MORNEAU SHEPELL

Notice of Annual and Special Meeting of Shareholders

to be held on May 8, 2020

and

Management Information Circular

March 23, 2020

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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Take Notice that the annual and special meeting (the "Meeting") of holders ("Shareholders") of common shares ("Shares") of Morneau Shepell Inc. (the "Company") will be held on Friday, May 8, 2020, at 11:00 a.m. (Eastern Time). The Meeting will be a virtual meeting conducted via live audio webcast. Shareholders can access the meeting by visiting www.virtualshareholdermeeting.com/MORNEAU2020. The purpose of the Meeting is as follows:

(1) To receive the consolidated financial statements of the Company for the financial period that ended December 31, 2019, 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;

(4) To consider and, if thought advisable, pass an advisory resolution on the Company's approach to executive compensation;

(5) To consider and, if deemed advisable, to (i) re-approve the Company's amended and restated 2017 long-term incentive plan ("2017 LTIP") and approve an amendment to the amendment provision of the 2017 LTIP to require Shareholder approval to permit non-employee directors to be eligible to receive awards under the 2017 LTIP; and (ii) re-approve the Company's amended and restated directors' deferred share unit plan ("Director DSU Plan") and approve an amendment to the annual non-employee director limit of $150,000 to exclude from such limit deferred share units granted as part of board fees and initial one-time grants to new directors, each as more particularly described in the accompanying Management Information Circular (the "Circular"); and

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

The Company has fixed March 24, 2020 as the record date for determining those Shareholders entitled to receive notice and to vote at the Meeting. 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, 2019 are posted at morneaushepell.com and sedar.com.

The Meeting will be held virtually via the Internet. Shareholders who choose to attend the Meeting will do so by accessing a live audio webcast of the Meeting via the Internet. Shareholders and duly appointed Proxyholders can access the Meeting by visiting www.virtualshareholdermeeting.com/MORNEAU2020. At this website, Shareholders will be able to listen to the Meeting live, submit questions and submit their vote while the Meeting is being held. We believe hosting the Meeting virtually will enable increased Shareholder attendance from different geographic locations and will encourage more active Shareholder engagement and participation at the Meeting. Please see "Proxy Solicitation and Voting at the Meeting" below for more information.

If you are unable to attend the Meeting or if you wish to vote in advance of the Meeting, please carefully follow the instructions on the proxy or voting instruction form. Only registered Shareholders and Proxyholders may attend and vote at the Meeting. Shareholders that hold their Shares with a bank, broker or financial intermediary that wish to vote at the Meeting must carefully follow the instructions provided by their intermediary. In order to be effective, proxies must be received by the Chair of the Meeting before the commencement of the Meeting or any adjournment thereof. If you are attending the Meeting, please log-on to the virtual meeting in advance to ensure that your vote will be counted.

Time is of the essence. It is recommended that you vote by telephone or Internet to ensure that your vote is received before the Meeting. To cast your vote by telephone or Internet, please have your proxy card or voting instruction form in hand and carefully follow the instructions contained therein. Your telephone or Internet vote authorizes the named proxies to vote your Shares in the same manner as if you mark, sign and return your proxy card. If you vote by telephone or Internet, your vote must be received before 11:59 p.m. (Eastern Time) on May 6, 2020.

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 them at the Meeting, may do so either by inserting the name of the chosen Proxyholder and providing a unique Appointee Identification Number for their Appointee to access the virtual Meeting, either on-line at www.proxyvote.com using the 16-digit control number provided, or, using the enclosed form of proxy or voting instruction form and returning the completed proxy in the pre-addressed return envelope provided for that purpose, to Broadridge Investor Communications Corporation no later than 5:00 p.m. (Eastern Time) on May 6, 2020. You **must** provide your Appointee with the exact name and eight-character appointee identification number to access the Meeting. Appointees can only be validated at the virtual Meeting using the exact name and eight-character Appointee Identification Number you enter.

If you do not create an eight-character Appointee Identification Number, your appointee will not be able to access the virtual meeting.

Dated at Toronto, Ontario, this 23rd day of March, 2020.

By Order of the Directors of Morneau Shepell Inc.

Susan Marsh, Corporate Secretary
Morneau Shepell Inc.

DEFINITIONS

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

"2011 LTIP" means the Company's closed long term incentive plan dated January 1, 2011 as amended and restated March 2, 2017;

"2011 LTIP Units" means collectively the 2011 RSUs and the Retirement DSUs;

"2011 RSUs" means the restricted share units of the Company granted under the 2011 LTIP;

"2017 LTIP" means the Company's long-term incentive plan dated March 2, 2017 as amended and restated on March 7, 2018 and March 10, 2020;

"2017 LTIP Units" means collectively the RSUs, DSUs and PSUs;

"Adjusted EBITDA" means Adjusted EBITDA as calculated and defined in the Morneau Shepell Management's Discussion and Analysis for the year ended December 31, 2019;

"Beneficial Shareholders" means the 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 the President and Chief Executive Officer;

"CFO" means the Chief Financial Officer;

"Circular" or **"Management Information Circular"** means this management information circular of Morneau Shepell Inc. dated March 10, 2020;

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

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

"Director DSU Plan" means the Directors' deferred share unit plan dated March 2, 2017 as amended and restated March 10, 2020;

"Director DSUs" means the deferred share units of the Company granted to Directors under the Director DSU Plan;

"Directors" means the directors of the Company;

"DSUs" means the deferred share units of the Company granted under the 2017 LTIP;

"ESPP" means the Company's employee share purchase plan as amended and restated on March 10, 2020;

"EVP" means Executive Vice President;

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

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

"Income Fund LTIP" means the Company's closed long-term incentive plan established when the Company was Morneau Sobeco Income Fund;

"Income Fund LTIP Units" means the long-term incentive plan units of the Company granted under Income Fund LTIP;

"**LOB**" means line of business;

"LTIP" or **"Long-Term Incentive Plan"** means the 2011 LTIP, 2017 LTIP and the Income Fund LTIP;

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

"LTIP Units" means the 2011 LTIP Units, the 2017 LTIP Units, the Income Fund LTIP Units and the Director DSUs, as applicable;

"Meeting" means the annual and special meeting of the shareholders of Morneau Shepell Inc. common shares to be held on Friday, May 8, 2020 as it may be adjourned from time to time;

"Meeting materials" means the Notice of Annual and Special 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;

"OBCA" means the Business Corporations Act (Ontario);

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

"**Proxyholders**" has the meaning outlined below under the section "Appointment of Proxies";

"PSUs" means the performance share units of the Company granted under the 2017 LTIP;

"Retirement DSUs" means the retirement deferred share units of the Company granted under the 2011 LTIP;

"**Risk Committee**" means the Risk Committee of the Board;

"RSUs" means the restricted share units of the Company granted under the 2017 LTIP;

"Shares" means the common shares of the Company;

"Shareholders" means the holders of Shares;

"TSR" means total shareholder return; and

"TSX" means the Toronto Stock Exchange.

MANAGEMENT INFORMATION CIRCULAR

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 2020 annual and special 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 24, 2020.

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 23, 2020 there were 68,139,881 Shares outstanding.

DELIVERY OF MEETING MATERIALS

Notice and Access

In 2018, as permitted by the Canadian Securities Administrators the Company adopted "Notice and Access" to deliver the Circular to Shareholders for the Meeting. This means that instead of receiving a paper copy of the Circular, Shareholders will receive a notice ("Notice"), which provides information on how to access the Circular online and how to request a paper copy of it. A form of proxy or a voting instruction form for Shareholders was included with the Notice with instructions on voting. Adopting Notice and Access allows the Company to reduce its printing and mailing costs, and is consistent with the Company's environmental, social, governance and sustainability strategy.

How to Access the Circular Electronically

This Circular is available on SEDAR at sedar.com and on Morneau Shepell's website at morneaushepell.com/ca-en/investor-relations.

How to Request a Paper Copy of the Circular

Upon a request received at any time prior to or up to one year following the date of filing of the Circular, Morneau Shepell will send a Shareholder a paper copy of the Circular at no cost. If a Shareholder requests it before the date of the Meeting, the Circular will be sent within three business days of receiving the request. To receive the Circular before the voting deadline and the date of the Meeting, the Company estimates that the request must be received no later than 5:00 p.m. (Eastern Time) on April 17, 2020. The Shareholder will not receive another form of proxy or voting instruction form, so in order to exercise the voting rights, the Shareholder should keep the form received with the Notice. If the Shareholder requests it on the date of the Meeting or in the year following the filing of the Circular, it will be sent within 10 calendar days of receiving the request.

The request can be made on-line at www.proxyvote.com and entering the 16-digit control number located on your proxy or voting instruction form and following the instructions provided. Alternatively, you may submit a request by calling 1-877-907-7643 (toll free within North America) or 905-507-5450 (outside of North America), or by email to noticeandaccess@broadridge.com.

Questions

If a Shareholder has questions about Notice and Access or to request a paper copy of this Circular after the Meeting at no charge, call Broadridge at 1-855-887-2244 (toll free within North America) or, 905-507-5450 (outside North America).

NUMBER OF SHARES

As of March 23, 2020, 68,139,881 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. 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.

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 on Friday, May 8, 2020 at 11:00 a.m. (Eastern Time) and, at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders. The Meeting will be a virtual meeting conducted via live audio webcast. Shareholders can access the meeting by visiting www.virtualshareholdermeeting.com/MORNEAU2020. If you plan to vote at the Meeting, it is important that you are connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure Internet connectivity for the duration of the Meeting. You should allow ample time to log in to the Meeting online and complete the check-in procedures. In addition to the use of mail, proxies may be solicited 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 or voting instruction form are Directors. A registered Shareholder who wishes to appoint some other person to represent them 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 ("Proxyholder"). Such other person need not be a Shareholder. Proxies designated by way of the Internet or telephone must be received before 11:59 p.m. (Eastern Time) on May 6, 2020.

To be valid, proxies must be returned to Broadridge Investor Communications Corporation so as to arrive no later than 5:00 p.m. (Eastern Time) on May 6, 2020 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:

Internet:	www.proxyvote.com
Telephone:	1-800-474-7493 (English) or 1-800-474-7501 (French)
Mail:	Data Processing Centre, P.O. Box 3700, Stn. Industrial Park, Markham, ON, L3R 9Z9

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 and Special 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, 2020 with Broadridge, Attention: Data Processing Centre, P.O. Box 3700, Stn. Industrial Park.

The Meeting will be held entirely online to allow greater participation.

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, or have another person attend and vote on behalf of the Beneficial Shareholder, the Beneficial Shareholder should designate an appointee. The Beneficial Shareholder would enter the appointee name in the space provided and provide a unique Appointee Identification Number. The appointee will need the unique Appointee Identification Number to access the virtual meeting.

The Beneficial Shareholder **must** provide their appointee with the **exact name of the appointee** and the eight-character Appointee Identification Number **entered by the Beneficial Shareholder** to enable the appointee to access the Meeting.

If an eight-character Appointee Identification Number is not provided to the appointee, the appointee will not be able to access the virtual meeting.

Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the Internet. 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 at the Meeting by online ballot through the live audio webcast platform (or have another person attend and vote on such Shareholder's behalf) you must complete the voting instruction form in accordance with the directions provided. The webcast will be held at www.virtualshareholdermeeting.com/MORNEAU2020. To participate in the Meeting, you will need the 16-digit control number on your voting instruction form or on the instructions that accompany your proxy materials. Beneficial Shareholders who have not duly appointed themselves as Proxyholders may attend the Meeting as Shareholders and can ask questions but cannot vote.

If you plan to vote at the Meeting, it is important that you are connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure Internet connectivity for the duration of the Meeting. You should allow ample time to log in to the Meeting online and complete the check-in procedures.

However, even if you as a Beneficial Holder plan to attend the Meeting, the Company recommends that you vote your Shares in advance, so that the vote will be counted if you later decide not to attend the Meeting.

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 Broadridge 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.

Registered Shareholders may also vote during the Meeting by submitting an online ballot through the live audio webcast platform, which will revoke their previous proxy.

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 and Special 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 and Special 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 23, 2020.

Name	Number of Shares Owned	Percentage of Total Shares
Mackenzie Financial Corporation	9,706,647[1]	14%

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

1. Financial Statements

The Audited Consolidated Financial Statements of the Company for the period ended December 31, 2019, 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 at 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 2020 financial year. KPMG LLP has served as auditors 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. Advisory Resolution on Approach to Executive Compensation

The Company believes that its compensation objectives and approach to executive compensation appropriately align the interests of management with the long-term interests of Shareholders. Details of the Company's approach to executive compensation is disclosed in the "Compensation Discussion and Analysis" beginning on page 36 of this Circular. As a result, the Company is asking you to vote on the following resolution: Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in the Circular delivered in advance of the Meeting. This is an advisory vote, so the results are not binding. Last year, 94% of the shareholder votes were in favour of the Company's executive compensation approach. The Board, in particular the Human Resources Committee (the "HR Committee"), will, however, take the results into account, together with feedback received from other Shareholder engagement activities, when making decisions about compensation policies, procedures and executive pay in the future. The Board recommends that you vote FOR our approach to executive compensation. If a significant number of Shareholders oppose the resolution, the Board will engage with Shareholders (especially those who are known to have voted against it) to understand their concerns and will continue to review our approach to executive compensation in the context of those concerns. The HR Committee, as well as the Board, welcome questions and comments about executive compensation at Morneau Shepell. We encourage an open dialogue with Shareholders and consider all Shareholder feedback. See page 35 for information on how to contact a member of the Board.

5. Re-Approval of the Amended and Restated 2017 LTIP and Amended and Restated Directors' DSU Plan

2017 Long-Term Incentive Plan

At the Meeting, Shareholders will be asked to consider and if deemed advisable, to pass, with or without modification, an ordinary resolution (the "LTIP Resolution") approving all unallocated 2017 LTIP Units (as defined below) under the Company's existing long-term incentive plan dated March 2, 2017, as amended and restated on March 7, 2018 and March 10, 2020 (the "2017 LTIP") and approving an amendment to the plan amendment provision to require Shareholder approval to permit non-employee Directors to be eligible to receive 2017 LTIP Units under the 2017 LTIP.

The Board recommends that Shareholders vote in favour of the approval of the LTIP Resolution. The full text of the LTIP Resolution is attached as Schedule "A" hereto. The persons named in the form of proxy, unless expressly directed to the contrary in such form of proxy, will vote such proxies in favour of the LTIP Resolution.

A copy of the 2017 LTIP will be filed on SEDAR at sedar.com after approval of the LTIP Resolution.

The 2017 LTIP was adopted on March 2, 2017 and last approved by the Shareholders at a meeting held on May 5, 2017. Pursuant to the current rules of the TSX, the Company is required to obtain Shareholder approval of the

unallocated 2017 LTIP Units every three years. If the LTIP Resolution is not approved by Shareholders at the Meeting, all unallocated 2017 LTIP Units under the 2017 LTIP will be cancelled and the Company will not be permitted to grant further 2017 LTIP Units under the 2017 LTIP. However, all 2017 LTIP Units that have been granted up to May 5, 2020 but not yet redeemed will continue unaffected.

On March 10, 2020, the Board approved the following amendments to the 2017 LTIP which do not require Shareholder approval under the terms of the 2017 LTIP: (i) to reflect that Shares will no longer be issuable under the Company's employee share purchase plan, revised the maximum number of Shares that may be issued under the 2017 LTIP to provide that the number of Shares issued or issuable under the 2017 LTIP and all other security based compensation arrangements of the Company shall not exceed 6.3% of the aggregate number of Shares outstanding from time to time on a non-diluted basis (previously, such maximum was 7.9% to reflect the 1% Share reserve under the Company's employee share purchase plan) and revised the maximum number of Shares that may be issued pursuant to the 2017 LTIP to provide that such maximum shall not exceed 5.3% (previously, such maximum was 5.9%); (ii) to change the expiry date of restricted share units and performance share units from the fourth anniversary of the grant date to December 31 of the third calendar year following the fiscal year in respect of which such awards are granted; (iii) to provide for redemption of restricted share units and performance share units within 30 days of the vesting date; (iv) to provide for monthly crediting of dividend equivalents (instead of annual crediting); (v) to update the Company's clawback policy; (vi) to make certain changes to address applicable tax laws; and (vii) to make certain other administrative changes.

