



***NORTH  
AMERICAN***  
***CONSTRUCTION GROUP***

## ***EXECUTIVE COMPENSATION CLAW BACK***

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# EXECUTIVE COMPENSATION CLAW BACK POLICY

## 1. Introduction

The Company recognizes the importance of ensuring that executive management is not able to personally profit by virtue of financial misstatement or ethical misconduct. This policy sets out the framework within which any claw back of executive compensation is to be carried out.

## 2. Objective

The objective of this policy is to address situations in which executive management might profit from business activities that are conducted inappropriately or outside of approved risk limits and tolerances, or from a material error or misstatement of financial results, financial reporting or financial statements. It is not intended to penalize individuals for *bona fide* errors in judgment made in good faith, nor second guess legitimate business decisions that subsequently come under scrutiny; rather, it is designed to prevent unjust enrichment of executive officers due to inaccurate financial results reporting or intentional, dishonest behavior by those executive officers.

## 3. Definitions

In this policy:

- 3.1. “**Actual Compensation**” has the meaning set out in Section 5.3;
- 3.2. “**Awarded Compensation**” has the meaning set out in Section 5.3;
- 3.3. “**Board**” means the board of directors of the Company;
- 3.4. “**Company**” means North American Construction Group Ltd.;
- 3.5. “**Excess Compensation**” has the meaning set out in Section 5.3;
- 3.6. “**Executive Officer**” means any officer or former officer of the Company who holds or who held the title of President, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer or Vice-President;
- 3.7. “**Misconduct**” means fraud or other intentional illegal misconduct;
- 3.8. “**Performance-based Compensation**” means all bonuses and other incentive and equity compensation awarded to the Company’s Executive Officers, whether vested or unvested, the amount or payment of which, was calculated based wholly or in part on the application of objective performance criteria.

## 4. Scope

This policy applies to all individuals who are Executive Officers of the Company on the date this policy is first adopted or who become Executive Officers after that date, whether or not

they remain employed with the Company at the time a restatement occurs or recovery is sought.

## 5. Policy

5.1. In the event of:

- (a) a restatement of the Company's financial results (other than a restatement caused by a change in applicable accounting rules or interpretations);
- (b) an error or omission in determining Performance-based Compensation; or
- (c) an Executive Officer having engaged in Misconduct;

any of which has the result that Performance-based Compensation paid to an Executive Officer in any given period would have been a lower amount had it been calculated based on such restated results or in the absence of such Misconduct, error or omission, the Board shall review such Performance-based Compensation.

5.2. The determination of whether Misconduct or an error or omission has occurred shall be made by the Board, acting reasonably and in good faith, upon completion of an internal investigation utilizing qualified, third-party financial and legal advice. All costs of the Company incurred in connection with any internal investigation undertaken shall be borne by the Company. An affected Executive Officer may be permitted, but shall not be obligated, to participate in any investigation undertaken pursuant to this policy. Nothing contained in this policy shall require an Executive Officer or any other person to make any admission of wrongdoing or to voluntarily acknowledge or submit to a determination of Misconduct by the Board.

5.3. If the Board determines that the amount of any Performance-based Compensation actually paid or awarded to an Executive Officer (the "Awarded Compensation") would have been a lower amount had it been calculated based on such restated financial statements or in the absence of Misconduct, error or omission (the "Actual Compensation") then the Board shall, except as provided below, seek to recover from such Executive Officer for the benefit of the Company the after-tax portion of the difference between the Awarded Compensation and the Actual Compensation (such difference, the "Excess Compensation"). In determining the after-tax portion of the Excess Compensation, the Board shall take into account its good faith estimate of the value of any tax deduction available to the Executive Officer in respect of such repayment.

5.4. The Board shall not seek recovery of Excess Compensation to the extent it determines:

- (a) that Performance-based Compensation at issue in relation to a restatement is in relation to a financial year that ended more than two years prior to the financial year in which the applicable restatement occurs;

(b) that to do so would be unreasonable;

(c) that it would not be in the best interests of the Company to do so.

In making such determination, the Board shall take into account such considerations as it deems appropriate, including, without limitation:

(a) the likelihood of success under governing law versus the cost and effort involved,

(b) whether the assertion of a claim may prejudice the interests of the Company, including in any related proceeding or investigation; and

(c) any pending legal proceeding relating to Misconduct, if applicable.

5.5. Before the Board determines to seek recovery pursuant to this policy, it shall provide to any affected Executive Officer written notice and the opportunity to be heard, at a meeting of the Board (which may be in-person or telephone, as determined by the Board).

5.6. If the Board determines to seek a recovery pursuant to this policy, it shall make a written demand for repayment from the Executive Officer and, if the Executive Officer does not within a reasonable period tender repayment in response to such demand, and the Board determines that he or she is unlikely to do so, the Board may seek a court order against the Executive Officer for such repayment. The Company shall be entitled to pursue all legal and other remedies at its disposal including, without limitation, initiating legal action and cancelling or withholding vested, unvested and future compensation. The effect of tax and any third-party fines, penalties or damages imposed on the Executive Officer in respect of any Misconduct leading to the Excess Compensation will be considered by the Board, and appropriate credit given for such amounts, in determining the amount of the Excess Compensation to be recovered by the Board and appropriate recovery actions.

5.7. To the extent practicable and as permitted by law, including securities laws and stock exchange requirements pertaining to public disclosure, investigations and related findings under this policy shall be undertaken and treated in a confidential manner. Nothing contained in this policy shall derogate from an individual's rights at law, nor shall it preclude or prevent the Company or any individual, including any Executive Officer to whom this policy may be applied, from taking such actions or pursuing such remedies to which they may be entitled, including, as appropriate and without limitation, applications for injunction.

Prepared By:  /s/ Jordan Slator  Vice-President and General Counsel	Approved By:  /s/ Bryan Pinney  Lead Director	Date of Approval and Issue:  March 5, 2020
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