NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
MAY 10, 2016
AND
MANAGEMENT INFORMATION CIRCULAR

March 3, 2016

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the annual meeting (the ''Meeting'') of holders ("Shareholders") of common shares ("Shares") of Morneau Shepell Inc. (the ''Company'') will be held at the Fairmont Royal York, 100 Front Street West, Toronto, Ontario, M5J 1E3 on Tuesday, May 10, 2016 at 4:15 p.m. (Eastern Time) for the following purposes:

(1) To receive the consolidated financial statements of the Company for the financial period that ended December 31, 2015, together with the report of the auditors thereon;

(2) To elect the Directors of the Company for the ensuing year;

(3) To appoint the auditors of the Company and authorize the Directors of the Company to fix their remuneration; and

(4) To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice.

The Management's Discussion and Analysis of financial condition and results of operations, the Audited Consolidated Financial Statements of the Company and the Auditors' Report to the Shareholders for the financial period ended December 31, 2015 are posted at morneaushepell.com and sedar.com.

A Shareholder who is unable to be present at the Meeting and who wishes to appoint some other person (who need not be a Shareholder) to represent him or her at the Meeting may do so either by striking out the names set forth in the enclosed form of proxy and by inserting such person's name in the blank space provided therein or by completing another proper form of proxy, and, in either case, by returning the completed proxy in the pre-addressed return envelope provided for that purpose, to CST Trust Company no later than 5:00 p.m. (Eastern Time) on May 6, 2016. The record date for determining those Shareholders entitled to receive notice and to vote at the Meeting is the close of business on March 21, 2016.

DATED at Toronto, Ontario, this 3rd day of March, 2016.

BY ORDER OF THE DIRECTORS OF MORNEAU SHEPELL INC.

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Susan Marsh, Corporate Secretary
Morneau Shepell Inc.

DEFINITIONS

Definitions: In this Circular, the following expressions have these meanings:

"Adjusted EBIT" means Adjusted EBITDA as calculated and defined in the Morneau Shepell Management's Discussion and Analysis for the year ended December 31, 2015, less depreciation and amortization excluding acquisition related amortization;

"Beneficial Shareholders" means Shareholders who do not hold Shares in their own names;

"Board" means the Board of Directors of Morneau Shepell Inc.;

"CDS" means CDS Clearing and Depository Services Inc.;

"CEO" means President and Chief Executive Officer;

"CFO" means Chief Financial Officer;

"CNCG Committee" means Compensation, Nominating and Corporate Governance Committee of the Board;

"Code" means the Morneau Shepell Code of Business Conduct and Ethics;

"Company" or "Morneau Shepell" means Morneau Shepell Inc.;

"Directors" means directors of the Company;

"DSUs" means deferred share units of the Company;

"Governance Committee" means the Governance and Nominating Committee of the Board;

"HR Committee" means the Human Resources Committee of the Board;

"LTIP" means Long-Term Incentive Plan;

"LTIP Participants" means employees and Directors of Morneau Shepell to whom LTIP Units have been granted;

"LTIP Units" means the RSUs, the Retirement DSUs and the Post-Retirement DSUs;

"Management Information Circular" means this management information circular of Morneau Shepell Inc. dated March 3, 2016;

"Meeting" means the annual meeting of the shareholders of Morneau Shepell Inc. common shares to be held on Tuesday, May 10, 2016 as it may be adjourned from time to time;

"meeting materials" means the Notice of Annual Meeting of Shareholders and the Management Information Circular and the form of proxy to be used by CDS as the sole registered Shareholder;

"Morneau Shepell" means Morneau Shepell Inc.;

"NEOs" or "named executive officers" means the Company's CEO, CFO and the three other most highly compensated executives;

"Post-Retirement DSUs" means the post-retirement deferred share units of the Company;

"Preferred Shares" means the preferred shares which form part of Morneau Shepell's authorized capital;

"Retirement DSUs" means the retirement deferred share units of the Company;

"RSUs" means restricted share units of the Company;

"Shareholders" means holders of Shares;

"Shares" means common shares of the Company; and

"TSX" means Toronto Stock Exchange.

MANAGEMENT INFORMATION CIRCULAR

The directors (the "Directors") of Morneau Shepell Inc. (the "Company" or "Morneau Shepell"), in conjunction with the management of Morneau Shepell, are pleased to announce the Company's 2016 annual meeting (the "Meeting"). The management of Morneau Shepell has prepared this Management Information Circular, and is asking you to vote and is soliciting proxies for the matters to be considered at the Meeting of holders (the "Shareholders") of common shares ("Shares") of the Company. The record date for notice and voting at the Meeting (the "Record Date") is March 21, 2016.

THE COMPANY

Morneau Shepell was incorporated on October 19, 2010 pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "OBCA") and is the successor to Morneau Sobeco Income Fund, which was an income trust established on August 22, 2005. Morneau Shepell indirectly carries on its business through its operating subsidiary, Morneau Shepell Ltd., and its subsidiaries.

Morneau Shepell is a reporting issuer in all Canadian provinces and territories and, accordingly, is subject to the informational reporting requirements under the securities laws of each such jurisdiction. The principal and head office of Morneau Shepell is located at 895 Don Mills Road, Suite 700, Toronto, Ontario M3C 1W3.

As at March 3, 2016 there were 48,272,449 Shares outstanding.

PROXY SOLICITATION AND VOTING AT THE MEETING

Solicitation of Proxies and Voting Instructions

This Management Information Circular is furnished in connection with the solicitation of proxies for use at the Meeting to be held at the Fairmont Royal York, 100 Front Street West, Toronto, Ontario, M5J 1E3 on Tuesday, May 10, 2016 at 4:15 p.m. (Eastern Time) and, at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. In addition to the use of mail, proxies may be solicited in person, by telephone or by other means of communication, or by employees of the Company, who will not be remunerated therefore. The Company reserves the right to retain proxy solicitation services or dealers, for appropriate compensation, but has no current plans to do so. The Company is bearing the cost of the solicitation of the proxies.

Appointment of Proxies

The persons named in the enclosed form of proxy are Directors. A registered Shareholder who wishes to appoint some other person to represent him/her at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. Such other person need not be a Shareholder.

To be valid, proxies must be returned to CST Trust Company so as to arrive no later than 5:00 p.m. (Eastern Time) on May 6, 2016 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any reconvened meeting, or be deposited with the Chair of the Meeting prior to the commencement of the Meeting or any reconvened meeting. Proxies may be returned by facsimile to (416) 368-2502, or 1-866-781-3111 or by mail (a) in the enclosed envelope, or (b) in an envelope addressed to CST Trust Company, Attn: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1.

Information for Beneficial Holders of Securities

The information set forth in this section is of significant importance to Shareholders who do not hold Shares in their own names. Such holders, referred to in this Management Information Circular as "Beneficial Shareholders", should note that since all Shares are held in the book-based system operated by CDS Clearing and Depository Services Inc. ("CDS"), only proxies deposited by CDS, as the sole registered Shareholder, can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those Shares will not be registered in the Beneficial Shareholder's name on the records of the Company. All such Shares will be registered under the name of CDS. Shares should only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are generally prohibited from voting Shares on behalf of their clients. In accordance with applicable securities laws, the Company has distributed copies of this Notice of Annual Meeting of Shareholders and Management Information Circular and the form of proxy to be used by CDS as the sole registered Shareholder (collectively, the "meeting materials") to CDS and intermediaries for onward distribution to Beneficial Shareholders. The Company will reimburse intermediaries for out of pocket costs of delivery.

Intermediaries are required to forward meeting materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Typically, intermediaries will use service companies to forward the meeting materials to Beneficial Shareholders. Beneficial Shareholders who have not waived the right to receive meeting materials will either:

a) be given a voting instruction form that must be completed and signed by the Beneficial Shareholder in accordance with the directions on the voting instruction form, which may in some cases permit the completion of the voting instruction form by telephone or through the Internet; or

b) less frequently, be given a proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the Beneficial Shareholder but which is otherwise uncompleted. This form of proxy need not be signed by the Beneficial Shareholder. In this case, the Beneficial Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy received from the intermediary and deposit it as soon as practicable but no later than 5:00 p.m. (Eastern Time) on May 6, 2016 with the CST Trust Company, Attn: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1.

The purpose of these procedures is to permit Beneficial Shareholders to direct the voting of the Shares they beneficially own. **A Beneficial Shareholder has the right to appoint a person or company to represent the Beneficial Shareholder at the Meeting other than the person or company, if any, designated in the form of proxy or voting instruction form**. Should a Beneficial Shareholder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person, or have another person attend and vote on behalf of the Beneficial Shareholder, the Beneficial Shareholder should strike out the names of the persons named in the proxy and insert the Beneficial Shareholder's or such other person's name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Beneficial Shareholders should carefully follow the instructions of their intermediaries and their service companies.

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please review the voting instructions provided to you or contact your broker or agent well in advance of the Meeting to determine how you can do so.

Revocation of Proxies

A registered Shareholder who has given a proxy may revoke the proxy:

a) by completing a proxy signed by the Shareholder or by the Shareholder's attorney, authorized in writing, bearing a later date, and depositing it with the transfer agent as described above; or

b) by depositing an instrument of revocation in writing, executed by the Shareholder or by the Shareholder's attorney, authorized in writing:

(i) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used, or

(ii) with the Chair of the Meeting prior to the exercise of the proxy; or

c) in any other manner permitted by law.

A Beneficial Shareholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary may not act on a revocation of a voting instruction form or of a waiver of the right to receive meeting materials and to vote that is not received by the intermediary in sufficient time prior to the Meeting.

Voting of Proxies

The persons named in the accompanying form of proxy, who are Directors, will vote or withhold from voting Shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Shareholder as indicated on the proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. In the absence of such specification, such Shares will be voted FOR all of the matters to be acted upon as set out herein. The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and Notice of Annual Meeting of Shareholders, which may be properly brought before the Meeting. In the event that amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their judgment on such matter or business. At the time of printing this Management Information Circular, the Directors knew of no such amendment or variation.

PRINCIPAL HOLDERS*

The following table lists those persons who own or are known to the Company to own beneficially, directly or indirectly, more than 10% of the issued and outstanding Shares of the Company as at March 3, 2016.

Name	Number of Shares Owned	Percentage of Total Shares
1832 Asset Management L.P.	6,312,368	13.08%
Mawer Investment Management Ltd.	5,318,413	11.02%

* Number of Shares owned as reported by the shareholder in the public filings on SEDAR

BUSINESS OF THE MEETING

1. Financial Statements

The Audited Consolidated Financial Statements of the Company for the period ended December 31, 2015, together with the Auditors' Report on those statements, are available at morneaushepell.com and sedar.com, and will be presented to Shareholders at the Meeting.

2. Election of Directors

The nominees for Directors of the Company are listed and described below under "Election of Directors". Unless otherwise instructed, the persons designated in the form of proxy intend to vote for the election of the nominees listed in this Management Information Circular. If, for any reason at the time of the Meeting, any of

the nominees are unable to serve as Directors, and unless otherwise directed, the persons named in the form of proxy intend to vote in their discretion for a substitute nominee or nominees.

3. Appointment of Auditors

The Directors propose that the firm KPMG LLP be appointed as the auditors of the Company for the 2016 financial year. KPMG LLP has served as auditor to the Company since its inception. Unless otherwise directed, the persons named in the form of proxy intend to vote for the resolution in respect of KPMG LLP.

4. Other Business

The Directors know of no matter to come before the Meeting other than the matters referred to in the accompanying Notice of Annual Meeting of Shareholders.

NUMBER OF SHARES

As of March 3, 2016, 48,272,449 Shares are issued and outstanding. Each holder of a Share is entitled to one vote, for each Share held, on all matters to come before the Meeting. The authorized capital of Morneau Shepell consists of an unlimited number of Shares and 10 million preferred shares issuable in series (the "Preferred Shares"). No Preferred Shares have been issued by the Company. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares of Morneau Shepell.

Common Shares

Holders of Shares will be entitled to one vote per Share at meetings of Shareholders, to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of Morneau Shepell upon its dissolution or winding-up, subject to the rights of shares having priority over the Shares.

ELECTION OF DIRECTORS

In accordance with the articles of incorporation of the Company, the size of the Board shall be between one and 20. The Board has established that its size following the Meeting shall be nine. The Board has adopted a majority voting policy in director elections that will apply at any meeting of the Company's Shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chair of the Board promptly following the meeting. Following receipt of resignation, the Governance and Nominating Committee of the Company (the "Governance Committee") will consider whether or not to accept the offer of resignation. With the exception of special circumstances, the Governance Committee will be expected to recommend that the Board accept the resignation. The resignation will be effective when accepted by the Board. Within 90 days following the meeting, the Board will make its decision and promptly disclose it by a press release, such press release to include the reasons for rejecting the resignation, if applicable. A Director who tenders his or her resignation pursuant to this majority voting policy will not be permitted to participate in any meeting of the Board or the Governance Committee at which the resignation is considered.

The nine nominees proposed for election as Directors by the Shareholders are detailed below. All nominees have established their eligibility and willingness to serve as Directors. Directors elected will hold office until the next annual meeting of Shareholders, or until their successors are appointed. Details in this section regarding Board and Committee membership and attendance are reported as of December 31, 2015.