Under the 2017 LTIP, the Company is authorized to grant restricted share units, deferred share units and performance share units to employees of the Company and its affiliates (the "Participants"), but not to Directors of the Company. The purpose of the 2017 LTIP is to promote a greater alignment of interests between the Participants and the Shareholders.

Grants of 2017 LTIP Units

Pursuant to the 2017 LTIP, the HR Committee may grant Participants (i) restricted share units ("RSUs"); (ii) deferred share units ("DSUs"); and (iii) performance share units ("PSUs"). The RSUs, DSUs and PSUs are collectively referred to as the "2017 LTIP Units".

PSUs may be granted at the discretion of the HR Committee based on performance measures determined annually (the "Performance Measures"), which consists of a defined metric or set of metrics and performance objectives and may also include an adjustment factor (the "Performance Adjustment Factor") that is linked to the achievement of thresholds set out in the Performance Measures. The HR Committee will provide a schedule to each Participant that links levels of performance to a relevant Performance Adjustment Factor. Prior to the vesting of each Participant's PSU for a performance period, an adjusted award of PSUs (the "Adjusted Award") will be calculated as follows:

Adjusted Award	=	PSUs in a Participant's LTIP Account	X	Performance Adjustment Factor for such Participant

The HR Committee has the right in its sole discretion, to make adjustments to the calculation of any grant of PSUs or any Adjusted Award to account for significant events which may affect the Performance Measures.

Vesting and Redemption of 2017 LTIP Units

Unless otherwise determined by the HRC Committee, each RSU vests thirty-three (33) months after the date of grant. Within 30 days of the applicable vesting date, each RSU is redeemable, at the discretion of the Company, for either one Share or for an amount in cash equal to the fair market value of one Share, which is equal to the volume weighted average trading price of a Share on the TSX for the five business days preceding the applicable date.

Unless otherwise determined by the HRC Committee, DSUs vest three years after the date of grant, and become redeemable only on the Participant's termination of employment. Each DSU is redeemable, at the discretion of the Company, for either one Share or for an amount in cash equal to the fair market value of one Share.

Unless otherwise determined by the HRC Committee, PSUs vest thirty-three (33) months after the date of grant. Within 30 days of the applicable vesting date (and following any adjustments based on performance during the relevant performance period), each PSU is redeemable, at the discretion of the Company for either one Share or for an amount in cash equal to the fair market value of one Share.

If the redemption date for any 2017 LTIP Units falls within a blackout period imposed by the Company, the effective redemption date for such 2017 LTIP Units will be no earlier than six business days after the date on which the blackout periods ends. Notwithstanding the foregoing, (i) RSUs and PSUs must be redeemed no later than December 31 of the third calendar year following the end of the fiscal year in respect of which such RSUs or PSUs were granted and (ii) DSUs must be redeemed no later than December 31 of the year following the year in which the Participant's termination of employment occurs.

Cessation of Entitlements under the 2017 LTIP

Upon a termination of employment without cause, or due to death or disability, a pro-rata portion of a Participant's unvested 2017 Units shall vest. In determining the pro-rata portion of PSUs that will vest, the HRC Committee has the discretion to determine the performance adjustment factor that should be applied.

Upon a Participant's resignation (other than due to retirement), unvested 2017 LTIP Units will automatically terminate on the Participant's termination date.

If a Participant retires, all 2017 LTIP Units will remain outstanding and continue to vest and be redeemed in accordance with their terms, subject to the Participant's ongoing compliance with post-employment confidentiality, non-solicitation and non-competition restrictive covenants.

If a Participant is terminated for cause, all of the Participant's vested and unvested 2017 LTIP Units will automatically terminate.

Maximum Number of Shares Issuable

The maximum number of Shares issuable pursuant to the 2017 LTIP, the 2011 LTIP and the Income Fund LTIP together shall not exceed 5.3% of the aggregate number of Shares outstanding from time to time on a non-diluted basis. The number of Shares issued or issuable under the 2017 LTIP and all other security based compensation arrangements of the Company shall not exceed 6.3% of the aggregate number of Shares outstanding from time to time, subject to adjustment in certain circumstances as contemplated in the 2017 LTIP. The prescribed maximums 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 2017 LTIP, and any issuance of Shares pursuant to 2017 LTIP Units granted under the 2017 LTIP will make new grants available under the 2017 LTIP effectively resulting in a re-loading of the number of Shares available to grant under the 2017 LTIP. Pursuant to the current rules of the TSX, the 2017 LTIP requires the approval of the Shareholders every three years.

The aggregate number of Shares issuable to insiders of the Company at any time under the 2017 LTIP and under any other security based compensation arrangement of the Company shall not exceed 10% of the issued and outstanding Shares. Moreover, the number of Shares issued to insiders of the Company together with any other security based compensation arrangement of the Company that provides for the issuance of Shares from treasury, shall not, within a one-year period, exceed 10% of the issued and outstanding Shares.

As of December 31, 2019, the 5.3% plan maximum for the 2017 LTIP, 2011 LTIP and Income Fund LTIP together, was equal to 3,609,491 Shares. As of the December 31, 2019, there were an aggregate of 2,134,913 units outstanding under the Income Fund LTIP (199,880 Income Fund Units), 2011 LTIP (1,297,269 2011 LTIP Units) and 2017 LTIP (637,764 2017 LTIP Units), representing 3.13% of the issued and outstanding Shares and there were 1,474,578 Shares available for grant under the 2017 LTIP, representing approximately 2.17% of the issued and outstanding Shares.

Dividends and Distributions

If cash dividends or distributions are paid on the Shares, additional 2017 LTIP Units will be credited to each Participant's LTIP Account (as defined in the 2017 LTIP) ("Dividend Equivalents"). Such credit will occur monthly, on or about the 15th of each month. The number of Dividend Equivalents to be credited will be determined by dividing the aggregate cash distributions or dividends that would have been paid to such Participant if the 2017 LTIP Units in the Participant's LTIP Account for the month preceding the credit date had been Shares by the fair market value of a Share on such date. 2017 LTIP Units granted to Participants as Dividend Equivalents will be subject to the same vesting and other terms as the 2017 LTIP Units to which they relate.

Assignability

Except in the event of the Participant's death or incapacity, the right to receive Shares and/or cash pursuant to 2017 LTIP Units granted to a Participant may only be exercised by such Participant personally. 2017 LTIP Units may not be assigned, sold, transferred or pledged.

Amendments to the 2017 LTIP

Subject to regulatory requirements, the Board has the discretion to make amendments that it deems necessary, without having to obtain Shareholder approval. Such amendments include, without limitation, (i) amendments of a "housekeeping nature"; (ii) a change to the vesting or redemption provisions of any 2017 LTIP Unit; and (iii) a change to the eligible Participants of the 2017 LTIP (other than a change which would permit non-employee Directors to be eligible to receive 2017 LTIP Units).

Notwithstanding the foregoing, Shareholder approval will be required for: (i) any amendment to remove or exceed the insider participation limits; (ii) any increase in the aggregate number of Shares that may be issued under the 2017 LTIP; (iii) any amendment that increases the length of the period after a "blackout period" during which 2017 LTIP Units may be redeemed; (iv) any change which would permit 2017 LTIP Units to be transferable or assignable, other than as is currently contemplated in the 2017 LTIP; (v) any amendment that would permit non-employee Directors to be eligible to receive 2017 LTIP Units; and (vi) any amendment to the amendment provision of the 2017 LTIP. Such Shareholder approval will exclude the votes of certain insiders when required by TSX rules.

Director DSU Plan

At the Meeting, Shareholders will be asked to consider and if deemed advisable, to pass, with or without modification, an ordinary resolution (the "Director DSU Plan Resolution") approving all unallocated Director DSUs (as defined below) under the Company's existing directors' deferred share unit plan dated March 2, 2017, as amended and restated on March 10, 2020 (the "Director DSU Plan") and approving an amendment to the annual non-employee director limit of $150,000 to exclude from such limit Director DSUs granted as part of board fees or initial one-time grants to new Directors.

The Board recommends that Shareholders vote in favour of the approval of the Director DSU Plan Resolution. The full text of the Director DSU Plan Resolution is attached as Schedule "B" hereto. The persons named in the form of proxy, unless expressly directed to the contrary in such form of proxy, will vote such proxies in favour of the Director DSU Plan Resolution.

A copy of the Director DSU Plan will be filed on SEDAR at sedar.com after approval of the Director DSU Plan Resolution.

The Director DSU Plan was adopted on March 2, 2017 and unallocated Director DSUs were last approved by the Shareholders at a meeting held on May 5, 2017. Pursuant to the current rules of the TSX, the Company is required to obtain Shareholder approval of the unallocated Director DSUs every three years. If the Director DSU Plan Resolution is not approved by Shareholders at the Meeting, all unallocated Director DSUs under the Director DSU Plan will be cancelled and the Company will not be permitted to grant further Director DSUs under the Director DSU Plan. However, all Director DSUs that have been granted up to May 5, 2020 but not yet redeemed will continue unaffected.

On March 10, 2020, the Board approved the following amendments to the Director DSU Plan of which do not require Shareholder approval under the terms of the Director DSU Plan: (i) to reflect that Shares will no longer be issuable under the Company's employee share purchase plan, revised the number of Shares issued or issuable under the Director DSU Plan and all other security based compensation arrangements of the Company shall not exceed 6.3% of the aggregate number of Shares outstanding from time to time on a non-diluted basis; (previously, such maximum was 7.9% to reflect the 1% Share reserve under the Company's employee share purchase plan); (ii) to provide for monthly crediting of dividend equivalents (instead of annual crediting) and (iii) make certain other administrative changes.

Grants of Director DSUs

The Company is authorized under the Director DSU Plan to grant deferred share units ("Director DSUs") to non-employee Directors of the Company (the "Director Participants"). The purpose of the Director DSU Plan is to promote a greater alignment of interests between the Director Participants and the Shareholders.

In addition, at the discretion of the HR Committee, Director Participants may be provided with the ability to elect to receive all or a portion of their annual board fees in the form of Director DSUs.

The number of Director DSUs that will be granted in lieu of annual board fees is determined by dividing the amount of the fees by the fair market value of one Share, which is equal to the volume weighed average trading price of the Share on the TSX for the five business days preceding the applicable date.

Dividends and Distributions

If cash dividends or distributions are paid on the Shares, additional Director DSUs will be credited to each Participant's LTIP Account (as defined in the 2017 LTIP) ("Dividend Equivalents"). Such credit will occur monthly, on or about the 15th of each month. The number of DSU Dividend Equivalents to be credited will be determined by dividing the aggregate cash distributions or dividends that would have been paid to such Participant if the Director DSUs in the Participant' LTIP Account for the month preceding the credit date had been Shares by the fair market value of a Share on such date. Director DSUs granted to Participants as DSU Dividend Equivalents will be subject to the same vesting and other terms as the Director DSUs to which they relate.

Vesting and Redemption of Director DSUs

Each Director DSU vests on the grant date, as determined by the HR Committee. Director DSUs are redeemable only after the Director Participant ceases to be a Director for either (at the discretion of the Company) one Share or for an amount in cash equal to the fair market value of one Share, which is equal to the volume weighted average trading price of the Share on the TSX for the five business days preceding the applicable date.

If the redemption date for any Director DSUs falls within a blackout period imposed by the Company, the effective redemption date for such Director DSUs will be no earlier than six business days after the date on which the blackout periods ends. Notwithstanding the foregoing, Director DSUs must be redeemed no later than December 31 of the year following the year in which the Director Participant ceases to be a director.

Maximum Number of Shares Issuable

The maximum number of Shares issuable pursuant to the Director DSU Plan alone shall not exceed 1.0% of the aggregate number of Shares outstanding from time to time on a non-diluted basis. The number of Shares issued or issuable under the Director DSU Plan and all other security based compensation arrangements of the Company shall not exceed 6.3% of the aggregate number of Shares outstanding from time to time, subject to adjustment in certain circumstances as contemplated in the Director DSU Plan. The prescribed maximums may be subsequently changed 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 Director DSU Plan, and any issuance of Shares pursuant to Director DSUs granted under the Director DSU Plan will make new grants available under the Director DSU Plan effectively resulting in a re-loading of the number of Shares available to grant under the Director DSU Plan.

The aggregate number of discretionary Director DSUs that may be granted to Director Participants within any one-year period under the Director DSU Plan shall not have a grant date value in excess of $150,000 per Director Participant. Director DSUs granted as part of annual board fees or initial one-time grants to new Directors do not count toward the $150,000 limit.

Pursuant to the current rules of the TSX, the Director DSU Plan requires the approval by a majority of the Directors and the Shareholders every three years.

The aggregate number of Shares issuable to insiders of the Company at any time under the Director DSU Plan and any other security-based compensation arrangement of the Company shall not exceed 10% of the issued and outstanding Shares. Moreover, the number of Shares issued to insiders of the Company together with any other security based compensation arrangement of the Company that provides for the issuance of Shares from treasury, shall not, within a one-year period, exceed 10% of the issued and outstanding Shares.

As of December 31, 2019, the 1% plan maximum for the Director DSU Plan was equal to 681,036 Shares. As of the December 31, 2019, there were an aggregate of 161,371 Director DSUs outstanding under the Director DSU Plan, representing 0.2% of the issued and outstanding Shares and there were 519,665 Shares available for grant under the Director DSU Plan, representing approximately 0.8% of the issued and outstanding Shares.

Assignability

Except in the event of the Director Participant's death, the right to receive Shares and/or cash pursuant to Director DSUs granted to a Director Participant may only be exercised by such Director personally. Director DSUs may not be assigned, sold, transferred or pledged.

Amendments to the Director DSU Plan

Subject to regulatory requirements, the Board has the discretion to make amendments that it deems necessary, without having to obtain Shareholder approval. Such amendments include, without limitation, (i) amendments of a "housekeeping nature"; (ii) a change to the vesting or redemption provisions of any Director DSU; and (iii) a change to the eligible participants of the Director DSU Plan.

Notwithstanding the foregoing, Shareholder approval will be required for: (i) any amendment to remove or exceed the insider participation limits; (ii) any increase in the aggregate number of Shares that may be issued under the Director DSU Plan; (iii) any amendment that increases the length of the period after a "blackout period" during which Director DSUs may be redeemed; (iv) any change which would permit Director DSUs to be transferable or assignable, other than as is currently contemplated in the Director DSU Plan; and (v) any amendment to the amendment provision of the Director DSU Plan. Such Shareholder approval will exclude the votes of certain insiders when required by TSX rules.

6. 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 and Special Meeting of Shareholders.

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 eight. 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 immediately 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. The Governance Committee shall accept and recommend acceptance of the resignation by the Board absent exceptional circumstances. 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 eight 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, 2019. For a breakdown of Director total compensation for 2019, please see the chart in this Circular under the section "2019 Board Compensation".

INVOLVEMENT OF DIRECTORS IN CERTAIN PROCEEDINGS

From June 2012 to June 2016, Ms Denham was 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.

