

# **RITCHIE BROS. AUCTIONEERS**

## **CORPORATE GOVERNANCE GUIDELINES**

**Updated November 7, 2017**

The following guidelines have been approved by the Board of Directors (the “Board”) of Ritchie Bros. Auctioneers Incorporated (the “Company” or “Ritchie Bros.”) and, together with the charters of the Board committees, provide the framework for the Company’s corporate governance. The Board or a designated Board committee will review these principles and other aspects of the Company’s corporate governance annually or more often if deemed necessary.

### ***Board and Management Roles***

The Company’s employees and officers conduct the Company’s business on a day-to-day basis, under the direction of the Company’s Chief Executive Officer, or *CEO*. The Board, which is elected by the Company’s shareholders, oversees management and seeks to assure that the long-term interests of the shareholders are served. Both the Board and management recognize that the shareholders’ long-term interests are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, customers, suppliers, partners, government agencies and the public at large.

### ***Board Functions and Responsibilities***

The Board has at least five regularly scheduled meetings each year. At these meetings, the Board reviews and discusses, among other things:

- management reports on the Company’s performance;
- the Company’s strategy, objectives and prospects;
- Board committee or management proposals; and
- immediate issues facing the Company.

The Board may also call special meetings to act on important matters as needed. Directors are expected to review in advance all meeting materials and to attend all scheduled Board and committee meetings. In addition to its general oversight of management, the Board or designated Board committees also perform a number of specific functions. Some of these functions include:

- selecting, evaluating and compensating the CEO and overseeing CEO succession plans;
- overseeing the selection, development, evaluation and compensation of the Company’s executive officers other than the CEO;
- reviewing, approving and monitoring fundamental business and financial strategies and major corporate actions;
- overseeing the assessment of major risks facing the Company and available options to address those risks;
- reviewing and approving SEC and Canadian filings;

- evaluating, approving and overseeing compliance with Company's corporate governance policies and practices;
- ensuring that processes are in place for maintaining the Company's integrity, including oversight of financial statement integrity, compliance with law and ethics, and the integrity of relationships with customers and other stakeholders; and
- monitoring the Company's progress in terms of establishing and achieving stated targets and initiatives with respect to gender and cultural diversity.

Additional functions of the Board and its committees are specified in the Board of Directors Mandate and the charters of the Board committees. In addition, directors are expected to comply with all other corporate governance policies and guidelines adopted by the Company and applicable to the Company's directors. The Board recognizes that its actions set the tone for ethical business conduct by the Company's officers and employees.

### ***Director Qualifications***

The Nominating and Corporate Governance Committee evaluates director candidates for recommendation to the Board for approval. Although the Committee considers the entirety of each proposed director nominee's credentials and does not have any specific minimum qualifications (other than those required by laws and regulations regarding director qualifications applicable to the Company), the Committee has established director selection guidelines that the Committee and the Board consider in evaluating proposed nominees. These guidelines are attached to the Committee's charter and include both individual criteria and Board composition criteria that are reviewed in light of the overall mix of skills, gender and cultural diversity, characteristics and experience of the Board.

As a reflection of the Board's strong commitment to diversity, the Board has established a stated objective requiring that at least 25% of the members of the Board be female. The Nominating & Corporate Governance Committee shall, in selecting candidates for nomination and appointment to the Board, strive to ensure that such target level of female representation be maintained.

In assessing the overall composition of the Board and potential director candidates, the Committee and the Board also consider the candidate's independence, industry knowledge, specific skills and experience, leadership qualities and other factors.

The Board has established mandatory retirement for all members at 72 years of age. This requirement can be waived at the Board's discretion. The Board does not believe that directors should expect to be renominated until they resign. The Board has determined not to adopt any formal limit on how long a director may serve on the Board, but generally views a term of 10-15 years as an appropriate guideline to allow for the development of sufficient continuity and experience on the Board, while also ensuring adequate board renewal.

Board members may generally serve on the boards of directors of up to three (3) publicly-traded companies, other than the Company. If board members wish to serve on the boards of directors of any additional publicly-traded companies they are required to consult with and receive approval from the Chairman of the Board. Committee chairs may serve as a committee chair to up to three committees of the board of directors of publicly-traded companies, other than the Company, that are not competitors of the Company. Notwithstanding the foregoing, members of

the Board's Audit Committee may not serve on the audit committees of more than two publicly-traded companies, other than the Company, unless the Board determines that such simultaneous service would not impair the Board member's ability to effectively serve on the Board's Audit Committee. The Board recognizes the need to balance the additional insight gained by directors' participation on different boards with the need to limit the number of commitments so as to allow directors sufficient time for preparation, attendance and active participation at board and committee meetings, and the Nominating & Corporate Governance Committee will review directors' ongoing contributions to assess any potentially adverse impact resulting from directors' other commitments and engagements.