JILL DENHAM, ONTARIO, CANADA
CHAIR, DIRECTOR

Jill Denham is Chair of the Board. Ms. Denham is a corporate director and from 2001 to 2005 she was Vice Chair, CIBC Retail Markets. Ms. Denham joined Wood Gundy (subsequently acquired by CIBC) in 1983 as an Assistant Vice President in Corporate Finance and throughout her career at CIBC held progressively more senior roles, including President, CIBC Wood Gundy Capital (1992), Managing Director and Executive Vice President, CIBC, Europe (1997), as well as head of Commercial Banking (1999) and CIBC World Markets e-commerce (2000). Ms. Denham is a director of National Bank of Canada, Markit Ltd., Penn West Petroleum Ltd., and she is Chair of the Board of Munich Reinsurance Company of Canada and Temple Insurance Company. She is also a director of the Centre for Addiction and Mental Health (CAMH). She is a past director of the Ontario Teachers' Pension Plan Board. She holds an HBA from the University of Western Ontario School of Business Administration and an MBA from the Harvard Business School.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Chair, Board	6 of 6	55	October 22, 2008	$94,166	8,630	14,184	No*
Audit Committee	4 of 4						
Other Directorship of Publicly-owned entities:	National Bank of Canada Markit Ltd. Penn West Petroleum Ltd.			- - -	Director and Member, HR Committee Director and Member, HR Committee and Governance Committee Director and Member, Governance Committee		

*Jill Denham was appointed as Chair of the Board in October 2015 and has new ownership requirements

RON LALONDE, ONTARIO, CANADA
DIRECTOR

Ron Lalonde is a corporate director. Prior to his retirement in 2010, Mr. Lalonde was Senior Executive Vice President, Technology & Operations at CIBC. Prior to this, Mr. Lalonde was the Chief Administrative Officer of CIBC, with responsibility for finance, legal, compliance, human resources, marketing and other support functions. Mr. Lalonde also held senior executive positions in London, England and New York. Mr. Lalonde currently serves as a director of several companies, including Street Capital Group Inc., SCM Insurance Services Inc. and Thinking Capital Financial Corporation. Mr. Lalonde serves as a Commissioner on the Board of the Toronto Transit Commission and is a director of The Canadian Stage Company. Mr. Lalonde holds a BA from the University of Western Ontario and an MBA from the Ivey Business School.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Board	N/A	60	March 2, 2016	N/A	Nil	N/A	No
Other Directorship of Publicly-owned entities:	Street Capital Group Inc.			-	Director		

DIANE MACDIARMID, ONTARIO, CANADA
DIRECTOR

Diane MacDiarmid is President, MacDiarmid & Company, a human resources and organizational effectiveness consulting firm. Previously Ms. MacDiarmid was Executive Vice President, Corporate Resources with Bentall Kennedy LP, a North American real estate investment and services company. In that position, which she held for seven years, Ms. MacDiarmid led Bentall Kennedy's human resources and strategy functions. Prior to joining Bentall Kennedy, Ms. MacDiarmid was President of Oliver Wyman Delta Canada. In her 16 year consulting career with Oliver Wyman, Ms. MacDiarmid worked with the senior leadership of companies across North America addressing issues of strategy, organization design and leadership effectiveness. Earlier in her career Ms. MacDiarmid worked in financial services, consulting engineering and the oil industry. Ms. MacDiarmid holds an MBA from the Schulich School, York University, Toronto and a BSc of Applied Science from Queen's University, Kingston, Ontario. She is a member of the board of Altus Group Limited.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Board	6 of 6	60	October 22, 2008	$79,000	7,000	20,411	Yes
CNCG Committee	4 of 4						
Other Directorship of Publicly-owned entities:	Altus Group Limited			-	Director, Member, HR and Compensation Committee and Chair, Governance Committee		

JACK M. MINTZ, ALBERTA, CANADA
DIRECTOR

Jack Mintz is the President's Fellow of the School of Public Policy at the University of Calgary after serving as its founding director until July 1, 2015. He has published widely in the field of public economics and was recently awarded the Order of Canada for his role as a global advisor in fiscal policy. He presently serves on several boards including Imperial Oil Limited, Literary Review of Canada and Chair of the Social Sciences and Humanities Research Council of Canada. He was also appointed by the Federal Minister of Finance to the Economic Advisory Council to advise on economic planning 2008-2015, by the Federal Minister of Health to the Health and Innovation panel 2014-2015, and had been the research director for the Federal-Provincial Territorial Ministers' Working Group on Retirement Income Research in 2009. He was a Visiting Professor, New York University Law School, 2007 and Columbia Law School 2015; President and CEO of the C. D. Howe Institute from 1999-2006; Clifford Clark Visiting Economist at the Department of Finance, Ottawa and Chair of the federal government's Technical Committee on Business Taxation in 1996 and 1997; and Associate Dean (Academic) of the Faculty of Management, University of Toronto, 1993–1995.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Board	6 of 6	64	October 22, 2008	$83,500	9,000	29,180	Yes
CNCG Committee	4 of 4						
Audit Committee	4 of 4						
Other Directorship of Publicly-owned entities:	Imperial Oil Limited			- - -	Director and Chair, EHS Committee Director and Member of Imperial Oil Foundation Member, Executive Resources Committee, Audit Committee, Nominations and Corporate Governance Committee		

W.F. (FRANK) MORNEAU, SR., ONTARIO, CANADA
HONORARY CHAIRMAN

W.F. Morneau Sr. is the Honorary Chair and founder of Morneau Shepell. He has served on a number of corporate and charitable boards. Mr. Morneau is the past Chair of University of St. Michael's College, past Chair of the Providence Healthcare Foundation, past Treasurer and Board Member of the Sunnybrook and Women's Foundation, past Chair and director of the Patrons of the Arts of the Vatican Museums, past Chair of WFI Industries Ltd., and Honourable Chair of the Newman Foundation at the University of Toronto. Mr. Morneau was named as the Catholic Business Person of the Year in 2006. He was presented with the Award of Merit by The St. George's Society of Toronto in April 2005; was appointed, in 1999, as Knight Commander of the Order of St. Gregory the Great by His Holiness Pope John Paul II, and elevated to "With Star" in 2012 by Pope Benedict, the highest honour accorded to a Catholic layperson; and received an Honorary Doctorate from the University of St. Michael's College in 1996.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Honorary Chair, Board	6 of 6	76	August 22, 2005	$74,000	195,663	12,859	Yes

KEVIN PENNINGTON, GEORGIA, UNITED STATES
DIRECTOR

Kevin Pennington is the Chief Human Resources Officer of Fiserv, Inc., a leading global technology provider for the financial services industry. Throughout his more than 30-year career, Mr. Pennington has held increasingly senior human resources roles in both the United States and Canada. He served as Executive Vice President, Human Resources and Administration with Agere Systems Inc., an integrated circuit components company, from 2001 to 2005, followed by six years as Executive Vice President, Chief Human Resources Officer with Toronto-based Rogers Communications Inc. Mr. Pennington holds a BSc degree in Behavioural Science/Management and an MSc degree in Counseling, both from Shippensburg University of Pennsylvania.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Board	6 of 6	60	March 3, 2015	$100,015*	12,000	5,463	Yes
CNCG Committee	4 of 4						

*The exchange rate ($CDN:$US) is the average closing rate determined by the Bank of Canada for the five Business Days preceding the grant date

DALE PONDER, ONTARIO, CANADA
DIRECTOR

Ms. Ponder is the National Managing Partner and chief executive of Osler, Hoskin & Harcourt LLP and also serves on the firm's Executive Committee. As a senior member of the firm's Mergers and Acquisitions practice, she has had extensive experience throughout her career leading transactions relating to public and private merger and acquisition matters and advising boards of public companies. Ms. Ponder's practice background has focused on M&A, securities regulation and corporate governance. In the course of her practice, she has been recognized as a leading corporate and M&A lawyer by various peer ranking publications, including Chambers Global: The World's Leading Lawyers for Business, the Lexpert/American Lawyer Guide to the Leading 500 Lawyers in Canada, Lexpert's Leading Corporate Lawyers and Best Lawyers in Canada. Ms. Ponder is a member of the The Learning Partnership Advisory Board, the Governors' Council of St. Michael's Hospital Foundation and the CGCA Advisory Board, and is a mentor in the Women's Executive Network.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Board	N/A	58	February 9, 2016	N/A	Nil	N/A	No

JOHN ROGERS, ONTARIO, CANADA
DIRECTOR

John Rogers is a corporate director. He has spent 32 years of his professional career with MDS Inc., a NYSE and TSX listed company. Mr. Rogers served as MDS's President and Chief Executive Officer from 1996 to 2005 and was a board member from 1992 to 2005. He also served MDS in the capacity of President and Chief Operating Officer (1991 to 1996), President (1985-1991), Vice President, Finance (1978-1985) and Secretary-Treasurer and Chief Financial Officer (1976-1978). In 2004, he was honoured as Distinguished Businessman of the Year by Rotman School of Business. John attended the Advanced Management Program at Harvard University, is a Fellow of the Chartered Professional Accountants of Ontario and received a BA (Commerce) from the University of Toronto.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Post-Retirement DSUs held	Share Ownership Requirement met
Board	6 of 6	71	May 14, 2008	$89,000	25,000	15,673	Yes
Chair, CNCG Committee	4 of 4						
Audit Committee	4 of 4						

ALAN TORRIE, ONTARIO, CANADA
DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Alan Torrie is President and Chief Executive Officer ("CEO") of Morneau Shepell and a member of the Company's Board of Directors. Mr. Torrie's responsibilities include the development and execution of the Company's overall strategic direction, and leading the organization to achieve both its short-term and long-term business results. Mr. Torrie joined the Company in 2005 as a Trustee of the then Income Fund and Chair of the Compensation and Corporate Governance Committee. He became President in 2008, CEO in 2009, and has served as a Director on the Board of the Company since the conversion to a corporation in 2011. Prior to the acquisition of Shepell·fgi Holding LP, Mr. Torrie served on its Board from 2005-2008. When he was named President in 2008, Mr. Torrie brought with him more than 25 years of experience as a senior executive leader in the health and life science industry including President and CEO of MDS Diagnostics and Executive Vice President of MDS Inc., Chief Operating Officer of Retirement Residences REIT (Revera) and Executive in Residence with Clairvest Private Equity. Earlier in his career he was also the CEO of Joseph Brant Hospital. Mr. Torrie has served on numerous community boards including past Chair of AMREF Canada (African Medical Research and Education Foundation) and past Chair of Trillium Health Partners. Mr. Torrie is currently a director and Chair of the Finance Committee of Appleby College and a Director of Extendicare Inc.

Board and Committee Membership	Attendance	Age	Trustee/Director Since	2015 Compensation	Voting Shares Owned, Controlled or Directed	Retirement DSUs held	Share Ownership Requirement met
Board	6 of 6	65	September 30, 2005	N/A	Nil	468,638	Yes
Other Directorship of Publicly-owned entities:	Extendicare Inc. - Director and Member, Human Resources, Governance and Nominating Committee						

PAST VOTING RESULTS

The following demonstrates the voter turnout based on the election of Directors in the past three years:

Voter turnout (based on election of Directors)	**2015**: 49.53% **2014**: 54.58% **2013**: 41.66%
Shareholders that cast negative votes (based on top 10 holders)	None

The voting results for the Directors and appointment of auditor for the 2015 annual meeting are shown below.

Name	% For	GL	ISS
Jill Denham	99.61%	For	For
Diane MacDiarmid	99.86%	For	For
Jack Mintz	99.86%	For	For
W. F. (Frank) Morneau, Sr.	99.89%	For	For
Kevin Pennington	99.85%	For	For
John Rogers	99.62%	For	For
Alan Torrie	99.87%	For	For
Appointment of Auditors	99.02%	For	For

INVOLVEMENT OF DIRECTORS IN CERTAIN PROCEEDINGS

John Rogers

In 2009, staff of the Ontario Securities Commission ("OSC") commenced proceedings against Coventree Inc. ("Coventree") with respect to alleged breaches of Ontario securities laws relating to Coventree's continuous disclosure obligations. In September 2011, the OSC released its decision and concluded that Coventree breached sections 75(1) and 75(2) of the *Securities Act* (Ontario) by (i) failing to file a news release and material change report in respect of the decision of Dominion Bond Rating Service in January of 2007 to change its credit rating methodology, and (ii) failing to file a news release and a material change report with respect to liquidity and liquidity-related events and the risk of a market disruption in the days leading up to the asset backed commercial paper market disruption that occurred on August 13, 2007. In a decision released on November 9, 2011, the OSC ordered Coventree to pay an administrative penalty of $1 million and to pay $250,000 of the costs incurred by OSC staff in connection with the hearing. The OSC also ordered that trading in any securities by Coventree cease and that any Ontario securities law exemptions not apply to Coventree until its winding up is completed, provided that these orders will not prevent the winding up of Coventree or trades in securities reasonably related to that winding up. The cease trade order against Coventree is still in effect. Mr. Rogers was a director of Coventree in 2007 during the period of time to which the OSC proceedings relate. No proceedings were brought against Mr. Rogers in his individual capacity with respect to these matters.

Alan Torrie

Mr. Torrie was a director of LMI Legacy Holdings II Inc. (formerly known as Landauer-Metropolitan, Inc.) (together with certain affiliated entities, "LMI") which filed a petition in the U.S. Bankruptcy Court for the District of Delaware for relief under Chapter 11 of the U.S. Bankruptcy Code on August 16, 2013. Following a sale of substantially all of LMI's assets on February 7, 2014, LMI filed a Joint Plan of Liquidation (the "Plan") pursuant to Chapter 11 of the U.S. Bankruptcy Code. On April 28, 2014, the U.S. Bankruptcy Court entered an order confirming the Plan, and the effective date for the Plan was May 1, 2014.

