GUIDELINES FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

1. The Board of Directors (Board) of Finning International Inc. (Corporation) believes that the principal objective of the Corporation is to generate sustainable long-term shareholder value. The Board believes that good corporate governance practices and strategic oversight provide an important framework for a timely response by the Board to situations that may directly affect shareholder value.

2. The Board wishes to emphasize that the substance of good corporate governance is more important than its form; adoption of a set of guidelines or principles or any particular practice or policy is not a substitute for, and does not itself assure, good corporate governance.

II. BOARD OPERATING GUIDELINES

The Terms of Reference for the Board of Directors define the role of the Board. The following items outline the key guidelines governing how the Board will operate to carry out its duties of stewardship and accountability.

1. The Board/Management Relationship

i) The Board is responsible under law for managing or supervising the management of the Corporation's business and affairs. It has the statutory authority and obligation to protect and enhance the assets of the Corporation in the interest of the Corporation as a whole. Although directors are elected by shareholders to bring special expertise or a point of view to Board deliberations, the best interests of the Corporation as a whole must be paramount at all times.

ii) While the Board is called upon to manage or supervise the management of the business by law, this is done by proxy through the Chief Executive Officer (CEO), who is charged with the day-to-day leadership and management of the Corporation. The CEO's prime responsibility is to lead the Corporation. The CEO formulates Corporation policies and proposed actions and presents them to the Board for approval. The Board approves the goals of the business, and the objectives and policies within which it is managed, and then steps back and evaluates management performance. Reciprocally, the CEO keeps the Board fully informed of the progress of the Corporation towards the achievement of its established goals and of all material deviations from the goals or objectives and policies established by the Board, in a timely and candid manner.

iii) Once the Board has approved the goals, strategies and policies, it acts in a unified and cohesive manner in supporting and guiding the CEO, subject to its duty to act in the best interests of the Corporation.

iv) While recognizing the Board and management roles, directors are free to contact members of management. It is expected that directors will exercise judgment to ensure that their contacts will not distract from the Corporation's business operations. Any such contact outside of Board meetings should be arranged through the Board Chair and/or CEO.

v) The Board also encourages individual directors to make themselves available for consultation with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

2. Terms of Reference & Guidelines

The Governance and Risk Committee will annually review the following documents and propose any suggested changes to the Board for approval:

i) Guidelines for the Board of Directors.

ii) Terms of Reference for the Board.

iii) Terms of Reference for the Board Chair.

iv) Terms of Reference for an individual director.

v) Terms of Reference for the President & Chief Executive Officer.

vi) Terms of Reference for Board committees.

GUIDELINES FOR THE BOARD OF DIRECTORS

3. Board Independence

The Board must have the capacity, independently of management, to fulfill the Board's responsibilities. Independence is based upon the absence of relationships and interests that could compromise the ability of a director to exercise independent judgment with a view to the best interests of the Corporation. The Board must be able to make an objective assessment of management and assess the merits of management initiatives. Therefore, the Board is committed to the following practices:

i) The Board supports, in principal, the concept of the separation of the role of Chair from that of President and CEO. The Board is able to function independently of management when necessary and the Chair's role is to effectively manage and provide leadership to the Board. However, if a circumstance occurred where the Board felt the Chair was not independent, or that the CEO and Chair's roles should be combined, the Board will appoint a lead director and ensure that appropriate structures and procedures are in place that continue to allow the Board to function independently of management as necessary.

ii) The Board shall be composed of a majority of independent[1] directors and there should be no more than two inside[2] directors on the Board.

iii) The Board shall annually disclose in the Management Proxy Circular current biographical material for each director and how it determines whether each director is independent or not independent.

iv) Any director who is independent and whose circumstances change such that he or she might be considered to be no longer independent shall promptly advise the Board of the change in circumstances, who shall consider the matter or request the Governance and Risk Committee to consider the matter and report to the Board.

v) The Governance and Risk Committee leads the director selection and evaluation processes.

