

# ***GOVERNANCE AND SUSTAINABILITY COMMITTEE CHARTER***

<b>DATE OF REVISION:</b>	August 26, 2020
<b>VERSION NUMBER:</b>	2.0

# North American Construction Group Ltd.

## GOVERNANCE AND SUSTAINABILITY COMMITTEE CHARTER

### 1. PURPOSE

The Board of Directors (the “Board”) of North American Construction Group Ltd. (the “Company”) has established the Governance and Sustainability Committee (the “Committee”) for the purpose of assisting the Board in meeting its responsibilities in relation to: (a) development, implementation and monitoring of the Company’s governance policies and practices; (b) periodic review of the composition of the Board and its committees; (c) identification and recommendation of individuals for nomination to the Board and its committees; (d) establishment of a process for periodic assessment of directors, committees of the Board and the Board as a whole; (e) development of orientation and ongoing education plans for directors; (f) oversight of management’s development of strategies, policies and practices in relation to environmental sustainability and social responsibility that preserve and enhance long-term shareholder value; and (g) oversight of the Company’s public reporting in relation to environmental, social and governance matters.

### 2. AUTHORITY

The Committee has the authority to:

- (a) conduct or authorize investigations into any matter within its scope of responsibilities;
- (b) retain and compensate independent counsel and others to advise the Committee or assist it with respect to its responsibilities;
- (c) seek any information it requires from employees of the Company, all of whom will be directed by management to co-operate with the Committee’s requests;
- (d) meet and communicate directly with the Company’s officers, outside counsel and consultants, all as the Committee may deem necessary;
- (e) access all documents of the Company that the Committee may deem relevant to it in carrying out its responsibilities; and
- (f) undertake any other activity that may be reasonably necessary for the Committee to carry out its responsibilities as set out in this Charter.

### 3. COMPOSITION AND QUALIFICATIONS

- 3.1. The Committee will consist of at least two and not more than four directors of the Company. The Board will appoint the Committee and its Chair from time to time, with members to hold office until their successors are appointed or until they cease to be directors of the Company.

- 3.2. Each member of the Committee must be “independent” as that term is defined under the requirements of applicable securities laws and the standards of any stock exchange on which the Company’s securities are listed.
- 3.3. Determinations as to whether a particular director meets the requirements for membership on the Committee will be made by the Board.

#### **4. MEETINGS**

- 4.1. The Committee will meet at least twice each fiscal year, with authority to convene additional meetings as circumstances require. A meeting may be convened by the Chair, any two members of the Committee or the chief executive officer of the Company. The Chair will determine the time, place and procedures for calling and conducting Committee meetings, subject to the requirements of the bylaws of the Company, of this Charter and of the *Canada Business Corporations Act*.
- 4.2. A majority of the members of the Committee will constitute a quorum. Members of the Committee may participate in a meeting through any means which permits all parties to communicate adequately with each other. Any member not physically present but participating in the meeting through such means is deemed to be present at the meeting. A quorum, once established, is maintained even if members of the Committee leave before the meeting concludes.
- 4.3. In the event of a tie vote on a resolution, the issue will be forwarded to the full Board for a vote.
- 4.4. A resolution signed (including signatures communicated by fax or electronic mail) by all members of the Committee entitled to vote on that resolution is as valid as if it had been passed at a meeting of the Committee.
- 4.5. The Committee may invite such officers, directors and employees of the Company as it may see fit from time to time to attend at meetings and provide information pertinent to any matter being discussed. Any director of the Company is entitled to attend Committee meetings, however, only members of the Committee are eligible to vote or establish a quorum. The Committee may periodically meet *in camera*.
- 4.6. The Chair will ensure that meeting agendas are prepared and provided in advance to members of the Committee, along with appropriate briefing materials. The Committee will keep and approve minutes of each meeting which record the decisions reached by the Committee. Once approved, the minutes will be kept with the records of the Company.

#### **5. RESPONSIBILITIES**

The Committee will carry out the following responsibilities:

##### **5.1. Corporate Governance**

- (a) Establish an appropriate system of corporate governance including practices designed to permit the Board to function independently of management, including:
- making recommendations to the Board as to which directors should be classified as independent directors;
  - arranging for independent directors to hold regular in-camera sessions, at which non-independent directors and members of management are not in attendance; and
  - acting as a forum for the discussion of concerns of individual directors in respect of matters that are not readily or easily discussed in a Board meeting, including the performance of the Board or individual directors. The Chair will be responsible for developing a response to any such concerns.
- (b) Establish written terms of reference for directors that describe and communicate performance expectations of a director, including minimum attendance expectations and provide a benchmark for developing an approach to individual director assessment and evaluation.
- (c) Annually review the charters of committees of the Board, including the limits of authority to be delegated to each committee, and recommend any amendments to such charters to the Board for approval.
- (d) Review and monitor the Company's corporate liability protection programs for directors and officers, including adequacy of insurance coverage.
- (e) Review and recommend to the Board for approval the public disclosure relating to governance included in the Annual Information Form, Management's Discussion and Analysis and financial statements, as applicable.