Jill Denham

Since June 2012, Ms. Denham has been a member of the Board of Directors of Penn West Petroleum Ltd., a company that was subject to cease trade orders further to the July 2014 announcement by Penn West Petroleum Ltd. of the review of some of its accounting practices and the decision to restate its financial statements. These orders are no longer in effect.

STATEMENT OF EXECUTIVE COMPENSATION

The Role of the Compensation, Nominating and Corporate Governance Committee

The Board of Directors has overall responsibility for executive compensation at Morneau Shepell and in 2015 delegated certain responsibilities to the independent CNCG Committee. As described further in the section entitled "Statement of Corporate Governance Practices" of this Management Information Circular, effective March 3, 2016 the CNCG Committee was restructured and divided into two separate committees, namely the Governance and Nominating Committee ("Governance Committee") and the Human Resources Committee ("HR Committee"). However prior to such restructuring, the CNCG Committee was responsible for oversight and governance of the compensation programs and practices at Morneau Shepell, including recommending to the Board the appropriate compensation for the former Executive Chair, Bill Morneau, who resigned from the Board effective October 26, 2015, and the President and CEO, and for determining the appropriate compensation of all other members of executive management. The CNCG Committee received the support and expertise of the CEO, and of the Executive Vice President and Chief Human Resources Officer as well as from external advisers when the CNCG Committee, in its discretion, determined appropriate. In addition, the CNCG Committee employed sound judgment and considered a variety of additional important factors, including the business strategy of the Company, competitive market forces, internal business needs and established governance practice. The responsibilities and obligations of the CNCG Committee as described in this Management Information Circular have now been allocated to the Governance Committee and the HR

Committee, as further described in the section entitled "Statement of Corporate Governance Practices" and in their respective charters which can be found on the Morneau Shepell website at morneaushepell.com

Meetings

The CNCG Committee met four times during 2015 in order to review and carry out its objectives relative to its mandate. Members of management, including the CEO, attended the meetings at the invitation of the Chair of the CNCG Committee and were excused for portions of the meeting in order for the CNCG Committee to conduct discussions and deliberations independently.

The Company's Executive Compensation Program Summary

The following table provides an overview of each of the available components of the Company's executive compensation program. A more detailed explanation of each component is provided in the section entitled "Compensation Discussion & Analysis".

Compensation Component	**Design Objective(s)**
Fixed Compensation	
Base Salary	• Provides a compelling offer in order to attract and retain key executive talent required to lead the Company. • Salary is a market-competitive, fixed level of annual compensation, which recognizes each executive's contributions to the Company.
Perquisites and Benefits	• Provides perquisites and benefits that are generally competitive within market practices and are provided to attract and retain top talent.
Variable Compensation	
Annual Incentive Plan	• Provides an at-risk annual cash bonus for performance against business objectives within the prior fiscal year as established by the Board of Directors. • Payout is based on annual enterprise Adjusted EBIT, revenue and individual performance.
Long-Term Incentive Plan *Restricted Share Units (RSUs)*	• RSUs are intended to focus executives on the achievement of the Company's medium-term objectives and promote alignment with Shareholder interests. • RSUs have a three-year vesting period after which they are redeemable. • Once their Share ownership requirements have been met, executives can elect to take part or all of their LTIP award in the form of RSUs.
Long-Term Incentive Plan *Retirement Deferred Share Units (Retirement DSUs)*	• Retirement DSUs are intended to focus executives on the achievement of the Company's longer-term objectives and promote alignment with Shareholder interests. • Retirement DSUs have a three-year vesting period and are redeemable upon retirement or termination of employment.
Long-Term Incentive Plan *Post-Retirement Deferred Share Units (Post-Retirement DSUs)*	• Post-Retirement DSUs serve the same purpose as Retirement DSUs but allow for continued vesting following an executive's retirement on or after age 55. • Post-Retirement DSUs have a three-year vesting period after which they are redeemable. • Post-Retirement DSUs must be redeemed within five years following the date an executive ceases to be an employee.

Total Compensation	
Fixed + Variable Compensation	• Designed to provide market median total compensation levels when target performance levels are achieved. • Provide the opportunity for upper quartile total compensation when performance is exceptional but also reduced to below-median total compensation when performance targets are not achieved. • Reviewed at least annually by the CNCG Committee to ensure that all programs do not encourage excessive risk taking.
Share Ownership	
Share Ownership guidelines for executives	• The Share ownership guidelines are designed to link the interests of executives to those of Shareholders by prescribing minimum holding requirements in the Company's Shares. Requirements must be met within five years. The Share ownership of individual NEOs (as defined below) is reviewed annually by the CNCG Committee.

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis describes and explains the Company's 2015 compensation philosophy, objectives and practices for its CEO, Chief Financial Officer ("CFO") and the three other most highly compensated executive officers (collectively, the "named executive officers" or, "NEOs"). The discussion in this section is concerned mainly with the compensation of the NEOs. The processes and the programs apply to the other executive management members as well.

Composition of the Compensation, Nominating and Corporate Governance Committee

From January 1, 2015 until November 9, 2015, the CNCG Committee was comprised of John Rogers (Chair), Diane MacDiarmid and Jack Mintz. From November 9, 2015 until March 3, 2016, the CNCG Committee was comprised of John Rogers (Chair), Diane MacDiarmid and Kevin Pennington. The members of the Committee were independent, and had never been employees or officers of the Company or its subsidiaries. The following is a description of skills, education and experience of each 2015 CNCG member that qualified them to fulfill these roles and responsibilities:

- John Rogers has spent much of his professional career with a NYSE and TSX listed company. He served as MDS's President and Chief Executive Officer from 1996 to 2005 and was a Board member from 1992 to 2005. Mr. Rogers has also held the offices of Vice President, Finance, and Secretary-Treasurer and Chief Financial Officer. He is a Fellow of the Chartered Professional Accountants of Ontario.
- From 2004 to 2011, Diane MacDiarmid was Executive Vice President, Corporate Resources with Bentall Kennedy LP, a role that included full oversight of the Human Resources function. Ms. MacDiarmid has also held the office of President of a Canadian consulting firm. She has worked with the senior leadership of companies across North America addressing issues of strategy, organization and leadership effectiveness.
- Jack Mintz is a member of Imperial Oil's compensation committee and has extensive pension industry experience. Dr. Mintz is the President's Fellow of the School of Public Policy at the University of Calgary after serving as its founding director until July 1, 2015. He has published widely in the field of public economics and was recently awarded the Order of Canada for his role as a global advisor in fiscal policy. Dr. Mintz was also appointed by the Federal Minister of Finance to the Economic Advisory Council to advise on economic planning 2008-2015 and had been the research director for the Federal-Provincial Territorial Ministers' Working Group on Retirement Income Research.
- Throughout his more than 30-year career, Kevin Pennington has held increasingly senior human resources roles in both the United States and Canada. He served as Executive Vice President,

Human Resources and Administration with Agere Systems Inc., an integrated circuit components company, from 2001 to 2005, followed by six years as Executive Vice President, Chief Human Resources Officer with Rogers Communications Inc. Mr. Pennington is presently Chief Human Resources Officer of Fiserv, Inc., a leading global technology provider for the financial services industry.

Executive Compensation Philosophy and Program Design Objectives

Morneau Shepell has developed an executive compensation philosophy that is intended to guide the design of executive compensation programs as follows:

Compensation Philosophy	→	Design Objective
• Attract and retain highly qualified senior executives in a competitive environment		• Deliver compensation levels that are between the 50th and 75th percentile of the relevant market
• Foster a culture of "pay for performance" by providing rewards directly linked to the success of the Company		• Provide opportunity for above-median compensation when performance is above target and below median compensation when performance is below target
• Align executive interests with those of Shareholders with the objective of creating long-term, sustained Shareholder value without encouraging excessive risk taking		• Ensure that a relevant portion of compensation is equity-based combined with minimum Shareholding requirements to promote sustained performance

2015 Target Pay Mix

In support of the Company's philosophy in connecting "pay with performance", the CNCG Committee considered the appropriate level and mix of compensation with variable (or "at risk" pay) constituting the majority of CEO and NEO pay. Factors that are also considered, among other things, include individual skills, qualifications, experience, and retention risk. This approach enables Morneau Shepell to compete for talent in a highly competitive environment in which it operates and position itself for successful growth.

Use of Compensation Consultants and the Comparative Market

On an annual basis, the CNCG Committee, with the input of management, conducted a review of its executive compensation practices, with a view to aligning compensation across the Company, as well as to its strategic objectives. From time to time, the CNCG Committee retained the services of compensation consultants as independent advisors. The consultants' services typically included the provision of external comparator data and advice on the design of executive compensation programs.

For the 2015 competitive review, the CNCG Committee retained the services of both PCI Perrault Consulting and Global Governance Advisors to provide external consulting advice on market practice, governance trends and review of the Company's long term incentive plans.

The table below summarizes the fees paid.

	PCI Perrault Consulting		Global Governance Advisors	
	2015	**2014**	**2015**	**2014**
Executive Compensation related fees	$19,838	$31,318	$53,902	$ -
All other fees	$ -	$ -	$ -	$ -
TOTAL	**$19,838**	**$31,318**	**$53,902**	**$ -**

The Comparator Group

The CNCG Committee believed external market data is an important component of the Company's executive compensation design. In order to calibrate the Company's "pay for performance" programs relative to the market place, the CNCG Committee considered competitive compensation data from a comparator group.

The CNCG Committee considered a number of factors when defining a relevant comparator group. As such, an emphasis is placed on referencing companies that are publicly-traded in Canada, have similar revenues (in the approximate range of 0.5x to 2.0x the Company's revenues), historical growth, and market capitalization, and that have the following characteristics:

- Provide business-to-business services (B2B);
- Have a business line specializing in wellness;
- Manage financial assets; and
- Have at least a nationwide presence.

Since the introduction of the comparator group in 2013, there have been some changes to ensure the companies in the group continue to adhere to the above criteria. In 2015, seven companies were removed from the group as they no longer met the size criteria and in one case, had been privatized. Three companies in the service industry with a revenue size and market capitalization similar to Morneau Shepell were added. The 19 companies in the resulting comparator group have annual revenues ranging from $306 million to $1,139 million.

The CNCG Committee recognized that Morneau Shepell has a unique service offering and, therefore, there are a limited number of directly comparable service oriented, publicly-traded Canadian companies. A list of organizations comprising the comparator group is found in Schedule "A".

Compensation Risk Management

Morneau Shepell has structured a comprehensive and disciplined compensation framework, which includes a formal process for risk oversight by the CNCG Committee. This approach has enabled the Company to encourage its executives to take measured actions to set and achieve significant strategic and growth objectives, without exposing the organization to undue risk.

In line with this approach, the compensation programs are designed to support prudent risk taking by executives and employees. Key proactive elements of this framework are as follows:

- **Periodic review of incentive plans:** Compensation plans are designed to reward desired behaviours and achievement of objectives, with consideration for the Company's business strategy, and risk appetite.
- **Structured plan design:** Compensation plans do not include levers that can be "influenced" by an individual to drive significant payouts.
- **Application of committee discretion:** The CNCG Committee has discretionary power to impact incentive awards.
- **Clear objectives connect performance to payout**: There are clear objectives outlined for executives and employees, and their performance relative to those objectives is monitored and measured. Objectives are established taking into account the Company's longer-term business strategy and include non-financial, as well as earnings and revenue measures. Executives are directly accountable for risk assessment and risk management in their respective areas of responsibility.
- **Fixed versus variable compensation**: A significant portion of executive compensation is delivered in variable or at-risk compensation.
- **Minimum threshold performance**: To further mitigate the risks inherent in short term incentive plans, corporate, business unit and personal performance thresholds must be achieved in order to receive any cash bonus awards.

- **Incentive plan payouts capped**: In addition to a threshold, all short-term incentive plans have a maximum payout for above-target performance. This payout is capped at 2x target which provides a limit to the maximum amount payable under the plan.
- **LTIP payout is deferred:** Retirement DSUs and RSUs vest after three years, although Retirement DSUs cannot be redeemed until after retirement or separation from the Company.
- **Share ownership guidelines:** Minimum Share ownership requirements have been established for all NEOs and senior management.
- **Trading guidelines**: The Company has trading guidelines in place for all executives that specifically prohibit the purchase of financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities.
- **Claw-back policy**: LTIP Unit claw-back provisions are in place where the Committee determines that an LTIP Participant (as defined below under "Long-Term Incentive Plan") has engaged in an act of misconduct.
- **External independent compensation advisors:** On an ongoing basis, the CNCG Committee refers to external advisors to provide an external view of the marketplace change and may also include best practices in respect of compensation design.

Components of Compensation – Fixed Compensation

Morneau Shepell's executive compensation package for NEOs and other senior management consists of the following components: base salary, an annual performance cash bonus program, and a Share-based long-term incentive award, in addition to benefits and other perquisites. Each component of the executive compensation package, as described in more detail below, has been reviewed and approved by the CNCG Committee for each NEO upon the recommendation of the CEO, and by the Board for the CEO upon the recommendation of the CNCG Committee.