A Board member must disclose and discuss the following with the Chair: (1) any changes to his/her principal occupation or employment status; and (2) if he/she is going to serve or resign from the board of directors of another company.

### ***Director Independence***

Ritchie Bros.'s goal is that a majority of the directors on the Company's Board are independent directors under the corporate governance rules of the New York Stock Exchange, or *NYSE*, Toronto Stock Exchange, or *TSX*, and applicable securities laws and regulations. We believe that under certain circumstances, directors or director candidates who do not meet the NYSE or TSX independence standards may also make valuable contributions to the Board and to the Company by reason of their abilities and experience.

To be considered independent under the NYSE and TSX standards and applicable securities laws, the Board must determine that a director does not have any direct or indirect material relationship with the Company and that the director qualifies as an independent director under the NYSE and TSX independence criteria. For relationships not covered by these criteria, the determination of whether the relationship is material or not, and therefore whether the director would be independent, will be made by the directors who satisfy the independence guidelines.

The NYSE has indicated that its independence standards are based on a concern with independence from management, and that it does not view ownership of even a significant amount of stock, by itself, as disqualifying a director from being independent. Accordingly, the direct or beneficial ownership by a director, or an immediate family member of a director, of 10% or less of the Company's outstanding common stock will not be considered a material relationship that would impair the director's independence.

The Board will annually review all relationships of directors. Whether directors meet these categorical independence tests will be reviewed and will be publicly disclosed annually prior to the Company's annual shareholders meeting at which directors are elected.

### ***Committee Member Independence***

In addition to the general independence standards discussed above, members of the Board's Audit and Compensation Committees must also satisfy additional independence requirements as specified in each Committee's charter.

### ***Size and Structure of Board***

The Board is composed of a single class of directors, with shareholders annually electing directors to serve one-year terms. The Board, with the assistance of the Nominating and Corporate Governance Committee, determines from time to time the number of directors on the Board, within a range specified in the Company's charter documents. The Board believes that, given the size and scope of the Company, the Board should include at least seven directors.

### ***Director Selection Process***

The Board, in consultation with the Nominating and Corporate Governance Committee, proposes for each annual shareholder meeting nominees for election to the Board. If vacancies arise between annual shareholder meetings, the Nominating and Corporate Governance Committee considers potential director candidates and may recommend to the Board for approval the election of directors to serve until the next annual meeting of shareholders.

The Committee uses a variety of methods for identifying and evaluating director nominees. Candidates may come to the attention of the Committee through current Board members, professional search firms, shareholders or others. Subject to compliance with the Advance Notice Provisions described below, shareholders may propose nominees for consideration by the Committee by submitting the names and supporting information to: Corporate Secretary, 9500 Glenlyon Parkway, Burnaby, BC, Canada, V5J 0C6.

### ***Advance Notice Provisions***

The Company has adopted a by-law implementing advance notice provisions (the "Advanced Notice Provisions") to provide a clear process for shareholders to follow for director nominations and set out a reasonable timeframe for nominee submissions and the provision of accompanying information. The Advance Notice Provisions ensure that all shareholders receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner.

The Advance Notice Provisions include, among other things, a requirement that advance notice be given to the Company in circumstances where nominations of persons for election of the Board are made by shareholders other than pursuant to either a requisition of a meeting made in accordance with the provisions of the Canada Business Corporations Act (the "Act") or a shareholder proposal made in accordance with the provisions of the Act.

The Advance Notice Provisions (i) set a deadline by which shareholders must notify the Company in writing of an intention to nominate directors for election to the Board prior to any meeting of shareholders at which directors are to be elected and (ii) set forth the information that such shareholder must include in such notice for it to be valid.

In the case of an annual meeting of shareholders, notice must be made not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual

meeting of shareholders was made, notice may be made not later than the close of business on the tenth day following such public announcement.

