



***NORTH  
AMERICAN***  
***ENERGY PARTNERS INC.***

## ***CORPORATE GOVERNANCE***

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# CORPORATE GOVERNANCE POLICY

## 1. Introduction

The Board has the obligation to supervise the management of the business and affairs of the Company and is committed to responsible corporate governance practices that help ensure it serves the best interests of the Company in meeting that obligation. This Policy sets out the framework for those responsible corporate governance practices.

## 2. Objectives

The objectives of this Policy are to:

- (a) establish a framework to assist the Board in achieving good corporate governance in all aspects of the Company's business; and
- (b) ensure compliance with the governance requirements of applicable regulators and stock exchanges.

## 3. Definitions

In this Policy:

- (a) **"Board"** means the board of directors of the Company
- (b) **"Company"** means North American Energy Partners Inc.

## 4. Scope

This Policy applies to all activities of the Board.

## 5. Policy

### 5.1 Board Size and Board Positions

Within the structure of the Company's articles and by-laws, the Board has determined that it will be comprised of at least 6 directors to fill all of the committees required for an effective governance structure and to meet the regulatory requirements of the applicable stock exchanges. The Board has also determined that there will be no more than 10 directors in order to encourage lively, informed discussion and facilitate decision-making while managing the cost of operating the Board. The Board has documented the terms of reference for the Board Chair and for each of the Committee Chairs (see Appendix B and C, respectively).

### 5.2 Committees

In order to ensure effective management of the workload and concurrently meet the regulations of the applicable stock exchanges the Board will delegate some of its responsibilities to four committees as follows:

- (a) Audit Committee
- (b) Human Resources and Compensation Committee
- (c) Operations Committee

Each Committee will prepare a charter to describe its responsibilities and will annually review its charter to ensure it is current. Each Committee charter will be publicly disclosed on the Company's website.

All members of each Committee are required to be independent as defined in Section 5.5 below.

Each Committee will perform an assessment of its effectiveness each year based on the guidelines set by the Operations Committee and will report the findings of the annual review to the Board.

### 5.3 Board and Committee Composition

The Board will periodically review Board composition, approve the nomination of directors made by the Operations Committee, fill vacancies among the directors, appoint additional directors and appoint directors to committees. The Board has delegated certain of these responsibilities to the Operations Committee, as described in that committee's charter.

The CEO of the Company will serve as a director of the Company and will be the only management director. An exception will be permitted in limited circumstances and for a limited period of time where another officer of the company will fill a vacancy on the board until an independent director is recruited.

### 5.4 Director Qualifications and Diversity Criteria

In addition to having a Board comprised of highly experienced and skilled individuals, having a diversity of perspectives and viewpoints among its members is a significant benefit to corporate governance. To this end, the Board will, when identifying and selecting candidates for appointment or election to the Board, consider:

- (a) the qualifications, skills, knowledge, experience and expertise of potential candidates and the way in which the same would complement the qualifications, skills, knowledge, experience and expertise of existing Board members; and

- (b) diversity criteria, including but not limited to the gender, age, cultural and geographic backgrounds of potential candidates and how the same would lead to greater diversity on the Board.

Diversity of perspectives and viewpoints at the executive level is equally as important as at the Board level and, accordingly, the Board will also consider the above diversity criteria when identifying and selecting candidates for appointment to executive management positions.

It is not in the best interests of the Company or its shareholders to set any specific targets or quotas for recruiting Board members or executive management based on diversity criteria. Diversity criteria should be considered as one important aspect of the identification and selection process but should not be considered paramount to other important criteria.

## 5.5 Independence

The Board will be composed of a majority of independent directors.

The Board has determined that an independent director is a director who is not a member of management and who does not have a relationship with the Company or with management that may affect or be perceived to affect, the director's ability to act in the best interests of the Company.

A director is not independent if he or she does not satisfy the independence requirements contained in any applicable securities legislation or in the rules of any stock exchange on which the Company's securities are listed for trading. The Board may adopt other categorical standards for determining whether a director is independent and will review the independence of each of the non-management directors annually.

The Board has determined that the Company is best served by dividing the responsibilities of the Board Chair and CEO so that the Board Chair will be independent. The Board will elect a Chair who shall remain as the Chair until such time as he or she retires or until an alternate Chair is selected.