LUC BACHAND

Québec, Canada

Luc Bachand is a corporate director and currently sits on the boards of Cominar Real Estate Investment Trust, the École des Hautes Études Commerciales, the Fondation Jeunes en Tête, the Institute of Corporate Directors of Canada and the J. Armand Bombardier Foundation. Mr. Bachand was Vice-Chairman and the Head of BMO Capital Markets in Québec from 2006 until his retirement in 2016. Mr. Bachand joined BMO Financial Group in 1983 where he held several positions within the Capital Markets Group. He holds a Bachelor's degree in Business Administration from the École des Hautes Études Commerciales (HEC) and a Master's degree in Business Administration (MBA) from Concordia University. He is a Fellow of the Institute of Canadian Bankers and has obtained the ICD.D designation.

Director

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Board	7 of 7	63	March 2, 2017	$136,000	$304,110 (9,000)[2]	$207,166 (6,131)[3]	$511,276 (15,131)[4]	3.93x	Has until August 2022 to fulfill ownership requirement
Audit Committee	5 of 5								
HR Committee	6 of 6								

Past Annual Meeting Voting Results:

2019: 99.97% votes For

Other Directorship of Publicly-owned Entities:

Cominar Real Estate Investment Trust—Director

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of Director DSUs
4 Number of Common Shares and Director DSUs
5 Annual retainer is $130,000. Share ownership requirement is four times annual retainer within four years of appointment, or within four years of an increase to the annual retainer, whichever is later

GILLIAN (JILL) DENHAM

Ontario, Canada

Gillian (Jill) Denham is President of Authentum Partners Ltd. that invests in technology and related businesses and provides advisory services. Ms Denham currently serves on the board of directors of Canadian Pacific Railway Limited, Kinaxis Inc. and National Bank. Ms Denham spent her career at Wood Gundy and CIBC. She has held senior positions in investment banking, was President of Merchant Banking/Private Equity and had regional responsibility for CIBC in Europe. She was also head of the Retail Bank for CIBC. She holds an Honours Business Administration (HBA) degree from the Ivey Business School, Western University, and an MBA from Harvard Business School.

Chair, Director

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Chair, Board	7 of 7	59	October 22, 2008	$244,025	$426,768 (12,630)[2]	$1,198,092 (35,457)[3]	$1,624,860 (48,087)[4]	6.91x	Yes
Governance Committee[6]	4 of 4								

Past Annual Meeting Voting Results:

2019: 96.94% votes For

Other Directorship of Publicly-owned Entities:

CP—Director and Member, Audit and Finance Committee, Risk and Sustainability Committee
National Bank of Canada—Director and Member, Human Resources Committee
Kinaxis Inc.—Director and Member, Nominating and Governance Committee, Audit Committee, Chair, Human Resources Committee

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of Director DSUs
4 Number of Common Shares and Director DSUs
5 Annual retainer is $235,000. Share ownership requirement is four times annual retainer within four years of appointment, or within four years of an increase to the annual retainer, whichever is later
6 Ms Denham stepped down as Chair of the Governance Committee effective May 9, 2019 while retaining her membership in the Committee

KISH KAPOOR

Manitoba, Canada

Kish Kapoor is the Interim President and Chief Executive Officer of GMP Capital Inc. He currently serves on the boards of EQ Bank and GMP Capital Inc. Mr. Kapoor is the former President of Wellington West Holdings Inc., a full service brokerage, capital markets, asset management and financial planning services firm. He was one of the founders of Assante Corporation, one of Canada's largest wealth management firms. Mr. Kapoor also served on the Board of Directors of Manitoba Telecom Services Inc. until March 2017, and Medicure Inc. until 2008. He has a Bachelor of Science from the University of Manitoba and is a Chartered Professional Accountant and former tax partner with KPMG LLP.

Director

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Board	6 of 7	63	August 15, 2018	$130,000	$0 (0)[2]	$89,104 (2,637)[3]	$89,104 (2,637)[4]	0.69x	Has until August 2022 to fulfill ownership requirement
Audit Committee[6]	2 of 2								
Risk Committee[6]	1 of 2								
Past Annual Meeting Voting Results:									
2019: 99.97% votes For									

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of Director DSUs
4 Number of Common Shares and Director DSUs
5 Annual retainer is $130,000. Share ownership requirement is four times annual retainer within four years of appointment, or within four years of an increase to the annual retainer, whichever is later
6 Mr. Kapoor was appointed as a member of the Audit Committee and Risk Committee effective May 9, 2019

RON LALONDE

Ontario, Canada

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 Commissioner on the board of the Toronto Transit Commission. Mr. Lalonde holds a BA from Western University and an MBA from the Ivey Business School.

Director

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Board	7 of 7								
Audit Committee[6]	3 of 3	64	March 2, 2016	$135,975	$469,681 (13,900)[2]	$295,933 (8,758)[3]	$765,614 (22,658)[4]	5.89x	Yes
Governance Committee	4 of 4								
Chair, Risk Committee[6]	2 of 2								

Past Annual Meeting Voting Results:

2019: 99.97% votes For

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of Director DSUs
4 Number of Common Shares and Director DSUs
5 Annual retainer is $130,000. Share ownership requirement is four times annual retainer within four years of appointment, or within four years of an increase to the annual retainer, whichever is later
6 Mr. Lalonde ceased being an Audit Committee member and became the Chair of the Risk Committee effective May 9, 2019

STEPHEN LIPTRAP

Ontario, Canada

Stephen Liptrap is President and Chief Executive Officer of Morneau Shepell, a position he has held since May 5, 2017. Mr. Liptrap joined the Company in 2008, during which time he has held a number of senior executive roles. He was the leader of the Company's well-being business for six years, and Chief Operating Officer for one year prior to his current role. He brings with him more than 25 years of senior executive experience in the digital health, HR, high-tech, consumer packaged goods and retail sectors. Mr. Liptrap is a member of the Business Council of Canada and a member of the Human Capital Policy Council for the C.D. Howe Institute. He was a member of the National Committee for CAMH's 150 Leading Canadians for Mental Health and has served on the HR Committee for the 2015 Pan Am Games, the Canadian Board of Directors for NCR and the Pension Board for Europe for a large technology company. He is a frequent speaker and thought leader on mental health and HR issues facing organizations today. Mr. Liptrap holds an Honours Business Administration degree from the Ivey Business School (Western University), is a graduate of the Harvard Advanced Management Program and is a Certified Human Resources Executive (CHRE).

President and Chief Executive Officer

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Board	7 of 7	54	May 4, 2017	N/A	$0 (0)[2]	$7,309,318 (216,316)[3]	$7,309,318 (216,316)[4]	11.69x	Yes

Past Annual Meeting Voting Results:

2019: 99.95% votes For

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of LTIP Units comprised of: RSUs, PSUs, Retirement DSUs and Income Fund LTIP Units
4 Number of Common Shares and LTIP Units. Between December 31, 2019 and March 23, 2020, 36,282 Retirement DSUs were redeemed early by the Company and net proceeds were used to purchase 16,500 Shares by Mr. Liptrap
5 Share ownership requirement is four times total base salary

KEVIN PENNINGTON

South Carolina, United States

Kevin Pennington formerly served as the Special Advisor to the CEO of Fiserv, Inc., after serving five years as the Chief Human Resources Officer (CHRO) of Fiserv, a leading global technology provider for the financial services industry. Throughout his more than 37-year career, Mr. Pennington has held increasingly senior human resources roles in both the United States and Canada having served as a CHRO for 27 years. He served as Executive Vice President, CHRO and Administration with Agere Systems Inc., a semiconductor company spun off from Lucent Technologies, from 2001 to 2005, followed by six years as Executive Vice President, CHRO with Toronto-based Rogers Communications Inc. Mr. Pennington holds a BSc degree in Behavioral Science/Management and an MSc degree in Counseling, both from Shippensburg University of Pennsylvania.

Director

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Board	7 of 7	63	March 3, 2015	$200,089	$405,480 (12,000)[2]	$1,120,037 (33,147)[3]	$1,525,517 (45,147)[4]	11.54x	Yes
Chair, HR Committee	6 of 6								
Past Annual Meeting Voting Results:									
2019: 99.97% votes For									

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of Director DSUs
4 Number of Common Shares and Director DSUs
5 Annual retainer is USD$130,000 and converted using an exchange rate equal to the average closing rate determined by the Bank of Canada for the five Business Days preceding the grant date. Share ownership requirement is four times annual retainer within four years of appointment, or within four years of an increase to the annual retainer, whichever is later

DALE PONDER

Ontario, Canada

Ms Ponder is the Co-Chair of Osler, Hoskin and Harcourt LLP ("Osler LLP"), a law firm, and also serves on the firm's Partnership Board. She is the former Chief Executive and Managing Partner of Osler LLP. Ms Ponder's practice experience as a Partner of Osler LLP focused on mergers and acquisitions, securities regulation and corporate governance. Ms Ponder has had extensive experience throughout her career leading transactions relating to public and private mergers and acquisitions matters and advising boards of public companies. Ms Ponder graduated from the University of Western Ontario with a LL.B. Ms Ponder is a Trustee of Choice Properties REIT and is also a member of the boards of Holland Bloorview Kids Rehabilitation Hospital, the Governor's Council of St. Michael's Hospital Foundation and the Caldwell Partners Top 40 Advisory Board. She is also Chair of the Canadian Business Growth Fund.

Director

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Board	7 of 7	62	February 9, 2016	$135,975	$0 (0)[2]	$514,216 (15,218)[3]	$514,216 (15,218)[4]	3.96x	Has until August 2022 to fulfill ownership requirement
HR Committee	6 of 6								
Chair, Governance Committee[6]	4 of 4								

Past Annual Meeting Voting Results:

2019: 99.95% votes For

Other Directorship of Publicly-owned Entities:

Choice Properties REIT—Trustee and member of the Audit Committee

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of Director DSUs
4 Number of Common Shares and Director DSUs
5 Annual retainer is $130,000. Share ownership requirement is four times annual retainer within four years of appointment, or within four years of an increase to the annual retainer, whichever is later
6 Ms Ponder was appointed as Chair of the Governance Committee effective May 9, 2019

MICHELE TROGNI

Connecticut, United States

Michele Trogni is an operating partner at Eldridge Industries and is the Chair of SE2, an insurance services firm. Until May 2017, Ms Trogni was Executive Vice President of Consolidated Markets and Solutions for IHS Markit. In this role Ms Trogni was responsible for all Markit's Managed Services businesses, along with Product Design & Engineering, and Technology, Media & Telecoms. Prior to joining Markit in 2013, Ms Trogni had more than 25 years of experience in banking, most recently acting as Group Chief Information Officer for UBS and, prior to that, as head of UBS investment bank operations. Ms Trogni also serves on the Supervisory Board of Deutsche Bank. She holds a BA (Hons) in Accounting from Northumbria University and is a qualified accountant (ACCA).

Director

Board and Committee Membership	Attendance	Age	Director Since	2019 Total Compensation	Value[1] of Common Shares	Value[1] of LTIP Units	Total Value[1] of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary[5]	Share Ownership Requirement met[5]
Board	6 of 7	54	August 10, 2017	$180,213	$0 (0)[2]	$251,161 (7,433)[3]	$251,161 (7,433)[4]	1.93x	Has until August 2022 to fulfill ownership requirement
Audit Committee	4 of 5								
Risk Committee[6]	2 of 2								
Past Annual Meeting Voting Results:									
2019: 99.97% votes For									

1 Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Unit or Share
2 Number of Common Shares
3 Number of Director DSUs
4 Number of Common Shares and Director DSUs
5 Annual retainer is USD$130,000 converted using an exchange rate equal to the average closing rate determined by the Bank of Canada for the five Business Days preceding the grant date. Share ownership requirement is four times annual retainer within four years of appointment, or within four years of an increase to the annual retainer, whichever is later
6 Ms Trogni was appointed a member of the Risk Committee effective May 9, 2019

2019 Board Compensation

Following an independent benchmarking review in March 2019 by Kingsdale Advisors of the compensation arrangements for non-employee Directors, the Board, upon the advice of the Governance Committee, agreed to maintain the current compensation structure.

In 2019 each Director (with the exception of Mr. Liptrap and the Board Chair) received an annual retainer of $130,000. In 2019, the Board Chair received an annual retainer of $235,000, and the Chairs of the HR Committee, the Governance Committee, the Audit Committee and the Risk Committee each received an annual retainer of $15,000. There are no additional fees for sitting on committees.

One half of all Directors' compensation is paid in the form of Director DSUs and Directors may elect to receive all of their compensation in the form of Director DSUs. From time to time, the Board may be required to attend special meetings on time-sensitive matters. The Company also provides reimbursement for out-of-pocket expenses for attending meetings and a quarterly payment of $1,500 representing a 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 2019 by the Directors of the Company excluding Directors who were employees of the Company:

Director	Fees Earned		Total Compensation ($)
	Cash ($)	*Shares[1] ($)*	
Luc Bachand	$68,000	$ 68,000	$136,000
Gillian (Jill) Denham	$122,012	$ 122,012	$244,025
Kish Kapoor	$65,000	$ 65,000	$130,000
Ron Lalonde	$ 67,988	$ 67,988	$135,975
Jack Mintz[2]	$ 0	$145,000	$145,000
Kevin Pennington[3]	$ 0	$200,089	$200,089
Dale Ponder	$ 0	$ 135,975	$135,975
Michele Trogni[3]	$ 90,106	$ 90,106	$180,213

Notes:

1 Share-based awards are in the form of Director DSUs. Amounts are calculated using the grant date award value. Pursuant to the Director DSU Plan, notional distributions are made on Director DSUs (in the form of additional Director DSUs) equivalent to dividends paid on the Common Shares. Notional distributions on those awards are excluded from the above table. One half to 100% of a Director's compensation is paid in the form of Director DSUs, which vest immediately.

2 Jack Mintz will be retiring as a Director effective May 8, 2020.

3 Fees paid in USD are converted using the average closing exchange rate determined by the Bank of Canada for the five business days preceding the payment or grant date.

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. Please see the Section above entitled "Election of Directors" to see full details. Effective April 1, 2018, the Board, upon advice of the Governance Committee, approved an increase in the share ownership requirements for Directors to four times their annual retainer within four years of their appointment, or within four 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 $50 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.

The Role of the HR Committee

The Board of Directors has overall responsibility for executive compensation at Morneau Shepell and delegates certain responsibilities to the independent HR Committee. The HR Committee is responsible for oversight and governance of the compensation programs and practices at Morneau Shepell, including recommending to the Board the appropriate compensation for the CEO and for determining the appropriate compensation of all other members of executive management. The HR Committee received the support and expertise of the CEO, the Chief Human Resources Officer and Executive Vice President, as well as from external advisors when the HR Committee, in its discretion, determined appropriate. In addition, the HR Committee provided 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.

Meetings

The HR Committee met six times during 2019 in order to review and carry out its objectives relative to its mandate. Members of management, including the Chief Human Resources Officer and Executive Vice President, and the CEO, attended the meetings at the invitation of the Chair of the HR Committee and were excused for portions of the meeting in order for the HR Committee to conduct discussions and deliberations independently.

Composition

In 2019 the HR Committee was comprised of Kevin Pennington (Chair), Luc Bachand and Dale Ponder. The members of the HR Committee are independent and have never been employees or officers of the Company or its subsidiaries.

