

Appendix A

National Instrument 58-101 Disclosure of Corporate Governance Practices

PRACTICE	FINNING
1. Board of Directors	
(a) Disclose the identity of directors who are independent.	All directors of Finning are independent, other than L. Scott Thomson.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	L. Scott Thomson is the current President and Chief Executive Officer (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.	Thirteen of the 14 directors as of the date of this proxy circular are independent.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directorships in other reporting issuers held by the nominees for director are listed in the description of each nominee under the heading "Director profiles".
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	At each board meeting, the board meets without members of management present and also meets in camera without its non-independent director, L. Scott Thomson. Where matters directly involving L. Scott Thomson (such as compensation issues) are being discussed, L. Scott Thomson is excused from those discussions and the directors meet alone. For committee meetings, the independent directors also meet in camera without management present. Since the beginning of Finning's most recently completed financial year, seven board meetings have been held 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, Douglas W.G. Whitehead, 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 "2017 director meeting attendance" on page 39.
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 B.
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.

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(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.

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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:

A full description of these measures is contained under the heading "Director orientation" on page 42.

(i) the role of the board, its committees and its directors; and

(ii) the nature and operation of the issuer's business.

A full description of these measures is contained under the heading "Director orientation" on page 42.

(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 42.

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 for directors, officers and employees of Finning.

(i) disclose how a person or company may obtain a copy of the code;

The code is available on Finning's website (www.finning.com) and under our profile on SEDAR (www.sedar.com).

(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and

Management is responsible for reporting violations of the code and any actions it has taken to the audit committee of the board. If any significant violation is reported, the audit committee chair would report to the board of directors.

(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

There were no material violations of the code in 2017 that would require the filing of a material change report.

(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

If there is a conflict of interest or the perception of a conflict of interest, executive officers or directors do not participate in negotiations, discussions or approvals pertaining to such a matter.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

In addition to adopting the code of conduct, which includes contact information for the Compliance Officer, a global whistleblower telephone hotline and an online reporting system exist, both of which tools are accessible through Finning's website and are hosted by an independent third party. Further, Finning has a global anti-bribery and anti-corruption policy for directors, officers and employees of the company.

6. Nomination of Directors

(a) Describe the process by which the board identifies new candidates for board nomination.

The corporate governance committee is responsible for identifying, recruiting and recommending new candidates for board nomination or appointment. At least annually, the committee reviews the board's current composition by comparing the diversity of skills, attributes and experience of board members against board requirements. See page 41 for information about the skills matrix and page 12 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 corporate governance committee. The corporate governance committee is composed entirely of independent directors.

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(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

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The corporate governance committee mandate is described on page 24.

7. Compensation

(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.

The corporate governance committee and the human resources committee are responsible for recommending the compensation of Finning's directors and executive officers, respectively. The committees use comparative information to ensure that compensation is aligned with Finning's 50th percentile compensation philosophy, and is competitive considering the scope of responsibilities of directors and executive officers. The process followed by the committees is described in "Director compensation" beginning on page 35 and in the executive compensation discussion and analysis beginning on page 49.

(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 corporate governance committee and the human resources committee. The corporate governance 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 corporate governance 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 corporate governance committee's mandate is described in their report beginning on page 24. The human resources committee's mandate is described in their report beginning on page 25.

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 26.

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 corporate governance committee has responsibility for conducting performance evaluations of the board, each of its board committee chairs and board committees and the Board Chair. The board's peer evaluation process is facilitated through one-on-one interviews between individual directors and the Board Chair. The evaluation process is conducted by an independent external consultant every three years, with a survey in the interim years, using in-house designed surveys, evaluating governance and performance against the board's objectives and the recommendations of the external consultant. The surveys and the external assessments also include executive management's input and perspective. In 2017, the corporate governance committee engaged Watson Inc. to conduct the comprehensive review of board and director effectiveness. Due to the Board Chair transition that occurred in 2017, no Board Chair evaluation was conducted in 2017. Details of the 2017 evaluation process and results are described on page 32. Ultimately, the committee makes recommendations to the full board regarding any changes and improvements it determines to be necessary as a result of these assessments.