

**Notice of Annual Meeting of Shareholders**  
meeting to be held on May 14, 2021

and

**Management Information Circular**  
March 19, 2021





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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 14, 2021, 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/MORNEAU2021](http://www.virtualshareholdermeeting.com/MORNEAU2021). 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, 2020, 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 deemed advisable, pass an advisory resolution on the Company’s approach to executive compensation;
- (5) To consider, and if deemed advisable, to approve a special resolution (the “Name Change Resolution”), the full text of which is included as Schedule “A” to the accompanying Management Information Circular (“Circular”), amending the articles of the Company to change the name of the Company from “Morneau Shepell Inc.” to “LifeWorks Inc.” or such other name as the Directors of the Company in their discretion may resolve and as may be acceptable to the Toronto Stock Exchange, all as more particularly described in 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 23, 2021 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, 2020 are posted at [morneaushepell.com](http://morneaushepell.com) and [sedar.com](http://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/MORNEAU2021](http://www.virtualshareholdermeeting.com/MORNEAU2021). 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 follow carefully the instructions on the proxy or voting instruction form. Only registered Shareholders and Proxyholders may attend and vote at the Meeting. Shareholders who hold their Shares with a bank, broker or financial intermediary who 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 by no later than 5:00 p.m. (Eastern Time) on May 12, 2021. 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 5:00 p.m. (Eastern Time) on May 12, 2021.

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 [proxyvote.com](http://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 12, 2021. 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 19<sup>th</sup> day of March, 2021.

**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 EBTDA"** means adjusted earnings before tax, depreciation and amortization;

**"Adjusted EBITDA"** means Adjusted EBITDA as calculated and defined in the Morneau Shepell Management's Discussion and Analysis for the year ended December 31, 2020;

**"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 19, 2021;

**"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;

**"Director Phantom DSUs"** means the deferred share units of the Company granted under the Director Phantom Plan;

**"Director Phantom Plan"** means the Director phantom share unit plan dated March 10, 2021;

**"Directors"** means the directors of the Company;

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

**"Enabling Functions"** means areas of the Company that provide professional services internally and excludes the LOBs;

**"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 the Income Fund LTIP;

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

**"LTIP"** or **"Long-term Incentive Plan"** means the Phantom Plan, 2017 LTIP, 2011 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 Phantom Units, 2017 LTIP Units, the 2011 LTIP Units, the Income Fund LTIP Units, the Director Phantom DSUs 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 14, 2021 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);

**"Phantom Plan"** means the employee phantom share unit plan dated November 10, 2020;

**"Phantom PSUs"** means the performance share units of the Company granted under the Phantom Plan;

**"Phantom RSUs"** means the restricted share units of the Company granted under the Phantom Plan;

**"Phantom Units"** means the Phantom PSUs and the Phantom RSUs;

**"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 Phantom Plan and the 2017 LTIP, as applicable;

**"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 Phantom Plan and the 2017 LTIP, as applicable;

**"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 2021 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 23, 2021.

## THE COMPANY

Morneau Shepell was incorporated on October 19, 2010, pursuant to the provisions of the Business Corporations Act (Ontario) (the “OBCA”). 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 19, 2021 there were 68,784,513 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](http://sedar.com) and on Morneau Shepell’s website at [morneaushepell.com/ca-en/investor-relations](http://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 30, 2021. 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 [proxyvote.com](http://proxyvote.com) by 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 303-562-9305 (outside North America) or 303-562-9306 (for French support), or by email to [noticeandaccess@broadridge.com](mailto:noticeandaccess@broadridge.com).

### Questions

If a Shareholder has questions about Notice and Access or wishes to request a paper copy of this Circular after the Meeting at no charge, call Broadridge toll-free within North America at 1-844-916-0609 (English) or 1-844-973-0593 (French) or outside North America at 303-562-9305 (English), or 303-562-9306 (French).

## NUMBER OF SHARES

As of March 19, 2021, 68,784,513 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 14, 2021 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 meeting conducted virtually via live audio webcast. Shareholders can access the Meeting by visiting [www.virtualshareholdermeeting.com/MORNEAU2021](http://www.virtualshareholdermeeting.com/MORNEAU2021). 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 on 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 5:00 p.m. (Eastern Time) on May 12, 2021.

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 12, 2021 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: [proxyvote.com](http://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, Ontario, 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 12, 2021 with Broadridge, Attention: Data Processing Centre, P.O. Box 3700, Stn. Industrial Park, Markham, Ontario L3R 9Z9.

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/MORNEAU2021](http://www.virtualshareholdermeeting.com/MORNEAU2021). 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 19, 2021.

Name	Number of Shares Owned	Percentage of Total Shares
Mackenzie Financial Corporation	10,888,412 <sup>1</sup>	15.83%

<sup>1</sup> 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, 2020, together with the Auditors' Report on those statements, are available at [morneaushepell.com](http://morneaushepell.com) and [sedar.com](http://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 2021 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 are disclosed in the "Compensation Discussion and Analysis" beginning on page 35 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, 96% 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 its 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 the approach to executive compensation in the context of those concerns. The HR Committee, as well as the Board, welcomes questions and comments about executive compensation at Morneau Shepell. We encourage an open dialogue with Shareholders and consider all Shareholder feedback. See page 34 for information on how to contact a member of the Board.

## 5. Approval of Name Change from Morneau Shepell Inc. to LifeWorks Inc.

### **Background**

On March 10, 2021, the Company announced its intention to change its name from "Morneau Shepell Inc." to "LifeWorks Inc." The Company believes the proposed adoption of the new name, which was acquired in the 2018 acquisition of LifeWorks Corporation Ltd., will support its growth strategy in the evolving global market for total wellbeing solutions. While the Morneau Shepell name has served the Company through many years of profitable growth and market expansion, with its solutions offered today to more than 24,000 clients in more than 160 countries the Company believes that its next stage of growth will require more focus on branding and the new name is intended to support this strategy. Specifically, the Company believes the LifeWorks name will, as a brand asset, strengthen the Company's strategy that is focused on strengthening its market leadership position in the total wellbeing space, accelerating growth through U.S. and global expansion, and delivering world-class solutions through people and technology.

### **Approval**

At the Meeting, the Shareholders will be asked to consider, and if deemed advisable, to approve a special resolution (the "Name Change Resolution"), the full text of which is included in Schedule "A" attached hereto, amending the

articles of the Company to change the name of the Company from “Morneau Shepell Inc.” to “LifeWorks Inc.” or such other name incorporating “LifeWorks” as the Directors of the Company in their discretion may resolve and as may be acceptable to the Toronto Stock Exchange, all as more particularly described herein.