## **5.2. Board and Committee Composition and Nominations**

- (a) Assess the skills and competencies required for members of the Board and its committees and recommend selection criteria for new directors. This assessment will consider:
- the appropriate size of the Board, with a view to facilitating effective decision-making;
  - the competencies and skills that the Board considers necessary for the Board as a whole to possess, the competencies and skills possessed by each current director and the competencies and skills each new nominee should bring to the Board;
  - the Board and Senior Management Diversity Policy;
  - the value of some regular turnover in Board membership to provide ongoing input of fresh ideas and views;

- if any director’s qualifications or credentials since his or her appointment have changed or other circumstances arisen so as to warrant a recommendation that such member resign;
  - whether any two or more directors serve together on the board of another publicly-traded company and whether the composition of the Board needs to be changed to eliminate these interlocks;
  - appropriate retirement criteria of directors, including any term or age limits adopted by the Board; and
  - an individual’s capability to devote sufficient time and resources to the Company.
- (b) Identify candidates for new directors using the selection criteria of the skills and competency assessment, the Board and Senior Management Diversity Policy, as well as a candidate’s education, business, governmental and civic experience, communication and interpersonal skills and any other matters that are relevant to the Board’s objectives. Directors are encouraged to identify potential candidates and the Lead Director, the Board Chair and the CEO will have input into the process.
- (c) Retain and terminate any search firm to be used to identify director candidates and approve the search firm’s fees and other retention terms.
- (d) Recommend to the Board candidates for nomination for election by the shareholders at each annual meeting and recommend to the Board candidates to fill vacancies that occur between annual meetings. An invitation to stand as a nominee for election to the Board will be made to a candidate through the Board Chair or the Chair's delegate.
- (e) Recommend to the Board the removal of a director in extraordinary circumstances.
- (f) Recommend to the Board the composition of Board committees.
- (g) Review annually the Company’s Board and Senior Management Diversity Policy, including targets where applicable, and taking into consideration the succession needs of the Board and senior management.
- (h) Review and make recommendations to the Board relating to requests for outside directorships of the CEO and review and approve requests for outside directorships of other senior officers (upon receiving a recommendation from the CEO).
- (i) Review annually the Company’s policies regarding sponsorship, donations and political contributions.
- (j) Receive annually a report from the Company’s General Counsel confirming that all reasonable steps have been taken to ensure that the Board and its

committees comply with all legislative and regulatory requirements relating to the structure of the Board and its committees.

### **5.3. Assessments**

Establish appropriate processes for the annual assessment of the effectiveness of the Board as a whole, each committee of the Board and individual directors. The objective of assessments is to ensure the continued effectiveness of the Board, each committee and each individual director and to contribute to a process of continuing improvement.

### **5.4. Director Orientation and Education**

Develop an orientation and ongoing education plan so that directors:

- remain sufficiently knowledgeable about the Company's business, services, principal regulators and industry;
- understand the role of the Company in the communities in which it operates;
- understand the legislative, business, social and political environments within which the Company operates;
- understand the strategic planning process and principal risks of the Company;
- remain knowledgeable about the senior executive structure and overall management of the Company; and
- keep abreast of corporate governance developments and emerging best practices in corporate governance.

### **5.5. Environmental Sustainability and Social Responsibility**

- (a) At least annually, review guidelines and practices relating to environmental protection, including the mitigation of pollution and climate change.
- (b) Consider whether the Company's policies and practices relating to the environment, climate change, greenhouse gases and other pollutants are being effectively implemented.
- (c) Review annually, or as required, a report from management on public policy proposals, laws or regulations relating to environment, health and safety and discuss with management the potential impact and application of such policies on the Company, including reputational risks and, if applicable, together with the Audit Committee, financial risks.
- (d) Review annually the Company's policies and processes adopted in support of conducting the Company's business towards meeting high standards of ethics, and social and environmental responsibility, including periodic review of the

adequacy and appropriateness of the Code of Conduct and Ethics Policy and management's implementation of the same and making any recommendations to the Board in that regard.

- (e) Together with the Audit Committee, review and recommend to the Board for approval the public disclosure relating to sustainability included in the Annual Information Form, Management's Discussion and Analysis, financial statements and any other public document, as applicable.
- (f) Together with the Operations and Audit Committees of the Company, review the Company's operational and capital plans/programs with respect to environmental impacts which pose a high risk to the Company, and potential opportunities and mitigation.
- (g) Review and recommend to the Board for approval, the need for disclosure of any information and reports concerning the Company's environmental, social and governance practices, as required by regulatory authorities or industry best practices.

## **5.6 Other Responsibilities**

- (a) Review the results of annual shareholder votes related to election of directors and recommend to the Board whether any actions are advisable in response to the same.
- (b) Periodically review the Company's policies and practices relating to the retention of records to ensure the same meet legal requirements, best practices and are being effectively implemented.
- (c) Regularly report to the Board about Committee activities, issues and related recommendations, including such matters as the Board may from time to time refer or delegate to the Committee.
- (d) Annually assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- (e) Evaluate the performance and effectiveness of the Committee on an annual basis.
- (f) Perform any other activities consistent with the Committee's mandate, the Company's governing laws and the regulations of relevant stock exchanges as the Committee or the Board deems necessary or appropriate.

## **6. RESPONSIBILITIES**

- 6.1 While the Committee will have the responsibilities and powers set forth in this Charter, it will not be the responsibility of the Committee to manage environmental, social and governance reporting. These are the responsibilities of management.

6.2 The Committee will take reasonable steps to ensure that management establishes and maintains the controls, procedures and processes that comply with all appropriate laws, regulations or policies of the Company. It is not the responsibility of the Committee to conduct investigations or to ensure compliance with laws, regulations or Company policies.

Prepared By:  /s/ Jordan Slator  Jordan Slator, Vice-President and General Counsel	Approved By:  /s/ Maryse Saint-Laurent  Maryse Saint-Laurent, Chair Governance and Sustainability Committee	Date of Approval and Issue:  August 26, 2020
---	---	--