

STELLA-JONES INC.
(the “Corporation”)

BOARD DIVERSITY AND COMPOSITION POLICY

Policy Statement

Stella-Jones Inc. recognises the benefits that diversity can bring to the Board. Diversity promotes the inclusion of different perspectives and ideas and improves oversight and the quality of decision making. A truly diverse Board will include differences in skills, professional and industry experience, race, ethnicity, gender, will encourage the use of Canada’s two official languages and will possess other attributes that are essential to its successful operation and achievement of the Corporation’s objectives. These differences will be considered in determining the optimum composition of the Board, reflecting its current and long-term needs.

In support of this goal, the Governance and Nomination Committee will, when identifying candidates to recommend for election to the Board:

- a. consider individuals who are highly qualified, based on their talents, experience, and personal skills, character and qualities with regard to the Corporation’s skills and competency matrix as determined by the Board’s Governance and Nomination Committee from time to time (“Skills Matrix”) , and fill gaps identified in such Skills Matrix to achieve optimum Board composition;
- b. consider criteria that promotes diversity, including but not limited to, gender, race, ethnicity, age, and other dimensions;
- c. require at least 30% of the Board to be gender diverse
- d. engage qualified independent external advisors to assist the Board in conducting its search and/or screening of candidates.

Additionally, as part of the annual performance evaluation of the effectiveness of the Board, its Committees and individual Directors, the Board will consider the balance of skills, experience, independence and knowledge of the Corporation’ Board, as well as the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.

Term Limits and Mandatory Retirement Age

The Board acknowledges that term limits help create a balance between the benefit of fresh ideas and viewpoints of new directors and the experience of seasoned Board members, who have been able to develop, over a period of time, increasing insight into the Corporation and its operations, thereby, providing valuable contributions to the Board as a whole. In furtherance of the foregoing, the Director tenure limitations established, set out that a non-executive Director shall not be eligible for service for the year subsequent to serving the earlier of 15 years on the Board or attaining 75 years of age. However, when two or more directors are due to retire within the same 12-month period, the Board may allow for certain exemptions to ensure orderly director transitions. For instance, the Board may request that a Director who has reached a tenure or age limit, delay his/her Board retirement and serve an additional year, or such time as the Board determines reasonable in the circumstances.

Canadian Residency and Citizenship Composition

When identifying candidates to recommend for election to the Board, the Governance and Nominating Committee will ensure compliance with the following residency and citizenship laws:

- a. The Canada Business Corporations Act (“CBCA”) requires 25% of the Board to be resident Canadians, as defined by the CBCA.
- b. The Investment Canada Act and Alberta’s Foreign Ownership of Land Regulations both require that at least 2/3rds of the Board be Canadian citizens or permanent residents.

Board Membership Limitations

Non-executive Directors serving on four (4) or more public company Boards, including Stella-Jones, will not be considered for nomination or renewal.

Monitoring and Reporting

The Corporation will report annually, in the Corporate Governance section of the Corporation Management Proxy Circular, on the process that the Board has used in relation to Board nominations. Such report will include a summary of this Policy, the measurable objectives set for implementing the Policy (if any) and progress made towards achieving those objectives.

Review of the Policy

The Board of Directors will review this Policy annually, which will include an assessment of the effectiveness of the Policy. The Board will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

Reviewed and approved by the Board of Directors on January 21, 2022