

## **Stella Jones Inc.**

(“Stella-Jones” or the “Corporation”)

### **Director Share Ownership Guidelines**

To further align the interests of Stella-Jones’ Board of Directors (the “Board”) with our shareholders and help promote sound corporate governance, the Board has adopted these Director Share Ownership Guidelines (“Guidelines”).

#### **Share Ownership Requirement**

Pursuant to these Guidelines, each non-executive Director is required to own common shares of Stella-Jones equal in value to at least three times the annual cash retainer (“Non-Executive Guidelines”). Any Director who is an executive officer of the Corporation is required to hold common shares of Stella-Jones equal in value to at least one time his or her annual base salary (“Executive Guidelines”). Each Director is required to hold such shares for as long as they are a member of the Board.

For purposes of determining whether the above Guidelines are satisfied, the following sources of share ownership will be included:

- common shares of the Corporation purchased by the Director on the open market or acquired from treasury upon exercise of stock options or otherwise;
- deferred, restricted or performance share units or restricted shares of the Corporation granted to the Director by the Corporation, whether or not vested; and

For purposes of determining whether the Guidelines are satisfied, shares underlying any unexercised outstanding stock option, whether or not vested, will not be included.

#### **Timeline and Threshold**

Directors are required to achieve the applicable Guidelines within five years after becoming subject thereto.

Non-Executive Guidelines shall be maintained for a minimum of two fiscal quarters following cessation of Board duties. Executive Guidelines shall be maintained for a minimum of two fiscal quarters following the last date of employment with the Corporation.

Share prices of all companies are subject to market volatility. The Board believes that it would be unfair to require a Director to purchase more shares simply because Stella-Jones shares drop temporarily. For the purposes of these Guidelines, the share value is based on the greater of the market price of the shares as of the relevant determination date (being July 1<sup>st</sup> of each year), and the price paid by the Director for his or her shares (or the grant date fair value of his or her share units or restricted shares, as applicable).

#### **Compliance**

Compliance with these Guidelines will be evaluated by the Governance and Nomination Committee, which shall prepare a report to the Board on compliance with the Guidelines on an annual basis.

Reviewed and Approved by the Board of Directors on December 11, 2019.