Base Salaries

Base salaries are the fixed component of Morneau Shepell's executive compensation package. They are intended to reflect (i) the individual executive's performance, experience and scope of responsibilities; (ii) Morneau Shepell's performance; (iii) competitive market pay information; (iv) internal equity; and (v) inflationary and economic factors. Base salaries represent the reference for other elements of compensation; therefore, the CNCG Committee pays particular attention to the positioning of the individual salary against external market data as well as within the Company.

Pension, Benefits and Perquisites

Executives of Morneau Shepell are eligible to participate in the same benefit programs that are offered to all employees in the Company. In addition, executives have some additional benefits and perquisites such as employer-paid health and social club dues. These benefits are similar to those of other senior employees of Morneau Shepell, with the exceptions of car allowances and/or car expense reimbursements received by Mr. Torrie and Mr. Milligan, and the additional health and dental benefits offered to Mr. Torrie in the form of an employer-paid cost-plus benefits plan.

Morneau Shepell does not currently offer a pension plan to its senior management as LTIP awards are also intended to provide retirement compensation. Mr. Chamberland is entitled to pension benefits under a closed defined benefit plan of a subsidiary of Morneau Shepell.

Components of Compensation – Variable Compensation

Annual Incentive Plan Overview

Plan Highlights for 2015:

- *Plan funding is determined by Adjusted EBIT and revenue performance vs. target.*
- *Minimum performance thresholds must be met before bonuses can be paid.*
- *Funding availability and individual performance relative to established objectives determines payouts.*

The Company's Annual Incentive Plan provides executives with variable (at-risk) compensation based on the achievement of performance objectives. Executives are eligible for annual incentive awards under the Annual Incentive Plan based on achieving pre-determined objectives approved annually by the CNCG Committee.

Individual bonuses for executives are based on two sets of specific goals:

a) **Financial objectives**: This component is based on the Company's one-year Adjusted EBIT and revenue targets measured on enterprise results.

b) **Personal objectives:** For all executives, a component of their compensation is also tied to the attainment of individual, specific strategic or business initiatives. For the CEO, the specific personal objectives are related to performance measured against several objectives as determined by the CNCG Committee. For other executives, personal objectives are agreed with the CEO and performance is assessed by the CEO and approved by the CNCG Committee.

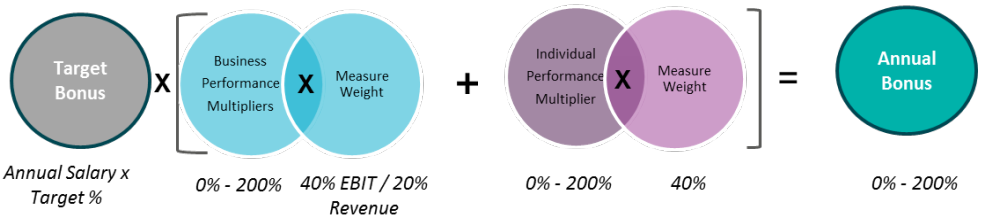
Performance Measures

The performance measures used in the plan and the business rationale for their selection are discussed in the following table:

Performance Measure	Reason for Selection
Adjusted EBIT	- Adjusted EBIT is a primary metric tracked to evaluate profitable growth of the Company's business and ability to generate returns for Shareholders
Revenue	- Revenue is a key indicator of success in implementing the Company's growth strategy
Individual Strategic Measures	- The CNCG Committee believes that each executive should also be assessed on the successful achievement of objectives that are linked to the Company's business strategy as well as effective leadership behaviours aligned with the values of the Company

Bonus Determination

Any payout under the Annual Incentive Plan is based on a combination of both corporate and individual performance against targets determined at the beginning of the year, as detailed in the graphic below:



The threshold, target and maximum financial performance levels and corresponding payouts were established by the CNCG Committee, as shown in the table below:

Measure	Financial Objectives		Personal Objectives	TOTAL
	Adjusted EBIT	Revenue		
Weighting (% of overall target bonus)	40%	20%	40%	100%
Financial Performance Range: Minimum (Threshold) Target Maximum	 90% 100% 120%	 90% 100% 120%	N/a	N/a
Bonus Payout Range: Minimum (Threshold) Target Maximum	 30% 100% 200%	 30% 100% 200%	 0% 100% 200%	 0% 100% 200%

For any bonus to be paid under this plan, minimum performance (90%) of the Adjusted EBIT measure must be achieved and the plan has a maximum payout of two times target bonus (200%) that corresponds to 120% of financial performance.

In determining performance of financial objectives, actual annual consolidated Adjusted EBIT and revenue results will be measured relative to the target set at the beginning of the year. Adjustments may be made by the CNCG Committee, at its discretion, to reflect performance, exceptional circumstances and changes in the Company's financial plan or operating environment.

Target Bonus Amounts

In 2015, a target bonus for each of the NEOs was established as follows:

NEO	Target Bonus
Alan Torrie President & CEO	100% of base salary
Scott Milligan EVP & CFO	50% of base salary
Pierre Chamberland EVP & COO, Administrative Solutions	52% of base salary

Stephen Liptrap EVP & General Manager, Employee Support Solutions	50% of base salary
David Sturdee EVP Strategy & Operational Effectiveness	50% of base salary

Bonus Allocation Decision

The following outlines the steps involved in determining any bonus pool, and the allocation decision linked to both Company and individual performance for executives, and all other bonus eligible employees.

Step 1: Determining Target Bonuses

- *CEO target bonuses set by Board on recommendation of the CNCG Committee.*
- *Other executive target bonuses set by the CNCG Committee on recommendation of the CEO.*
- *Targets are based on breadth and impact of executive's role and responsibilities.*

Step 2: Determining the available bonus pool

- *Bonus pool is based on company-wide revenue and Adjusted EBIT results.*
- *The final bonus pool is approved by the Board upon the recommendation of the CNCG Committee.*

Step 3: Allocation of the bonus pool to individuals based on both Company and individual performance

- *Bonus payment is subject to funding availability. Minimum financial thresholds are required to be met before any bonuses are paid.*

Managing risk within the Annual Incentive Plan:

- *A single plan for all NEOs and executives across the Company.*
- *Bonus payouts are capped at 200% of target.*
- *CNCG Committee has discretion over plan funding levels and individual bonus awards.*

Equity Based Compensation – Long Term Incentive Plan

LTIP Highlights for 2015:

- *Retirement DSUs that vest after three years.*
- *Dividend reinvestment policy (DRIP).*
- *Unvested awards are forfeited upon resignation or termination.*

To further strengthen the link between compensation of the Company's senior management and the long-term interest of Shareholders, the Company established the LTIP.

Grant of LTIP Units. The purpose of the LTIP is to promote a greater alignment of interests between employees and Directors of Morneau Shepell to whom LTIP Units (as defined below) have been granted ("LTIP Participants") and the Shareholders of Morneau Shepell. Pursuant to the LTIP, the CNCG Committee may grant LTIP Participants (i) RSUs, (ii) Retirement DSUs, and (iii) Post-Retirement DSUs. In addition, at the discretion of the CNCG Committee, employees may be provided with the ability to elect to receive all or a portion of their annual bonus in the form of RSUs and/or Retirement DSUs. The RSUs, the Retirement DSUs and the Post-Retirement DSUs are collectively referred to as "LTIP Units".

Bonus Deferral. As part of the plan, NEOs are eligible to defer all or part of any cash bonus awarded under the Annual Incentive Plan into RSUs or Retirement DSUs. LTIP Units awarded under this election vest immediately though Units are redeemable only upon retirement or separation from the Company. This allows an additional opportunity for executives to meet their minimum Share ownership requirements.

Vesting and Redemption of LTIP Units. Each RSU generally vests three years after the date of grant and is redeemable for either one Share or for an amount in cash equal to the Fair Market Value (as defined below) of

one Share (at the election of Morneau Shepell). The Retirement DSUs generally vest three years after the date of grant and become redeemable only on the LTIP Participant's termination of employment. Each Retirement DSU is redeemable for either one Share or for an amount in cash equal to the Fair Market Value of one Share (at the election of Morneau Shepell). The Post-Retirement DSUs vest at such times as determined by the CNCG Committee, with each Post-Retirement DSU being redeemable for one Share.

Pursuant to the LTIP, Fair Market Value is equal to the volume-weighted average trading price of a Share on the TSX (or, if such Shares are not then listed and posted for trading on the TSX, on such other stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the CNCG Committee) for the five business days on which Shares traded on such exchange preceding the applicable date. In the event that Shares are not listed and posted for trading on any stock exchange, the Fair Market Value of a Share shall be determined by the Board.

Cessation of Entitlements under the LTIP. Except in certain circumstances (such as the death of an LTIP Participant, or in the case of Post Retirement DSUs, the retirement of an LTIP Participant), all unvested LTIP Units shall terminate on an LTIP Participant's termination date. Upon termination of an LTIP Participant for cause, all vested LTIP Units shall terminate and the LTIP Participant will have no right to receive any LTIP Units or entitlements whatsoever.

Maximum Number of Shares Issuable. The maximum number of Shares issuable pursuant to LTIP Units outstanding at any time under the LTIP, together with any Shares issuable pursuant to any other equity-based compensation plan of Morneau Shepell (including its Employee Share Purchase Plan ("ESPP")), shall not exceed 10% of the aggregate number of Shares outstanding from time to time, subject to adjustment in certain circumstances as contemplated in the LTIP. As of March 3, 2016, (a) the maximum number of Shares reserved and available for issuance under the LTIP (including its predecessor plans) and the ESPP together is 4,827,245 Shares; (b) there are 2,447,215 LTIP Units outstanding, inclusive of reinvested dividends awarded on outstanding grants, representing 5.1% of the number of Shares issued and outstanding; (c) 190,825 Shares have been issued pursuant to the ESPP representing 0.4% of the number of Shares issued and outstanding; and (d) 2,189,205 Shares are available for issuance under the LTIP and the ESPP together, representing 4.5% of the number of Shares issued and outstanding. The prescribed maximum may be subsequently increased to any specified amount, provided the change is authorized by a vote of the Shareholders. Any increase in the issued and outstanding Shares will result in an increase in the available number of Shares issuable under the LTIP and ESPP, and any issuance of Shares pursuant to LTIP Units granted under the LTIP will make new grants available under the LTIP effectively resulting in a re-loading of the number of Shares available to grant under the LTIP. Pursuant to the current rules of the TSX, the LTIP will require the approval of the Shareholders of Morneau Shepell every three years. LTIP Units shall not be granted pursuant to the LTIP if the redemption thereof could result, at any time, in the aggregate number of Shares issuable to insiders of Morneau Shepell at any time under the LTIP and under all other Share compensation arrangements of Morneau Shepell (including the ESPP), exceeding 10% of the number of Shares issued and outstanding immediately prior to such redemption. Moreover, in no event shall any LTIP Units be granted pursuant to the LTIP if the redemption thereof could result in the aggregate number of Shares issued to insiders of Morneau Shepell within a one-year period under the LTIP and under all other Share compensation arrangements of Morneau Shepell, exceeding 10% of the number of Shares issued and outstanding immediately prior to such redemption.

The participation of Directors, who are not employees, in the LTIP in any one year shall not exceed the lesser of 1% of the number of Shares outstanding cumulatively, and $100,000 per Director.

Assignability. No right or interest of any LTIP Participant under the LTIP shall be assignable or transferable in whole or in part either directly or otherwise.

Amendment or Termination of the LTIP. Shareholder approval shall not be required for amendments to the LTIP, which may include but are not limited to:

- amendments of a "housekeeping nature";
- a change to the vesting or redemption provisions of any LTIP Unit; or
- a change to the eligible participants of the LTIP.

Notwithstanding the foregoing, the following amendments shall require Shareholder approval:

- any amendment to remove or exceed the insider participation limits as described in the LTIP;
- any increase in the maximum number of Shares issuable under the LTIP;
- any amendment to the LTIP that increases the length of the period after a blackout period during which LTIP Units may be redeemed;
- any change that would permit LTIP Units to be transferable or assignable, other than as contemplated in the LTIP; or
- any amendment to the amendment provisions of the LTIP.

LTIP Allocation Decision. The following outlines the steps involved in determining the available LTIP pool, and the allocation decision linked to individual performance for NEOs, and other executives.

Step 1: Determining the available incentive pool

The CEO recommends to the CNCG Committee the required pool based on the following criteria:

- *Shifts in executive population, such as new hires or promotions*
- *Market indicators and alignment of executive compensation*
- *Attraction and retention requirements and risks*

Step 2: Obtaining CNCG Committee and Board Approval

The recommended pool is presented to the Board for review and approval, upon the recommendation of the CNCG Committee.

Step 3: Allocation of LTIP awards to individuals

Individual awards are determined based on the following criteria:

- *Market competitiveness*
- *Individual performance vs. established targets*
- *Retention incentive*
- *Long term potential contribution*

The CNCG Committee approves all executives' awards on the recommendation of the CEO, with the exception of the CEO awards, which are decided upon by the Board on the recommendation of the CNCG Committee.

Managing Risk within the LTIP:

- *Awards vest after three years.*
- *Retirement DSU Redemption occurs after termination of employment.*
- *Vested and unvested awards may be forfeited if termination is with cause.*

The following table sets out the number of LTIP Units granted and authorized for future grants, pursuant to the LTIP:

Number of Shares to be issued pursuant to the LTIP upon exercise of outstanding rights	Number of Shares remaining available for future issuance under all equity compensation plans*
2,447,215	2,189,205

*This includes remaining Shares available for issuance under both the LTIP and ESPP

Share-based awards granted in concurrence with other bonus awards for a prior year's performance will be deemed to be compensation for that performance year. As such, awards granted in early 2016 are reported as 2015 compensation.

