

# ***HUMAN RESOURCES & COMPENSATION COMMITTEE CHARTER***

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| <b>VERSION NO.:</b>      | 4.2               |

# North American Construction Group Ltd.

## HUMAN RESOURCES & COMPENSATION COMMITTEE CHARTER

### 1. PURPOSE

The Board of Directors (the “Board”) of North American Construction Group Ltd. (the “Company”) has established the Human Resources & Compensation Committee (the “Committee”) for the purpose of assisting the Board in meeting its responsibilities in relation to: (a) executive compensation; (b) oversight of human resource policies; and (c) oversight of executive succession and development.

### 2. AUTHORITY

The Committee has the authority to:

- (a) review and recommend to the Board for approval the Company’s general compensation philosophy, policies and guidelines;
- (b) review and recommend to the Board for approval on an annual basis the corporate goals and objectives relevant to the compensation of the Chief Executive Officer (“CEO”);
- (c) review and recommend to the Board for approval the compensation package for the CEO, including without limitation, base salary, annual incentive compensation, retirement, health and welfare benefits and perquisites;
- (d) review and approve the compensation package for the Executive Management of the Company, other than the CEO, including without limitation, base salaries, annual incentive compensation, retirement, health and welfare benefits and perquisites. In this Charter, “Executive Management” includes the CEO and all individuals reporting directly to the CEO (save and except for the CEO’s Executive Assistant);
- (e) review and recommend to the Board for approval the structure, implementation, participation, amendments or termination of all long-term incentive compensation programs, including but not limited to, the Share Option Plan, Director Deferred Share Plan, Performance Share Unit Plan, and Restricted Share Unit Plan;
- (f) review and recommend to the Board for approval the compensation package for the Committee Chairs and other directors;
- (g) review and recommend to the Board for approval the recruitment, evaluation and succession plans for the CEO;
- (h) review and approve the recruitment, appointment, evaluation and succession plans for the Executive Management of the Company, other than the CEO;
- (i) conduct or authorize investigations into any matter within its scope of responsibilities;

- (j) retain and compensate independent compensation consultants, independent counsel and others to advise the Committee or assist it with respect to its responsibilities, including approval of applicable fees and the other terms and conditions of retention;
- (k) 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;
- (l) meet and communicate directly with the Company's officers, outside counsel and consultants, all as the Committee may deem necessary;
- (m) access all documents of the Company that the Committee may deem relevant to it in carrying out its responsibilities; and
- (n) 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 three and not more than six directors of the Company. The Board will appoint the Committee and its Chair from time to time, upon recommendation of the Governance Committee, 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 upon recommendation of the Governance Committee.

### **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 establish a quorum or to vote. The Committee will periodically meet *in camera* alone and separately with any advisor or consultant engaged by the Committee, the individual responsible for the human resource function, individual members of management and the Committee itself.
- 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. Compensation Philosophy

- (a) The Committee will review and recommend to the Board for approval the Company's compensation philosophy, policies and guiding principles.
- (b) The Committee will assess whether the Company's financial and non-financial performance indicators and the variable and long-term incentive plans are consistent with Company business strategy and where appropriate recommend to the Board any proposed changes thereto.
- (c) The Committee will review the Company's high level functional and organizational structure and where appropriate recommend to the Board any material changes thereto.

### 5.2. Executive Management

- (a) The Committee will review, assess and approve where appropriate those persons recommended by the CEO for appointment to Executive Management (other than the CEO) or as a corporate officer of the Company. The Committee has the right of veto and if the Committee does not approve of the CEO's recommendation of a person to be appointed to Executive Management, that person will not be appointed.
- (b) The Committee will review and make recommendations to the Board with respect to the approval of all agreements dealing with employment, termination, retirement or other special circumstance between the Company and the CEO.

- (c) The Committee will review and approve all agreements dealing with employment, termination, retirement or other special circumstance between the Company and any member of Executive Management, other than the CEO.
- (d) The Committee will review the CEO's performance evaluations of the other members of Executive Management.
- (e) The Committee will review and make recommendations to the Board with respect to the approval of the succession plan for the CEO.
- (f) The Committee will review and approve the succession plans for Executive Management other than the CEO on an annual basis.