The Board has adopted a policy of meeting *in camera*, with only independent directors present, at each regularly scheduled Board meeting. *In camera* sessions are of no fixed duration and participating directors are encouraged to raise and discuss any issues of concern.

Directors are expected to speak and act independently, respecting differing views held by other directors and management.

## 5.6 Responsibilities of Directors

Directors are expected to use their skill and experience to provide oversight to the business of the Company. Directors are expected to attend meetings and to be prepared to participate actively and knowledgeably. See Appendix A for a full description of the responsibilities of each director.

#### 5.7 Conflicts of Interest

A Director has a conflict if he or she is:

- (a) a party to a material contract or transaction or proposed material contract or transaction with the Company;
- (b) a director or officer of any entity which is a party to a material contract or transaction or proposed material contract or transaction with the Company; or
- (c) a person who has a material interest in any entity which is a party to a material contract or transaction or proposed material contract or transaction with the Company.

Immediately upon becoming aware of an actual or potential conflict of interest a director shall inform the Chair or in his absence the CEO or secretary.

Because it may be impractical for a director who serves as a director or officer of another entity or who has a material interest in another entity to know that the entity is entering into a material contract or transaction with the Company (and therefore to give notice of every such material contract or transaction), it is sufficient for the director to deliver a general notice to the Board declaring that he or she is a director or officer or has a material interest in an entity and is to be regarded as interested in any material contract or transaction made with that entity.

To minimize the possibility of a conflict of interest not being identified, directors will provide to the Company and update annually, a list of all shares and options held in the Company and all other director positions they hold or shares held in other organizations.

#### 5.8 Director Compensation

The Board will compensate directors in a form and amount that is fair and appropriate for the services they perform and which is customary for comparable companies, having regard to such matters as time commitment, responsibility and trends in director compensation.

The Board, based upon recommendations of the Compensation Committee, will periodically review the adequacy and form of directors' compensation, including compensation of the Chair and the committee chairs, to ensure that it is

competitive and realistically reflects the responsibilities and risks involved in being a director.

To more closely align the interests of directors and the Company's shareholders, a portion of the directors' fees may be paid in the form of equity, which may be in the form of deferred share units or other stock-based compensation. In addition, directors are encouraged to hold shares of the Company for their own accounts.

Management directors will not receive additional compensation for Board service.

#### 5.9 Orientation and Education

The Board will provide an orientation programs for new directors. The Board will ensure that all new directors understand the role of the Board and its committees. Each director will be provided with a copy of all of the corporate governance policies and charters.

Management will conduct orientation sessions with new directors to review the Company's business, current issues, risks and opportunities. Management will also provide directors with opportunities to increase their knowledge and understanding of the Company's business.

#### 5.10 Management Succession

The Board expects management succession planning to be an ongoing activity to be reviewed and approved by the Board. This planning process will include, on a continuing basis, the CEO's recommendation of a successor in the event of an unexpected incapacitation of the CEO.

#### 5.11 Access to Advisors

The Board, each committee and, subject to approval of the Board Chair, each individual director will have access to independent legal, accounting, financial and other advisors as each deems necessary or appropriate to assist the Board, committee or director in the conduct of their respective duties. The engagement of such advisors will be at the expense of the Company.

In addition, any director who wishes to engage a non-management advisor at the expense of the Company to assist on matters involving his or her responsibilities as a director should review the request with and obtain the authorization of the Board Chair.

#### 5.12 Term Limits and Retirement Age

As set out in the by-laws, the election of directors will take place at each annual meeting of shareholders where the terms of all directors then in office shall be deemed to end. If qualified, however, each shall be eligible for re-election. The Board has determined that fixed term limits for directors should not be established. The Board is of the view that such a policy would have the effect of forcing directors off the Board who have developed, over a period of service, considerable insight into the Company and who, therefore, can be expected to provide an increasing contribution to the Board. At the same time, the Board recognizes the value of some turnover in Board membership to provide ongoing input of fresh ideas and views and annually considers changes to the composition of the Board.

Unless otherwise determined by the Board, a director will retire from the Board once that person has reached 75 years of age.