Although Shareholder approval of the Name Change Resolution is being sought at the Meeting, such name change would only become effective at a date in the future to be determined by the Board when it considers it to be in the best interests of the Company to implement such a change of name. The proposed change of name is also subject to certain regulatory approvals, including the approval of the TSX and the approval of the Director under the OBCA.

The Board may, in its sole discretion, determine not to implement the Name Change Resolution at any time after the Meeting and after receipt of necessary regulatory approvals, but prior to the issuance of a certificate of amendment, without further notice to or action on the part of the Shareholders. Subject to the exercise of such discretion by the Board, the Company will file articles of amendment in the prescribed form with the director under the OBCA. The change of name will become effective on the date shown on the certificate of amendment issued by the director under the OBCA.

The Board unanimously recommends that Shareholders vote in favour of the Name Change Resolution. To be effective, the Name Change Resolution must be approved by not less than two thirds of the votes cast by Shareholders for such resolution. 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 Name Change Resolution.

## 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 nine. The Board has adopted a majority voting policy in director elections that will apply at any meeting of the Company’s Shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chair of the Board 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 nine nominees proposed for election as Directors by the Shareholders are detailed below. All nominees have established their eligibility and willingness to serve as Directors. Directors elected will hold office until the next annual meeting of Shareholders, or until their successors are appointed. Details in this section regarding Board and Committee membership and attendance are reported as of December 31, 2020. For a breakdown of Director total compensation for 2020, please see the chart in this Circular under the section “2020 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, Morneau Shepell Asset & Risk Management Ltd., the École des Hautes Études Commerciales, the Fondation Jeunes en Tête, the Institute of Corporate Directors of Canada and the J. Armand Bombardier Foundation. He also sits on the Investment Committee of Power Sustainable Energy Infrastructure Inc.. 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 and a Master of Business Administration from Concordia University. Mr. Bachand is a Fellow of the Institute of Canadian Bankers and has obtained the ICD.D designation from the Institute of Corporate Directors.



Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>6</sup>
Board	6 of 6								
Audit Committee	4 of 4	64	March 2, 2017	\$160,083 <sup>2</sup>	\$403,390 (13,000) <sup>3</sup>	\$270,582 (8,720) <sup>4</sup>	\$673,972 (21,720) <sup>5</sup>	3.85x	Has until July 2024 to fulfill ownership requirement <sup>7</sup>
HR Committee	5 of 5								

#### Past Annual Meeting Voting Results:

2020: 99.84% votes For

#### Other Directorship of Publicly-Owned Entities:

Cominar Real Estate Investment Trust—Director

1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 per Unit or Share

2 Includes \$142,750 earned for serving on the board of Morneau Shepell Inc. and the balance (\$17,333) for serving on the board of Morneau Shepell Asset & Risk Management Ltd.

3 Number of Common Shares

4 Number of Director DSUs

5 Number of Common Shares and Director DSUs

6 Annual retainer is \$175,000. 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

7 Mr. Bachand has met the previous shareholder ownership requirement of \$520,000 and would be required to meet the new shareholder ownership requirement of \$700,000 by July 2024. See more details in the "Share Ownership Requirements" section below

**Ontario, Canada**

Robert Courteau is a corporate director and currently sits on the board of Kinaxis and serves as the Vice Chair of the Holland Bloorview Hospital Foundation. Most recently, he was Chief Executive Officer of Altus Group. Prior to this, Mr. Courteau was President, North America and Global Chief Operating Officer at SAP AG. He is a past member of the board of Real Matters. Throughout his various executive positions, Mr. Courteau has refined his expertise and insights into global market leadership, advisory services, enterprise application software, and data solutions. The Royal Institution of Chartered Surveyors further recognized his dedication and innovative leadership in 2014, awarding him a Fellowship for his commitment to education and endorsement of international standards and regulation. Mr. Courteau holds a Bachelor of Commerce degree and was awarded an Honorary Doctor of Laws degree from Concordia University.



Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>5</sup>
Board <sup>6</sup>	2 of 2	65	October 19, 2020	\$213,083	\$52,751 (1,700) <sup>2</sup>	\$213,083 (6,867) <sup>3</sup>	\$265,834 (8,567) <sup>4</sup>	1.52x	Has until October 2024 to fulfill ownership requirement
HR Committee <sup>6</sup>	0 of 0								

**Other Directorship of Publicly-Owned Entities:**

Kinaxis Inc.—Director and Member, Audit Committee and Compensation Committee

1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 per Unit or Share

2 Number of Common Shares

3 Number of Director DSUs made up of a one-time Director DSU grant upon joining the Board in the amount of USD\$150,000 which vests over 3 years in accordance with the Director DSU Plan

4 Number of Common Shares and Director DSUs

5 Annual retainer is \$175,000. 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. Courteau was appointed to the Board on October 19, 2020 and was appointed as a member of the HR Committee effective January 1, 2021

### Ontario, Canada

Gillian (Jill) Denham is President of Authentum Partners Ltd., which invests in technology and related businesses and provides advisory services. Ms Denham currently serves on the board of directors of Canadian Pacific Railway Limited, Canaccord Genuity and Kinaxis Inc. She 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. Ms Denham holds an Honours Business Administration degree from the Ivey Business School, Western University, and a Master of Business Administration from Harvard Business School.



Chair, Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>5</sup>
Chair, Board	6 of 6	60	October 22, 2008	\$246,250	\$391,909 (12,630) <sup>2</sup>	\$1,254,202 (40,419) <sup>3</sup>	\$1,646,110 (53,049) <sup>4</sup>	5.88x	Yes
Governance Committee	4 of 4								

#### Past Annual Meeting Voting Results:

2020: 96.14% votes For

#### Other Directorship of Publicly-Owned Entities:

Canaccord Genuity—Lead Director

Canadian Pacific Railway Limited—Director and Member, Audit and Finance Committee, Risk and Sustainability Committee

Kinaxis Inc.—Director and Member, Nominating and Governance Committee, Audit Committee, Chair, Compensation Committee

1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 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 \$280,000. 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

**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, he 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. He currently serves as a Commissioner on the board of the Toronto Transit Commission. Mr. Lalonde holds a Bachelor of Arts degree from Western University and a Master of Business Administration from the Ivey Business School.



Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>5</sup>
Board <sup>4</sup>	6 of 6								
Governance Committee	4 of 4	65	March 2, 2016	\$157,500	\$431,317 (13,900) <sup>2</sup>	\$361,406 (11,647) <sup>3</sup>	\$792,723 (25,547) <sup>4</sup>	4.53x	Yes
Chair, Risk Committee	4 of 4								

**Past Annual Meeting Voting Results:**

2020: 99.96% votes For

1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 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 \$175,000. 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

## BRADFORD LEVY

### New Jersey, United States

Bradford (Brad) Levy is the President and Chief Commercial Officer of Symphony Communication Services. Previously, Mr. Levy was the Chief Executive Officer of MarkitSERV and has held various positions at Markit, Goldman Sachs and Lehman Brothers. He has also held board and advisory positions with TradeWeb, LoanX, BondDesk and CDS IndexCo. Mr. Levy holds a Bachelor of Science degree in Finance from the State University of New York at Albany.



Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>5</sup>
Board <sup>6</sup>	1 of 1	50	November 24, 2020	\$206,567	\$0	\$206,567	\$206,567	1.18x	Has until November 2024 to fulfill ownership requirement
Audit Committee <sup>6</sup>	0 of 0				(0) <sup>2</sup>	(6,657) <sup>3</sup>	(6,657) <sup>4</sup>		

1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 per Unit or Share

2 Number of Common Shares

3 Number of Director DSUs made up of a one-time Director DSU grant upon joining the Board in the amount of USD\$150,000 which vests over 3 years and is redeemable in accordance with the Director DSU Plan

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

6 Mr. Levy was appointed to the Board on November 24, 2020 and was appointed as a member of the Audit Committee effective January 1, 2021

**Ontario, Canada**

Stephen Liptrap is President and Chief Executive Officer of Morneau Shepell. Mr. Liptrap joined the Company's senior executive team in 2008, bringing with him more than 25 years of senior executive experience in the high tech, consumer packaged goods and retail sectors. In 2010, he was appointed Executive Vice President and General Manager of Morneau Shepell's largest business unit, Employee Support Solutions. In 2016, Mr. Liptrap was appointed Chief Operating Officer, responsible for leading the Company's business operations and functions. He is a member of the Business Council of Canada and the Human Capital Policy Council of the C.D. Howe Institute. He has been member of the National Committee for CAMH's 150 Leading Canadians for Mental Health, and served on the HR Committee of the 2015 PanAm Games, the Canadian board of directors for NCR and the Pension Board for Europe of a large technology company. Mr. Liptrap led the acquisition of LifeWorks in 2018 and the company now provides its award-winning platform to clients across the globe, providing a wealth of resources and support for mental, physical, social and financial wellbeing. 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	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>5</sup>
Board	6 of 6	55	May 4, 2017	N/A	\$543,025 (17,500) <sup>2</sup>	\$6,427,399 (207,135) <sup>3</sup>	\$6,970,424 (224,635) <sup>4</sup>	10.72x	Yes

**Past Annual Meeting Voting Results:**

2020: 99.90% votes For

- 1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 per Unit or Share
- 2 Number of Common Shares
- 3 Number of LTIP Units comprises: RSUs, PSUs, Retirement DSUs and Income Fund LTIP Units
- 4 Number of Common Shares and LTIP Units
- 5 Share ownership requirement is four times total base salary

**California, United States**

Chitra Nayak is a corporate director and currently serves on the board of directors of Forward Air Corporation, Invitae and Intercom. She is the ESG lead director on the Invitae board. Previously, Ms Nayak was Chief Operating Officer (COO) of Comfy by Building Robotics, COO of the U.S. business of Funding Circle and COO, Platform at Salesforce.com. She has also held leadership positions at AAA Northern California and Charles Schwab & Co., and began her career at the Boston Consulting Group. Ms Nayak holds a Bachelor of Science degree in Engineering from the Indian Institute of Technology, a Master of Science in Engineering from Cornell University and a Master of Business Administration degree from Harvard Business School.



Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>5</sup>
Board <sup>6</sup>	1 of 1	57	November 24, 2020	\$206,567	\$0 (0) <sup>2</sup>	\$206,567 (6,657) <sup>3</sup>	\$206,567 (6,657) <sup>4</sup>	1.18x	Has until November 2024 to fulfill ownership requirement
Risk Committee <sup>6</sup>	0 of 0								

**Other Directorship of Publicly-Owned Entities:**

Forward Air Corporation - Director

Invitae—Director

1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 per Unit or Share

2 Number of Common Shares

3 Number of Director DSUs made up of a one-time Director DSU grant upon joining the Board in the amount of USD\$150,000 which vests over 3 years and is redeemable in accordance with the Director DSU Plan

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

6 Ms Nayak was appointed to the Board on November 24, 2020 and was appointed as a member of the Risk Committee effective January 1, 2021

**South Carolina, United States**

Kevin Pennington formerly served as 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 35-year career, Mr. Pennington has held progressively 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 Bachelor of Science degree in Behavioral Science/Management and a Master of Science degree in Counseling, both from Shippensburg University of Pennsylvania.



Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>5</sup>
Board	6 of 6	64	March 3, 2015	\$197,426	\$372,360	\$1,263,262	\$1,635,622	9.38x	Yes
Chair, HR Committee	5 of 5				(12,000) <sup>2</sup>	(40,711) <sup>3</sup>	(52,711) <sup>4</sup>		

**Past Annual Meeting Voting Results:**

2020: 99.96% votes For

1 Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 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

Dale Ponder is the Co-Chair of Osler, Hoskin & 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. She has 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 an LL.B. She is a Trustee of Choice Properties REIT and is a member of the board of Holland Bloorview Kids Rehabilitation Hospital and the Caldwell Partners Top 40 Advisory Board. Ms Ponder is also Chair of the Canadian Business Growth Fund.



Director

Board and Committee Membership	Attendance	Age	Director Since	2020 Total Compensation	Value <sup>1</sup> of Common Shares	Value <sup>1</sup> of LTIP Units	Total Value <sup>1</sup> of Common Shares and Director DSUs	Value as Multiple of Retainer or Salary <sup>5</sup>	Share Ownership Requirement met <sup>6</sup>
Board	6 of 6								
HR Committee	5 of 5	64	February 9, 2016	\$157,500	\$62,060 (2,000) <sup>2</sup>	\$584,026 (18,918) <sup>3</sup>	\$649,086 (20,918) <sup>4</sup>	3.71x	Has until July 2024 to fulfill ownership requirement <sup>6</sup>
Chair, Governance Committee	4 of 4								

#### Past Annual Meeting Voting Results:

2020: 99.39% 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, 2020 using the closing Share price of \$31.03 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 \$175,000. 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 has met the previous shareholder ownership requirement of \$520,000 and would be required to meet the new shareholder ownership requirement of \$700,000 by July 2024. See more details in the “Share Ownership Requirements” section below

## 2020 Board Compensation

The Company's Director compensation program is structured to compensate Directors appropriately for their time, commitment and responsibility as Board members and to remain competitive with director compensation practices. The program is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of the Shareholders. Directors who are employees of the Company receive no additional compensation for serving as Directors. In August 2020 following an independent benchmarking review of the compensation arrangements for non-employee Directors conducted in March 2020 by Kingsdale Advisors, the Board, upon the advice of the Governance Committee, increased the Canadian Directors compensation retroactive to July 1, 2020 as outlined below. This change will effect uniformity in the general annual retainer composition among Directors on the Board. Exchange rate fluctuations are monitored annually and updated as applicable.