[1] As defined by Canadian Securities Administrators' National Policy 58-201 – Corporate Governance Guidelines. See Appendix I.
[2] An **inside director** is defined as an officer or employee of the Corporation.

vi) The Board will evaluate the performance of the CEO at least annually. The evaluation will be based on criteria which include the performance of the business, the accomplishment of long-term strategic objectives and annual objectives and other objectives that may be established from time to time.

vii) Individual directors may engage advisors at the Corporation's expense with prior approval from the Governance and Risk Committee or the Board Chair.

4. Corporate Strategy

i) Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board's role is to ensure there is a strategic planning process, and then to review, question, validate, and, if considered in the best interests of the Corporation, approve the strategy and monitor its implementation.

ii) Every year the Board shall review and approve a long-range strategic plan and an annual operating plan for the Corporation.

5. Risk

The Board should have a continuing understanding of the principal risks associated with the Corporation's business. It is the responsibility of management to ensure the Board and its committees are kept well informed of changing risks and risk management strategies. The principal mechanisms through which the Board reviews risks are:

i) Ongoing and regular reports by the CEO and management.

ii) The strategic planning process.

iii) Board committees.

iv) The enterprise risk management process.

6. Succession Planning

i) The Board considers succession planning and management development to be an ongoing process. The Board approves the succession plan for the CEO, including procedures for emergency replacement in the event the CEO cannot act, on the recommendation of the Human Resources Committee. The CEO's views as to a successor in the event of unexpected incapacity should be discussed regularly with the Human Resources Committee.

ii) Succession and management development plans will be initiated and reviewed by the Human Resources Committee and reported annually by the CEO to the Board.

7. Board Composition

i) The Board believes the appropriate size for the Board is between eight and twelve members.

ii) Periodically, the Board may be expanded to up to fourteen members to provide an orientation period for new directors prior to the retirement of directors.

iii) The Board will maintain and plan for a sufficient number of independent directors to satisfy the Audit Committee requirements set out in applicable regulation and legislation.

iv) Directors shall be elected annually.

v) All directors shall be eligible for re-election until reaching age 72, and shall retire at the next annual meeting following the date on which the director reaches the age of 72. The Board may waive this policy if, after conducting a thorough search, a qualified replacement director cannot be found; or if the retiring director possesses such unique skills that the loss of these skills would be a material loss to the Corporation.

vi) If the circumstances of a director change after his or her appointment or election to the Board such that the director's ability to fulfil the duties and expectations of that director on the Board may be affected, the director will discuss the matter with the Board Chair and/or the Chair of the Governance and Risk Committee and, if requested, will volunteer to resign from the Board. The Governance and Risk Committee will review any such resignation and make a recommendation to the Board regarding its acceptance.

GUIDELINES FOR THE BOARD OF DIRECTORS

8. Selection of New Directors

i) The Board is responsible, in fact as well as in procedure, for identifying appropriate candidates to stand for election or appointment to the Board. The Board delegates the screening process involved to the Governance and Risk Committee with direct input of the CEO.

ii) The Board, through the Governance and Risk Committee and in consultation with the CEO, will annually review the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board and the objectives of the Corporation with a view to developing a long-term plan for Board composition. This assessment will include consideration of geography, age, tenure, gender, experience, diversity and skills all in the context of an assessment of the perceived needs of the Board and Corporation at that point in time and looking forward, and the benefits of Board diversity outlined in the Board Inclusion and Diversity Policy.

9. Board Meetings and Agendas

i) The Board Chair, the CEO and the Corporate Secretary will establish the agenda for each Board meeting. All directors are free to suggest items to be included on the agenda.

ii) The Board will have a minimum of four quarterly meetings. At least one quarterly meeting shall include a one day strategy session and at least one quarterly or regularly scheduled meeting shall include a session on annual budgets.

iii) The Board will generally meet at a corporate location other than the head office of the Corporation on an annual basis.

iv) The Board will encourage the CEO to bring management into Board meetings who can provide additional insight into the topics being discussed because of personal involvement in these areas, and/or employees who represent future potential who the CEO believes should be given exposure to the Board.

