

**TERMS OF REFERENCE FOR THE SAFETY, ENVIRONMENT AND SOCIAL  
RESPONSIBILITY COMMITTEE**

**I. MANDATE**

The mandate of the Safety, Environment and Social Responsibility Committee (the “Committee”) of the Board of Directors (the “Board”) is to assist the Board in its oversight of the safety and health, environmental, social responsibility and sustainability policies and programs of Finning International Inc. and its wholly-owned subsidiaries (the “Corporation”) and monitor the Corporation’s performance against those policies and programs.

The Committee shall encourage, assist and counsel management in its drive towards attaining and maintaining world-class safety, health and environmental performance and sustainability. The Committee will, through oversight of management’s procedures and policies, ensure management builds compliance into the Corporation’s business processes and activities in order to meet or exceed applicable legal obligations. The Committee shall support management in achieving the goals of eliminating work-related injuries and occupational illnesses and reducing the Corporation’s impact on the environment.

Community investment will also be 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 shall also be involved in providing strategic input, monitoring risks, and reviewing action plans in all these areas.

**II. MEMBERSHIP**

- A.** The Committee shall consist of at least three directors of the Corporation, of whom two or more shall be independent directors (as “independent” is defined in the Guidelines for the Board of Directors) and one shall be the CEO. The Board, on the recommendation of the Governance and Risk Committee, will appoint and remove the Committee members by a majority vote.
- B.** The Board, on the recommendation of the Governance and Risk Committee and Board Chair, will appoint the Chair of the Committee from the Committee members by a majority vote. The Chair of the Committee will hold such position until otherwise determined by the Board.

**III. MEETINGS**

- A.** The Committee will meet not less than four times per year. Meetings of the Committee may be held in person or via remote communications, subject to the By-laws of the Corporation. The Committee shall meet at the call of the Committee Chair. Any two members of the Committee may request the Committee Chair to call a meeting of the Committee and, if the Committee

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Chair fails to do so, may call a meeting of the Committee. Notice of such meetings shall be provided in advance in the manner specified by each member of the Committee as their preferred method.

- B.** The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. Decisions of the Committee shall be by majority vote.
- C.** The Chair of the Committee will appoint a Secretary for each meeting. The Committee will maintain minutes of its meetings.
- D.** The Committee will hold an in camera session without the CEO and any management present as part of each Committee meeting.
- E.** The Committee will, on a quarterly basis, report to the Board on its activities, decisions and the execution of its mandate as described herein.
- F.** The Committee has the authority to communicate directly with the most senior employee of the Corporation responsible for safety, environment, social responsibility and sustainability, and any member of Executive Management (meaning the CEO and executives at Vice President level and above) regarding matters within the mandate of the Committee as it deems appropriate in the circumstances.

**IV. DUTIES AND RESPONSIBILITIES**

The Committee shall:

- A.** Ensure, through management, that the Corporation's global safety and health policies and procedures are world class, and that performance is consistent with those standards and is aligned with the Corporation's Code of Conduct.
- B.** Review and monitor the implementation, modification, and maintenance of the principles and standards of the Corporation's safety and health management system or its components when necessary to ensure these remain world-class.
- C.** Review and approve goals and guidelines for environmental compliance, ensuring that environmental policies align with or exceed applicable legal requirements.
- D.** Review and approve the Corporation's metrics for target setting and tracking performance, and associated annual compensation targets, in the areas of health, safety, environment and community support.