The following represents the Board compensation for all independent Board members effective July 1, 2020:

<b>Components</b>	<b>2020 Board Compensation<sup>1</sup></b>
Annual Retainer	US Board Members - USD\$130,000 Canadian Board Members - CAD\$175,000 Board Chair - CAD\$280,000
Annual Committee Chair Fee	US Board Members - USD\$15,000 Canadian Board Members - CAD\$20,000
Quarterly Travel Fee for Directors resident outside of Ontario <sup>2</sup>	US Board Members - USD\$1,500 Canadian Members - CAD\$2,000
Out-of-pocket expenses for attending meetings	In applicable currency
Payment of Board Fees	One half of all Director 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

1 Canadian Board members paid in CAD currency and American Board members paid in USD currency. Exchange rate fluctuations monitored annually and updated as applicable

2 Due to the COVID-19 pandemic, travel fees were suspended as Board meetings were all held virtually

## New Director Phantom Plan - 2021

On March 10, 2021, the Board approved the adoption of a new Director Phantom Plan to replace the Director DSU Plan starting in 2021. The Director DSU Plan will be closed to new grants and all future grants to Directors will fall under the Director Phantom Plan. Under the Director Phantom Plan, non-employee Directors may continue to elect to receive all or 50% of their compensation in Director Phantom DSUs in lieu of cash compensation. This plan is a cash settled plan and, with the exception of discretionary Director Phantom DSUs approved by the HR Committee from time to time, all Director Phantom DSUs vest on their grant date and cannot be redeemed for cash until the Director leaves the Board. Director Phantom DSUs are not Shares, cannot be converted to Shares and do not carry voting rights.

Directors' fees are paid on a quarterly basis and, at the time of each quarterly payment, the applicable amount is converted to Director Phantom DSUs. A Director Phantom DSU is a unit that has a value based upon the fair market value of one Morneau Shepell Share. Pursuant to the Director Phantom Plan "fair market value" of a Share is equal to volume weighted average trading price of a Share on the TSX for the five business days preceding the applicable date. The cash redemption value of a Director Phantom DSU equals the fair market value of a Morneau Shepell Share at the time of redemption. If cash dividends or distributions are paid on the Shares, additional Director Phantom Units will be credited to each Director's account. Director Phantom DSUs will count towards the Directors' share ownership requirement outlined below.

The following table is a summary of compensation earned in 2020 by the Directors of the Company, excluding those who were Company employees:

Director	Fees Earned		Total Compensation (\$)
	Cash (\$)	Shares <sup>1</sup> (\$)	
Brad Levy <sup>2</sup>	\$ 0	\$206,567	\$206,567
Chitra Nayak <sup>2</sup>	\$ 0	\$206,567	\$206,567
Dale Ponder	\$60,625	\$ 96,875	\$ 157,500
Gillian (Jill) Denham	\$123,125	\$ 123,125	\$246,250
Jack Mintz <sup>3</sup>	\$ 0	\$ 72,500	\$ 72,500
Kevin Pennington <sup>5</sup>	\$ 0	\$197,426	\$ 197,426
Kish Kapoor <sup>7</sup>	\$74,258	\$ 74,258	\$ 148,516
Luc Bachand	\$88,708 <sup>6</sup>	\$ 71,375	\$160,083 <sup>6</sup>
Michele Trogni <sup>4,5</sup>	\$99,825	\$ 67,325	\$ 167,149
Robert Courteau <sup>2</sup>	\$ 0	\$ 213,083	\$ 213,083
Ron Lalonde	\$78,750	\$ 78,750	\$ 157,500

- 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
- Robert Courteau was appointed to the Board effective October 19, 2020 and Brad Levy and Chitra Nayak were appointed to the Board effective November 24, 2020. They each received in Q4, 2020, one-time Director DSU grants upon joining the Board in the amount of USD\$150,000 which vest over 3 years and are redeemable in accordance with the Director DSU Plan
- Jack Mintz retired as a Director effective May 8, 2020
- Michele Trogni stepped down as a Director effective September 30, 2020
- 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
- Includes \$142,750 cash compensation earned for serving on the board of Morneau Shepell Inc. and the balance (\$17,333) for serving on the board of Morneau Shepell Asset & Risk Management Ltd.
- Kish Kapoor will step down as a Director effective May 14, 2021

## 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" for full details. The share ownership requirements for Directors is 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. As a result of the Director compensation change effective July 1, 2020 as outlined above, Canadian Directors (excluding the Board Chair) appointed before July 1, 2020, are obligated to meet the previous share ownership requirement of \$520,000 by 2022 and the new share ownership requirement of \$700,000 by 2024.

## 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 their 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 by 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 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 of external advisors that the HR Committee, at its discretion, deemed appropriate. In addition, the HR Committee exercised 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 five times during 2020 to review and carry out its objectives relating to its mandate. Members of management, including the Chief Human Resources Officer and Executive Vice President, and the CEO, attended meetings at the invitation of the HR Committee Chair and were excused for portions of the meeting in order for the HR Committee to conduct discussions and deliberations independently.

## Composition

In 2020, the HR Committee consisted of Kevin Pennington (Chair), Luc Bachand and Dale Ponder. Robert Courteau joined the HR Committee on January 1, 2021. 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 the skills, education and experience of each 2020 HR Committee member that qualified them to fulfill these roles and responsibilities:

- Throughout his more than 35-year career, Kevin Pennington has held progressively 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 her role as National Managing Partner, she was broadly responsible for the firm's professional talent and the development and approval of the firm's compensation policies. In consultation with other executives, Ms Ponder approved the annual compensation of the firm's non-legal staff. She has also sat on the firm's Partner Compensation Committee for 10 years and prior to becoming National Managing Partner, chaired the firm's Legal Professionals Committee and was responsible for all human resources functions relating to the firm's associate lawyers, including performance reviews, compensation, promotion and recruitment. Ms. Ponder was a board member and Chair of the Compensation and Governance Committee of the Canadian Real Estate Investment Trust. She is also a member (and was the former Chair) of the Compensation and Governance Committee of the Canadian Business Growth Fund.
- 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 the organization. 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.
- Mr. Courteau has over 25 years of experience in leadership positions including as CEO of Altus Group Limited where he was responsible for the supervision, performance reviews, compensation and promotion of a number of senior level and executive employees. At SAP, he held a variety of global positions with expertise gained in leading executive teams globally. He has also been a member of the Kinaxis Inc. board of directors' Compensation Committee since 2017 and chaired the Real Matters board of directors Human Resource and Compensation Committee.