The following is a description of skills, education and experience of each 2019 HR Committee member that qualified them to fulfill these roles and responsibilities:

- Throughout his more than 30-year career, Kevin Pennington has held increasingly senior human resources roles focused on recruiting, retention, talent management and compensation matters in both the United States and Canada. In 23 of those years, as CHRO, he worked closely with the human resources committees of the following boards: (1) Agere Systems Inc., an integrated circuit components company, (2) Rogers Communications Inc., the leading Canadian wireless telecom, cable and media company and (3) Fiserv, a global technology provider for the financial services industry.
- Dale Ponder is currently National Co-Chair of Osler, Hoskin & Harcourt LLP and serves on the firm's Partnership Board. She is the immediate past Managing Partner and Chief Executive of Osler, a position she held for nine years. In the role as National Managing Partner, she was broadly responsible for the firm's professional talent and developed and approved the firm's compensation policies. In consultation with other executives, Ms Ponder approved the annual compensation for the firm's non-legal staff. Ms Ponder has also participated on the firm's Partner Compensation Committee for 10 years and prior to becoming National Managing Partner, she chaired the firm's Legal Professionals Committee and was responsible for all human resource functions relating to the firm's associate lawyers, including performance reviews, compensation, promotion and recruitment.
- During his career of more than 33 years with BMO Financial Group, Luc Bachand held leadership positions in the Capital Markets division where he was responsible for the supervision, performance reviews, compensation, promotion and recruitment of a number of employees. He was also a member of the Performance Committee of BMO. As well, Mr. Bachand was a member of the HR & Pension Committee of the Investment Industry Regulatory Organization of Canada during his tenure on that board from 2013 to 2016.

Key Responsibilities and Activities for 2019

Key Responsibilities	Key Activities
Oversight and governance of compensation programs and practice	• Reviewed and approved Morneau Shepell's compensation philosophy. • Reviewed and approved Morneau Shepell's peer group for executive compensation benchmarking. • Reviewed material variable compensation plans outside of the Company bonus plan. • Considered ongoing appropriateness of compensation levels, incentive award mix and opportunity for the CEO and executive management. • Reviewed and approved Annual Incentive Plan funding and the alignment of funding to the achievement of agreed financial metrics. • Conducted periodic evaluations of progress against objectives and annual bonus incentive compensation plan payouts. • Reviewed and approved annual LTIP pool and, subsequently, annual and off-cycle LTIP grants. • Reviewed Share ownership requirement compliance by the CEO and executive management. • Conducted Company pension governance review.
Reviewing and recommending compensation performance goals and objectives for the CEO and executive management, assessing their performance against objectives and recommending their compensation	• Reviewed and approved annual CEO performance evaluation criteria and recommendations provided to the Board for approval. • Reviewed CEO's performance against his performance evaluation criteria and recommended Annual Incentive Plan award and LTIP grant to the independent directors of the Board for their approval. • Reviewed the CEO's recommendations in respect of compensation for executive management, in light of achievements against objectives, and recommended approval of Annual Incentive Plan awards and LTIP grants.
Developing and maintaining succession plans for the CEO and executive management roles	• Reviewed succession plans for executive management roles and the CEO, including emergency succession for the CEO. • Reviewed and approved changes to the structure of executive management and the associated appointments, which included a new President of LifeWorks, a new CFO, the creation of a new Chief Corporate Officer, with responsibility for overseeing an initiative to modernize and transform the workplace operations and the appointment of the Chief Technology & Data Officer, as a new role in executive management, reporting to the CEO given the strategic importance of technology as an enabler of the Company's business strategy. • Reviewed and approved talent management philosophy.
Ensuring strong governance relating to matters under HR Committee's mandate	• Reviewed HR Committee Charter and aligned annual work plan to ensure all matters were being addressed. • Evaluated Morneau Shepell's executive compensation program against best practices as well as policies of proxy advisory firms. • Reviewed the report of the HR Committee and the Compensation Discussion and Analysis and Compensation of Named Executive Officers disclosure. • As part of the annual Board assessment process, conducted an annual HR Committee self-evaluation process. • Supported and reviewed talent management activities related to the acquisition of LifeWorks and the setup of the executive structure through the LifeWorks integration. • Approved the adoption of Say on Pay.

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 eight Directors. Jack Mintz will be retiring as a Director on May 8, 2020. As such, if all Directors currently listed on the form of proxy are elected at the Meeting, the Board will be comprised of eight Directors. Of the eight 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 eight Directors, there will be seven independent Directors of the Company: Gillian (Jill) Denham, Ron Lalonde, Kevin Pennington, Dale Ponder, Michele Trogni, Kish Kapoor and Luc Bachand, and one who is not by reason of being a member of management (Stephen Liptrap).

Gillian (Jill) Denham is Chair of the Board. The independent Directors meet *in camera* at each Board and Committee meeting 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 "D" (the "Mandate of the Board of Directors"). The Board established a Risk Committee in May 2019 and its first meeting was held on August 8, 2019. As such, the Board currently has four standing committees: the Governance Committee, the HR Committee, the Audit Committee and the Risk Committee. The Governance Committee, HR Committee and Risk Committee are each comprised of three independent Directors, the Audit 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 an eight-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.

Skills and Experience

The Board seeks to ensure that its Directors possess certain specific skills and experience to assist the Board in performing functions in overseeing the conduct and operations of the Company. The Board, with the support of the Governance Committee, has established the primary areas of experience necessary for the Board to effectively carry out its mandate and these are described in the table below.

Key Skills and Experience	Luc Bachand	Gillian (Jill) Denham	Kish Kapoor	Ron Lalonde	Stephen Liptrap	Kevin Pennington	Dale Ponder	Michele Trogni
Board Experience	●	●	●	●		●	●	●
Capital Markets Experience	●	●	●	●			●	●
CEO or Executive Strategic Leadership	●	●	●	●	●	●	●	●
Financial Experience	●	●	●	●	●		●	●
Legal and / or Risk Identification and Oversight	●	●	●	●			●	
Professional Services	●	●	●		●	●	●	●
Talent Management and Executive Compensation Expertise	●	●						
Technology				●	●	●		●
U.S. and Foreign Market Knowledge	●	●	●	●	●	●		●

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. Education events for Directors are provided by the Company throughout the year based on the relevant industry related topics. Material are provided to Directors to review prior to the event. The event presenters are made available to all Directors for follow up, if necessary, particularly in circumstances where Directors were unable to attend. The following is a list of education events the Board attended in 2019:

Date	Topic / Event	Luc Bachand	Gillian (Jill) Denham	Kish Kapoor	Ron Lalonde	Stephen Liptrap	Kevin Pennington	Dale Ponder	Michele Trogni
March 5, 2019	Company sales process overview	●	●	●	●	●	●	●	●
May 8, 2019	LifeWorks business trends update	●	●	●	●	●	●	●	
June 6-7, 2019	Global LifeWorks technology & products update and capital markets Presentation (U.K. Office)	●	●		●	●	●	●	●
August 8, 2019	Director & officer insurance	●	●	●	●	●	●	●	●
August 8, 2019	Asset and Risk Management business update	●	●		●	●	●	●	●
August 8, 2019	Cyber security processes and protocols	●	●		●	●	●	●	●
August 8, 2019	Executive compensation philosophy and trends	●	●	●	●	●	●	●	●
November 5, 2019	Governance landscape	●	●	●	●	●	●	●	●
November 5, 2019	Cyber insurance review	●	●	●	●	●	●	●	●
November 5, 2019	Pension governance review	●	●	●	●	●	●	●	●
December 5, 2019	Capital market presentation	●	●	●	●	●	●	●	●

Position Descriptions

The roles and responsibilities of the following key positions have been documented in the Mandate of the Board of Directors and the committee charters: Chair of the Board, CEO, Chair of the Audit Committee, Chair of the HR Committee, Chair of the Governance Committee, and Chair of the Risk 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, the Chair of the Governance Committee, and the Chair of the Risk 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 CEO's responsibilities include setting the short and long-term strategic direction of the Company, providing leadership for the overall management, profitability and growth of Morneau Shepell, assessing risk and, on behalf of the Company, being accountable to and communicating with shareholders, government entities, employees and the public.

Executive Succession Planning

A critical responsibility of the Board and the HR Committee is to ensure a comprehensive succession plan is in place for the CEO and for executive management roles. Under the HR Committee's mandate, the Committee has responsibility to annually review and approve the Company's succession, management development and diversity plans with respect to executives.

To fulfill this responsibility, the HR Committee meets with the CEO annually to review the succession plan for all executive management positions, including the CEO position. The plan includes identified potential successors, ready in the short and long term, for each executive management position. For each executive management position it also

identifies candidates who could assume the role for the short term should unexpected events leave such roles vacant earlier than expected. Where a talent gap or risk exists, steps for mitigating such risk are included in the plan.

During these reviews, talent assessments and development plans for key succession candidates are discussed as is the diversity of the succession candidate pool. Plans are put in place to close identified gaps. Such plans include developmental moves to acquire necessary experiences, executive coaching, external courses or mentoring. Where gaps cannot be closed from within, plans may include launching an external search.

Talent strategies and specific talent to enable achievement of longer-term strategic objectives continue to be discussed over the course of the year.

The Board of Directors and members of the HR Committee are exposed to and have opportunity to get to know identified succession candidates and key talent in informal and formal settings.

This past year, in addition to reviewing the succession plan, the HR Committee and the Board reviewed and approved the enterprise talent philosophy and emergency CEO succession process. The Board also approved a number of strategic changes to executive management, including the appointment of a new President, LifeWorks to replace the retiring President, a new Chief Financial Officer, a Chief Data and Technology Officer and Chief Corporate Officer, all of whom report to the CEO.

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 advisors. From January 1, 2019 to May 9, 2019 the Governance Committee was comprised of Gillian (Jill) Denham (Chair), Ron Lalonde and Dale Ponder. On May 9, 2019, Gillian (Jill) Denham stepped down as Chair of the Governance Committee (while maintaining her membership on the Committee) and Dale Ponder was appointed as Chair. The Governance Committee is currently comprised of Dale Ponder (Chair), Ron Lalonde and Gillian (Jill) Denham.

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 executive management 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) reviewing key human resources policies and programs and practices; and
(v) making recommendations regarding the operation of long-term incentive plans.

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

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, 2019 to May 9, 2019 the Audit Committee was comprised of Jack Mintz (Chair), Ron Lalonde, Luc Bachand and Michele Trogni. On May 9, 2019, Ron Lalonde stepped down from the Audit Committee and Kish Kapoor was appointed. On March 10, 2020, Jack Mintz stepped down as Chair of the Audit Committee (while maintaining his membership on the Committee) and Kish Kapoor was appointed as Chair. The Audit Committee is comprised of Kish Kapoor (Chair), Jack Mintz, Luc Bachand and Michele Trogni.

Risk Committee

The Risk Committee was established by the Board in May 2019 and its first meeting was held on August 8, 2019. The Risk Committee oversees the management of risk enterprise-wide, the risk management function of the Company and the development, implementation and periodic assessment of policies, processes and controls designed to identify and effectively manage the significant risks to which the Company is exposed, including strategic, operational and reputational risks. The Risk Committee is responsible for, among other things:

(i) reviewing the principal risks with management and assessing whether the key risks of the Company have been identified;

(ii) regularly monitoring that the risk profile is within the agreed risk appetite of the Company;

(iii) reviewing the Company's compliance with its risk management policies including those relating to information technology and security policies and procedures;

(iv) overseeing the development, implementation and periodic assessment of the policies, processes and controls for risk management in the Company's subsidiaries and affiliates; and

(v) undertaking such other initiatives that may be necessary or desirable to enable the Board to provide effective risk management governance.

The Risk Committee is currently comprised of Ron Lalonde (Chair), Kish Kapoor and Michele Trogni.

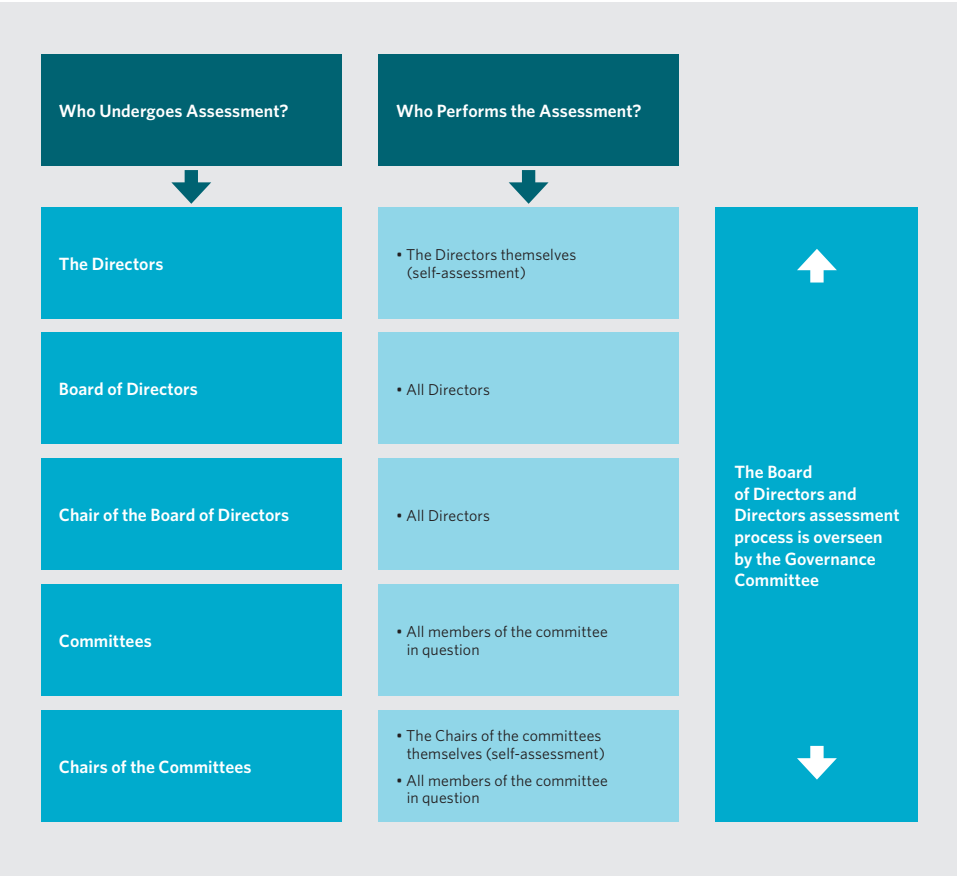
Assessments

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, the Chair of the Board, as well as a peer assessment of 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 Governance Committee of the Board conducts this annual review.

Every two years the Governance Committee conducts a written annual survey as outlined above. In 2019, the Governance Committee conducted written surveys and the process was as follows:

- the surveys were completed by each Director;
- results of the surveys were collected by the Chair of the Governance Committee;
- the Governance Committee developed a report compiling the survey results, feedback from Directors and recommendations resulting from the assessment process, which were then considered collectively by the Board;
- the Board discussed and implemented certain recommendations on how to improve Board effectiveness;
- the Chair of the Board met with each individual Director to discuss the Board's and individual Director's effectiveness; and
- the Chair of the Governance Committee addressed issues raised and works with the Board on these issues, reporting back to the Board as appropriate.

Every other year, the Governance Committee conducts oral interviews with the Board based on the survey questions referenced above. Following the interviews, the Governance Committee develops a report compiling the interview results, feedback from Directors and recommendations resulting from the assessment process, which are then considered collectively by the Board. The Board implements those recommendations that are approved by the Board. The Chair of the Board then interviews each Director to discuss results of the assessment process and to solicit feedback on the process.



Code of Business Conduct and Ethics and Whistleblower Policy

The Company has a Code of Business Conduct and Ethics (the "Code") that establishes the high ethical standards to which all Directors, officers, employees and independent contractors 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, employees and independent contractors 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 Company also has a Whistleblower Policy to provide a confidential complaint procedure so that an employee or an independent contractor, 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 using a third-party hotline (via the Internet or by phone). This gives employees and independent contractors access to a separate, independent third party in order to maintain confidentiality and the security of anonymity, without fear of personal or professional reprisal. The confidential report is then forwarded to the General Counsel for investigation. The General Counsel in turn is required to report all such concerns and complaints to the Chair of the Audit Committee for discussion at the Audit Committee meeting, as applicable. The concerns and complaints are also reported to the Chair of the Risk Committee for discussion, as appropriate, at the Risk Committee meeting.