5.13 Evaluation

The Board is responsible to ensure the continued effectiveness of the Board and to foster a process of continuing improvement. Each director will periodically participate in a Board and committee effectiveness assessment. The Operations Committee is responsible for establishing this process.

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**APPENDIX A – Responsibilities of Directors**

Directors are expected to:

- Understand and fulfill the legal requirements and fiduciary and other obligations of a director.
- Act honestly and in good faith with a view to the best interests of the Company.
- Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- Participate, as necessary, in the review and approval of Company policies and strategies and in monitoring their implementation.
- Exercise their directors' powers for the purposes for which they are intended.
- Comply with the Company's Code of Conduct and Ethics Policy.
- Disclose to the Board when their personal interests and their duty to the Company are brought into conflict.
- Use their abilities, experience and influence constructively.
- Respect the confidentiality of fellow Board members and of the Company.
- Understand the difference between governing and managing and not encroach on management's mandate and areas of responsibility.
- Participate, as requested by the Board, on Board committees. The Board will endeavour to limit a director's participation to two committees in order to enable the director to give proper attention to each committee, as well as to the Board. Committee members are expected to become knowledgeable about the purpose and goals of the relevant committees, as well as the process of committee work and the role of management, staff and outside advisors supporting the Board's committees.
- When appropriate, communicate with the Board Chair and the CEO between meetings and be responsive when an officer of the Company or member of the Board desires to communicate between meetings.
- Prepare for Board and committee meetings in advance.
- Attend all regular scheduled Board and committee meetings in person. It is acceptable, on an infrequent basis, for directors to participate in these meetings by conference call if attendance in person is not possible. A director will notify the Board Chair or the CEO if he or she will not be able to attend or participate in a meeting.

- Become sufficiently knowledgeable about the Company's business, services, principal regulators and industry.
- Develop an understanding of the role of the Company in the communities in which it operates.
- Maintain an understanding of the legislative, business, social and political environments within which the Company operates.
- Maintain an understanding of the strategic planning process and principal risks of the Company.
- Remain knowledgeable about the executive management structure and overall management of the Company.
- Keep abreast of corporate governance developments and emerging best practices in corporate governance.
- Take part in a periodic performance review of the Board as a whole and of any committee to which he or she is a member in an honest and positive manner in order to contribute to continuous improvement in relation to the functioning of the Board and the committees.

**Appendix B: Board Chair – Terms of Reference**

**1 Introduction**

- 1.1 These terms of reference are intended to identify the specific responsibilities of the Board Chair of North American Energy Partners Inc. (the “Company”) and to enhance coordination and communication between the Board Chair, the Board and the Chief Executive Officer (the “CEO”).
- 1.2 The responsibilities identified here are to be carried out consistently with the principles stated in the Company’s Code of Conduct and Ethics Policy. These terms of reference complement the charters of the committees of the Board and the terms of reference for directors and the committee chairs as well as the position description for the CEO (see Appendix A to the Compensation Committee Charter).
- 1.3 The Board Chair reports to the Board and shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities.
- 1.4 The Board Chair will be a non-management director.
- 1.5 The Board Chair’s performance will be measured against the effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.

**2 Board Leadership**

The Board Chair has the responsibility to:

- 2.1 Provide leadership in ensuring that the Board works harmoniously as a cohesive team.
- 2.2 Facilitate the Board functioning independently of management by ensuring that the Board meets regularly without management and by engaging outside advisors as required.
- 2.3 Provide guidance to the Board and management to ensure that the responsibilities of the Board are well understood by both the Board and management and that the boundaries between Board and management responsibilities are clearly understood and respected.
- 2.4 Attend committee meetings and communicate with directors between meetings, as required.

- 2.5 Establish procedures to govern the Board's work including:
- working with the CEO and Secretary to schedule meetings of the Board and its committees;
  - developing the agenda for Board meetings with input from other directors and management;
  - working with the CEO and Secretary to ensure that proper and timely information is delivered to the Board;
  - working with the CEO to ensure that the conduct of Board meetings provides adequate time for serious discussion of relevant issues;
  - chairing all meetings of the Board, to the fullest extent possible;
  - encouraging full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
  - providing an opportunity for the independent directors to meet in-camera, in conjunction with each meeting of the Board;
  - ensuring that any decisions arising from in-camera sessions are conveyed to the Secretary to be included in the minutes of the meeting;
  - ensuring that the Board has appropriate administrative support; and
  - addressing complaints, questions and concerns regarding Board matters, including consideration and approval of a director's request to engage a non-management advisor at the Company's expense.

