special meeting (which is not also an annual meeting) of shareholders, not later than the close of business on the fifteenth (15th) day following the Notice Date.

4. **Proper form of timely notice** - To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Corporation must set forth:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:

i. the name, age, business address and residential address of the person;

ii. the principal occupation or employment of the person, both present and within the five years preceding the notice;

iii. whether the person is a resident of Canada within the meaning of the Act;

iv. the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and

v. any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

~~The Corporation may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.~~

~~6.~~5. **Eligibility for nomination as a director** - No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-law; provided, however, that nothing in this By-law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

~~7.~~6. **Terms** - For purposes of this By-law:

(a) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

(b) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

~~8.~~7. **Delivery of notice** - Notwithstanding any other provision of this By-law, notice given to the Secretary of the Corporation pursuant to this By-law may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day in the Province of British Columbia or later than 5:00 p.m. (Vancouver time) on a day which is a business day in the Province of British Columbia, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day in the Province of British Columbia.

~~9.~~8. **Board Discretion** - Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-law.

~~10.~~9. **Effective Date** - This By-law shall come into force when made by the Board in accordance with the Act.

~~**ENACTED**~~ADOPTED by the Board of Directors on the ~~19th~~9th day of February ~~2014~~, 2021.

RATIFIED by Shareholders on ________________, 2021.

/s/ L. Scott Thomson
President & Chief Executive Officer

/s/ Dori Assaly
Corporate Secretary

Appendix C

National Instrument 58-101
Disclosure of Corporate Governance Practices

PRACTICE	FINNING
1. Board of Directors	
(a) Disclose the identity of directors who are independent.	All directors of Finning are independent, other than L. Scott Thomson.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	L. Scott Thomson is the current President and CEO of Finning. Mr. Thomson is the only director who is not independent of management.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	Eleven of the twelve directors as of the date of this circular are independent.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directorships in other reporting issuers held by the nominees for director are listed in the description of each nominee under the heading "Director profiles".
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	At each board meeting, the board meets without members of management present and also meets in-camera without its non-independent director, L. Scott Thomson. Where matters directly involving Mr. Thomson (such as his compensation or performance) are being discussed, Mr. Thomson is excused from those discussions and the directors meet alone. For committee meetings, at every meeting the independent directors also meet in-camera without management present. Since the beginning of Finning's most recently completed financial year, every board meeting and committee meeting held included an in-camera session at which members of management and non-independent directors were not in attendance.
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	The Board Chair, Harold N. Kvisle, is independent. The Board Chair's role and responsibilities are described in the "Terms of Reference for the Board Chair", which are posted on Finning's website in the Governance section – Corporate Governance Policies.
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	The attendance record of each of the directors is shown in the table "Attendance" on page 48.
2. Board Mandate	
Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	The board's written Terms of Reference are attached as Appendix E.
3. Position Descriptions	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	The board has developed written position descriptions for the Board Chair and has Committee Operating Guidelines which include Terms of Reference for committee chairs.

PRACTICE	FINNING
(b) Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.	The board and the President and CEO have developed a written position description for the President and CEO, which is reviewed annually. In addition, the human resources committee annually reviews goals and objectives for the President and CEO and assesses his performance against the goals and objectives for the year.
4. Orientation and Continuing Education	
(a) Briefly describe what measures the board takes to orient new directors regarding: (i) the role of the board, its committees and its directors; and	A full description of these measures is contained under the heading "Director orientation" on page 51.
(ii) the nature and operation of the issuer's business.	A full description of these measures is contained under the heading "Director orientation" on page 51.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	A full description of these measures is contained under the heading "Continuing education" starting on page 51.
5. Ethical Business Conduct	
(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	The board has adopted a written code of conduct (code), which is applicable to directors, officers and employees of Finning.
(i) disclose how a person or company may obtain a copy of the code;	The code is available on Finning's website (www.finning.com) and under our profile on SEDAR (www.sedar.com).
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and	Management is responsible for reporting violations of the code and any actions it has taken to the audit committee of the board. If any significant violation is reported, the audit committee chair would report to the board of directors.
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	There were no material violations of the code in 2020 that required the filing of a material change report.
(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	If there is a conflict of interest or the perception of a conflict of interest regarding an executive officer or director, the executive officer or director is required to disclose the matter and does not participate in negotiations, discussions or approvals pertaining to the matter.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	In addition to adopting the code, which includes contact information for the Compliance Officer, a global whistleblower telephone hotline and an online reporting system exist, which are accessible through Finning's website and hosted by an independent third party. Further, Finning has a code of ethics for senior executive and financial management, a global anti-bribery and anti-corruption policy for directors, officers and employees of the company, and a supplier code of conduct. See page 47 for information about the code and steps taken to promote a culture of ethical business practices.