2015 Objectives & Performance

For 2015, performance objectives were established for the CEO by the Board, on the recommendation of the CNCG Committee, and for the other NEOs by the CNCG Committee on the recommendation of the CEO.

The objectives were based on Morneau Shepell's enterprise-wide strategic, financial and operational goals, and were designed to drive short and medium-term performance, as well as longer-term sustainability and Shareholder value.

Financial performance goals were set using overall revenue and Adjusted EBIT targets. Individual objectives were designed for each NEO based upon the enterprise-wide goals of Morneau Shepell, as well as performance or developmental goals specific to the individual and his areas of responsibility or for which the NEO played a key contributing role.

The CNCG Committee is responsible for reviewing the CEO's performance relative to his objectives, and recommending the CEO's actual bonus and LTIP award to the Board. For all other NEOs, the CEO provided an analysis of their performance relative to objectives and made bonus and LTIP award recommendations to the CNCG Committee for its final review and approval. In determining the amount of performance bonuses and LTIP awards granted to each NEO, the CNCG Committee and the Board, as applicable, took into account the achievement of financial targets, each individual's performance objectives, the individual's relative contribution to the achievement of the enterprise-wide objectives, as well as retention risks and a focus on future long-term goals. Additional information about specific NEO targets and performance is provided below.

Financial Performance

The Annual Incentive Plan minimum, target and maximum performance objectives for 2015 are presented in the following table, as well as the results for 2015.

Performance	**2015 Results**			
	Minimum ($)	**Target ($)**	**Maximum ($)**	**Actual Results ($)**
Adjusted EBIT*	79.5	88.3	105.9	87.3
Revenue*	504.9	561.0	673.2	567.3

**figures are stated in millions $CAD*

As the table above shows, the Company achieved 99% of the Adjusted EBIT target as well as 101% of the revenue target. Financial performance is the basis for funding of any bonus pool under the Annual Incentive Plan. Any actual bonus is then finally determined by an assessment of both financial and individual performance.

Personal Objectives

Individual performance against established personal objectives for each NEO is assessed by the CNCG Committee. In making their determination, the CNCG Committee considers both quantitative results as well as qualitative evaluation, including input from the CEO.

Personal objectives for each NEO are established at the start of each year and include measures from the following four areas:

- Growth and Performance
  - Drive financial growth targets
  - Deliver initiatives that meet or exceed targets

- Talent Management and Development
    - Foster an engaged and motivated workforce
    - Develop leadership capacity and capability
    - Identify and develop critical talent
- Client Relationships
    - Deliver a differentiated client experience
    - Enhance customer service
- Shareholder Value and Operational Effectiveness
    - Drive prudent budget oversight and resource management
    - Deliver short- and long-term Shareholder value

The Company operates a range of human resource consulting and outsourcing services in a highly competitive environment in which exist a number of competitor organizations. Central to the Company's ability to compete for market share are its commercial practices, business development and marketing efforts that the Company believes differentiate it from its competitors and as such, require active protection. The personal objectives of executives include specific targets and associated timings of initiatives that would, if disclosed, provide detailed strategic and financial direction of the Company and lines of business that would provide highly sensitive data to competitors. As such, disclosure of the specific, detailed, personal objectives of the Company's executives would seriously prejudice the Company's interests and weaken its ability to compete.

2015 Performance and Compensation for all Named Executive Officers

Alan Torrie, President and CEO

Financial Performance:

- *2015 MS $567.3 million of revenue (target $561.0 million) – increase of 5.9% over 2014*
- *2015 MS $87.3 million of Adjusted EBIT (target $88.3 million) – increase of 5.8% over 2014*

In his role as President and CEO, Mr. Torrie oversaw the execution of Morneau Shepell`s long-term strategic plan to invest for sustainable growth over time while delivering year-over-year performance.

Objective	Assessment
• Achieve annual financial targets while strengthening foundation for longer-term sustainable growth and profitability.	• Met: Mr. Torrie successfully led the execution of the Company's performance and growth plan, including the integration of strategic acquisitions and strong growth, in keeping with in-year performance objectives and the Company's five-year strategic plan.
• Grow shareholder value.	• Met: Mr. Torrie successfully guided resources focused on strategies that increased efficiency, built scalability, improved profitability, cash flow and the efficient allocation of capital, in order to enhance shareholder value.
• Strengthen leadership and organizational capabilities and enhance employee engagement.	• Met: Mr. Torrie continued to lead the Executive Team, enhancing senior leadership and employee capabilities through multiple development efforts, and making improvements in areas important to employees.
• Enhance brand awareness and integrated client service.	• Met: Mr. Torrie successfully led ongoing efforts to increase awareness and understanding of Morneau Shepell's brand and enhance client service capabilities.

Based on achievement of the above objectives and the corresponding leadership of Mr. Torrie, the Board granted a cash bonus award in the amount of $490,000 and a Share-based award of Retirement DSUs with a value of $200,000.

Scott Milligan, Executive Vice President and Chief Financial Officer

Financial Performance:

- *2015 MS $567.3 million of revenue (target $561.0 million) – increase of 5.9% over 2014*
- *2015 MS $87.3 million of Adjusted EBIT (target $88.3 million) – increase of 5.8% over 2014*

In his role as the Chief Financial Officer of Morneau Shepell, in 2015, Mr. Milligan oversaw the achievement of the Company's financial performance in respect of the targets discussed above.

In addition, Mr. Milligan continued to successfully deliver on his personal objectives in 2015 as shown below:

Objective	**Assessment**
• Develop strong pipeline of M&A opportunities to drive growth.	• Met: Mr. Milligan supported the successful completion of two acquisitions and the identification of a pipeline of additional opportunities.
• Improve working capital management to meet or exceed targets and balance capital requirements for growth.	• Met: Mr. Milligan continued to drive improvements in working capital management and led efforts to improve the allocation of capital expenditures to meet short- and longer-term needs.
• Improve enterprise systems and process efficiency.	• Met: Building on the launch of a new enterprise system for Finance in 2013, Mr. Milligan led the ongoing realization of process and system efficiencies in Finance.

Based on the achievement of corporate results and on Mr. Milligan's personal contribution, the CNCG Committee granted Mr. Milligan a cash bonus award in the amount of $164,850 and a Share-based award of Retirement DSUs having a value of $200,000.

Pierre Chamberland, Executive Vice President and Chief Operating Officer, Administrative Solutions

Financial Performance:

- *2015 MS $567.3 million of revenue (target $561.0 million) – increase of 5.9% over 2014*
- *2015 MS $87.3 million of Adjusted EBIT (target $88.3 million) – increase of 5.8% over 2014*

In his role as Executive Vice President and Chief Operating Officer, Administrative Solutions, Mr. Chamberland contributed to the overall corporate performance in respect of the targets discussed above.

In addition, Mr. Chamberland continued to successfully deliver on his personal objectives in 2015 as shown below:

Objective	**Assessment**
• Ensure financial targets are met within Administrative Solutions.	• Met: Mr. Chamberland substantially met the financial targets for the line of business.
• Ensure leadership capability in place to support growth.	• Met: Mr. Chamberland added capability in key roles.
• Execute on efficiency and profitability initiatives.	• Met: Mr. Chamberland delivered all implementation projects on target and led the identification and execution of profitability and efficiency projects.

• Execute on longer-term growth strategy.	• Met: Mr. Chamberland led the development and delivery of new growth initiatives and the continued integration of the Mercer Canada Outsourcing practice.

Based on the achievement of corporate results and on Mr. Chamberland's personal contribution, the CNCG Committee granted Mr. Chamberland a cash bonus award in the amount of $181,608 and a Share-based award of Retirement DSUs having a value of $210,000.

Stephen Liptrap, Executive Vice President and General Manager, Employee Support Solutions

Financial Performance:

- *2015 MS $567.3 million of revenue (target $561.0 million) – increase of 5.9% over 2014*
- *2015 MS $87.3 million of Adjusted EBIT (target $88.3 million) – increase of 5.8% over 2014*

In his role as Executive Vice President and General Manager, Employee Support Solutions, Mr. Liptrap contributed to the overall corporate performance in respect of the targets discussed above.

In addition, Mr. Liptrap continued to successfully deliver on his personal objectives in 2015 as shown below:

Objective	**Assessment**
• Ensure financial targets are met within Employee Support Solutions.	• Met: Mr. Liptrap substantially met or exceeded financial targets for his line of business.
• Execute on people strategy and client value enhancement initiatives.	• Met: Mr. Liptrap led the execution of all people initiatives, including adding leadership capability to support growth, and delivering on key projects to enhance client satisfaction and value.
• Execute on efficiency and profitability initiatives.	• Exceeded: Mr. Liptrap led the execution of efficiency and profitability initiatives, exceeding targets.
• Execute on longer term growth strategy.	• Met: Mr. Liptrap led the expansion of the scope of services and geographic reach of the line of business, including in the US with the acquisition of Bensinger, DuPont & Associates, and internationally.

Based on the achievement of corporate results and on Mr. Liptrap's personal contribution, the CNCG Committee granted Mr. Liptrap a cash bonus award in the amount of $180,360 and a Share-based award of Retirement DSUs having a value of $210,000.

David Sturdee, Executive Vice President, Strategy and Operational Effectiveness

Financial Performance:

- *2015 MS $567.3 million of revenue (target $561.0 million) – increase of 5.9% over 2014*
- *2015 MS $87.3 million of Adjusted EBIT (target $88.3 million) – increase of 5.8% over 2014*

In his role as Executive Vice President, Strategy and Operational Effectiveness, Mr. Sturdee contributed to the overall corporate performance in respect of the targets discussed above.

In addition, Mr. Sturdee continued to successfully deliver on his personal objectives in 2015 as shown below:

Objective	Assessment
• Build enterprise strategic planning capability.	• Met: Mr. Sturdee identified and worked in partnership with the executive to deliver on enhancements to the strategic planning process.
• Lead identification and execution of strategic growth initiatives.	• Met: Mr. Sturdee led efforts on key longer term growth initiatives, including identifying and pursuing strategic acquisitions and successfully closing two such acquisitions in 2015.
• Drive leadership development program for high-potential talent.	• Met: Mr. Sturdee served as Executive Sponsor on a new program for next generation leaders, contributing to the success of the program.
• Execute on efficiency and profitability initiatives.	• Exceeded: Mr. Sturdee led enterprise-level efforts to uncover and execute on opportunities to improve efficiency and profitability, exceeding targets.

Based on the achievement of corporate results and on Mr. Sturdee's personal contribution, the CNCG Committee granted Mr. Sturdee a cash bonus award in the amount of $180,360 and a Share-based award of Retirement DSUs having a value of $210,000.

Summary Compensation Table

The following table provides a summary of the compensation earned in 2015, 2014, and 2013 by each of Morneau Shepell's CEO, CFO and three other most highly compensated executive officers.

NEO	Year	Salary ($)	Share-based Awards ($) [1]	Non-equity Annual Incentive Plan ($) [2]	Total Compensation ($)
Alan Torrie President & CEO	2015 2014 2013	500,000 500,000 500,000	200,000 200,000 1,600,000	490,000 547,500 540,000	1,190,000 1,247,500 2,640,000
Scott Milligan EVP & CFO	2015 2014 2013	350,000 350,000 350,000	235,000 210,000 210,000	164,850 192,150 179,200	749,850 752,150 739,200
Pierre Chamberland EVP & COO, Administrative Solutions	2015 2014 2013	360,500 360,500 360,500	246,000 221,000 216,000	181,608 222,216 225,600	788,108 803,716 802,100
Stephen Liptrap EVP & General Manager, Employee Support Solutions	2015 2014 2013	360,000 350,000 350,000	246,000 235,000 210,000	180,360 201,950 179,200	786,360 786,950 739,200

David Sturdee[3] EVP Strategy & Operational Effectiveness	2015 2014 2013	360,000 360,000 53,308	246,000 216,000 351,000	180,360 210,600 61,440	786,360 786,600 465,748

Notes:

1. *The value of Share-based awards is the fair value of a Common Share on the grant date. Fair value means the fair market value of a Common Share which is equal to volume weighted average trading price of a Share on the TSX for the five business days on which Shares traded on such exchange preceding the grant date. Share-based awards are granted in the form of Retirement DSUs, or RSUs if the minimum Share ownership requirements have been met. The Board has determined that any Share-based awards granted for an executive's performance in a particular performance year will be deemed to be compensation for that performance year (regardless of the date of grant). As such, Share-based awards granted in 2016 are reported as 2015 compensation as they were based on executive performance in the 2015 fiscal year. Pursuant to the LTIP, notional distributions are made on Retirement DSUs and RSUs (in the form of additional Retirement DSUs or RSUs as applicable) equivalent to dividends paid on the Common Shares. Since Share-based awards are granted after the end of the relevant performance year, no such notional distributions on those awards are earned in the applicable performance year. Share-based awards for 2014 and 2013 have been restated to exclude notional distributions previously reported in those years as being current year compensation where such notional distributions related to prior year's Share-based awards. The values of 2015 distributions on prior years' Share-based awards, which are not included in this chart, are as follows: Mr. Torrie - $353,010, Mr. Milligan - $96,435, Mr. Chamberland - $87,260, Mr. Liptrap - $85,293 and Mr. Sturdee - $26,057. Shared-based awards in lieu of retirement are included in the amounts shown as follows: Mr. Milligan $35,000; Messrs. Chamberland, Liptrap and Sturdee $36,000.*
2. *In 2013, Messrs. Torrie, Milligan and Liptrap elected to re-direct a portion of their respective cash bonus into Retirement DSUs. These units vested immediately and are redeemable upon retirement or termination of employment.*
3. *Mr. Sturdee joined Morneau Shepell in November 2013 and was awarded an initial grant of $225,000 Retirement DSUs*