GUIDELINES FOR THE BOARD OF DIRECTORS

10. Meetings of Independent Directors

i) The independent directors will meet in-camera without management for a period of time during each Board meeting under the leadership of the Board Chair.

ii) The purpose of the in-camera meeting will be to provide an opportunity for the independent directors to raise issues that they do not wish to discuss with management present.

iii) The Board Chair will meet with the CEO to discuss the results of the in-camera meeting.

11. Board Information

i) Whenever feasible, directors will receive materials at least seven days in advance of meetings for items to be acted upon.

ii) Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific topics at Board meetings will only briefly summarize the material sent in advance to directors so that discussion can be focused on questions, comments and guidance regarding the material.

iii) It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it may not be prudent or appropriate to distribute material in advance of a Board meeting.

12. Committees

i) Committees analyze in depth, policies and strategies developed by management that are consistent with their Terms of Reference. They examine proposals and, where appropriate, make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically authorized by the Board to do so.

ii) Each committee operates according to a Board approved written mandate outlining its duties and responsibilities as well as these Board Operating Guidelines.

GUIDELINES FOR THE BOARD OF DIRECTORS

iii) Each committee has the authority to delegate matters to individual members of the committee or a subcommittee. Such individual committee members or subcommittees must report to the full committee at each committee meeting on the delegated matter.

iv) The committee structure may be subject to change as the Board considers, from time-to-time, which of its responsibilities can best be fulfilled through more detailed review of matters in committee meetings.

v) The Board favours a periodic rotation in committee leadership and membership in a way that recognizes and balances the need for new ideas and perspectives, continuity and maintenance of functional expertise.

vi) Committee members are appointed by the Board on the recommendation of the Governance and Risk Committee and the Board Chair.

vii) The Audit Committee, the Human Resources Committee and the Governance and Risk Committee shall consist entirely of independent directors.

viii) The Safety, Environment & Social Responsibility Committee will consist of a majority of independent directors.

ix) From time to time the Board may create ad hoc committees to examine specific issues on behalf of the Board.

13. Committee Chairs

The chair of each committee shall:

i) Lead the committee in undertaking the duties and responsibilities that it is charged with by the Board, as outlined in its Terms of Reference and these Board Operating Guidelines;

ii) Ensure that the committee has the information, resources and opportunity necessary to make recommendations on matters within its purview;

iii) Ensure the committee has adequate access to all members of management necessary for it to undertake its responsibilities;

iv) Communicate regularly with the Board and management with respect to matters within the committee's purview;

v) Set agendas for committee meetings in consultation with the committee and management;

vi) Strive to ensure that the committee works effectively as a team, and lead development of a committee forward strategy consistent with the committee's Terms of Reference;

vii) Work with management to ensure that matters raised up by committee members are actioned for response, as determined necessary; and

viii) Chair committee meetings to ensure the work of the Committee is well organized and proceeds in a timely fashion. The chair of the committee shall arrange for an alternate chair if the chair is planning to be absent from a meeting. If the chair is unable to arrange for an alternate chair, then the members present at the committee meeting shall designate any committee member present to act as chair for that meeting.

14. Board, Chair, Committee and Director Evaluation

i) The Governance and Risk Committee will annually assess the effectiveness of the Board, committees and directors (including the Board Chair and committee chairs) in fulfilling their responsibilities.

ii) An overview of the evaluation processes is provided in the Board Policy Manual, which is on the Board portal.

15. Director Compensation

The Governance and Risk Committee will review director compensation and make recommendations to the Board for consideration when it believes changes in compensation are warranted. Director Compensation is detailed in the Director Compensation Plan.

16. Director Share Ownership

The Governance and Risk Committee will review director share ownership guidelines in conjunction with its review of director compensation. The

GUIDELINES FOR THE BOARD OF DIRECTORS

Governance and Risk Committee will make recommendations to the Board for consideration when it believes that changes in the director share ownership guidelines are warranted. The director share ownership guidelines are detailed in the Director Compensation Plan.