### **5.3. Executive Compensation & Benefits**

- (a) The Committee will review and recommend to the Board for approval on an annual basis the corporate goals and objectives relevant to the compensation of the CEO. The Committee shall evaluate at least once a year the CEO's performance in light of the established goals and objectives and, based upon such evaluation, shall, together with all other independent members of the Board, determine and approve the CEO's annual compensation, including, as appropriate, salary, short term incentive and equity compensation. In determining the incentive components of the CEO's compensation, the Committee may consider a number of factors, including, but not limited to, the Company's performance and relative shareholder return, the value of similar incentive awards to CEO's at comparable companies and the awards given to the CEO in past years.
- (b) The Committee will review and approve the adequacy and form of compensation for Executive Management other than the CEO. The Committee will review and approve the levels and types of benefits and perquisites granted to Executive Management other than the CEO, and, except in respect of any long-term incentive plans, shall review and approve the annual incentive plan or plans for Executive Management other than the CEO.
- (c) The Committee will review and approve the compensation of individual members of Executive Management other than the CEO (including perquisites, annual bonus and other incentive awards, other than long-term incentive plans), such review to include any recommendations of the CEO made with respect to such individual member.
- (d) The Committee will review and recommend to the Board for approval the Executive share ownership requirements, amendments thereof and any changes to the mechanisms to achieve such requirements.

### **5.4. Long-term Incentive Plans**

- (a) The Committee will review and recommend to the Board for approval the implementation of, or any proposed changes to:

- (i) the Share Option Plan, Share Option Agreement, Directors' Deferred Share Unit Plan, Performance Share Unit Plan, Restricted Share Unit Plan or any other incentive plan requiring the issuance or use of, or tied to the value of, Company securities, directly or indirectly, and
- (ii) any incentive or bonus plan where the duration of the underlying performance measure(s) exceeds one year;

collectively referred to as the "long-term incentive plans".

- (b) The Committee will review and recommend to the Board for approval the eligibility of participants in the long-term incentive plans.
- (c) The Committee will review and recommend to the Board for approval any new grants, awards or payments under any long-term incentive plan.

#### **5.5. Director Compensation**

- (a) The Committee will review and recommend to the Board for approval the director compensation including annual retainers, any variable compensation and any additional retainers paid to the Chair of the Board, the Lead Director and to the Chairs of the committees of the Board, as applicable, as well as any directors' equity program.
- (b) The Committee will recommend to the Board for approval, after consultation with the Governance Committee, any changes to compensation mechanisms that may be required as a result of changes to Director and Executive Officer share ownership requirements.

#### **5.6. Other Compensation**

- (a) The Committee will review and approve the annual general percentage salary increase for the Company's full-time permanent employees, such review to include any recommendations of the CEO made with respect to such increase.
- (b) The Committee will review and recommend to the Board for approval any incentive or bonus plan for the Company's full-time permanent employees, such review to include any recommendations of the CEO made with respect to such incentive or bonus plan.

#### **5.7. Reporting**

- (a) The Committee will review and approve reports on executive compensation for publication in the Company's information circulars and similar disclosure documents as required by law, including where applicable, securities laws and the rules of any applicable stock exchanges.
- (b) The committee will review each quarter the reports pertaining to compensation and human resources matters from ClearView Connects, the company's Ethics Reporting Service.

## 6. GENERAL

- 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 human resources or non-executive compensation matters or risks faced by the Company. 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 applicable to matters within the Committee's oversight responsibilities. It is not the responsibility of the Committee to conduct investigations or to ensure compliance with laws, regulations or Company policies.

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| Prepared By:<br><br>/s/ Jordan Slator<br><br>Jordan Slator<br>VP & General Counsel | Approved By:<br><br>/s/ Tom Stan<br><br>Tom Stan, Chair<br>Human Resources & Compensation<br>Committee | Date of Approval and Issue:<br><br>November 17, 2020 |
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