

# TOROMONT

## **GOVERNANCE AND SUSTAINABILITY COMMITTEE MANDATE AND CHAIR POSITION DESCRIPTION**

The Board of Directors (the "Board") of Toromont Industries Ltd. (the "Company") has established a Governance and Sustainability Committee (the "Committee"), which will consist of at least three independent Directors of the Board. Members of the Committee shall be considered independent if they meet the test of independence contained in applicable legislation and the rules of any stock exchange on which securities of the Company are listed. The Committee shall review and reassess this Mandate annually.

The roles and responsibilities of the Committee are in conjunction and collaboration with the Mandates of the Board and its other committees, including the Human Resources and Health & Safety Committee and Audit Committee.

The Committee's principal responsibilities are reviewing and making recommendations relating to sustainability and corporate governance matters. The Committee is responsible for assessing effectiveness of the Board, its size and composition, its committees, the Board's relationship to management, and individual performance and contribution of its directors. The Committee recommends the annual slate of directors. The Committee also identifies and recruits new directors and provides new director orientation.

The Committee also supports the Board in monitoring on a periodic, regular basis management's identification and assessment of the principal business risks that fall within the Committee's mandate and keeps informed of how these risks are being handled by management, including through the implementation of appropriate controls.

### **Sustainability**

The Committee provides oversight of the Company's approach to sustainability-related matters such as climate change, environmental and corporate responsibility including:

- a) receiving and assessing management's assessment of sustainability-related risks and opportunities and specifically climate-related risks and opportunities;
- b) overseeing the Company's sustainability and climate-related strategies, objectives, policies and practices and compliance with environmental regulations;
- c) assessing and making recommendations to the Board regarding the Company's code of conduct and other policies, as are appropriate, to deal with ethical and legal compliance matters. Such matters include Board diversity, forced labour, anti-corruption, cyber security, data governance and protection of confidential and personal information, insider trading and the Company's other public company obligations, and stakeholder and community relations; and
- d) monitoring the Company's achievements, compliance and disclosures related to the above sustainability and climate-related strategies, objectives, policies and practices.

## **Governance**

The Committee provides oversight of the corporate governance practices of the Board, including:

- a) monitoring the Company's corporate governance practices and proposing such procedures and policies as the Committee believes are appropriate to ensure the Board functions independently of management, that management is accountable to the Board and that procedures are in place to monitor the effectiveness of the existing Directors;
- b) assessing and recommending to the Board the desirable skills and qualifications of individual Board members and the Board as a whole;
- c) recommending to the Board, candidates for election to the Board by shareholders and candidates for appointment by the Board, as applicable;
- d) overseeing the identification, selection and recruitment of new directors in accordance with the Nomination of Directors and New Director Process Policies;
- e) considering and recommending directors' compensation to the Board;
- f) reviewing the Mandate of the Board, committees of the Board (being the Audit Committee and the Human Resources and Health & Safety Committee) and recommending to the Board any changes it believes are appropriate and recommending to the Board any additional committees as appropriate;
- g) recommending to the Board such steps as the Committee decides are appropriate to align the Company's governance practice with proper corporate governance practices, with reference to National Policy 58-201 and other authoritative guidelines on corporate governance;
- h) considering and recommending to the Board appropriate approval levels;
- i) reviewing and presenting to the Board for approval the material for corporate governance reporting in the annual Management Information Circular; and
- j) overseeing the functioning of Director orientation, training and development, and continuing education.

It is acknowledged that there may be, from time to time, the need for the Committee to retain the services of outside advisors and/or consultants to assist it in completion of its responsibilities. The Committee, with the final approval of the Chair of the Committee, is authorized to negotiate the terms, including fees associated with any such engagement at the expense of the Company and to authorize the payment of such fees.

In accordance with the retirement policy for Directors, the Committee shall not recommend for election any person who will reach the age of 75 in the calendar year of nomination, unless the Committee determines that it would be in the best interests of the Company to do so. The Committee will report on its activities to the Board at least annually.

**POSITION DESCRIPTION**  
**GOVERNANCE AND SUSTAINABILITY COMMITTEE CHAIR**

This position description describes the appointment, role and responsibilities of the chair (the "Chair") of the Committee.

The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

The Chair shall receive such remuneration as the Board may determine from time to time.

Principal responsibilities of the Chair are as follows:

- a) Provide leadership to the Committee in discharging its mandate, including by promoting a thorough understanding by members of the Committee and management of the duties and responsibilities of the Committee and the relationship between the Committee and the Company's management, and by promoting cohesiveness among members of the Committee.
- b) Act as the liaison between the Committee and the Company's management, promoting open and constructive discussions between members of the Committee and management.
- c) Promote the proper flow of information to the Committee to keep the Committee fully apprised of all matters which are material to the Committee at all times.

In connection with meetings of the Committee, the Chair shall be responsible for:

- a) scheduling meetings of the Committee;
- b) organizing and presenting the agenda for Committee meetings such that all of the responsibilities assigned to the Committee under its Mandate are discharged on a timely and diligent basis, and members of the Committee have input into the agendas;
- c) monitoring the adequacy of materials provided to the Committee by management in connection with the Committee's deliberations;
- d) ensuring that the Committee has sufficient time to review the materials provided to it and to fully discuss the business that comes before the Committee;
- e) presiding over meetings of the Committee; and
- f) presiding over *in-camera* meetings of the Committee.

The Chair shall report to the Board on the activities of the Committee at least annually.

On an annual basis, the Chair coordinates and follows the process established by the Board for assessing the performance of the Committee.

The Chair shall perform such other functions as may be ancillary to the duties and responsibilities described above or as may be delegated to the Chair by the Committee or the Board from time to time.