Compliance with director share ownership guidelines will be reviewed annually by the Corporate Secretary and reported to the Governance and Risk Committee.

17. Director Orientation and Training

i) The Board ensures new directors are appropriately introduced to the Corporation and its industry and that they receive ongoing training and development, including regularly scheduled briefings on the Corporation's operations, business and key issues.

ii) New directors will be provided with an orientation and education program that includes written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings and opportunities for meetings with senior management and other directors as well as site visits to operations, where appropriate.

iii) The details of the orientation of each new director will be tailored to that director's individual needs, Board committee memberships and areas of interest.

18. Limits to Management Authority

From time to time, the Board may establish limits on management's authority depending on the nature and size of proposed transactions. These limits may permit some flexibility within approved budgets but otherwise must not be exceeded without Board approval.

APPENDIX I - DEFINITION OF AN INDEPENDENT DIRECTOR[1]

1. A director is independent if the director has no direct or indirect material relationship with the Corporation.

2. For the purposes of section (1), a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment.

3. Despite section (2), the following individuals are considered to have a material relationship with the Corporation:

   a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;

   b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;

   c) an individual who:

      i) is a partner of a firm that is the Corporation’s internal or external auditor;

      ii) is an employee of that firm, or

      iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;

   d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

      i) is a partner of a firm that is the Corporation’s internal or external auditor;

      ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

      iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;

   e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the

[1] **Sources: Canadian Securities Administrators’ National Policy 58-201 – Corporate Governance Guidelines and National Instrument 52-110 – Audit Committees.**

APPENDIX I - DEFINITION OF AN INDEPENDENT DIRECTOR[1]

Corporation's current executive officers serve or served at that same time on the entity's compensation committee; and

f) an individual who received, or whose immediate family member who is employed as an executive officer of the corporation received, more than $75,000 in direct compensation from the Corporation during any 12 month period within the last three years.

4. Despite section (3), an individual will not be considered to have a material relationship with the Corporation solely because

   a) he or she had a relationship identified in section (3) if that relationship ended before March 30, 2004; or

   b) he or she had a relationship identified in section (3) by virtue of section (8) if that relationship ended before June 30, 2005.

5. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

6. For the purposes of clause (3)(f), direct compensation does not include:

   a) remuneration for acting as a member of the Board of Directors or of any committee of the Board of Directors of the Corporation, and

   b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

[1] **Sources: Canadian Securities Administrators' National Policy 58-201 – Corporate Governance Guidelines and National Instrument 52-110 – Audit Committees.**

APPENDIX I - DEFINITION OF AN INDEPENDENT DIRECTOR[1]

7. Despite section (3), a person will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member

   a) has previously acted as an interim chief executive officer of the Corporation, or

   b) acts, or has previously acted, as a chair or vice-chair of the Board of Directors or any committee of the Board of Directors of the Corporation on a part-time basis.

8. For the purposes of this Appendix, the Corporation includes a subsidiary entity of the Corporation.

9. Despite any determination made under the preceding sections of this Appendix, and individual who

   a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board of Directors or any committee of the Board of Directors of the Corporation, or as a part-time chair or vice-chair of the Board of Directors or any committee of the Board of Directors of the Corporation; or

   b) is an affiliated entity of the Corporation or any of its subsidiary entities,

   is considered to have a material relationship with the Corporation.

10. For the purposes of section (9), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

   a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

   b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides

[1] **Sources: Canadian Securities Administrators' National Policy 58-201 – Corporate Governance Guidelines and National Instrument 52-110 – Audit Committees.**

APPENDIX I - DEFINITION OF AN INDEPENDENT DIRECTOR[1]

accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation.

11. For the purposes of section (9), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

12. The Corporation will not make or arrange any personal loans or extension of credit to directors.

[1] **Sources: Canadian Securities Administrators' National Policy 58-201 – Corporate Governance Guidelines and National Instrument 52-110 – Audit Committees.**