### **3 Board Development**

The Board Chair has the responsibility to:

- 3.1 Assist the Operations Committee in implementing the Board assessment process and lead the Board in discussing the results.
- 3.2 Lead in continuous improvement of Board processes and provide directors with opportunities to increase their knowledge and understanding of the Company's business.
- 3.3 Upon recommendation of the Operations Committee, approach new candidates to serve on the Board.

**4 Working with Management**

The Board Chair has the responsibility to:

- 4.1 Represent shareholders and the Board to management and represent management to the Board and shareholders.
- 4.2 Work with the Board and the CEO to ensure that the Company is building a healthy governance culture.
- 4.3 Assist in effective communication between the Board and management, including follow-up of major items required by management or the Board.
- 4.4 Communicate openly and effectively with the CEO regarding strategy, governance matters, performance of the Company and feedback from directors.
- 4.5 Maintain regular contact with the CEO to keep well informed on the major affairs and operations of the Company.
- 4.6 Assist the Compensation Committee in monitoring and evaluating the performance of the CEO and senior officers and ensuring succession plans are in place at the senior management level.
- 4.7 Serve as advisor to the CEO and other senior officers.

**5 Shareholder Relations**

The Board Chair has the responsibility to:

- 5.1 Chair annual and special meetings of the shareholders.
- 5.2 Receive concerns addressed to the Board from stakeholders about the Company's corporate governance, business conduct and ethics or financial practices. The Board Chair will inform and consult with management to determine an appropriate response.

**Appendix C: Committee Chair - Terms of Reference**

**1 Introduction**

- 1.1 These terms of reference are intended to identify the specific responsibilities of a committee chair of North American Energy Partners Inc. (the “Company”) and to enhance coordination and communication among the committee, the Board Chair, the Board and the Chief Executive Officer (the “CEO”).
- 1.2 The responsibilities identified here are to be carried out in a manner consistent with the principles stated in the Company’s Code of Conduct and Ethics Policy. These terms of reference complement the charters of the committees of the Board, the terms of reference for directors and the position description for the CEO.
- 1.3 The committee chair is nominated by the Board Chair and elected by the Board, reports to the Board and provides leadership in the effective execution of all committee responsibilities.
- 1.4 For each committee the chair’s performance will be measured based on the satisfaction of committee members and of the Board regarding the functioning of the committee.

**2 Role of the Committee Chair**

The committee chair has the responsibility to:

- 2.1 Provide leadership in ensuring that the committee works harmoniously as a cohesive team.
- 2.2 Facilitate the committee functioning independently of management by meeting regularly without management and engaging outside advisors as required.
- 2.3 Communicate with committee members between meetings as required.
- 2.4 Facilitate information sharing with other committees, as required, to address matters of mutual interest or concern.
- 2.5 Lead in continuous improvement of committee processes and provide committee members with opportunities to increase their knowledge and understanding of the Company’s business.
- 2.6 Assist in effective communication between the committee and management, including follow-up of major items required by management, the Board or by the committee.

- 2.7 Establish procedures to govern the committee's work including:
- work with the CEO and Secretary to schedule meetings of the committee;
  - develop the agenda for committee meetings with input from the Board Chair, other committee members and management;
  - work with the Board Chair, CEO and Secretary to ensure that proper and timely information is delivered to the committee;
  - work with the Board Chair and CEO to ensure that the conduct of committee meetings provides adequate time for proper discussion of relevant issues;
  - chair all meetings of the committee;
  - encourage full participation, stimulating debate, facilitating consensus and ensuring clarity regarding decision-making;
  - report regularly to the Board on the activities of the committee, including the results of meetings and reviews undertaken and any associated recommendations;
  - ensure that the committee has appropriate administrative support; and
  - address complaints, questions and concerns regarding committee matters.