PRACTICE	FINNING
6. Nomination of Directors	
(a) Describe the process by which the board identifies new candidates for board nomination.	The governance and risk committee is responsible for identifying, recruiting and recommending candidates for nomination or appointment to the board. At least annually, the committee reviews the board's current composition by comparing the diversity of skills, attributes and experience of board members against board requirements. See page 50 for information about the skills matrix and page 18 for information about the director nomination process.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	The duties of a nominating committee are carried out by the governance and risk committee. The governance and risk committee is composed entirely of independent directors.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The governance and risk committee mandate is described on page 30.
7. Compensation	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	The governance and risk committee and the human resources committee are responsible for recommending the compensation of Finning's directors and executive officers, respectively. The committees use comparative information to ensure that compensation is aligned with Finning's 50th percentile compensation philosophy, and is competitive considering the scope of responsibilities of our directors and executive officers. The process followed by the committees is described in "Director compensation" beginning on page 44 and in the executive compensation discussion and analysis beginning on page 54.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The duties of a compensation committee are shared between the governance and risk committee and the human resources committee. The governance and risk committee is responsible for annually reviewing director compensation and making recommendations to the board regarding the director compensation program. The human resources committee is responsible for annually reviewing and approving executive compensation and for making recommendations to the board regarding the President and CEO's compensation. Both the governance and risk committee and the human resources committee are composed entirely of independent directors.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The governance and risk committee's mandate is described in their report beginning on page 30. The human resources committee's mandate is described in their report beginning on page 32.
8. Other Board Committees	
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	Finning has a safety, environment and social responsibility committee. The mandate of this committee is described on page 34.

PRACTICE	FINNING
9. Assessments	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	The governance and risk committee has responsibility for conducting performance evaluations of the board, the Board Chair, each of the board committees, the committee chairs and individual directors. The board's peer evaluation process is facilitated through individual director surveys and evaluations and one-on-one interviews between individual directors and the Board Chair and between the governance and risk committee chair and the Board Chair. For 2020, the evaluation process was conducted by the General Counsel's office, using in-house designed surveys, and evaluating governance and performance against the board's objectives. We use the services of an independent external consultant every three years to conduct comprehensive performance evaluations of the board, Board Chair, committees, committee chairs and individual directors. The last independent consultant review was in 2017, when the corporate governance committee engaged Watson Inc. Engagement of an independent consultant was deferred in 2020 due to our COVID-19 cost-containment measures. The surveys and assessments, whether conducted internally or externally, also include executive management's input and perspective. Details of the 2020 evaluation process and results are described on page 40. Ultimately, the governance and risk committee makes recommendations to the full board regarding any changes and improvements it determines necessary as a result of these assessments.

Appendix D

Canada Business Corporations Act
Diversity disclosure

PRACTICE	FINNING
1. Director Term Limits and Other Mechanisms of Board Renewal	
Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not.	The board has not adopted term limits because it would risk losing directors with a deep understanding of our business and strategic relationships. The board believes that it has achieved healthy renewal through ordinary turnover and its retirement policy. Details about the board retirement policy and about board turnover can be found at page 53.
2. Policies Regarding the Representation of Designated Groups on the Board	
(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women, Aboriginal peoples, persons with disabilities, and members of visible minorities ("designated groups") as directors. If the issuer has not adopted such a policy, disclose why it has not done so.	The board has adopted a written inclusion and diversity policy which, prior to 2020, primarily focused on the board's commitment to advancing female candidates to enhance diversity. In August 2020, the policy was amended to include diversity in terms of a range of characteristics, including, among others, gender, Aboriginal peoples, persons with disabilities and members of visible minorities (designated groups). Refer to page 41 for more information about the board inclusion and diversity policy and diversity on our board.
b) If the issuer has adopted a policy referred to in 2.(a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	The policy sets out our approach to enhancing inclusion and diversity on our board as a means to diversify perspectives and drive our business strategy to ultimately deliver better outcomes for our stakeholders. When assessing board composition and identifying and nominating candidates for election, the board considers candidates using objective criteria and considers the benefits of diversity as part of its overall business strategy. Diversity refers to business experience, geography, age, gender, Aboriginal peoples, persons with disabilities, visible minorities, sexual orientation and other personal characteristics. The governance and risk committee is responsible for annually reviewing the policy, assessing its effectiveness in promoting an inclusive and diverse board consistent with the principles of the policy, and recommending to the board, as needed, amendments to the policy. As part of this process, the governance and risk committee annually surveys directors using a skills matrix, which includes diversity, and a confidential questionnaire for diversity within the designated groups. See pages 41 and 50 for more information on our board diversity and our skills matrix, respectively.

