

## **TERMS OF REFERENCE FOR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER**

### **I. INTRODUCTION**

The President and Chief Executive Officer (CEO) is the most senior executive officer of Finning International Inc. (the “Corporation”). The CEO reports to the Board of Directors. The Board of Directors appoints the CEO, evaluates the CEO’s performance, and may, at its discretion, remove or replace the CEO. The CEO’s primary focus is to:

- A.** Provide overall leadership and vision in developing, in concert with the Board of Directors, the Corporation’s strategic direction, the Corporation’s values and the tactics and business plans necessary to realize the Corporation’s objectives;
- B.** Manage the overall business to ensure strategic and business plans are effectively implemented within the authority limitations delegated by the Board, the results are monitored and reported to the Board, and financial and operational objectives are attained; and
- C.** Manage the overall business to create sustainable long-term shareholder value.

### **II. DUTIES AND RESPONSIBILITIES**

The CEO has the responsibility to:

- A.** Lead and manage the Corporation within the parameters established by the Board and relevant Board committees.
- B.** Manage a positive and constructive relationship with Caterpillar.
- C.** Maintain open communications with the Board and execute the responsibilities of a director of the Corporation according to lawful and ethical standards and in accordance with the Corporation’s policies.
- D.** Develop and recommend to the Board strategic plans for the Corporation’s business and when approved by the Board, successfully implement the corresponding strategic, business and operational plans that support the Corporation’s objectives and aspirations regarding long-term sustainability. This shall include updating and making changes as required, and involving the Board in the early stages of strategy development.

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- E.** Direct and monitor the activities of the Corporation in a manner that ensures agreed upon targets are met and that the assets of the Corporation are safeguarded and optimized in the best interests of all shareholders.
- F.** Develop and implement operational policies to guide the Corporation within the framework of the strategic directions adopted by the Board.
- G.** Develop annual operating forecasts of revenue, expenditures, operational results, and financial performance.
- H.** Authorize the commitment of funds to capital projects included in budgets approved by the Board.
- I.** Authorize the commitment of corporate resources and enter into agreements, contracts, leases, etc., in the ordinary course of business, in order to pursue approved strategies, business plans, and objectives of the Corporation, provided however, that major commitments, exposures, and risks shall be reported to the Board on a regular and timely basis.
- J.** Identify the principal risks of the Corporation's business and implement appropriate systems to manage these risks.
- K.** Establish effective control and coordination mechanisms for all operations and activities and ensure the integrity of the internal control and management systems.
- L.** Develop and recommend the overall corporate organizational structure and staffing to the Board and ensure talent development through progressive employee training and development programs.
- M.** Develop and maintain an annual (or more frequently if required) Board approved plan for the development and succession of senior management.
- N.** Manage and oversee communication policies to effectively communicate, promote and maintain appropriate relationships with shareholders and other stakeholders of the Corporation as well as with the public and act as principal spokesperson for the Corporation.
- O.** Provide the Board, both at and outside Board and committee meetings, with exposure to the Corporation's key members of management.

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- P.** Obtain Board Chair approval prior to material not-for-profit board participation and Governance and Risk Committee approval prior to accepting outside public company and, if material in nature, private company, board appointments. For greater certainty, board membership includes advisory boards or committees. The number of public company board positions held by the CEO will generally be limited to one (not including the Corporation's Board).
- Q.** Ensure all operations and activities of the Corporation are conducted in accordance with applicable laws and regulations, the Corporation's Code of Conduct, sound business practices and in adherence with the policies and practices approved by the Board of Directors.
- R.** Sign and confirm filing of certification of annual and interim filings required by regulatory authorities and ensure the same is done by the Chief Financial Officer of the Corporation.
- S.** Foster a corporate culture that promotes ethical practices and encourages individual integrity, health and safety, sustainability and social responsibility.
- T.** Meet regularly and as required with the Board Chair and other Board members to review material issues and to ensure that the Board Chair and other Board members are provided in a timely manner with all information and access to management necessary to permit the Board to fulfill its statutory and other obligations.