Share-based Awards

The following chart details Share-based awards granted to NEOs:

NEO	Number of Share-based awards that vested during the year (#)	Value of Share-based awards that vested during the year ($)[1]	Number of Shares that have not vested (#)	Market or payout of Share-based awards that have not vested ($)[1]
Alan Torrie President & CEO	10,421	150,896	150,294	2,176,257
Scott Milligan EVP & CFO	31,388	454,498	28,065	406,381
Pierre Chamberland EVP & COO Administrative Solutions	12,815	185,561	44,379	642,608
Stephen Liptrap EVP & General Manager, Employee Support Solutions	18,025	261,002	44,349	642,174
David Sturdee EVP Strategy & Operational Effectiveness	0	0	38,776	561,476

Notes:

1. *Values are calculated as at December 31, 2015 using the closing Share price of $14.48 per Share. Note that 2015 Share-based awards will have a grant date of May 1, 2016, and as such, are not included in this table. The value of payouts has been rounded to the nearest whole number using standard rounding.*

Pensions, Benefits and other Perquisites

The following are details of Mr. Chamberland's pension entitlements:

NEO	Year end	Years credited service	Annual benefits payable ($) at year end[1]	Annual benefits payable ($) at age 65	Obligation at start of year ($)	Non-compensatory change ($)	Accrued Obligation at Year End ($)
Pierre Chamberland EVP & COO, Administrative Solutions	2015	9.5	N/A	16,300	179,100	14,800	193,900
	2014	9.5	N/A	16,300	134,200	44,900	179,100
	2013	9.5	N/A	16,300	154,700	(20,500)	134,200

Notes:

1. *Mr. Chamberland is eligible to retire at year end as he has reached age 55. The annual pension is fixed, meaning there will be no additional pension accrual.*

Share Ownership Guidelines

The CNCG Committee believes that executive management should have a significant equity interest in the Company. In order to promote equity ownership and to further align the interests of management with the interests of Shareholders, senior employees are required to own Shares representing a multiple of their annual salary. The CEO is required to own at least four times his total salary, while certain other senior leaders of the organization are required to own Shares representing at least one to two times their salary. Individuals are given five years to achieve these levels after a promotion or hire date. Ownership levels are measured annually and reported to the CNCG Committee. All NEOs have met and exceeded their Share ownership requirements.

EMPLOYMENT AGREEMENTS, TERMINATION AND CHANGE OF CONTROL BENEFITS

Each of the NEOs is party to an employment agreement with Morneau Shepell providing for, among other things, Share ownership requirements, and confidentiality and non-solicitation/non-competition covenants in favour of Morneau Shepell.

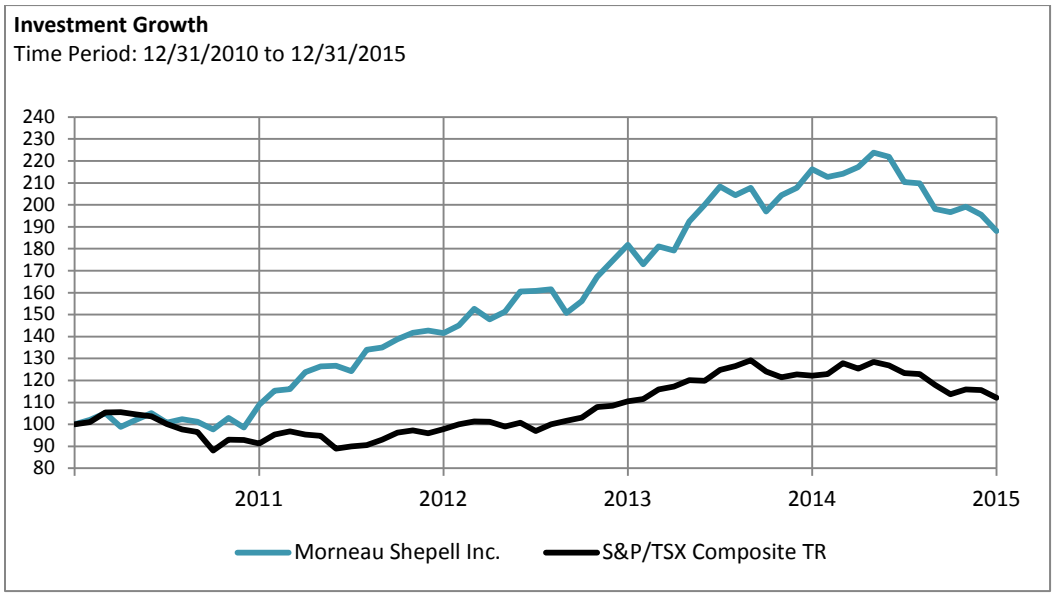
In accordance with the terms of Mr. Torrie's employment agreement, in the event Morneau Shepell terminates him without cause, he is entitled to a severance payment in the amount of two times his base salary and average bonus for the prior two years in addition to benefits for the period of severance. Mr. Milligan is entitled to receive a severance payment in the form of salary continuation or an amount equal to 18 months' salary, plus benefits for the severance period, in the event of termination without cause by Morneau Shepell. Messrs. Liptrap and Sturdee are entitled to receive a severance payment in the form of salary continuation or an amount equal to 18 months' salary and bonus, plus benefits for the severance period, in the event of termination of employment without cause by Morneau Shepell.

The LTIP awards for all executives are governed by the rules of the plan. Upon a change of control, the CNCG Committee has the authority to either (i) accelerate the vesting date for any unvested awards conditional upon the completion of the change of control or (ii) to the extent that the change of control would also result in a capital reorganization, arrangement, amalgamation or reclassification of the capital of the Company and LTIP Units may remain outstanding after such transaction is completed, the CNCG Committee shall make adequate provisions to ensure that, upon completion of the proposed change of control, the number of LTIP Units outstanding under the Plan and/or determination of Fair Market Value of a Share shall be appropriately adjusted in such manner as the CNCG Committee considers equitable, in its discretion, to prevent substantial dilution or enlargement of the rights granted to the holders of LTIP Units.

PERFORMANCE GRAPH

The following graph compares the total cumulative return to Shareholders for $100 invested in Shares, assuming re-investment of distributions, with the total cumulative return of the S&P/TSX Composite Index for the period from December 31, 2010 to December 31, 2015. On December 31, 2015, the Shares closed at $14.48.

For the Period from December 31, 2010 to December 31, 2015
Cumulative Total Returns Value of $100 Invested on December 31, 2010



	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15
Morneau Shepell Inc.	100	108.96	141.50	181.86	216.22	188.03
S&P/TSX Comp. Index	100	91.29	97.85	110.56	122.23	112.06

COMPENSATION OF DIRECTORS

In 2015, the CNCG Committee of the Company undertook a review of Director compensation relative to other public companies of similar size. Upon the recommendation of the CNCG Committee, the Board concluded to maintain compensation at the following existing levels: Directors who were not employees are entitled to an annual retainer of $50,000 per year and $1,500 for each Board or committee meeting attended. The Chair of the Board receives a retainer of $200,000 per year (inclusive of all applicable meeting and committee fees), the CNCG Committee Chair, while that Committee was in existence, was entitled to an annual retainer of $10,000, each Chair of the newly struck HR Committee and Governance Committee is entitled to an annual retainer of $10,000, and the Audit Committee Chair is entitled to an additional retainer of $15,000 per year. Other Board committee members receive an additional $5,000 retainer per year.

One half of all Directors' compensation will be paid in the form of Post-Retirement DSUs and Directors may elect to receive all of their compensation in the form of Post-Retirement DSUs. From time to time the Board may be required to meet for significant and time sensitive matters. In these circumstances the Board may apply special per-meeting fees. In 2015, no special meeting fees were paid. The Company also provides reimbursement for out-of-pocket expenses for attending meetings and a $1,500 travel fee for Directors who are resident outside of the province in which the board meeting is held.

The following table provides a summary of the compensation earned in 2015 by the Directors of the Company excluding Directors who were employees of the Company:

Director	Fees Earned		Total Compensation ($)
	Cash ($)	Shares ($)	
Robert Chisholm	Nil	93,167	93,167
Jill Denham	47,083	47,083	94,166
Ron Lalonde	Nil	Nil	Nil
Diane MacDiarmid	39,500	39,500	79,000
Jack Mintz	Nil	83,500	83,500
W.F. Morneau, Sr.	37,000	37,000	74,000
Kevin Pennington	Nil	100,015	100,015
Dale Ponder	Nil	Nil	Nil
John Rogers	44,500	44,500	89,000

Notes:
Share-based awards are in the form of Post-Retirement DSUs pursuant to the LTIP. Amounts are calculated using the grant date award value. Pursuant to the LTIP, notional distributions are made on Post-Retirement DSUs (in the form of additional Post-Retirement DSUs) equivalent to dividends paid on the Common Shares. Since notional distributions are provided after the end of the relevant performance year, no such notional distributions on those awards are earned in the applicable performance year and are therefore excluded from the above table. One half to 100% of a Director's compensation is paid in the form of Post-Retirement DSUs, which vest immediately.

Share Ownership Requirements

The Board believes that Directors should have an equity interest in the Company in order to align their interests with the interests of Shareholders. Directors are required to own Shares representing at least three times their annual retainer within three years of their appointment, or within three years of an increase to the annual retainer, whichever is later.

Directors' Liability Insurance and Indemnification

The Directors and officers of the Company and its subsidiaries are covered under directors' and officers' liability insurance for a total amount of $20 million. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified the directors and officers. The policy includes securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against the Company and any of its subsidiaries and their respective directors and officers. The total limit of liability is shared among the Company and its subsidiaries and their respective directors and officers so that the limit of liability is not exclusive to any one of the entities or their respective directors and officers. The by-laws of the Company and its subsidiaries provide for the indemnification of their directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. Further, indemnification agreements supporting the foregoing obligations have been provided to each Director from the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors, other than as disclosed in this Management Information Circular, no informed person, Director or proposed nominee for election as a Director, or any associate or affiliate of any such persons, had a material interest, direct or indirect, in any transaction since the commencement of the Company's most recent fiscal year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The following is a discussion of the Company's corporate governance practices with reference to the National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices,* which have been adopted by the Canadian Securities Administrators. The Company's approach to governance considers both the Company and its underlying entities.

Board and Committee Membership and Meetings

The Board is currently composed of ten Directors; however, Robert Chisholm is not submitting his name for re-election in 2016 and accordingly, if all Directors currently listed on the form of proxy are elected at the Meeting, the Board will be comprised of nine Directors. Of the nine Directors, the majority are "independent" within the meaning of National Instrument 58-101 being free from any direct or indirect material relationship with the Company, and its subsidiaries. Assuming a Board of nine Directors, there will be seven independent Directors of the Company (Jill Denham, Diane MacDiarmid, Ron Lalonde, Jack Mintz, Kevin Pennington, Dale Ponder and John Rogers) and two who are not; one by reason of being a member of management (Alan Torrie) and one by having a family relationship with a former member of management (W.F. (Frank) Morneau, Sr.).

Jill Denham is Chair of the Board. The independent Directors meet *in camera* at least quarterly without management and non-independent Directors. Time is allocated during each regular meeting of the Board for an *in camera* meeting of the independent Directors.

The Board has a written mandate, the full text of which is attached as Schedule "B" (the "Mandate of the Board of Directors"). The Board currently has three standing committees: the Governance Committee, the HR Committee and the Audit Committee. Effective March 3, 2016, the Board restructured the CNCG Committee, dividing the committee into the HR Committee and the Governance Committee. The Board also restructured the membership of each of the three committees. The Audit Committee and the HR Committee are each comprised of three independent Directors, the Governance Committee is comprised of four independent Directors, and each committee has specific responsibilities and mandates to assist in the governance activities of the Board. Each committee charter can be found on the Morneau Shepell website at morneaushepell.com.

The Board's objective with respect to its composition is to have a sufficient range of skills, expertise and experience to enable it to carry out its functions effectively. To that end, the Board has developed a competencies matrix to identify and assess the desired qualifications of its Board members and candidates.

The Board has determined that a nine member Board is an appropriate size to facilitate effective dialogue and decision-making. The Chair of the Board is not entitled to a second or casting vote in the event of equality of votes in respect of matters to be decided on by the Board.

Orientation and Continuing Education

To ensure Board members have the knowledge of the business and the role of the Board that they need to function effectively, each new Board member receives a comprehensive orientation, including extensive materials and presentations about the Board and the operations of Morneau Shepell's business, as well as meetings with the Chair and CEO, and other key members of management.

Board members regularly receive updates about the business of Morneau Shepell, the industry and ongoing projects. Detailed presentations about various operations and business issues are made by management from time to time to the Board. Directors are also provided with opportunities to meet with management for both formal and informal discussions. Board members are encouraged to continually develop their skills and attend appropriate Director or other educational programs at the expense of the Company.