## Key Responsibilities and Activities for 2020

Key Responsibilities	Key Activities
Oversight and governance of compensation programs and practice	<ul style="list-style-type: none"> <li>Reviewed and approved Morneau Shepell's compensation philosophy</li> <li>Reviewed and approved Morneau Shepell's comparator peer group(s) for executive compensation benchmarking</li> <li>Reviewed material variable compensation plans outside of the Corporate bonus plan and reviewed Sales Incentive Plan Governance Framework</li> <li>Considered ongoing appropriateness of compensation levels, incentive award mix and opportunity for the CEO and executive management</li> <li>Reviewed and approved Annual Incentive Plan funding and the alignment of funding to the achievement of agreed financial metrics</li> <li>Conducted periodic evaluations of progress against objectives and annual bonus incentive compensation plan payouts</li> <li>Reviewed COVID-19 impacts to executive objectives and executive compensation</li> <li>Reviewed and approved annual LTIP pool and, subsequently, annual and off-cycle LTIP grants</li> <li>Reviewed share ownership requirement compliance by the CEO and executive management</li> <li>Reviewed Annual Report of the Management Pension Committee</li> <li>Reviewed and approved the Phantom Plan and the Director Phantom Plan</li> <li>Reviewed LTIP PSU design for alignment with Total Rewards Philosophy under the Five-Year Strategic Business Plan</li> </ul>
Reviewing and recommending compensation performance goals and objectives for the CEO and executive management, assessing their performance against objectives and recommending their compensation	<ul style="list-style-type: none"> <li>Reviewed and approved annual CEO performance evaluation criteria and recommendations provided to the Board for approval</li> <li>Reviewed CEO's performance against performance evaluation criteria and recommended Annual Incentive Plan award and LTIP grant to the independent Directors of the Board for approval</li> <li>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</li> </ul>
Developing and maintaining succession plans for the CEO and executive management roles	<ul style="list-style-type: none"> <li>Reviewed succession plans for executive management roles and the CEO, including emergency succession for the CEO</li> <li>Reviewed and approved talent management philosophy</li> <li>Reviewed assessment of incumbents and succession candidates for each executive management position and development plans</li> </ul>
Ensuring strong governance relating to matters under the HR Committee's mandate	<ul style="list-style-type: none"> <li>Reviewed HR Committee Charter and aligned annual work plan to ensure all matters were being addressed</li> <li>Evaluated Morneau Shepell's executive compensation program against best practices as well as policies of proxy advisory firms</li> <li>Reviewed the report of the HR Committee and the Compensation Discussion and Analysis and Compensation of Named Executive Officers disclosure</li> <li>As part of the annual Board assessment process, conducted an annual HR Committee self-evaluation process</li> </ul>

The following is a discussion of the Company's corporate governance practices with reference to 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 10 Directors. Kish Kapoor will be stepping down as a Director on May 14, 2021. As such, if all Directors currently listed on the form of proxy are elected at the Meeting, the Board will comprise of nine Directors. Of the nine Directors, the majority are "independent" within the meaning of National Instrument 58-101, being free from any direct or indirect material relationship with the Company, and its subsidiaries. Assuming a Board of nine Directors, there will be eight independent Directors of the Company: Gillian (Jill) Denham, Ron Lalonde, Kevin Pennington, Dale Ponder, Robert Courteau, Brad Levy, Chitra Nayak and Luc Bachand, and one who is not independent 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 "C" (the "Mandate of the Board of Directors"). The Board currently has four standing committees: the Governance Committee, the HR Committee, the Audit Committee and the Risk Committee. The Governance Committee, Audit Committee and Risk Committee each comprise three independent Directors; the HR Committee comprises 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](http://morneaushepell.com).

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

The Board has determined that a nine-member Board is an appropriate size to facilitate effective dialogue and decision making. The Chair is not entitled to a second or casting vote in the event of a tie vote 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 it in performing functions to oversee 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 carry out its mandate effectively and these are described in the table below.

Key Skills and Experience	Luc Bachand	Robert Courteau	Gillian (Jill) Denham	Ron Lalonde	Brad Levy	Stephen Lipttrap	Chitra Nayak	Kevin Pennington	Dale Ponder
Board Experience	●	●	●	●	●		●	●	●
Capital Markets Experience	●		●		●				●
CEO or Executive Strategic Leadership	●	●	●	●	●	●	●	●	●
Environmental, Social and Corporate Governance Experience <sup>1</sup>			●	●			●	●	●
Financial Experience	●	●	●	●	●	●			
Legal and / or Risk Identification and Oversight	●	●	●	●					●
Professional Services	●	●	●				●	●	●
Talent Management and Executive Compensation Expertise	●	●	●			●	●	●	●
Technology and Cybersecurity <sup>2</sup>		●		●	●	●	●		
U.S. and Foreign Market Knowledge <sup>3</sup>	●	●	●	●	●	●	●		

- 1 Environmental, Social and Corporate Governance Experience - experience or knowledge in environmental, sustainability, corporate governance and/or social responsibility practices and impacts on various stakeholders at a major organization or acquired in a consulting, academic or not-for-profit context
- 2 Technology and Cybersecurity - experience or knowledge relating to information technologies and security needs of a major organization, and other technology developments used in becoming a digital enabled service provider
- 3 U.S. and Foreign Market Knowledge - experience acquired in the management or oversight of an entity with international operations, or the management of an entity based outside of Canada

## Orientation and Continuing Education

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

Board members regularly receive updates about Morneau Shepell's business, the industry and ongoing projects. Detailed presentations about various operations and business issues are made from time to time by management to the Board. Directors have opportunities to meet with management for both formal and informal discussions. Board members are encouraged to develop their skills on a continual basis and attend appropriate Director or other educational programs. Education events for Directors are provided by the Company throughout the year on relevant industry-related topics. Material is provided to Directors for review prior to the event and event presenters are available to all Directors for follow-up, if necessary, particularly in circumstances where Directors have been unable to attend. The following is a list of educational events attended by Board members in 2020:

