

## **TERMS OF REFERENCE FOR A DIRECTOR**

### **I. GOALS AND OBJECTIVES**

As a member of the Board, each director shall:

- A.** Fulfill the legal requirements and obligations of a director which includes a comprehensive understanding of statutory and fiduciary responsibilities.
- B.** Act honestly and in good faith, representing the interests of all shareholders in the governance of the Corporation ensuring that the best interests of the Corporation are paramount.
- C.** Participate in the review and approval of Corporation policies and strategy and monitor their implementation.

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

#### **A. General**

As a member of the Board, each director shall:

- i) exercise good judgement and act with integrity and in compliance with the Corporation's Code of Conduct.
- ii) maintain confidentiality of all information which is learned in his or her capacity as a director.
- iii) understand conflict of interest issues and declare real or perceived conflicts to the Board and ensure that they are appropriately reviewed.

#### **B. Skills and Experience**

As a member of the Board, each director shall:

- i) demonstrate skills and experience that are complementary to the current directors and helpful with the Corporation's current activities and strategic direction.
- ii) utilize external relationships and resources in making a contribution and adding value to the Corporation.

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- iii) effectively apply knowledge, experience and expertise to issues confronting the Corporation.
- iv) demonstrate an understanding of the difference between governing and managing, and not encroach on management's area of responsibility.
- v) serve as a helpful resource to the Board and to management, where necessary and appropriate.

### **C. Preparation, Attendance and Availability**

As a member of the Board, each director shall:

- i) maintain an exemplary Board and committee meeting attendance record. Target attendance is 100% for both Board meetings and meetings of committees of which the director is a member. Should a director's attendance record fall below 75% for either Board or such committee meetings, the Board will reconsider such director's eligibility to stand for re-election as a director.
- ii) attend all Board meetings and meetings of committees of which the director is a member, well prepared, having completed and understood the necessary background reading and having consulted other directors and/or management, if required, to evaluate and add value to agenda items presented.
- iii) demonstrate broader preparation than just the distributed material.
- iv) be available, accessible and approachable for management and the Board when needed.
- v) have the necessary time and commitment to fulfill responsibilities as a director of the Corporation and as a member of committees.

### **D. Communication and Interaction**

As a member of the Board, each director shall:

- i) participate fully and frankly in Board deliberations and discussions and contribute meaningfully and knowledgeably to Board discussions.

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- ii) be a team player – work effectively with fellow directors and be a positive and constructive force while maintaining a cohesive Board, without losing diversity of opinion, objectivity and independence.
- iii) be willing to openly take a stand or express a view at Board or committee meetings, even if it runs contrary to prevailing wisdom or the direction of conversation; and exercise independent judgment.
- iv) communicate persuasively and logically; voice concerns; listen; and raise tough questions in a manner that encourages open discussion.
- v) advise the Board Chair and/or CEO in advance of introducing significant and previously unknown information at a Board meeting.
- vi) respect the confidentiality of Board deliberations and discussions.
- vii) refer discussions with media and community stakeholders to the Board Chair and/or CEO.
- viii) obtain the approval of the Board Chair and Chair of the Governance and Risk Committee in advance of accepting a public company board position.

### **E. Business, Corporation and Industry Knowledge**

As a member of the Board, each director shall:

- i) demonstrate a strong understanding of the Corporation’s business, markets, operations and technology, including an appreciation of the Corporation's relationship with Caterpillar.
- ii) where appropriate, use outside contacts to increase understanding of the various issues with which the Board is concerned.