Directors, officers, employees and independent contractors 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

As a global total well-being company, servicing clients in more than 160 countries, Morneau Shepell and its Board believe that an inclusive workplace culture, which fosters a sense of belonging and where employees' diversity is valued, is critical to employees feeling well at work and ready to perform at their best. Morneau Shepell recognizes the importance of having a diverse Board and also a diverse workforce, at all levels, that understands the needs of our global client base. The Company also believes in the value of diversity in attracting and retaining the best talent and in fostering innovation and growth. The HR Committee has the mandate to review and monitor Company practices for supporting an inclusive and diverse workplace.

Board Diversity

The Board continues to make diversity in gender, ethnicity, age, sexual orientation, religion, career experience and geographic location a priority when considering Director candidates. The Board believes it is imperative when executing the Company's strategy to leverage individual differences that reflect the diverse background and demographics of Morneau Shepell's clients, employees and other stakeholders. 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. This assessment helps the Governance Committee measure progress on its diversity objectives and enables the Board to include women, racial or ethnic minorities and geographically diverse persons in the candidate pool. The Board has not adopted a term limit policy or retirement policy for Directors as these limits can be arbitrary for Board membership and may impede the effectiveness of the Board and the contributions of individual Directors. The Board does continue to reflect a diverse and highly engaged group of Directors with a wide range of skills and experience, which continue to evolve. See "Key Skills and Experience" matrix listed above. In addition, 50% of the Directors joined the Board in the last three years which allows for fresh perspectives balanced with institutional knowledge.

In March 2018, the Governance Committee codified the Board's commitment in a Board Diversity Policy and set a target in the policy of maintaining at least 30% women and 30% men on the Board. In support of this commitment, Morneau Shepell's Board is proud to be a member of the 30% Club Canada. Currently, the Chair of the Board and the Chair of the 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 eight Directors are women representing 38% of the Board. In addition, 50% of the Board are women or racial or ethnic minorities.

The Company's Board believes that it is best able to achieve optimal Board performance and effectiveness by maintaining a robust Board and an individual Director evaluation and feedback process, along with regularly reviewing existing Board member competencies against current and anticipated needs. In addition, through the course of 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 list of candidates for the Board.

Global Leadership Team Diversity

In alignment with our Board, diversity is embedded into our executive officer and senior leader global talent management processes. The Company does not set a target for women in executive officer positions, however, it does set a goal for women holding positions on the global leadership team. The Company's goal is at least 30% women and 30% men on the global leadership team. When the CEO and the Board actively seek out potential executive officer leadership candidates to build a high performing leadership team, consideration is given to experience, skills and qualifications required for the role as well as different dimensions of diversity, including gender, ethnicity, age, religion, sexual orientation and experiences. As of December 31, 2019, women comprised 39% of global leadership team roles and 27% (3/11) of executive officer roles.

In 2019, Morneau Shepell formed an Inclusion and Diversity Leadership Council, composed of senior leaders from across all lines of business and regions and chaired by an executive team member. Since its formation, the Council has overseen the development of an inclusion and diversity strategy and action plans. These plans include ensuring Morneau Shepell's policies, programs and processes promote an inclusive culture and help build a diverse pipeline to senior leadership roles. The Council will continue to provide strategic direction and will advise on key initiatives. It will also provide oversight to the execution of the plan and help secure resources to support key initiatives.

- 2018, Board Diversity Policy adopted a target representation of at least 30% of each gender set
- Representation of women named on the Board of Directors proxy is 38%
- 2019, the Company set a target representation of at least 30% women and 30% men holding global leadership team roles
- Representation of women in holding global leadership team roles is 39%
- 2019, Inclusion & Diversity Leadership Council, chaired by an executive leadership team member formed

Global Leadership Team

Environmental Social Governance and Sustainability; Corporate Social Responsibility

Ethical conduct, strong corporate governance and corporate social responsibility (CSR) are fundamental to the way Morneau Shepell conducts its business. Building upon our strong record of ethical, social and environmental (ESG) performance, Morneau Shepell moved forward with the implementation of a formalized CSR program over the past year. During this first phase or the Company's three-year CSR strategy, the Company delivered on its goals: formalizing the governance of ESG; establishing a foundation of CSR-related policies, setting clear expectations for behaviour across the Company; increasing transparency and reporting; and strengthening the level of awareness of CSR priorities and performance among the Company's stakeholders. While the Company looks forward to advancing the program, it is pleased with the accomplishments to date, including:

- Expanded the mandate of the Risk Committee of the Board of Directors to focus and strengthen oversight of Morneau Shepell's ESG/CSR program, performance and reporting;
- Updated the Company's *Environmental Policy* further entrenching the Company's commitment to environmental protection, resource efficiency and a commitment to advance stakeholder awareness of Morneau Shepell's environmental priorities;
- Launched the global workplace "Green Team" initiative to foster environmental awareness and stewardship across Morneau Shepell;
- Introduced a Company-wide employee community-day volunteerism program, where employees are encouraged to contribute to the well-being of their communities;
- Published Morneau Shepell's inaugural CSR Report providing stakeholders with a transparent account of Company ESG priorities, performance and future direction;
- Initiated a review and benchmarking of the CDP (formerly known as Carbon Development Project) climate change reporting requirements to help inform Company reporting pertaining to climate change strategy and risk; and
- Agreed to become a signatory of the UN Global Compact in 2020.

To learn more about Morneau Shepell's 2019 Corporate Social Responsibility Report please visit morneaushepell.com.

SHAREHOLDER ENGAGEMENT

Morneau Shepell and the Board believe that engaging and communicating directly with Shareholders and other stakeholders is important for providing timely and meaningful feedback. The Chair of the Board and the Chair of the HR Committee are available to meet with various corporate governance stakeholders and Shareholders. The CEO and CFO are also available and regularly have discussions with various corporate governance stakeholders and Shareholders to listen to their opinions and concerns. These meetings often involve a dialogue on a variety of topics, including executive compensation issues, various corporate governance matters, disclosure practices, shareholder engagement, risk management and corporate operating results.

Some of Morneau Shepell's long-standing Shareholder engagement practices include:

- Holding annual shareholder meetings in Toronto, Canada with accessible live webcast;
- Maintaining a telephone investor line and an investors@morneaushepell.com mailbox to encourage Shareholders and the public to contact the Company with questions or concerns;
- Holding four quarterly earnings calls with financial analysts to present financial and operating results for the quarter, which include open question-and-answer sessions. These calls are also available on a listen-only basis via the Company website at morneaushepell.com/ca-en/conference-calls; and
- The CEO, CFO, Chair of the Board and Chair of the HR Committee participating in numerous investor conferences and one-on-one meetings.

The Chair of the Board and the Chair of the HR Committee held meetings in 2019 with Shareholders and the Canadian Coalition for Good Governance to discuss executive compensation and governance issues. As part of its objective of open communication, the Board and members of executive management are available for discussion with stakeholders and Shareholders via email at investors@morneaushepell.com or by telephone at 416-445-2700 or 1-888-667-6328.

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis describes and explains the Company's 2019 compensation philosophy, objectives and practices for its CEO, CFO and the three other most highly compensated executive officers (collectively, the Named Executive Officers (the "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.

Executive Compensation Philosophy and Program Design Objectives

Morneau Shepell has developed an executive compensation philosophy that guides 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 targeted at the 50th percentile of the relevant market but with leverage to deliver pay that is positioned above or below the median based on individual and business performance
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

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.

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 knowledge, skills and experience.
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 award for performance against business objectives for the prior fiscal year as established by the Board of Directors. • Payouts are based on annual enterprise Adjusted EBITDA (enabling functions)/Adjusted Line of Business ("LOB") EBITDA (LOB leaders), enterprise revenue and individual performance.
Long-Term Incentive Plan Restricted Share Units	• RSUs are intended to focus executives on the achievement of the Company's medium to long term objectives and promote alignment with Shareholder interests. • RSUs have a three-year vesting period after which they are redeemable.
Long-Term Incentive Plan Performance Share Units	• PSUs have the same objectives as RSUs with the added feature of vesting being conditional on performance against a target over a three-year period. • Performance is determined annually as well as cumulatively over the three-year period and based on Total Shareholder Return. • PSUs have a three-year vesting period after which they are redeemable.
Long-Term Incentive Plan Deferred Share Units	• DSUs no longer form part of the executive compensation program and as such the Company will only grant PSUs and RSUs to align with market practices.

Compensation Component	Design Objective(s)
Total Compensation	
Fixed + Variable Compensation	• Designed to provide market median total compensation levels when target performance levels are achieved. • Provide the opportunity for above median 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 HR 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 HR Committee.

Compensation Governance & Risk Management

Morneau Shepell has structured a comprehensive and disciplined compensation framework, which includes a formal process for risk oversight by the HR 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:** Incentive awards are determined based on a review of a variety of indicators of performance, thereby diversifying the risk associated with any single performance metric.
- **Application of committee discretion:** The HR Committee has discretionary power to ensure pay outcomes appropriately reflect risk and other unexpected circumstances that may arise during the year.
- **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, which provides for a strong pay-for-performance relationship.
- **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 incentive 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 2.8 times target which provides a limit to the maximum amount payable under the plan.
- **LTIP payout is deferred:** PSUs and RSUs vest over three years. PSUs have the possibility of zero payout if the performance threshold is not met.
- **Share ownership guidelines:** Minimum Share ownership requirements have been established for all NEOs and executives.
- **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:** the 2017 LTIP was recently amended to include a broader LTIP Unit claw-back provision. The changes permit the HR Committee to claw back LTIP Units if the Committee determines that an LTIP Participant has engaged in certain misconduct (as defined in the 2017 LTIP). The prior version of the 2017 LTIP limited the claw-back to misconduct that resulted in or contributed to a restatement of the financial statements.

- **External independent compensation advisors:** On an ongoing basis, the HR Committee refers to external advisors to provide an external view of the marketplace changes and may also include best practices in respect of compensation design.

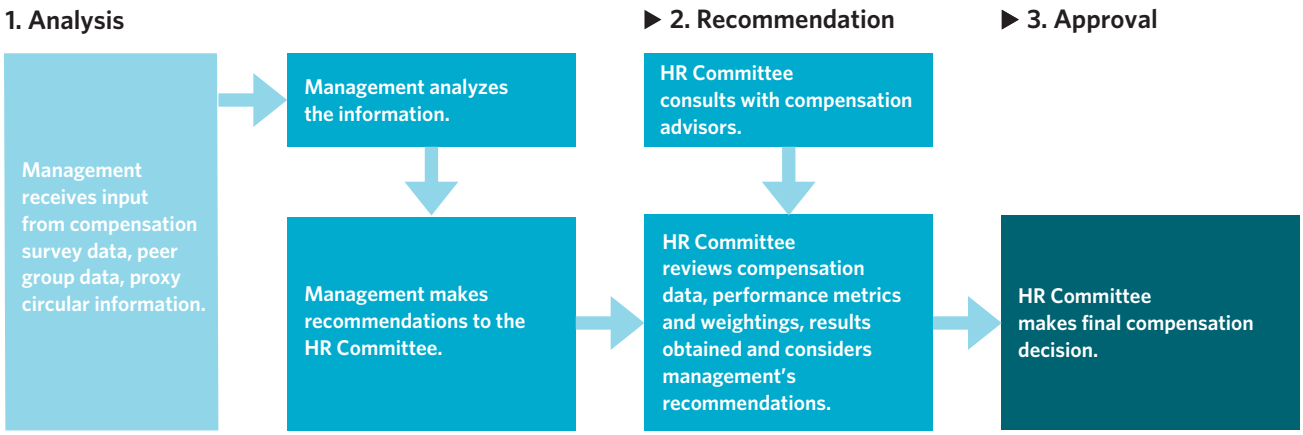
COMPENSATION DECISION MAKING

The Board has ultimate responsibility for executive compensation matters. The Board has delegated to the HR Committee responsibility for developing Morneau Shepell's pay philosophy, evaluating performance, reviewing executive compensation programs and monitoring executive talent development with input from Management. The HR Committee then makes recommendations to the Board for approval. The HR Committee is supported by independent executive compensation advisors as needed.

Target and actual compensation levels for the Named Executive Officers and other executives are reviewed annually and the HR Committee reviews how the executive compensation plans, policies and programs are operating.

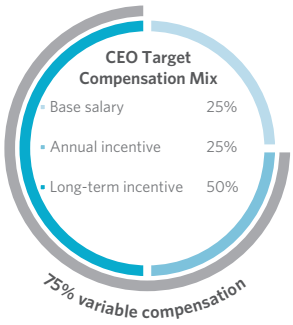
Morneau Shepell's executive compensation package for NEOs and other executives consists of the following components: base salary, an annual performance cash bonus program ("STIP") and a Share-based LTIP in addition to benefits and other perquisites. Each NEO's target compensation mix is set at the beginning of the year and performance against objectives drives the actual STIP and LTIP awards. Each compensation component has been reviewed and approved by the HR Committee, upon recommendation of the CEO, for the other NEOs, and by the Board for the CEO upon the recommendation of the HR Committee. More detail on the NEO compensation decision-making process is outlined below.

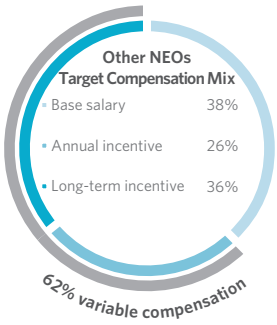
NEO Decision Making Process



1) ESTABLISH 2019 TARGET COMPENSATION MIX

In support of the Company's "pay-for-performance philosophy", the HR Committee considered the appropriate level and mix of compensation with variable (or "at risk") pay, which is a significant component of NEO pay. Factors that are also considered, among other things, include individual skills, qualifications, experience, overall performance of the Company, an evaluation of peer-company market data, performance 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 HR Committee, with the input of Management, conducts 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 HR Committee benefits from the advice of external consultants with expertise in executive compensation and related matters.

The HR Committee engaged Hugessen Consulting ("Hugessen"), an independent consulting firm, to review and advise on the Company's compensation framework for executive management of the Company, with a specific focus on the Company's comparative compensation benchmarking. The HR Committee also retained Kingsdale Advisors for advice on governance practices relevant to executive compensation.

The table below summarizes the fees incurred in 2019.

	Hugessen Consulting		Kingsdale Advisors	
	2019	2018	**2019**	2018
Executive Compensation related fees	**$50,880**	$43,900	**$39,656**	$74,862

The Comparator Group for Compensation Benchmarking

The HR Committee believes 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 marketplace, the HR Committee considered competitive compensation data from the Company's comparator group.

With the assistance of Hugessen, the HR 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 in professional services and consulting, asset management and IT.

The HR Committee recognizes that Morneau Shepell has a unique service offering and, therefore, there is a limited number of directly comparable service oriented, publicly-traded Canadian companies. The organizations comprising the comparator group for 2019 are as follows: The Descartes Systems Group Inc., Chartwell Retirement Residences, Altus Group Limited, Laurentian Bank of Canada, Sierra Wireless, Inc., Canadian Western Bank, Extendicare Inc., Enghouse Systems Limited and Sienna Senior Living Inc.

The Comparator Group for PSU Performance

PSUs are performance-vested based on annual and cumulative results over a three-year period. The performance measure selected for PSUs is Morneau Shepell's Total Shareholder Return (TSR) relative to the return for the S&P/TSX Composite Low Volatility Index. TSR is recognized as the most appropriate financial indicator for measuring shareholder value creation. As such, it reflects strong alignment of the interests of the executives with those of Morneau Shepell's Shareholders. The S&P/TSX Low Volatility Index is comprised of companies reflective of the general Canadian business landscape and with characteristics similar to Morneau Shepell. For this reason, the Board considered the S&P/TSX Low Volatility Index to be a good proxy for Morneau Shepell to measure relative TSR. A list of the companies included in the S&P/TSX Low Volatility Index as at December 31, 2019 is found in Schedule "C".