PRACTICE	FINNING
3. Consideration of the Representation of Designated Groups in the Director Identification and Selection Process	
Disclose whether or not the board or nominating committee considers the level of representation of designated groups on the board in identifying and nominating candidates for election or re-election to the board and, as the case may be, how that level is considered or the reasons why it is not considered	The governance and risk committee and board consider the representation of women on the board and diversity in general when identifying and evaluating potential nominees for election or re-election. This selection process includes considering the current board composition and the skill set required to round out the capabilities of the board, together with the diversity principles of the policy, which include having due regard for all groups referred to in the policy and maintaining at least 30% female representation on the board. Where external search organizations are asked to identify board nominees, search criteria will include candidates from the designated groups.
4. Consideration Given to the Representation of Designated Groups in Senior Management Appointments	
Disclose whether or not the issuer considers the level of representation of designated groups when appointing members of senior management and, as the case may be, how that level is considered or the reasons why it is not considered.	We do not take into account the representation of designated groups when nominating candidates to the senior management team. Our objective is to identify the person who best possesses the skills required for each senior manager position, regardless of whether the nominee falls under the four designated groups. However, where two candidates bring equivalent skills to the position, the candidate representing diversity characteristics will be preferred. The board is committed to support management in building and sustaining an inclusive and diverse workforce. Refer to page 41 for more information about our ongoing inclusion and diversity initiatives.
5. Issuer's Targets Regarding the Representation of Designated Groups on the Board and in Senior Management Positions	
Disclose whether or not the issuer has, for each group referred to in the definition of designated groups, adopted a target number or percentage, or a range of target numbers or percentages, for members of the group to hold positions on the board of directors or in senior management by a specific date and	To further our commitment to gender equality and the advancement of women in corporate Canada, we have established a goal under the board inclusion and diversity policy for women to comprise 30% of our board. We are also a member of the 30% Club Canada, an initiative to aim for at least 30% female representation on boards and in senior executive positions. We have not fixed specific dates to achieve these goals. We have not adopted targets regarding other designated groups for the board and / or our senior management team at this time and will continue to consider all candidates based on their qualifications, personal qualities, business background and experience. However, where two candidates bring equivalent skills to the position, the candidate representing diversity characteristics will be preferred.
• for each group for which a target has been adopted, the target and the annual and cumulative progress of the corporation in achieving that target, and	Our goal for 30% female representation on our board has been achieved with four of our twelve directors being female (33%).
• for each group for which a target has not been adopted, the reasons why the corporation has not adopted that target	See answer to question 5 above.

6. Number and Percentages of Directors and Members of Senior Management Positions from Each of the Designated Groups	
For each group referred to in the definition of designated groups, the number and proportion, expressed as a percentage, of members of each group who hold positions on the board of directors; and	Our board currently has twelve directors, all of whom are standing for re-election. Of our twelve board member nominees: • Four identify as women (33%) • None identify as being an Aboriginal person, a member of a visible minority or a person with a disability
For each group referred to in the definition of designated groups, the number and proportion, expressed as a percentage, of members of each group who are members of senior management of the corporation, including all of its major subsidiaries.	We have 11 members of senior management (as defined in the Canada Business Corporations Act), of whom: • Three identify as women (27%) • One identifies as a person with a disability (9%) • None identify as being an Aboriginal person or a member of a visible minority

Appendix E

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

I. INTRODUCTION

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

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

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

II. COMPOSITION AND BOARD ORGANIZATION

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

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

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

III. DUTIES AND RESPONSIBILITIES

A. Managing the Affairs of the Board

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

i) planning its composition and size;

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

iii) nominating candidates for election to the Board;

iv) appointing committees;

v) determining director compensation;

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

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

viii) approval of annual Board objectives;

ix) facilitating annual site visits to country operations; and

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

B. Management and Human Resources

The Board has the responsibility:

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

ii) for approving terms of reference for the CEO;

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

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

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

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

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

C. Monitoring and Acting

The Board has the responsibility:

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

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

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

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

D. Planning and Strategy Determination

The Board has the responsibility:

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

ii) for adopting a strategic planning process;

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

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

E. Policies and Procedures

The Board has the responsibility:

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

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

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

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

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

F. Financial and Corporate Issues

The Board has the responsibility:

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

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

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

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

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

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

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

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

G. **Reporting to Stakeholders**

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

ii) The Board has the responsibility to direct management:

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

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

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

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

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

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

IV. LEGAL REQUIREMENTS

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

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

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

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

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

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

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

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

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

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

d) the declaration of dividends;

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

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

g) the approval of Management Proxy Circulars;

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

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

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

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