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- E.** Encourage, assist, support and counsel management in developing short and long term consistent policies and procedures relating to sustainable development in the areas of employee health & safety, environment and social responsibility on a worldwide basis.
- F.** Provide guidance and monitor management's strategies, action plans, risk management, duties and responsibilities relating to global health, safety, environment, community support and social responsibility.
- G.** Be informed of the legal and regulatory frameworks in jurisdictions in which the Corporation operates worldwide and any significant trends or pending changes in those frameworks and report to the Board.
- H.** Review the business units' quarterly Safety, Environment and Social Responsibility reports at each regularly scheduled meeting and report to the Board significant trends or updates on:
  - i) consolidated safety statistics;
  - ii) environmental metrics and trends in legislative framework;
  - iii) community and social responsibility investments; and
  - iv) stakeholder requirements associated with the Corporation's business that are within the Committee's mandate.
- I.** Ensure that appropriate audits of safety and environmental performance are established and implemented worldwide, and review the results of such audits.
- J.** Review emergency response planning procedures for health, safety and environmental incidents.
- K.** Review variances and non-compliance with the Corporation's Safety, Environment and Social Responsibility policies, plans and procedures and review management's implementation of appropriate corrective actions.
- L.** Monitor any current, pending or threatened legal actions with respect to safety, environment and social responsibility.
- M.** Review any reports, findings or recommendations from the Corporation's insurer related to health and safety, and any other areas that are within the Committee's mandate.
- N.** Review, on a quarterly basis, top risks within the scope of the Committee's responsibilities (including risks delegated by the Governance and Risk Committee) and management's mitigation plans related to those risks.

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- O.** Make periodic visits, as individual members or as the Committee, to corporate locations worldwide in order to become familiar with the nature of the operations, and to review relevant objectives, procedures and performance with respect to safety, environment and social responsibility.
- P.** Ensure the Corporation's directors are kept current on their duties and responsibilities related to the scope of this Committee.

The Committee will:

- i. approve the reports on Safety, Environment and Social Responsibility in all disclosure documents, including the Corporation's Management Proxy Circular and any other public disclosure documents, e.g., Sustainability Report;
- ii. at least annually, review and evaluate the adequacy of its Terms of Reference and report its recommendation for any change to the Governance and Risk Committee;
- iii. at least annually, review and evaluate the Committee's performance and report its evaluation and recommendation for any change to the Governance and Risk Committee;
- iv. be empowered to hire and terminate any independent consultant(s) to assist in the fulfillment of the Committee's responsibilities and evaluation of management proposals; and
- v. assume responsibility for any other task that the Board assigns to it.

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A. Ensure global SESR policies and procedures are world class. Monitor implementation and maintenance of the EH&S Management System.		✓			✓			✓			✓	
B. Review and approve goals and guidelines for environmental compliance.		✓			✓			✓			✓	
C. Review quarterly safety statistics and business units' reports  Review and approve the metrics for target setting and tracking performance and associated annual compensation targets.		✓			✓			✓			✓	
D. Assist in development of short and long term policies and procedures relating to SESR.		✓			✓			✓			✓	
E. Provide guidance & monitor SESR strategies, action plans, risk management, duties and responsibilities.		✓			✓			✓			✓	
F. Update on the legal and regulatory frameworks in jurisdictions where the Corporation operates.		✓			✓			✓			✓	
G. Review quarterly business units' reports including safety statistics, environmental trends, community and social responsibility investments and stakeholders' requirements.		✓			✓			✓			✓	
H. Ensure appropriate audits of EH&S systems and performance are established and reviewed.					✓						✓	
I. Review emergency response planning procedures.											✓	
J. Review variances and non-compliance with policies and review implementation of correction actions.		✓			✓			✓			✓	
K. Monitor any potential / actual legal actions with respect to SESR.		✓			✓			✓			✓	

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
L. Make periodic site visits, as individual members or as the Committee, to locations world-wide.	Annual site visits will be coordinated in conjunction with offsite board meetings											
M. Ensure directors are kept current on their duties and responsibilities related to scope of the Committee.		✓			✓			✓			✓	
N. Review any reports, findings or recommendations from the Corporation's insurer related to health and safety, and any other areas that are within the Committee's mandate.	AS REQUIRED											
O. Review, on a quarterly basis, top risks within the scope of the Committee's responsibilities (including risks delegated by the Governance and Risk Committee) and management's mitigation plans related to those risks.		✓			✓			✓			✓	
OTHER												
i. Approve SESR reports in disclosure documents, including Proxy Circular (February) and any other public disclosure documents e.g. Sustainability Report, as required.		✓										
ii. Review Terms of Reference.					✓							
iii. Review and evaluate Committee's performance and report to Governance and Risk Committee.											✓	
iv. Hire / terminate independent consultants as required.		✓			✓			✓			✓	