2) ESTABLISH VARIABLE COMPENSATION PAY

Annual Short-Term Incentive Plan Overview

Plan Highlights for 2019:

- Plan funding is determined by Adjusted EBITDA versus target.
- Minimum performance thresholds must be met before incentives can be paid.
- Funding availability and individual performance relative to established objectives determines payouts.

The Company's Annual Short-Term 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 Short-Term Incentive Plan based on achieving pre-determined objectives approved annually by the HR Committee.

The following outlines the steps involved in determining the short-term incentive award pool, and the allocation decision, which is linked to both Company and individual performance for executives, and all other bonus eligible employees.

Step 1: Determine target bonuses

- *CEO target annual short-term incentive set by Board, as a percentage of base salary, on recommendation of the HR Committee.*
- *Other executive's target incentive awards set by the HR Committee on recommendation of the CEO.*
- *Targets are based on breadth and impact of the executive's role and responsibilities.*

Target Annual Short-Term Incentive Award Amounts

2019, target short term incentive for each of the NEOs was established as follows:

NEO	Target Short-Term Incentive Award
Stephen Liptrap President and CEO	100% of base salary
Grier Colter Chief Financial Officer and Executive Vice President	100% of base salary
Scott Milligan Chief Corporate Officer and Executive Vice President	60% of base salary
Pierre Chamberland President, Administrative Solutions and Executive Vice President	60% of base salary
Kaytek Przybylski Chief Data &Technology Officer and Executive Vice President	50% of base Salary

Step 2: Determine the available incentive award pool

- *Annual Incentive award pool is funded based on company-wide Adjusted EBITDA results.*
- *The final incentive pool is approved by the Board upon the recommendation of the HR Committee.*

Step 3: Allocation of the annual incentive award pool to individuals based on both Company, and where applicable LOB performance, and individual performance.

- *Annual Incentive 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 the NEOs and executive management of the Company.
- Bonus payouts are capped at 280% of target.
- HR Committee has discretion over plan funding levels and individual incentive awards.

Establish Performance Objectives and Measures

	Metric	Weight	Background Reason for Selection
Financial Objectives	Adjusted Enterprise EBITDA or Adjusted LOB EBITDA	40%	Adjusted EBITDA is a primary metric tracked to evaluate profitable growth of the Company's business and the ability to generate returns for Shareholders. The CEO and functional leaders are based on Adjusted Enterprise EBITDA and the LOB leaders are based on Adjusted LOB EBITDA.
	Enterprise Revenue	40%	Revenue is a key indicator of success in implementing the Company's growth strategy.
Personal Objectives	Financial, client, employee and strategic metrics based on individual accountability	20%	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 HR Committee. For other executives, personal objectives are agreed with the CEO and performance is assessed by the CEO and approved by the HR Committee. The HR Committee believes that each executive should also be assessed on the successful achievement of objectives that are linked to the Company's long-term business strategy as well as effective leadership behaviours aligned with the values of the Company.

In 2020, the financial objective metric of Adjusted Enterprise EBITDA will be revised to Adjusted Enterprise EBITDA per share for the CEO and enterprise functional NEOs to better align with shareholder wealth creation.

Determine Performance Based Annual Short-Term Incentive Award

Any payout under the Annual Short-Term Incentive Plan is based on a combination of both corporate, line of business and individual performance against targets determined at the beginning of the year.

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

	Financial Objectives			
Measure	**Adjusted EBITDA Company (Enabling Functions) and LOB (LOB Leaders)**	**Company Revenue**	**Personal Objectives**	**TOTAL**
Weighting (% of overall target Incentive)	40%	40%	20%	100%
Financial Performance Range:				
Minimum (Threshold)	90%	90%		
Target	100%	100%	N/A	N/A
Maximum	140%	140%		
Incentive Award Payout Range:				
Minimum (Threshold)	50%	50%	0%	0%
Target	100%	100%	100%	100%
Maximum	300%	300%	200%	280%

For any incentive to be paid under this plan, minimum performance (90%) of the Adjusted EBITDA measure must be achieved and the plan has a maximum payout of two hundred and eighty percent of target bonus (280%) that corresponds to 140% of financial performance.

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

Equity-Based Compensation – Long Term Incentive Plan

LTIP Highlights for 2019:

- *PSUs which are performance-vested based on annual and cumulative results over three years.*
- *Dividend reinvestment policy ("DRIP").*

To further strengthen the link between compensation of the Company's executives 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 LTIP Participants and the Shareholders of Morneau Shepell.

Pursuant to the 2017 LTIP, the HR Committee has the ability to grant RSUs, DSUs and PSUs. PSUs shall only be granted to executives to support stronger pay-for-performance alignment. DSUs no longer form part of the executive compensation program and as such the Company will only grant PSUs and RSUs to be in line with market practices.

Mix of LTIP Units. Currently, for the CEO, PSUs comprise 50% and RSUs comprise 50% of his LTIP Units. LTIP Units granted to other executives are comprised of 25% PSUs and 75% RSUs. PSUs were introduced in 2016. In 2020, the PSU to RSU ratio will change to 60:40 for the CEO and 50:50 for the other executives.

Key Elements of PSUs. The following are the key elements of PSUs, as established by the HR Committee:

Element	Description
Eligibility:	Executives only
Performance Measure:	TSR relative to S&P/TSX Composite Low Volatility Index
Performance Period:	Staged approach over three years: • 25%/25%/25% for each of three years • 25% for cumulative three-year relative TSR performance
Vesting:	Three-year cliff vesting

Payment:	Minimum (Threshold)	Target	Maximum
Performance range*	- 500 basis points	Match Index	+500 basis points
Payout range*	0%	100%	200%

* With linear interpolation between points

The awards made under the 2017 LTIP for the 2017/2019 performance cycle vested on November 29, 2019. The Company's three-year average Total Shareholder Return was 24.3% and the Low Volatility Index three-year average Total Shareholder Return was 9.1%. The Company, therefore, outperformed the industry by 15.2% over the three-year period and also outperformed in each of the three years (10.1% in 2017, 22.2% in 2018 and 15.5% in 2019). When applied against the LTIP performance payout curve, this results in a payout of 200% of the PSUs initially allocated in 2017.

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 HR Committee the required incentive 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 HR Committee and Board approval

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

Step 3: Allocation of LTIP awards to individuals

Individual awards are determined based on the following criteria:

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

The HR Committee approves the executives' awards based on the recommendation of the CEO, and the CEO award is decided upon by the Board on the recommendation of the HR Committee.

Share-based awards granted in concurrence with other incentive awards for a prior year's performance will be deemed to be compensation for that performance year. As such, awards granted in early 2020 are reported as 2019 compensation.

Vesting and Redemption of LTIP Units. Pursuant to the 2017 LTIP, each RSU vests 33 months after the date of grant and 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 the Company). The PSUs vest 33 months following the grant date allowing for a 35-month performance period at which time the Board has the applicable Company financial metrics to measure performance. Following any adjustments based on performance during the relevant performance period, each PSU 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 the Company).

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 HR Committee) for the five business days on which Shares traded on such exchange preceding the applicable date. Dividend equivalents continue to be credited on LTIP Units until redeemed by a LTIP Participant.

Cessation of Entitlements under the LTIP. Pursuant to the 2017 LTIP, except in certain circumstances (such as the death, disability or retirement of a LTIP Participant), all vested and unvested 2017 LTIP Units shall terminate on a LTIP Participant's termination date and the LTIP Participant will have no right to receive any 2017 LTIP Units or entitlements under the 2017 LTIP whatsoever. Upon termination without cause, death or disability, a pro rata portion of a Participant's unvested 2017 LTIP Units shall vest. The HR Committee has discretion to vest unvested LTIP Units on a Participant's termination date.

Managing Risk within the 2017 LTIP:

- Awards vest over three years.
- PSUs are performance-vested based on annual and cumulative results over three years.
- Vested and unvested awards may be forfeited if termination is with cause.

Maximum Number of Shares Issuable.

The maximum number of Shares issuable pursuant to Morneau Shepell's equity-based compensation plans (which are subject to adjustment in certain circumstances as outlined in the plans) shall not exceed 6.3% of the aggregate number of Shares outstanding from time to time and which include the following plans and their applicable reserves:

- Income Fund LTIP, 2011 LTIP and 2017 LTIP– 5.3% in the aggregate
- Director DSU Plan – 1.0%

The following table outlines the details of the number of units or shares issued and outstanding pursuant to the equity-based compensation plans as of March 23, 2020:

	No. of Units[1] or Shares[2]	% of aggregate number of Shares outstanding
Maximum number of Shares reserved and available for issuance from treasury under the 2017 LTIP and the Director DSU Plan	**4,292,813 Shares**	**6.3**
Number of Shares available for issuance from treasury under the 2017 LTIP and the Director DSU Plan	**2,030,833 Shares**	**3.0**
Total number of LTIP Units outstanding as a percentage of the number of Shares issued and outstanding broken down as follows:	**2,100,094 LTIP Units**	**3.1**
• Number of Income Fund Units outstanding under the Income Fund LTIP	200,657 Income Fund Units	0.3
• Number of 2011 LTIP Units outstanding under the 2011 LTIP	1,265,844 2011 LTIP Units	1.9
• Total Number of 2017 LTIP Units outstanding under the 2017 LTIP	633,593 2017 LTIP Units	0.9
Number of Director DSUs outstanding under the Director DSU Plan	**161,886 Director DSUs**	**0.2**

1 Inclusive of reinvested dividends awarded on outstanding grants
2 As of March 23, 2020, there are 68,139,881 Shares issued and outstanding

The prescribed maximums 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 from treasury under the 2017 LTIP and the Director DSU Plan, and any issuance of Shares pursuant to LTIP Units granted under the Income Fund LTIP, 2011 LTIP, 2017 LTIP and Director DSU Plan will make new grants available under the 2017 LTIP and Director DSU Plan, effectively increasing the number of Shares available to grant under the 2017 LTIP and Director DSU Plan.

Pursuant to the current rules of the TSX, the 2017 LTIP and the Director DSU Plan require the approval of the Shareholders of Morneau Shepell every three years. LTIP Units shall not be granted pursuant to the 2017 LTIP and Director DSU Plan, if the redemption thereof could result, at any time, in the aggregate number of Shares issuable to insiders of Morneau Shepell, under the 2017 LTIP and under all other security based compensation arrangements of Morneau Shepell (including the Director DSU Plan), exceeding 6.3% 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 2017 LTIP or Director DSU Plan 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 2017 LTIP and under all other security based compensation arrangements of Morneau Shepell, exceeding 10% of the number of Shares issued and outstanding immediately prior to such redemption.

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 and non-employee director 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;
- any amendment that would permit non-employee Directors to be eligible to receive LTIP Units; or
- any amendment to the amendment provisions of the LTIP.

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 and Director DSU Plan upon exercise of outstanding rights	Number of Shares remaining available for future issuance under all equity compensation plans*
2,261,980*	2,030,833

* Includes 2,100,094 Shares in aggregate under the LTIP and 161,886 Shares under the Director DSU Plan.
** Represents Shares available for issuance under the 2017 LTIP and the Director DSU Plan.

The following table sets out the security based compensation arrangements burn rate:

Fiscal Year	Grant Type	Number of awards granted in the fiscal year	Weighted average # of outstanding securities	Burn rate[(1)]
2019	Total Award Grant	300,116	66,160,546	0.45%
	LTIP	269,877	66,160,546	0.41%
	Director DSU	30,239	66,160,546	0.05%
2018	Total Award Grant	299,921	64,213,879	0.47%
	LTIP	268,317	64,213,879	0.42%
	Director DSU	31,604	64,213,879	0.05%
2017	Total Award Grant	302,242	53,853,225	0.56%
	LTIP	269,699	53,853,225	0.50%
	Director DSU	32,543	53,853,225	0.06%

Note:
(1) Burn rates do not include the impact of multipliers for PSUs vesting in 2019. PSUs may vest between 0% and 200%.

ESPP

The Company adopted an employee share purchase plan on August 13, 2013 which was subsequently amended and restated March 2, 2017 and March 10, 2020 (the "**ESPP**"). Prior to the March 10, 2020 amendment, the ESPP contemplated the issuance of Shares from treasury. Pursuant to the current rules of the TSX, Shareholder approval of the ESPP would have been required to continue to be able to issue Shares from treasury under the ESPP. As Shares acquired by participants under the ESPP have only been acquired in the open market, the Company decided to amend the Plan to eliminate the ability to issue Shares from treasury. Consequently, Shareholder approval of the ESPP is no longer required.

The purpose of the ESPP is to encourage employees of the Company to invest in Shares. Any employee of the Company and its affiliates (excluding Directors) may participate in the ESPP ("ESPP Participants") may participate in the ESPP by way of payroll deduction. ESPP Participants are entitled to contribute up to 10% of their annual base salary to the ESPP ("Personal Contributions"). Personal Contributions will be made on each payroll cycle of the Company. The Company will make cash contributions to the ESPP ("Employer Contributions") for the benefit of each ESPP Participant in an amount between 11.11% and 25.00% of the cash amount of each ESPP Participant's Personal Contribution, up to a maximum of $1,000 per calendar year per ESPP Participant or such other amount as the Board, in its discretion, may approve.

Personal Contributions and Employer Contributions will be used to acquire Shares on the TSX, and such Shares will vest immediately upon purchase.

The Board has the authority to amend or terminate the ESPP, in whole or in part, without the prior approval of Shareholders. However, no amendment to or termination of the ESPP may deprive an ESPP Participant of any benefits that have accrued to the date of the amendment or cause any Shares or cash held pursuant to the ESPP or any Personal Contributions or Employer Contributions to revert to or become the property of the Company.

Named Executive Officer (NEO) Compensation

STEPHEN LIPTRAP

Career profile

Stephen Liptrap has been President and CEO since May 2017. He is responsible for developing and executing Morneau Shepell's corporate strategy and leading the company's day to day operations, in alignment with the interests of shareholders, clients, employees and other stakeholders.

Mr. Liptrap joined Morneau Shepell's senior executive team in 2008 and has more than 25 years of senior executive experience. In 2010 he was appointed EVP of Morneau Shepell's largest business unit, Employee Support Solutions. In 2016, he was appointed Chief Operating Officer, a position which he held until his appointment to CEO.

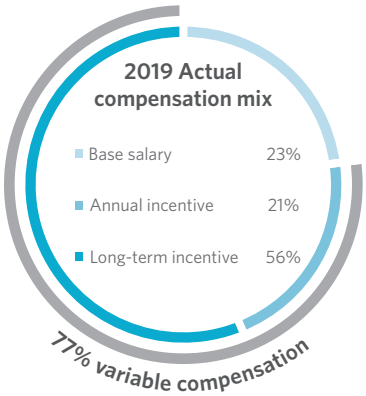
President and Chief Executive Officer

2019 Key performance indicators and results

The HR Committee evaluated Mr. Liptrap's 2019 performance against financial targets and progress against the strategic plan in positioning Morneau Shepell for strong returns over the short, medium and long term.