Date	Topic / Event	Luc Bachand	Robert Courteau <sup>1</sup>	Gillian (Jill) Denham	Ron Lalonde	Brad Levy <sup>2</sup>	Stephen Liptrap	Chitra Nayak <sup>2</sup>	Kevin Pennington	Dale Ponder
March 10, 2020	LifeWorks business trends update	●		●	●		●		●	●
May 7, 2020	Economic Update	●		●	●		●		●	●
May 7, 2020	Sales governance update	●		●	●		●		●	●
May 7, 2020	Pension governance review	●		●	●		●		●	●
May 7, 2020	Security in the modern workplace	●		●	●		●		●	●
August 6, 2020	ESG trends	●		●	●		●		●	●
August 6, 2020	Inclusion & Diversity presentation	●		●	●		●		●	●
August 6, 2020	Executive compensation philosophy and trends	●		●	●		●		●	●
November 10, 2020	Telemedicine trends	●	●	●	●		●		●	●
November 10, 2020	Cyber insurance review	●	●	●	●		●		●	●
November 10, 2020	Economic update	●	●	●	●		●		●	●
November 10, 2020	Governance landscape	●	●	●	●		●		●	●
November 18, 2020	Capital market presentation	●	●	●	●	●	●	●	●	●

1 Robert Courteau joined the Board on October 19, 2020

2 Brad Levy and Chitra Nayak joined the Board on November 24, 2020 and attended the November 18, 2020 presentation as guests

## 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 chairs of the Audit Committee, the HR Committee, the Governance Committee, and 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 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 and its core values, 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, key clients, 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, it 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 that of the CEO. The plan includes identifying potential succession candidates available in the short and long term, for each executive management position. For each executive of these positions, it also identifies candidates who could assume the role in the short term should unexpected events leave such roles vacant earlier than expected. Where there is a talent gap or risk, 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 fill identified gaps and these include developmental moves/assignments to acquire necessary experience, executive coaching, external courses or mentoring. Where it is determined gaps cannot be filled from within, plans may include launching an external search.

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

The Board of Directors and the HR Committee members are exposed to and have the opportunity to meet identified succession candidates and key talent in informal, formal and virtual meetings.

## 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 to familiarize them with Morneau Shepell's business, management, facilities and advisors; and
- (iii) periodically reviewing the effectiveness of 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 for the Board in the form of a competencies matrix. This determines the extent to which the current Board composition meets the desired qualities. Should the Governance Committee conclude that changes or additions to the Board composition are desirable, it will identify the desired qualities and seek out suitable 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. The Governance Committee currently comprises 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 committee.

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 performance and reviewing compensation;
- (iii) approving awards to executive management 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 currently comprises Kevin Pennington (Chair), Dale Ponder, Luc Bachand and Robert Courteau.

## 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 the 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. The Audit Committee currently comprises Kish Kapoor (Chair), Luc Bachand and Brad Levy.

## Risk Committee

The Risk Committee assists the Directors in fulfilling their responsibilities for oversight of the enterprise-wide risk management function of the Company including oversight of 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 and the environmental, social and governance (ESG) program and performance;
- (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 as may be necessary or desirable to enable the Board to provide effective risk management governance.

The Risk Committee currently comprises Ron Lalonde (Chair), Kish Kapoor and Chitra Nayak.

## Assessments

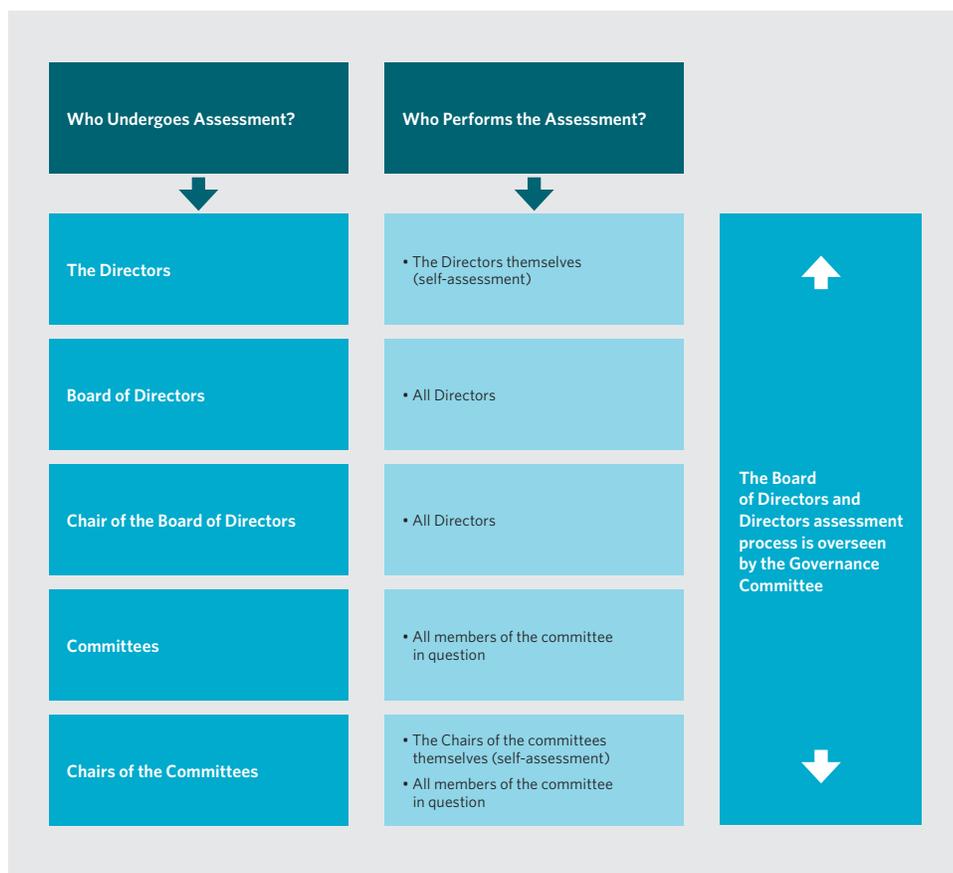
The Board is responsible for conducting regular annual assessments to review the overall performance, effectiveness and contribution of the Board, each Board committee, each committee Chair and the Chair of the Board, as well as a peer assessment of each individual Director. The objective of these assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continual 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 according to the following process:

- surveys are completed by each Director;
- surveys are collected by the Chair of the Governance Committee;
- the Governance Committee develops a report compiling the survey results, feedback from Directors and recommendations resulting from the assessment process, which are then considered collectively by the Board;
- the Board discusses and implements certain recommendations for improving Board effectiveness;
- the Chair of the Board meets with each Director individually to discuss the Board's and their own effectiveness; and
- the Chair of the Governance Committee addresses issues raised and works with the Board on these issues, reporting back to the Board as appropriate.

Every other year, including in 2020, the Governance Committee conducts oral interviews with Board members based on the survey questions referenced above. Following these interviews, the Governance Committee prepares 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. The Board Chair then interviews each Director to discuss the results of the assessment process and to solicit feedback.