In the case of a special meeting (other than an annual meeting) of shareholders called for the purpose of electing directors, notice must be made not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

### ***Board Committees***

The Board has established the following committees to assist the Board in discharging its responsibilities and to function more effectively:

- Audit Committee;
- Compensation Committee; and
- Nominating and Corporate Governance Committee.

The current charters of these committees are available on the Company's website at [www.rbauction.com](http://www.rbauction.com), and will be mailed to shareholders on written request. The committee Chairs report the highlights of their meetings to the full Board following each meeting of the respective committees. The Nominating and Corporate Governance Committee recommends to the Board director membership on Board committees and counsels the Board and the committees about the selection of committee Chairs. From time to time, the Board may decide to appoint temporary or ad hoc committees to address a specific issue or need.

### ***Non-management Directors Meetings***

The Board will hold at least four scheduled meetings each year for the non-management directors without management present. The directors have determined that the Chair of the Board (or if the Board does not have a non-management Chair, the Lead Director, selected in accordance with the Nominating and Corporate Governance Committee's charter), will preside at such meetings, and will serve as the presiding director in performing such other functions as the Board may direct. Any non-management director may request that additional executive sessions of the non-management directors be held, and the presiding director may determine whether to call any such meeting. If any non-management director is not independent, then the independent directors shall hold at least one in-camera meeting annually.

### ***Board and Committee Evaluations***

The Board and each of the committees will perform an annual self-evaluation, as indicated in the Board committee charters. As part of these evaluations, the directors will provide their assessments of the effectiveness of the Board, the Board Chair, themselves as individual Board members, and the committees on which they serve. From time to time the Board will also conduct individual peer-to-peer performance reviews of the directors. The Board as a whole will review the individual committee assessments, and the Chair will review individual members' self evaluations and peer reviews with them, along with any other ideas for improvement. The Board may, at its discretion, engage an independent corporate governance expert to gather,

organize and/or summarize the individual assessments for discussion with the Board and the committees.

### ***Ethics and Conflicts of Interest***

The Board expects the Company's directors, as well as executive officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's Code of Business Conduct and Ethics. If an actual or potential conflict of interest arises for a director, the director is expected to promptly inform the Chair of the Board and the CEO. If a significant conflict exists and cannot be resolved, the director should resign. All directors are expected to excuse themselves from any discussion or decision affecting their personal, business or professional interests. The Audit Committee will resolve any conflict of interest question involving any director or executive officer of the Company, and the CEO will resolve any conflict of interest issue involving any non-executive officer; provided, that exemptions and waivers from the Company's Code of Business Conduct and Ethics may only be granted by the Board.

### ***Board Compensation***

The Nominating and Corporate Governance Committee will annually review the Company's director compensation practices and recommend to the Board the form and amount of compensation and benefits for non-employee directors. The Committee will consider the following principles in discharging these duties:

- compensation should fairly pay directors for work required in a company of the Company's size and scope;
- compensation should align the directors' interests with the long-term interests of shareholders; and
- the structure of the compensation should be simple, transparent and easy for shareholders to understand.

### ***Management Succession Plans***

The Board, via the Compensation Committee, will oversee the long-range succession planning process for the CEO, based upon processes established by the Board and CEO. The Board, via the Nominating & Corporate Governance Committee, will also oversee, in consultation with the CEO, the development and maintenance of a short-term succession plan for unexpected situations affecting the CEO.

### ***Director Access to Senior Management***

Non-employee directors are encouraged to contact directly the Company's senior managers, either alone or with other members of senior management present. The Company's CEO (if not serving as a director), Executive Team, Corporate Secretary, and, as invited, other members of senior management are encouraged to attend Board meetings when practical.

### ***Board and Committee Access to Independent Advisors***

In fulfilling their duties, the Board and its committees have the right at any time to retain independent outside financial, legal or other advisors at the Company's expense.

### ***Director Orientation and Continuing Education***

The Nominating & Corporate Governance Committee, together with the Corporate Secretary, will help coordinate an orientation for new directors, and periodically provide materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. Each new director will be expected, within six months of election to the Board, to spend a day at Ritchie Bros.'s offices in Vancouver, British Columbia for personal briefing by senior management on the Company, its financial statements and its key policies and practices. In addition, all directors are expected to attend at least one Company auction each year to stay current with Company operations. Directors are also encouraged to participate in continuing education programs at the Company's expense, and the Corporate Secretary will provide information about such programs at the request of directors.