Position Descriptions

The roles and responsibilities of the following key positions have been documented in the Mandate of Board of Directors and the committee charters: Chair of the Board, CEO, Chair of the Audit Committee, Chair of the HR Committee and Chair of the Governance Committee.

The role of the Chair of the Board includes chairing meetings of the Board and Shareholders, ensuring that the Board carries out its responsibilities effectively pursuant to the Mandate of the Board of Directors, providing direction in establishing the schedule and agendas of Board meetings, and liaising with the CEO.

The primary responsibilities of each of the Chair of the Audit Committee, the Chair of the HR Committee and the Chair of the Governance Committee include ensuring the respective Committee carries out its responsibilities effectively pursuant to its committee charter, liaising among their respective committees and the Board and management of the Company, liaising with the external advisors, including auditors in the case of the Audit Committee, and acting as chair of meetings of their respective committees.

The primary responsibilities of the CEO are to manage and supervise the affairs of Morneau Shepell, including the strategic business and economic planning and review processes, provide the Board with its information needs, oversee investor relations and public disclosure requirements of the Company, and management development and succession planning.

Governance Committee

The Governance Committee assists Directors by developing Morneau Shepell's approach to governance.

In the area of Board nominations, the Committee is responsible for, among other things:

(i) identifying and proposing candidates for vacancies on the Board;

(ii) ensuring that an orientation program is in place for new Directors in order to familiarize them with Morneau Shepell's business, management, facilities and advisors; and

(iii) periodically reviewing the effectiveness of the Directors and the contribution of individual Directors.

In order to identify appropriate Board candidates, the Governance Committee has established the desired skill sets, experience and qualifications of the Board in the form of a competencies matrix. It determines the extent to which the current Board composition meets the desired qualities. If the Governance Committee concludes that changes or additions to the Board composition are desirable, it will identify the desired qualities and seek out potential candidates for recommendation to the Board for nomination. The search process may involve the engagement of external consultants, as well as potential candidates known to the Board members, management of the Company or their respective advisers. The Governance Committee is comprised of Jill Denham (Chair), Ron Lalonde, Jack Mintz and Dale Ponder.

HR Committee

The HR Committee assists Directors by developing Morneau Shepell's approach to governance relating to the evaluation of the Company's human resources strategies, policies and procedures including the evaluation of the performance and compensation of the Company's executive management.

In the area of compensation, the HR Committee is responsible for, among other things:

(i) overseeing the appointment, termination and compensation of senior officers of Morneau Shepell;

(ii) annually reviewing the CEO's goals and objectives for the upcoming year, providing an appraisal of the CEO's performance and reviewing his compensation;

(iii) approving awards to senior executives under incentive plans;

(iv) making recommendations concerning the remuneration of Directors;

(v) reviewing key human resources policies and programs and practices; and

(vi) making recommendations regarding the operation of long-term incentive plans.

The HR Committee is comprised of Diane MacDiarmid (Chair), Kevin Pennington and Dale Ponder.

Audit Committee

The Audit Committee assists the Directors in fulfilling their responsibilities for oversight of the accounting and financial reporting practices and procedures of the Company, the adequacy of internal accounting controls and procedures, and the quality and integrity of financial statements of the Company. In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas and for the selection of independent auditors of the Company.

All members of the Audit Committee are financially literate within the meaning of applicable securities laws. This committee is also responsible for adopting and periodically reviewing and updating the Company's written disclosure policy. From January 1, 2015 until November 9, 2015, the Audit Committee was comprised of Robert Chisholm (Chair), John Rogers and Jill Denham. From November 9, 2015 until March 3, 2016 the Audit Committee was comprised of Robert Chisholm (Chair), John Rogers and Jack Mintz. The current Audit Committee is comprised of John Rogers (Chair), Ron Lalonde and Jack Mintz.

Assessments

The Board is responsible for conducting regular annual assessments to review the overall performance, effectiveness and contribution of the Board, each committee of the Board, each committee Chair, as well as each individual Director. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. The assessments consider, in the case of the Board or a committee, the applicable mandate or charter, and in the case of individual Directors, the applicable position descriptions, as well as the competencies and skills each individual Director is expected to bring to the Board.

The Board has developed an annual Board Effectiveness Survey and an Individual Director Evaluation Survey, which include an evaluation of Board and Committee responsibility, operations and effectiveness, as well as a separate self-assessment questionnaire. The process is generally as follows:

- the surveys are completed by each Director;
- results of the surveys are collated in a report for the Chair of the Board;
- the Chair of the Board then meets with each individual Director to discuss the Board’s and individual Director’s effectiveness;
- the Chair of the Board develops a report compiling the survey results, feedback from Directors and recommendations resulting from the assessment process, which are then considered collectively by the Board;
- the Board discusses and implements certain recommendations on how to improve Board effectiveness; and
- the Chair of the Board interviews each Director to discuss results and solicit feedback.

Code of Business Conduct and Ethics and Whistleblower Policy

The Board has adopted a Code of Business Conduct and Ethics (the "Code") which establishes the high ethical standards to which all Directors, officers and employees of the Company and its subsidiaries are expected to adhere**.** The full text of the Code is available to all Directors, officers and employees and is posted at morneaushepell.com.

The Code states that Directors, officers and employees are expected to speak with supervisors, managers or other appropriate personnel about concerns they may have in respect of illegal or unethical behaviour and when in doubt about the best course of action in a particular situation. It is the policy of Morneau Shepell not to allow retaliation for reports of such conduct made in good faith. It is, at the same time, unacceptable to file a report knowing it is false.

The Board has also implemented a Whistleblower Policy to provide a confidential complaint procedure so that an employee, with a concern about any accounting or auditing matter or any other matter which an employee believes is in violation of the Code, can report the concern to the General Counsel of Morneau Shepell. The General Counsel in turn is required to report all such concerns and complaints to the Chair of the Audit Committee.

Directors, officers and employees are annually reminded of the Code and other key policies of Morneau Shepell and are required to acknowledge in writing their continuing compliance. Management regularly reports to the Board respecting any violations of the Code or other inappropriate conduct impacting the Company.

The Board's mandate and the Code each contain provisions relating to addressing actual or potential conflicts of interest. Generally, any Director or officer is required to disclose any actual or potential conflict of interest and, if applicable, refrain from voting in respect of such matter.

Enterprise Diversity Statement

Morneau Shepell embraces and promotes diversity and inclusiveness among its people and business partners, within the workplace and the community. Morneau Shepell recognizes the importance of diversity on the Board and at all levels of the workplace, and is committed to fostering a culture of acceptance and inclusiveness. This includes building a Board and executive management team that are comprised of highly talented and experienced individuals whose diverse backgrounds reflect the Company's stakeholders, including its clients and employees and the communities and markets in which the Company operates. An effective Board requires that the Directors have the integrity, experience, skill, time and commitment identified by the Board as necessary to effectively carry out their duties. A Board made up of highly qualified directors from diverse backgrounds benefits from the contribution of different perspectives and experiences to board discussions and decisions, promoting better corporate governance.

The HR Committee has the mandate to review and monitor Company practices for supporting diversity in the workplace. The Governance Committee has the mandate to recommend new candidates for the Board and to conduct an annual review of the composition, size, structure and expertise required by the Board and its committees, taking into consideration all diverse backgrounds. In identifying candidates for election or appointment to the Board, the Governance Committee follows its policies, recognizes the benefits of diversity and carefully considers all aspects of the candidates' qualifications to ensure the needs of the Board and its committees are fulfilled. The candidates must demonstrate noteworthy accomplishments in their business or professional careers, and significant experience and ability in those areas of business expertise identified by the Governance Committee as required to meet the objectives of its Board skills matrix.

The Board does not have a formal policy or targets in place for the specific identification and nomination of women directors, as the processes that are currently in place, which focus on selecting candidates based on merit, have successfully encouraged strong representation of women on the Company's Board. In keeping with the growth of the Company's business, Board renewal and diversity objectives have been advanced through

the expansion of the Board and the appointment of additional directors. Currently, the Chair is a woman and the Chairs of both the HR Committee and Governance Committee are women. Three of the seven Independent Directors named on the proxy are women, making up 43% of the Independent Board members, and in total, three of the nine Directors are women representing 33% of the Board.

The Company's Board believes that it is best able to achieve optimal board performance and effectiveness by maintaining a robust board and individual director evaluation and feedback process, along with regularly reviewing existing board member competencies against current and anticipated needs. It has not adopted a policy of term limits for directors as director term limits an arbitrary time limit for board membership may impede the effectiveness of the Board and contributions of individual Directors.

In addition, through the course of Board and management succession planning, the diversity of candidates is taken into account. Where opportunities are identified, steps are taken through a variety of means including mentorship, sponsorship, training, and additional search activity as required. The Governance Committee will continue to add women to the evergreen list of candidates for the Board.

The Company does not set a target for women in executive positions as it selects candidates based on merit. That being said, the CEO and the Board actively seek out potential executive leadership candidates who not only have the experience, skills and qualifications required for their roles, but who also contribute to increasing the diversity of this group. Recruitment searches for executive positions must include individuals of diverse backgrounds and specifically women. Currently, two of the eleven (18%) executive officers of the Company are women.

ADDITIONAL INFORMATION

The Shares are listed on the TSX under the trading symbol MSI.

Additional financial information is provided in the Company's Financial Statements and the Company's Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2015. Copies of the Company's Financial Statements for its most recent completed year ended December 31, 2015, together with the report of the auditors thereon, MD&A of financial condition and results of operations, the most recent Annual Information Form (together with any documents incorporated by reference therein) and this Management Information Circular, are available upon request to Investor Relations, Morneau Shepell, 895 Don Mills Road, Suite 700, Toronto, Ontario M3C 1W3. The above documents, as well as the Company's news releases, are also on SEDAR at sedar.com and on the Morneau Shepell website at morneaushepell.com.

APPROVAL OF DIRECTORS

The contents and the mailing to the Shareholders of this Management Information Circular have been approved by the Directors.

Dated: March 3, 2016

BY ORDER OF THE DIRECTORS OF
MORNEAU SHEPELL INC.

_____
Susan Marsh
Corporate Secretary, Morneau Shepell Inc.

SCHEDULE "A"

COMPENSATION BENCHMARKING – COMPARATOR GROUPS

The following table outlines the comparator group that was reviewed and approved by the CNCG Committee based on the criteria as described earlier and therefore used as reference data. All financial data for the comparator companies was obtained from publicly available sources, and represents data disclosed for the last full year.

Data is shown in millions $CAD unless otherwise stated.

Company	Revenues [1]		EBITDA [1] [2]		EBITDA [2] (% Revenues)		Net Income [1]		Net Income (% Revenues)		Market Capitali-zation[1] (Oct 22, 2015)
	Last FY	3 yr average	Last FY	3 yr average	Last FY	3 yr average	Last FY	3 yr average	Last FY	3 yr average	
DH Corporation	$1,139	$911	$337	$242	30%	26%	$106	$73	9%	8%	$4,020
Canaccord Genuity Group Inc.	$881	$844	$36	$56	4%	7%	-$13	$7	-1%	1%	$556
Chartwell Retirement Residences Real Estate Investment Trust	$865	$869	$270	$248	31%	29%	-$8	-$41	-1%	-5%	$2,210
Savanna Energy Services Corp	$792	$719	-$251	$133	-32%	3%	-$249	-$61	-31%	-7%	$112
BMTC Group Inc.	$701	$704	$64	$65	9%	9%	$49	$50	7%	7%	$568
Richelieu Hardware Ltd.	$647	$600	$77	$73	12%	12%	$52	$48	8%	8%	$1,340
Canadian Western Bank	$619	$566	$327	$298	53%	53%	$230	$206	37%	36%	$2,001
5N Plus Inc.	$591	$542	$46	-$35	8%	-6%	$13	-$56	2%	-10%	$110
Ritchie Bros. Auctioneers Incorporated	$559	$497	$208	$188	37%	38%	$106	$95	19%	19%	$3,670
Equitable Group, Inc.	$523	$505	$145	$126	28%	25%	$107	$94	20%	19%	$891

(1) Financial data extracted from annual reports and financial websites.

(2) EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

COMPENSATION BENCHMARKING – COMPARATOR GROUPS

Company	Revenues [1]		EBITDA [1] [2]		EBITDA [2] (% Revenues)		Net Income [1]		Net Income (% Revenues)		Market Capitalization[1] (Oct 22, 2015)
	Last FY	3 yr average	Last FY	3 yr average	Last FY	3 yr average	Last FY	3 yr average	Last FY	3 yr average	
Pason Systems Inc.	$499	$430	$327	$273	66%	63%	$112	$59	22%	13%	$1,670
Newalta Corporation	$495	$544	$72	$104	15%	19%	-$143	-$26	-29%	-6%	$472
Performance Sports Group Ltd.	$484	$428	$51	$55	11%	13%	$22	$26	5%	6%	$696
AGF Management Limited	$464	$486	$155	$163	33%	33%	$61	$45	13%	9%	$427
Sienna Senior Living Inc.	$457	$376	$43	$40	9%	11%	-$16	-$11	-4%	-3%	$637
Trimac Transportation Ltd.	$448	$422	$51	$49	11%	12%	$16	$15	4%	3%	$145
Great Canadian Gaming Corporation	$447	$421	$182	$135	41%	32%	$78	$38	18%	9%	$1,190
Capstone Infrastructure Corporation	$442	$397	$177	$174	40%	44%	$9	$26	2%	7%	$305
Major Drilling Group International Inc.	$306	$452	$9	$52	3%	8%	-$50	-$18	-16%	-8%	$378
Average	$598	$564	$122	$128	21%	23%	$25.4	$30.0	4%	6%	$1,126
25th Percentile (P25)	$461	$429	$48	$56	9%	10%	-$10.5	-$14.5	-1%	-4%	$402
Median (P50)	**$523**	**$505**	**$77**	**$126**	**15%**	**19%**	**$22.0**	**$26.5**	**5%**	**7%**	**$637**
75th Percentile (P75)	$674	$652	$195	$181	35%	33%	$92.2	$54.5	15%	9%	$1,505
Morneau Shepell	$536	$475	$84	$77	16%	16%	$25	$19	5%	4%	$748
Percentile rank	**52%**	**37%**	**51%**	**40%**	**50%**	**47%**	**51%**	**41%**	**50%**	**40%**	**57%**

(1) Financial data extracted from annual reports and financial websites.