### 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 on the Company website at [morneaushepell.com](http://morneaushepell.com).

The Code states that Directors, officers, employees and independent contractors are expected to speak with supervisors, managers or other appropriate employees about concerns they may have in respect of illegal or unethical behaviour, and when in doubt, about the best course of action to follow in any particular situation. It is the policy of Morneau Shepell to forbid retaliation for reports of such conduct made in good faith. It is, at the same time, unacceptable to file knowingly a false report.

The Company also has a Whistleblower Policy that establishes a confidential complaint procedure so that an employee or 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 through a third-party hotline (via the internet or by phone). This provides employees and independent contractors access to a separate, independent third party to maintain confidentiality and the security of anonymity, without fear of personal or professional reprisal. The resulting 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. These 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 either attest on-line or acknowledge in writing their continued compliance. Management regularly reports to the Board any violations of the Code or any other inappropriate conduct affecting 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, to refrain from voting in respect of such matter.

### Enterprise Diversity Statement

- The Board of Directors and the Company believe that an inclusive culture and a diverse workforce, at all levels, is critical to its purpose of improving lives and improving business, and to achieving sustainable growth
- The Board has codified its commitment to inclusion and diversity by adopting a Board Diversity Policy and by continuing to be a proud member of the 30% Club Canada
- The Board Diversity Policy sets a target representation of at least 30% women and 30% men on the Board
- Consistent with the Board’s policy, the Company has set a target representation of at least 30% women and 30% men on of the Global Leadership team
- The HR Committee monitors the Company’s practices for supporting an inclusive and diverse workplace
- The Company’s Inclusion and Diversity Council provides oversight to the Inclusion and Diversity Strategy and action plan

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, where individual uniqueness is celebrated and where everyone belongs, is critical to employees’ wellbeing and their readiness to perform at their best. Morneau Shepell recognizes the importance of having a diverse Board as well as a diverse workforce that understands the needs of the Company’s global client base. The Company sees inclusion and diversity as a source of competitive advantage, one that offers access to top talent, higher employee engagement, deeper client insights, better decision-making and greater innovation, all of which fuel sustainable growth.

The HR Committee monitors Company practices for supporting an inclusive and diverse workplace on an ongoing basis and makes recommendations for improvement, as appropriate. The Company’s Inclusion and Diversity Council, chaired by an EVP and sponsored by the CEO, provides oversight of the Inclusion and Diversity Strategy and the execution of a multi-year action plan. The plan includes training at all levels, starting with the Executive and Global Leadership teams, the integration of inclusion and diversity in the Company’ talent, operational and market-facing processes, and strategic support of community efforts to create a more inclusive world.

As of December 31, 2020 women represented:



The Company does not currently centrally collect global workforce diversity data beyond gender, on a self-identification basis, but will be doing so in 2021. Morneau Shepell has invested in a new global human capital management system which will be implemented in 2021 enabling global collection of workforce diversity data.

## Board Diversity

The Board continues to make diversity a priority when considering Director candidates. The Board believes that diversity leads to a wide array of perspectives that promote innovation and business success and is important in maintaining the Company's competitive advantage. The Board also believes that diversity can enhance decision-making and strategic planning and that a diverse Board can enhance corporate governance. To support the Board Objectives, the Governance Committee will, when identifying candidates to recommend for appointment or re-election to the Board:

- 1) only consider candidates who are highly qualified based on their expertise, experience, knowledge, skills and background; and
- 2) consider diversity criteria including gender, ethnicity, geographic background, Indigenous identity, age and disabilities.

The Board has not adopted a term limit or retirement policy for Directors as these limits may be arbitrary for Board membership and can impede the effectiveness of the Board and the contributions of individual Directors. The Board reflects a diverse and highly engaged group of Directors with a wide range of skills and experience, which continues to evolve. See the "Key Skills and Experience" matrix above. In addition, 40% of the Directors joined the Board within the last three years, which allows for fresh perspectives combined with institutional knowledge.

Morneau Shepell's Board is proud to be a member of the 30% Club Canada and in March 2018, the Governance Committee codified the Board's diversity commitment in a Board Diversity Policy which set a target in the policy of maintaining at least 30% women and 30% men on the Board. The Board Diversity Policy is reviewed annually and was recently updated by the Board and can be found on the Company's website at [morneaushepell.com](http://morneaushepell.com).

When identifying potential candidates, the Governance Committee may, in addition to its own search, seek advice from and engage experienced and independent search consultants to assist with the identification of potential Board candidates who reflect the Board's diversity objectives. The Governance Committee reviews any anticipated Director vacancies in the context of the Board Diversity Policy and representation objectives, as was done in 2020 when three new Board positions were filled. Currently, the Board Chair and the Chair of the Governance Committee are women. Three of the eight independent Directors named on the proxy are women, making up 38% of the independent Board members, and in total three of the nine Directors are women, representing 33% of the Board. In addition, currently 22% of the Board are members of racial or ethnic minorities.

The Company's Board believes that it can best achieve optimal Board performance and effectiveness by maintaining a robust Board and individual Director evaluation and feedback process, along with regularly reviewing Board composition and existing Board member competencies against current and anticipated needs. The Governance Committee annually assesses the expertise, experience, skills, background and diversity of its Directors in light of the needs of the Board. Annually, the Governance Committee will measure and report to the Board with respect to the Board's progress in achieving the objectives of its Diversity Policy.

## Executive and Global Leadership Team Diversity

In alignment with the Board, diversity is embedded into the executive officer and Global Leadership Team talent management processes. The Company is committed to achieving gender-balanced leadership at the Board, executive and senior leadership levels. The goal is to have at least 30% women and 30% men at the Executive and Global Leadership Team levels. When the CEO and the Board seek out potential Executive leadership candidates, and the CEO and Executive team seek out potential Global Leadership Team candidates, due consideration is given to the experience, skills and qualifications required for the role as well as the different dimensions of diversity, including gender, ethnicity, age, religion, sexual orientation, disability and experience. As of December 31, 2020, women comprised 27% of executive officer roles and 39% of Global Leadership Team roles.