Key performance indicators	Results (Met / Exceeded)	
Financial		
Revenue. Adjusted EBITDA. Adjusted EBITDA margin.	Yes	Revenue up 23.1% versus 2018. Adjusted EBITDA up 33.2% versus 2018. Adjusted EBITDA margins increased from 19% in 2018 to 20.5%.
Strategic		
Execute acquisitions to advance strategy. Continue to evolve the strategy to ensure the organization achieves its long-term goals.	Yes	Acquired Mercer's US Pension and Benefits Administration businesses while also closing other smaller strategic deals. Advanced key technology and workplace initiatives to transform the organization to achieve greater efficiency and simplicity over the long term.
Employee		
Right executive talent in place to execute against the five-year plan. Implement plans to build employee engagement.	Yes	Aligned Executive Committee structure and talent to support the five-year business plan, which included the addition of a new Chief Data & Technology Officer, a new Chief Financial Officer and overseeing the implementation of the LifeWorks business succession plan. Leveraged a pulse survey program centered around leadership accountability for engagement, resulting in record engagement levels and a three percentage point improvement.
Client		
Client satisfaction improved for Top 100 clients. Drive cross sales revenue growth.	Yes	Increased client satisfaction for top 100 clients. Exceeded budgeted cross sales revenue growth targets.

	2017	2018	2019
Base Salary	$ 487,500	$ 556,250	$ 612,500
Cash Incentive	$ 384,200	$ 653,438	$ 543,750
Share-based award	$ 650,000	$ 950,000	$1,400,000
Retirement LTIP	$ 50,000	$ 58,000	$ 63,000
Total Direct Compensation	$1,571,700	$2,217,688	$ 2,619,250



Career profile

Grier Colter was appointed Chief Financial Officer and Executive Vice President on October 1, 2019. He is responsible for the Company's financial activities, corporate accounting and reporting, investor relations, corporate strategy and mergers and acquisitions.

Mr. Colter brings approximately 25 years of finance experience. Prior to joining Morneau Shepell, he was Chief Financial Officer of ECN Capital Corp. and a key member of the management team that transformed the company through several divestitures and acquisitions. Prior to that, Mr. Colter served in senior level positions at large publicly traded corporations including Canadian Tire Corporation and Barrick Gold Corporation. Mr. Colter earned his Chartered Accountant designation with Ernst and Young LLP. He is a Chartered Financial Analyst and holds a Bachelor of Business Administration with Honours from Wilfrid Laurier University.

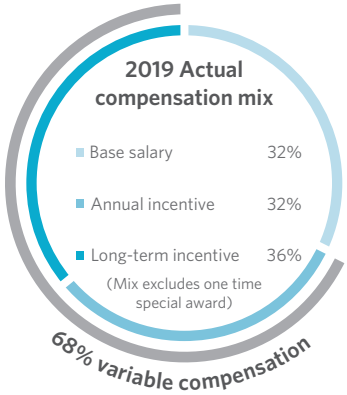
Chief Financial Officer and Executive Vice President

2019 Key performance indicators and results

The HR Committee reviewed Mr. Colter's 2019 performance against the key areas outlined below for the last quarter of the year.

Key performance indicators	Results (Met / Exceeded)	
Financial		
Adjusted EBITDA target. Adjusted EBITDA margin.	Yes	Adjusted EBITDA up 33.2% versus 2018. Adjusted EBITDA margins increased from 19% in 2018 to 20.5%.
Strategic		
Create 5-year strategic plan for approval	Yes	Completed 5-year strategic plan for approval by the Board.
Employee		
Ensure we have an engaged workforce to deliver strategic plan.	Yes	Completed review and redesign of Finance organization structure and initiated acquisition of talent to fill key roles in that structure.

	2017	2018	2019
Base Salary	–	–	$ 112,500
Cash Incentive	–	–	$ 112,500
Share-based award	–	–	$ 1,112,500
One-time Special Award			*$1,000,000*[1]
LTIP Award			*$ 112,500*
Retirement LTIP	–	–	$ 11,250
Total Direct Compensation	–	–	$1,348,750



1 *Includes a one-time special RSU grant in the amount of $500,000 granted in November 2019 and another one-time special PSU grant in the amount of $500,000 to be granted in March 2020, both which are outlined in the employment agreement and reflects compensation for 2019 (year of hire).*

SCOTT MILLIGAN

Career profile

Scott Milligan was appointed as Chief Corporate Officer on October 1, 2019 and previously held the position of Chief Financial Officer of the Company. He is responsible for leading the Company's transformation efforts, as well as a number of key areas that support the Company's global growth including: implementation of new finance, HR and Professional Services systems, building of the Company's workplace of the future, sustainability and corporate social responsibility, corporate communications, legal, corporate services, risk, and internal audit.

Mr. Milligan brings to this position many years of senior executive business and finance management experience earned across a number of North American-based organizations. Prior to joining Morneau Shepell, Mr. Milligan held progressively senior assignments at Zarlink Semiconductor, MCI Canada, Pepsi-Cola, Campbell Soup Company, and PricewaterhouseCoopers.

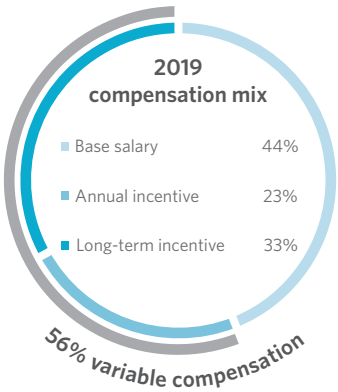
Chief Corporate Officer and Executive Vice President

2019 Key performance indicators and results

The HR Committee reviewed Mr. Milligan's 2019 performance against his goals as Chief Financial Officer for the first three quarters of the year and his goals as Chief Corporate Officer for the last quarter.

Key performance indicators	Results (Met / Exceeded)	
Financial		
Adjusted EBITDA target.	Yes	Adjusted EBITDA up 33.2% versus 2018.
Adjusted EBITDA margin.		Adjusted EBITDA margins increased from 19% in 2018 to 20.5%.
Improve working capital.		Achieved improvement >$10M in working capital.
Strategic		
Execute acquisitions that drive >4% revenue growth in 2020.	Yes	Executed on acquisitions that exceeded revenue growth targets for 2020.
Implement new Enterprise wide operating systems that improves information flow, drives simplification and improves efficiency.		Completed vendor selection and contracting for a new enterprise wide operating system and initiated pre-mobilization work.
Develop real estate strategy to modernize the head office workplace with the goals of attracting top talent; fostering deeper connections with clients; and creating a brand aligned workplace.		Negotiated lease for a new head office and kicked off workplace transformation initiative.

	2017	2018	2019
Base Salary	$ 365,000	$ 372,500	$375,000
Cash Incentive	$ 219,000	$ 247,500	$ 193,500
Share-based award	$ 219,000	$ 251,000	$ 251,250
Retirement LTIP	$ 37,000	$ 38,000	$ 38,000
Total Direct Compensation	$840,000	$909,000	$ 857,750



Career profile

Pierre Chamberland is President, Administrative Solutions and has been an EVP since 2003. Mr. Chamberland is responsible for the overall management of Morneau Shepell's Administrative Solutions business, overseeing pension and benefits administration services for the Company as a whole.

Mr. Chamberland started at the Company in 1982 and brings extensive experience and understanding of the Canadian and U.S. outsourcing environment to his current role, having worked with clients throughout North America, including large corporations, as well as government, public and para-public organizations.

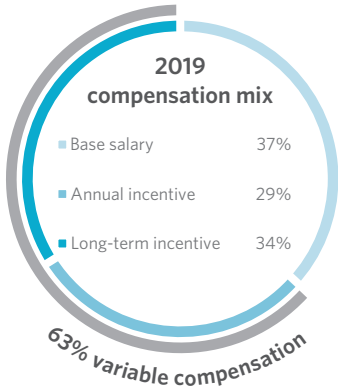
President, Administrative Solutions and Executive Vice President

2019 Key performance indicators and results

The HR Committee evaluated Mr. Chamberland's performance against the results of the Administrative Solutions business and his personal contributions against the objectives outlined below.

Key performance indicators	Results (Met / Exceeded)	
Financial		
Achieve EBITDA and Revenue targets for the Administrative Solutions business.	Yes	Exceeded overall 2019 key financial targets
Strategic		
Fully execute on acquisition activity in the year while delivering on revenues and profits in line with the business case.	Yes	Fully executed acquisition activities and revenue and service perspective employees are transitioned.
Employee		
Implement talent plans to support growth initiatives while improving employee engagement year over year.	Yes	Talent plans in place and employee engagement goal achieved.
Client		
Create great client experiences and deliver year over year improvements for Top 400 clients.	Yes	Initiated the implementation of agile deployments with key clients to enhance service delivery. Objective met for Top 400 clients.

	2017	2018	2019
Base Salary	$374,000	$ 375,000	$ 375,000
Cash Incentive	$225,000	$ 299,250	$ 292,500
Share-based award	$225,000	$300,000	$ 300,000
Retirement LTIP	$ 38,000	$ 38,000	$ 38,000
Total Direct Compensation	$862,000	$1,012,250	$1,005,500



Career profile

Kaytek Przybylski was appointed as Chief Data and Technology Officer and Executive Vice President on September 3, 2019. He is responsible for leading the development of a five-year technology and data systems roadmap, developing and implementing the Enterprise cloud migration strategy and driving artificial intelligence and machine learning capability development. He is also responsible to providing technology solutions to our businesses in support of delivering high quality, cost efficient products to support brand aligned employee and client experiences.

Mr. Przybylski brings a wealth of digital experience and expertise to the Company and is recognized for his expertise in cloud computing and digital transformation. He previously spent several years growing Avanade's Microsoft Azure Platform Services and led Avanade's Centre of Excellence global team of experts in the Microsoft Azure Platform, Agile, DevOps, Architecture, Security and Modern Software Engineering.

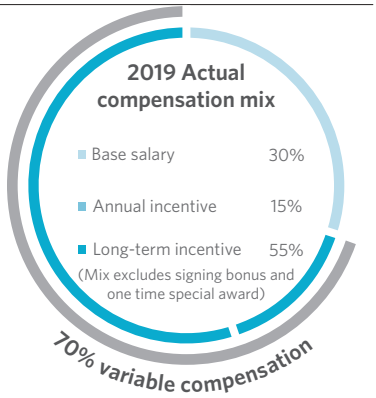
Chief Data and Technology Officer and Executive Vice President

2019 Key performance indicators and results

The HR Committee reviewed Mr. Przybylski's 2019 performance for the last four months of the year against the following key areas outlined below.

Key performance indicators	Results (Met / Exceeded)	
Financial		
Identify synergies across technology related initiatives throughout the business.	Yes	Met overall 2019 key financial targets.
Strategic		
Define 5-year data and technology strategy in the context of Morneau Shepell's 5-year strategic plan.	Yes	Defined and rolled out Morneau Shepell's Data and Technology Strategy for execution in 2020.
Employee		
Assess IT organization and lay groundwork for high performance IT team.	Yes	Put in place new Data and Technology team structure across Product and Technology domains.
Client		
Directly engage with key clients driving deeper strategic partnerships and optimally incorporate client demands into our technology roadmap and product vision.	Yes	Directly engaged with several clients across the lines of business and established a regular cadence of meeting with CIOs/VPs of IT at Top 100 clients.

	2017	2018	2019
Base Salary	–	–	$ 123,438
Cash Incentive	–	–	$ 61,719
Signing Bonus	–	–	$300,000[1]
Share-based award	–	–	$ 587,500
One-time Special Award			*$ 400,000*[2]
LTIP Award			*$ 187,500*
Retirement LTIP	–	–	$ 37,500
Total Direct Compensation	–	–	$ 1,110,157



1 *The first part of a signing bonus in the amount of $300,000 paid in September 2019. The second part of the signing bonus in the amount of $150,000 will be paid in September 2020.*

2 *Includes one-time special RSU grant of $400,000 in November 2019.*

Summary Compensation Table

The following table provides a summary of the compensation earned in 2019, 2018 and 2017 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 ($)[1]	Pension Value	All Other Compensation	Total Compensation ($)
Stephen Liptrap	2019	612,500	1,463,000	543,750	0		2,619,250
President and CEO	2018	556,250	1,008,000	653,438	0		2,217,688
	2017	487,500	700,000	384,200	0		1,571,700
Grier Colter	2019	112,500	1,123,750[2]	112,500	0		1,348,750
Chief Financial Officer and EVP							
Scott Milligan	2019	375,000	289,250	193,500	0		857,750
Chief Corporate Officer	2018	372,500	289,000	247,500	0		909,000
and EVP	2017	365,000	256,000	219,000	0		840,000
Pierre Chamberland	2019	375,000	338,000	292,500	0		1,005,500
President	2018	375,000	338,000	299,250	0		1,012,250
Administrative Solutions and EVP	2017	374,000	263,000	225,000	0		862,000
Kaytek Przybylski	2019	123,438	625,000[3]	61,719	0	300,000[4]	1,110,157
Chief Data & Technology Officer and EVP							

Note:

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 PSUs or RSUs. 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 2020 are reported as 2019 compensation as they were based on executive performance in the 2019 fiscal year. Pursuant to the LTIP, notional distributions are made on PSUs and RSUs (in the form of additional PSUs or RSUs as applicable) equivalent to dividends paid on the Common Shares. The notional distributions on those awards are not included in the chart above. Share-based awards in lieu of retirement are included in the amounts shown as follows: Mr. Liptrap $63,000, Mr. Colter $11,250, Mr. Milligan $38,000, Mr. Chamberland $38,000 and Mr. Przybylski $37,500.*

2 *Includes a one-time special RSU grant in the amount of $500,000 granted in November 2019 and another one-time special PSU grant in the amount of $500,000 to be granted in March 2020, both which are outlined in the employment agreement and reflects compensation for 2019 (year of hire).*

3 *Includes one-time special RSU grant of $400,000 in November 2019.*

4 *The first part of a signing bonus in the amount of $300,000 paid in September 2019. The second part of the signing bonus in the amount of $150,000 will be paid in September 2020.*

NEO Compensation Disclosure

	2017	2018	2019
Total Compensation reported for the Named Executive Officers ($ millions)	$ 7.4	$ 5.8	$ 6.9
Revenue ($millions)	$625.1*	$722.5	$888.9
Cost of management ratio	1.2%	0.8%	0.8%

* *2017 comparative has been restated as a result of the Company's adoption of IFRS 15 on January 1, 2018. Please refer to note 3 of the audited consolidated financial statements for the year ended December 31, 2018 for further details.*

Share Ownership Guidelines

The HR 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 or share equivalents including DSUs, PSUs and RSUs granted under the LTIP, representing a multiple of their annual salary. The CEO is required to own at least four times his base salary and to maintain that ownership for at least one-year post termination of employment, while the NEOs are required to own Shares or share equivalents representing at least 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 HR Committee. All NEOs except for Mr. Colter and Mr. Przybylski have met and exceeded their Share ownership requirements. Mr. Colter and Mr. Przybylski joined the Company in 2019 and have until 2024 to meet the requirement.

CEO Ownership Disclosure

Common Shares and Share Units held as at December 31, 2019.

Fiscal Year	Shares	Income Fund LTIP Units	Retirement DSUs	PSUs	2011 LTIP RSUs	RSUs	Total Common Shares and Other Share Units[1]	Share Ownership Target[2] Meets 4X Target	Share Ownership Target[2] Current Status
2019	0	21,330	125,100	32,721	–	37,165	216,316	Yes	11.7x
	–	$720,741	$4,227,129	$1,105,643	–	$1,255,805	$7,309,318		

1 *Values are calculated as at: December 31, 2019 using the closing Share price of $33.79 per Share. Note that the value of Share ownership target has been rounded to the nearest whole number using standard rounding. Between December 31, 2019 and March 23, 2020, 36,282 Retirement DSUs were redeemed early by the Company and net proceeds were used to purchase 16,500 Shares by Mr. Liptrap.*

2 *Target is four times base salary.*

Share-based Awards

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

	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]
Stephen Liptrap President and CEO	55,884	1,888,320	67,545	2,282,346
Grier Colter CFO and EVP	0	0	15,853	535,673
Scott Milligan Chief Corporate Officer and EVP	23,305	787,476	21,700	733,243
Pierre Chamberland President, Administrative Solutions and EVP	16,626	561,793	23,843	805,655
Kaytek Przybylski Chief Data & Technology Officer and EVP	0	0	12,682	428,525

Note:

1 *Values are calculated as at December 31, 2019 using the closing Share price of $33.79 per Share. Note that 2019 Share-based awards have a grant date in March, 2020, 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

Defined Benefit Pension Plan

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

NEO	Year end	Years credited service	Annual benefits payable ($) at year end[1]	Annual benefits payable ($) at age 65	Opening present value of defined benefit obligation ($)	Compensatory change ($)	Non-compensatory change ($)	Closing present value of defined benefit obligation ($)
Pierre Chamberland President, Administrative Solutions and EVP	2019	9.5	N/A	16,400	210,500	0	30,700	241,200

Note:

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

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.