(2) EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

SCHEDULE "B"

MANDATE OF THE BOARD OF DIRECTORS

The purpose of this document is to set out the mandate and responsibilities of the board of directors (the **"Board"**) of Morneau Shepell Inc. (the **"Company"**), which was adopted by the Board effective March 3, 2016.

Composition

The Board shall be constituted with a majority of individuals who qualify as "independent directors" as defined in National Instrument 58-101—*Disclosure of Corporate Governance Practices*.

Responsibilities of the Board

The Board is responsible for the stewardship of the Company and in that regard shall be specifically responsible for:

(a) supervising the business and activities of the Company (which includes its subsidiaries), including acting for, voting on behalf of and representing the Company as a holder of common shares of Morneau Shepell Ltd.;

(b) adopting a strategic planning process and evaluating and approving a strategic plan for the upcoming year that takes into account, among other things, the opportunities and risks the Company's business;

(c) reviewing, on at least an annual basis, a budget for the Company;

(d) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer, the Chief Financial Officer and other executive officers of the Company and its subsidiaries and that such officers create a culture of integrity throughout the organization;

(e) the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks including a crisis management process in the event of a crisis situation;

(f) adopting processes, procedures and controls that are designed to assist the Company in complying with all applicable laws and legal requirements;

(g) monitoring the Company internal control and management information systems;

(h) adopting communication processes which enable the Company to communicate effectively and address how the Company interacts with all of its stakeholders, including analysts and the public, contain measures for the Company to avoid selective disclosure and is reviewed at such intervals or times as the Board deems appropriate;

(i) establishing and maintaining a standing audit committee of the Board (the **"Audit Committee"**), and such other committees as the board may determine to be in the best interests of the Company (together with the HR Committee and the Governance Committee (as defined below), the **"Committees"**);

(j) reviewing and reassessing the adequacy of the terms of reference of the Committees at such intervals or times as the Board deems appropriate;

(k) receiving recommendations of the Audit Committee respecting, and reviewing and approving, the annual, interim and any other publicly announced financial information of the Company;

(l) adopting the Company approach to governance by establishing and maintaining a standing governance and nominating committee of the Board (the "**Governance Committee**") including adopting a set of governance principles and guidelines that are specifically applicable to the Company;

(m) establishing and maintaining a standing human resources committee of the Board (the "**HR Committee**") to fulfill oversight responsibilities in relation to compensation, selection, development of executive management and the human resources programs and practices of the Company;

(n) receiving recommendations of the HR Committee and the Governance Committee and reviewing and approving (where applicable) such recommendations relating to the respective mandates of the Committees as set out in their Charters;

(o) implementing a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors;

(p) implementing a process for examining the size of the Board and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;

(q) implementing a process for reviewing the adequacy and form of compensation of directors and ensuring that compensation realistically reflects the responsibilities and risk involved in being a director;

(r) succession planning of the Chief Executive Officer;

(s) succession planning of executive management (including ensuring the Company has a plan addressing the succession of key roles within the Company, appointing, training and monitoring executive management);

(t) meeting regularly with management of the Company to receive reports respecting the performance of the Company's business, new and proposed initiatives, management concerns and any areas of concern involving the Company's business; and

(u) meeting regularly without management.

It is recognized that every director, in exercising powers and discharging duties, must act honestly and in good faith with a view to the best interest of the Company. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, directors are expected to carry out their duties in accordance with policies adopted by the Board from time to time, the current policy being annexed hereto as Appendix A.

It is expected that each subsidiary of the Company will cooperate in all ways to facilitate compliance by the Board with its legal duties and this mandate by causing such subsidiary to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

Responsibilities of the Chair

The Chair is an "independent" director who is appointed by the Board to assist the Board in fulfilling its duties effectively and efficiently. The key accountabilities of the Chair include the following:

(i) guide and direct the governance process of the Board, centering the work of the Board on the Company's mission, vision, values and strategic direction;

(ii) establish agendas for Board and shareholder meetings, in collaboration with the Chief Executive Officer;

(iii) preside over Board and shareholder meetings in a manner that encourages participation and information sharing while moving toward timely closure and prudent decision making;

(iv) monitor the adequacy of the materials provided to the directors by management in connection with the directors' deliberations;

(v) ensure appropriate Board record keeping and reporting;

(vi) ensure that the Board understands the boundaries between Board and management responsibilities;

(vii) act as a liaison between directors and management;

(viii) ensure that the independent directors of the Board have adequate opportunities to meet without management present;

(ix) communicate to the Chief Executive Officer, as appropriate, the results of private discussions among independent directors;

(x) liaise with Committee Chairs regarding work of Committees and where certain Board functions have been delegated to the Committees, ensure the results are reported to the Board;

(xi) work with the Chair of the HR Committee to review and assess the compensation planning of the Chief Executive Officer;

(xii) serve as Board's central point of official communication with the Chief Executive Officer and develop a positive collaborative relationship with the Chief Executive Officer;

(xiii) lead the Board effectiveness assessment process including the annual assessment of the performance and effectiveness of the Board, the Committees, Committee Chairs and individual directors;

(xiv) lead Board development including director recruitment, valuation and orientation and manage Board relations;

(xv) on an ongoing basis, assess whether the Board and Committees have appropriate access to outside advisors for the purposes of the Board fulfilling its responsibilities under this Mandate;

(xvi) report to the Board on material matters arising in undertaking his or her functions and responsibilities outlined herein, and if necessary, will make recommendations to the Board for the Board's approval on these matters; and

(xvii) perform such other functions as may be ancillary to the duties and responsibilities described above and as may be delegated to the Chair by the Board from time to time.

Responsibilities of the Chief Executive Officer

The Chief Executive Officer reports to the Board and is accountable, within the context and prescribed limits of the Board, for developing and executing the strategic direction, enhancing revenue and profit growth, and increasing balance sheet and shareholder value. This includes supporting the Board in fulfilling its function.

The key accountabilities for the Chief Executive Officer include the following:

(i) manage and supervise the affairs of the Company;

(ii) ensure that the Company has an effective management team and has a plan for management development and succession;

(iii) motivate, lead and mentor the executive management team, including working to attract and retain individuals with the requisite skills and experience;

(iv) lead the development and execution of the strategy and strategic direction for the growth of the Company;

(v) develop, implement and maintain a business planning and review system that includes level appropriate vision, mission, values, strategic positioning, operational plan, and resource plan;

(vi) with executive management, develop, implement and maintain an optimal organization alignment to implement the business plan including the strategy (including the use of committees);

(vii) resource allocation, strategic human resources management, succession planning, and talent pool development;

(viii) leadership in the development of strong ties with clients, key stakeholders, investors, Board, and employees, including a key accountability for investor relations;

(ix) leverage industry experience, expertise and relationships in acquisitions and alliances;

(x) economic resourcing, including capital structure of the enterprise and financial management;

(xi) support and development of enterprise values, culture and ethics and encourage and promote a culture of ethical business conduct and integrity throughout the Company in keeping with the Company's Code of Business Conduct and Ethics;

(xii) review and establish, with the assistance of the Chief Financial Officer, the financial reporting and public disclosure of the Company including applicable disclosure controls and procedures and internal controls over financial reporting and satisfy himself or herself concerning the processes followed in their preparation and provide the certifications required under applicable securities laws concerning such reporting and disclosure;

(xiii) report to, and meet regularly and as required, with the Board and all formally appointed Committees of the Board to review Board and Committee issues and provide the Board or the relevant Committee with all information and access to management necessary to permit the Board or the relevant Committee to fulfill its statutory and other legal obligations on a timely basis;

(xiv) assist in the development of Board policies regarding the Company's communications with shareholders, the investment community, media, governments and their agencies, employees and the general public;

(xv) coordinate with the Chair of the Board to ensure that information requested by a director is provided and meets the needs of that director;

(xvi) perform such other duties as are regulatory and customarily performed by a Chief Executive Officer or a reporting issuer; and

(xvii) such other appropriate responsibilities as are delegated to him or her by the Board.

Decisions Requiring Prior Approval of the Board

Approval of the Board shall be required for:

(i) dividends to shareholders;

(ii) significant acquisitions/dispositions;

(iii) related party transactions;

(iv) the public dissemination of any financial information;

(v) the issuance or repurchase of securities of the Company;

(vi) the terms of reference of Committees of the Board; and

(vii) any other matter that would give rise to a "material change" to the Company.

In considering related party transactions, when appropriate, the Board will review a report of an independent financial advisor in making its decision. The foregoing list is intended to specify particular matters requiring Board approval and is not intended to be exhaustive.

Measures for Receiving Shareholder Feedback

The Company shall provide for a mechanism for feedback of shareholders. Persons designated to receive such information shall be required to provide a summary of the feedback to the directors on a regular basis.

Meetings

The Board will meet not less than four times per year: three meetings to review quarterly results; and one prior to the issuance of the annual financial results of the Company. A quorum for the meetings shall be a majority of the directors then holding office.

Meeting Guidelines

Directors will be expected to have read and considered the materials sent to them in advance of each meeting, and to be prepared to discuss the matters contained in such materials at the meeting. Administrative matters (e.g. bank signing resolutions, etc.) that require a vote may be batched for voting purposes. The notice of meeting will highlight significant matters to be dealt with at each meeting so that directors can focus on reviewing the related materials.

Remuneration

Remuneration shall be at a level that will attract and motivate professional and competent members.

Telephone Board Meetings

A director may participate in a meeting of the directors or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other and a director participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the Board to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone Board meetings may be required to be

called in order for directors to be in a position to better fulfill their legal obligations. Alternatively, management may request the directors to approve certain matters by unanimous consent, such as approval for the monthly dividends to shareholders. Such approval shall be received by signed resolutions from each director, sent to the Company electronically or in original form.

Expectations of Management

Management of the Company shall be required to report to the Board at the request of the Board on the performance of the Company, new and proposed initiatives, management's concerns and any other matter the Board or its Chair may deem appropriate in relation to the Company's business. In addition, the Board expects management to promptly report to the Chair of the Board any significant developments, changes, transactions or proposals respecting the Company.

APPENDIX A- POLICY OF PRACTICES FOR DIRECTORS

Attendance at Meetings

Each director is expected to have a very high record of attendance at meetings of the Board, and at meetings of each committee on which the director sits. A director is expected to:

(i) advise the Chair as to planned attendance at Board and Committee meetings shortly after meeting schedules have been distributed;

(ii) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and

(iii) attend a meeting by conference telephone if unable to attend in person.

Preparation for Meetings

Directors are expected to carefully review and consider the materials distributed in advance of a meeting of the Board or a Committee. Directors are also encouraged to contact the Chair, the Chief Executive Officer of the Company and any other appropriate officers to ask questions and discuss agenda items prior to meetings.

Conduct at Meetings

Directors are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a director should:

(i) be candid and forthright;

(ii) not be reluctant to express views contrary to those of the majority;

(iii) be concise and, in most circumstances, respect the time constraints of a meeting; and

(iv) be courteous to and respectful of other directors and guests in attendance.

Knowledge of the Business of the Company

Directors are expected to be knowledgeable with respect to the various fields and practices of business of the Company. Although management has a duty to keep the Board informed about developments in the Company's business, directors have a primary duty of care and diligence, which includes a duty of inquiry. Directors should:

(i) ask questions of management and other directors/managers, at meetings and otherwise, to increase their knowledge of the business of the Company;

(ii) familiarize themselves with the risks and challenges facing the business of the Company;

(iii) read all internal memoranda and other documents circulated to the directors, and all reports and other documents issued by the Company for external purposes;

(iv) insist on receiving adequate information from management with respect to a proposal before Board approval is requested;

(v) familiarize themselves with the Company's competitors by, among other things, reading relevant news, magazine and trade journal articles; and

(vi) familiarize themselves with the legal and regulatory framework within which the Company carries on its business.

Personal Conduct

Directors are expected to:

(i) exhibit high standards of personal integrity, honesty and loyalty to the Company;

(ii) project a positive image of the Company to news media, the financial community, governments and their agencies, shareholders and employees;

(iii) be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the Board; and

(iv) disclose any potential conflict of interest that may arise with the business or affairs of the Company and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

Independent Advice

In discharging its mandate the Board shall have the authority to retain, authorize the payment by the Company of and receive advice from, special legal, accounting or other advisors and outside consultants, if appropriate.