	Resignation	Retirement, Death or Disability**	Termination with Cause	Termination without Cause**
Base Salary	Only earned portion	Only earned portion	Only earned portion	Only earned portion, plus compensation outlined in applicable employment agreement
Short-term incentive	None	Prorated portion, based on actual performance achieved	None	Prorated portion, based on actual performance achieved
Share-based incentive				
2017 Plan Unvested RSUs, DSUs or PSUs	Unvested units are forfeited immediately	Retirement: Upon retirement (as defined in the plan), all unvested units continue to vest and will become redeemable provided that the employee does not breach any of his or her post-employment obligations (as defined in the LTIP) Death or Disability: A pro rata portion of unvested units shall vest on date of death or disability*	Unvested units are forfeited immediately	All unvested units at the employee's termination date will terminate (except as may be required to comply with the minimum requirements of applicable employment standards legislation) and a pro rata portion of the unvested units shall vest on such termination date*
2011 Plan Vested 2011 RSUs or Retirement DSUs	Redeemable as shares or cash amount equal to the fair market value as calculated on the redemption date	Redeemable as shares or cash in an amount equal to the fair market value	Vested units terminate on the termination date and the participant will have no right to receive any units or entitlements	Redeemable as shares or cash in an amount equal to the fair market value as calculated on the redemption date
2017 Plan Vested RSUs, DSUs or PSUs	Redeemable as shares or cash in an amount equal to the fair market value as calculated on the redemption date or a combination of shares and cash	Retirement or Disability: Redeemable as shares or cash amount equal to the fair market value as calculated on the redemption date or a combination of shares and cash Death: In the case of death, redeemable as shares or cash in an amount equal to the fair market value	Vested units terminate on the termination date and the participant will have no right to receive any units or entitlements	Redeemable as shares or cash in an amount equal to the fair market value as calculated on the redemption date or a combination of shares and cash
Benefits & perquisites	Cease as of the last day of employment	In the case of death, benefits are extended for 31 days; otherwise, cease as of the last day of employment	Cease as of the last day of employment	Pursuant to applicable employment agreement

* The HR Committee shall have the discretion to determine the Performance Adjustment Factor (as defined in the 2017 LTIP) to be applied in the circumstances prior to PSUs being redeemed, based on the achievement of each performance measure up to the relevant termination date and on any other factors that the HR Committee deems to be appropriate.

** The HR Committee shall have the discretion to vest unvested LTIP Units on a participant's termination date.

Mr. Liptrap is entitled to receive a severance payment in the form of salary continuation equal to 24 months' salary and annual incentive, plus continuation of benefits and perquisites for the severance period, in the event of termination of employment "without cause" by Morneau Shepell. If, at any time in the 12 months following the effective date of a change in control, his employment is terminated, except for just cause, or he resigns for good reason as a result of action taken by Morneau Shepell during such 12 month period, Mr. Liptrap is entitled to "without cause" severance plus continuation of benefits, perquisites and allowances (except club) for the earlier of two years or the date he starts alternate employment.

Mr. Milligan is entitled to receive a severance payment in the form of salary continuation or an amount equal to 18 months' salary and annual incentive in the event of termination of employment "without cause" by Morneau Shepell. He is also entitled to continuation of benefits and perquisites in the event of termination of employment without cause.

Mr. Przybylski and Mr. Colter are both entitled to receive a severance payment in the form of salary continuation equal to 18 months' salary and annual incentive in the event of termination of employment "without cause" by Morneau Shepell. They are also entitled to continuation of benefits and perquisites in the event of termination of employment without cause.

The LTIP awards for all executives are governed by the rules of the LTIP.

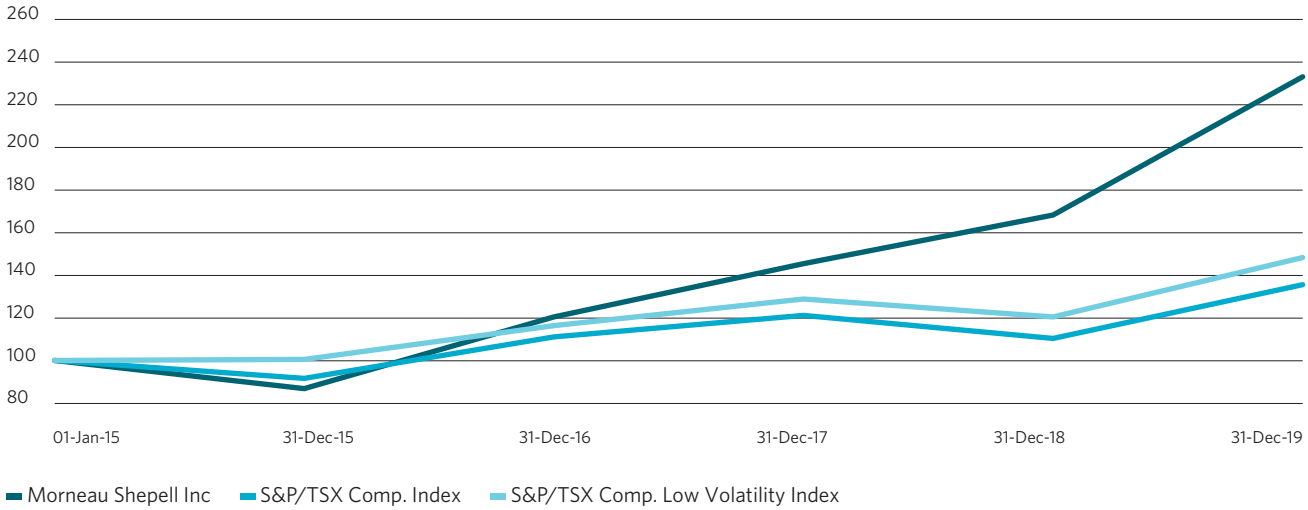
Pursuant to the 2017 LTIP, upon a change of control, if the resulting entity remains publicly traded and agrees to assume all obligations of the 2017 LTIP in all material respects, the 2017 LTIP shall continue in force as determined by the HR Committee. If the resulting entity is to be a private entity (with no equity securities listed for trading on the exchange), (1) all RSUs shall immediately vest upon the closing of the change of control transaction, conditional upon the completion of the change of control and (2) the HR Committee shall have the discretion to determine what portion, if any, of any unvested PSUs shall immediately vest upon the closing of the change of control transaction, conditional upon the completion of the change of control, including the performance adjustment factors to be applied for each LTIP Participant holding PSUs, based on the achievement of each performance measure (as determined by the HR Committee) up to the date of such change of control. Upon termination of employment without cause within 12 months after a change in control, all RSUs vest and the HR Committee shall have the discretion to determine what portion, if any, of any unvested PSUs shall vest, including the performance adjustment factors to be applied for each LTIP Participant holding PSUs, based on the achievement of each performance measure (as determined by the HR Committee) up to the date of such termination.

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 and the S&P/TSX Composite Low Volatility Index for the period from January 1, 2015 to December 31, 2019. On December 31, 2019, the Shares closed at $33.79.

For the Period from January 1, 2015 to December 31, 2019

Cumulative Total Returns Value of $100 Invested on January 1, 2015



	01-Jan-15	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Morneau Shepell Inc.	100.00	86.96	120.47	145.40	168.26	233.02
S&P/TSX Comp. Index	100.00	91.68	111.01	121.11	110.34	135.59
S&P/TSX Comp. Low Volatility Index	100.00	100.57	116.49	128.88	120.54	148.26

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, 2019. Copies of the Company's Financial Statements for its most recent completed year ended December 31, 2019, 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 23, 2020

By Order of the Directors of Morneau Shepell Inc.

Susan Marsh
Corporate Secretary, Morneau Shepell Inc.

Be It Resolved That:

1. All unallocated restricted share units, performance share units and deferred share units (collectively, the "2017 LTIP Units") granted under the long-term incentive plan of Morneau Shepell Inc. (the "Company") dated March 2, 2017, as amended and restated on March 7, 2018 and March 10, 2020 (the "2017 LTIP"), as substantially described in the Management Information Circular prepared for the Company's annual and special meeting of Shareholders to be held on May 8, 2020 (the "Circular") are hereby confirmed, ratified and approved and the amendment to the amendment provision of the 2017 LTIP, to require Shareholder approval to permit nonemployee directors to be eligible to receive 2017 LTIP Units under the 2017 LTIP, is hereby approved;
2. In accordance with the rules of the Toronto Stock Exchange, the Company shall have the ability to grant 2017 LTIP Units in accordance with the terms of the 2017 LTIP until May 8, 2023, which is the date that is three (3) years from the date of the Shareholder meeting at which Shareholder approval is being sought;
3. The board of directors of the Company (the "Board") is hereby authorized to make such amendments to the 2017 LTIP from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the 2017 LTIP, the approval of the Shareholders of the Company; and
4. Any one director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as, in the opinion of such director or officer of the Company, may be necessary or desirable to carry out the terms of the foregoing resolutions.

Be It Resolved That:

1. All unallocated deferred share units (the "Director DSUs") granted under the directors' deferred share unit plan of Morneau Shepell Inc. (the "Company") dated March 2, 2017, as amended and restated on March 10, 2020 (the "Director DSU Plan"), as substantially described in the Management Information Circular prepared for the Company's annual and special meeting of Shareholders to be held on May 8, 2020 (the "Circular") are hereby confirmed, ratified and approved and an amendment to the annual non-employee director limit of $150,000 to exclude from such limit Director DSUs granted as part of board fees or initial one-time grants to new directors is hereby approved;
2. In accordance with the rules of the Toronto Stock Exchange, the Company shall have the ability to grant Director DSUs in accordance with the terms of the Director DSU Plan, until May 8, 2023, which is the date that is three (3) years from the date of the Shareholder meeting at which Shareholder approval is being sought;
3. The board of directors of the Company (the "Board") is hereby authorized to make such amendments to the Director DSU Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Director DSU Plan, the approval of the Shareholders of the Company; and
4. Any one director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as, in the opinion of such director or officer of the Company, may be necessary or desirable to carry out the terms of the foregoing resolutions.

SCHEDULE "C"
COMPARATOR GROUP FOR PSU PERFORMANCE BENCHMARKING

The following table lists the companies in the S&P / TSX Low Volatility Index, which the HR Committee approved for PSU performance benchmarking purposes.

Companies listed in the S&P / TSX Low Volatility Index as at December 31, 2019	
Algonquin Power & Utilities Corp.	H&R Real Estate Investment Trust
Allied Properties Real Estate Investment Trust	Hydro One Limited
ATCO Ltd. Class I Non-voting Shares	Innergex Renewable Energy Inc.
BCE Inc.	Intact Financial Corporation
Bank of Montreal	Killam Apartment Real Estate Investment Trust
Bank of Nova Scotia (The)	Loblaw Companies Limited
Brookfield Asset Management Inc. Class A Limited Voting Shares	Metro Inc.
Brookfield Renewable Partners L.P.	Morneau Shepell Inc.
CGI Inc. Class A Subordinate Voting Shares	National Bank of Canada
CT Real Estate Investment Trust	Northview Apartment Real Estate Investment Trust
Canadian Apartment Properties Real Estate Investment Trust	Northwest Healthcare Properties Real Estate Investment Trust
Canadian Imperial Bank of Commerce	Pembina Pipeline Corporation
Canadian Utilities Ltd Class A Non-Voting Shares	Power Financial Corporation
Capital Power Corporation	Quebecor Inc Class B Subordinate Voting Shares
Chartwell Retirement Residences	RioCan Real Estate Investment Trust
Choice Properties Real Estate Investment Trust	Rogers Communications Inc. Class B Non-voting Shares
Crombie Real Estate Investment Trust	Royal Bank of Canada
Dream Industrial REIT	Shaw Communications Inc. Class B Non-voting Shares
Dream Office Real Estate Investment Trust	Sienna Senior Living Inc.
Emera Incorporated	SmartCentres Real Estate Investment Trust
First Capital Real Estate Investment Trust	Sun Life Financial Inc.
Fortis Inc.	TC Energy Corporation
George Weston Limited	TELUS Corporation
Granite Real Estate Investment Trust	Toronto-Dominion Bank (The)
Great-West Lifeco Inc.	TransAlta Renewables Inc.

SCHEDULE "D"
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 November 7, 2017, as amended from time to time.

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 and any other guidelines imposed by the Toronto Stock Exchange from time to time.

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) ensuring that the financial results of the Company are adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

(e) reporting annually to the shareholders of the Company on the affairs of the Company for the preceding year;

(f) appointing the Chief Executive Officer ("CEO"), developing a position description for the CEO and with the advice of the HR Committee, developing Company objectives that the CEO is responsible for meeting and monitoring and assessing the performance of the CEO in light of such Company objectives and determining the compensation of the CEO;

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

(h) safeguarding the assets of the business of the Company and the identification and understanding 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, with a view to the long-term viability of the Company;

(i) identification and understanding of the Environmental Social Governance (ESG) issues that are most pertinent to the Company's business and key stakeholders and to oversee implementation of appropriate policies and processes for assessing, monitoring and managing material ESG risks and opportunities;

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

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

(l) adopting communication processes which enable the Company to communicate effectively and address how the Company interacts with all of its stakeholders, including shareholders, 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;

(m) acting in accordance with the obligations contained in the Ontario *Business Corporations Act*, the regulations thereunder, the articles and by-laws of the Company, applicable securities laws and policies, applicable stock exchange rules, and other applicable legislation and regulations;

(n) 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");

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

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

(q) 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;

(r) 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;

(s) 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;

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

(u) 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;

(v) 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;

(w) succession planning of the CEO;

(x) 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);

(y) 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

(z) 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 CEO;

(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 CEO, 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 CEO;

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

(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 CEO

The CEO 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 CEO 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 CFO, 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 CEO 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;
(vii) the management information circular and annual information form;
(viii) any amendment to the articles of the Company and any significant reorganization of the Company;
(ix) the adoption, amendment or repeal of any by-law of the Company; and
(x) 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 shall meet quarterly: three meetings to review quarterly results; and one prior to the issuance of the annual financial results of the Company. In addition, the Board should meet as it considers appropriate to consider strategic planning for the Company. Financial and other appropriate information should be made available to the directors in advance of the meetings. Attendance at each meeting of the Board should be recorded. Minutes shall be kept of all Board meetings and shall be signed by the Chair and the Secretary of the meeting. The Secretary of the Board shall circulate the minutes of the meetings of the Board to all members of the Board. Management may be asked to participate in any meeting of the Board provided that the CEO must not be present during deliberations or voting regarding his or her compensation. A quorum for the meetings shall be a majority of the directors then holding office.

Independent directors should meet separately from the non-independent directors and management at least twice per year in conjunction with regularly scheduled Board meetings, and such other times as the independent directors consider appropriate to ensure that the Board functions in an independent manner.

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.

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 telephone conference 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 CEO 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;

(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; and

(v) maintain the confidentiality of information received in connection with his or her service as a director of the Company.

Other Directorships

Directors should advise the Chair of the Governance Committee before accepting any new membership on other boards of directors.

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.

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