### Global Leadership Team

- Male 61%
- Female 39%



## Environmental Social Governance and Sustainability; Corporate Social Responsibility

Ethical conduct, strong corporate governance and corporate social responsibility (CSR) are fundamental to Morneau Shepell's business. Building on its strong record of environmental, social and governance (ESG) performance, the Company continued the implementation of a formalized CSR program over the past year. Entering the final year of its three-year CSR strategy, the Company delivered on its goals of: strengthening the governance of ESG; continuing to grow the foundation of CSR-related policies and setting clear expectations for behaviour across the organization; enhancing the Company's 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 made to date, including:

### CSR Governance

- Becoming a supporter of the United Nations Global Compact (UNGC) in August 2020, affirming the Company's commitment to the Ten Principles of the UNGC spanning ethical conduct, environment, labour and anti-corruption;
- Expanding 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;
- Approving amendments to the Company's Environmental Policy that strengthen provisions pertaining to environmental protection and stakeholder engagement;
- Initiating a program to enhance the governance framework of the vendor-risk management program in support of the Company's commitment to ethical and responsible procurement and to encourage inclusion and diversity on the supply chain practices;
- Initiating dialogue with global ESG ratings and standards bodies to contribute to the important development of reporting standards pertaining to employee wellbeing and mental health;

### Social and Community

- Investing in and strengthening transparency in the Company's CSR reporting including benchmarking mental health and total wellbeing of the Company's employees against the Company's Mental Health Index™ and Total Wellbeing Index™;
- Developing and launching WellCan to support Canadians in need during the COVID-19 pandemic who may not have had the benefit of an employer-sponsored Employee Assistance Program, and launched the Living Well podcast series;
- Partnering with the governments of Manitoba and Ontario to provide internet-based Cognitive Behavioural Therapy to help residents manage their mental health during the pandemic;
- Renewing the Company's five-year commitment to the United Nations High Commissioner for Refugees to fund the Morneau Shepell Secondary School for Girls;
- Rolling out the Company-wide employee volunteerism program *Improving 1 Billion Lives*, providing employees with one paid day annually to contribute to the wellbeing of their local community; and

### Environmental Stewardship

- Eliminating all single-use plastics including water bottles and disposable cutlery at our corporate office.

To learn more about Morneau Shepell's 2019 Corporate Social Responsibility Report please visit [morneaushepell.com](http://morneaushepell.com).

## SHAREHOLDER ENGAGEMENT

Morneau Shepell and the Board believe that engaging and communicating directly with Shareholders and other stakeholders is important in 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, 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 either in person in Toronto, Canada with accessible live webcast or due to the COVID-19 pandemic, virtually;
- Maintaining a telephone investor line and an [investors@morneaushepell.com](mailto:investors@morneaushepell.com) mailbox to encourage Shareholders and the public to contact the Company with questions or concerns;
- Holding quarterly earnings conference calls with financial analysts to present financial and operating results for the quarter, with open Q&A sessions. These calls are also available on a listen-only basis via the Company website at [morneaushepell.com/ca-en/conference-calls](http://morneaushepell.com/ca-en/conference-calls); and
- The CEO and CFO participating in numerous investor conferences and one-on-one meetings.

The Board Chair and the Chair of the HR Committee held meetings in 2020 with Shareholders and the Canadian Coalition for Good Governance to discuss executive compensation and governance issues. As part of its open communication objective, the Board and members of executive management are available for discussion with stakeholders and Shareholders via email at [investors@morneaushepell.com](mailto:investors@morneaushepell.com) or by telephone at 416-445-2700 or 1-888-667-6328.

As mentioned above, in an effort to safeguard the health and safety of all stakeholders and the broader community associated with the COVID-19 pandemic, the Company has opted this year to proceed with a virtual only format enabling Shareholders to attend and vote at the Meeting via live audio webcast. Registered Shareholders and duly appointed proxyholders will have the opportunity to attend the Meeting online, submit questions, and vote in real time through a web-based platform instead of attending the Meeting in person. Non-registered or beneficial shareholders who have not appointed themselves as proxyholders will be able to attend the Meeting as guests but will not be able to vote or ask questions. Shareholders are able to submit questions during the Meeting via the web-based platform and following termination of the formal business of the Meeting, the Company will address any appropriate general questions received from Shareholders and duly appointed proxyholders regarding the Company.

## COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Discussion and Analysis below describes and explains the Company's 2020 compensation philosophy, objectives and practices for its CEO, CFO and the three other most highly compensated executive officers (collectively, the Named Executive Officers ("NEOs")). The discussion in this section mainly concerns compensation of the NEOs. The processes and programs also apply to the other executive management members.

### 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 considerations (i.e. expertise, tenure, experience and scope of role)
Foster a "pay for performance" culture 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 and growth

### 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)
<b>Fixed Compensation</b>	
Base Salary	<ul style="list-style-type: none"> <li>Provides a compelling offer in order to attract and retain key executive talent required to lead the Company.</li> <li>Salary is a market-competitive, fixed level of annual compensation, which recognizes each executive's knowledge, skills, scope of work, experience and tenure.</li> </ul>
Perquisites and Benefits	<ul style="list-style-type: none"> <li>Provides perquisites and benefits that are generally conservative versus market practices.</li> </ul>
<b>Variable Compensation</b>	
Annual Incentive Plan	<ul style="list-style-type: none"> <li>Provides an at-risk annual cash award for performance against business objectives for the prior fiscal year as established by the Board of Directors.</li> <li>Payouts are based on annual enterprise Adjusted EBITDA per share (Enabling Functions)/ Line of Business ("LOB") Adjusted EBITDA (LOB leaders), enterprise revenue and individual performance.</li> </ul>
Long-term Incentive Plan Restricted Share Units & Performance Share Units	<ul style="list-style-type: none"> <li>Total equity compensation is intended to focus executives on the achievement of the Company's medium to long term objectives in alignment with Shareholder interests.</li> <li>Total equity granted is based on performance objectives established in the five-year strategic plan targeting to maximize performance potential.</li> <li>Total equity is comprised of Restricted Share Units (RSUs) and Performance Share Units (PSUs).</li> <li>RSUs vest over a three-year period, after which they are redeemable.</li> <li>PSU vesting is conditional on performance against targets over a three-year period.</li> <li>Performance is determined annually as well as cumulatively over the three-year period and based on Total Shareholder Return and Adjusted EBITDA per Share growth.</li> <li>PSUs vest over a three-year period, after which they are redeemable.</li> </ul>

Compensation Component	Design Objective(s)
<b>Total Compensation</b>	
Fixed + Variable Compensation	<ul style="list-style-type: none"> <li>• Designed to provide market median total compensation levels when target performance levels are achieved versus peer group.</li> <li>• Total direct compensation to reflect below or above market competitive levels based on relative actual and absolute performance expectations versus the market.</li> <li>• Competitive gaps in total direct compensation are considered first to variable components before any fixed component adjustments while achieving targeted mix.</li> <li>• Reviewed at least annually by the HR Committee to ensure that all programs do not encourage excessive risk-taking.</li> </ul>
<b>Share Ownership</b>	
Share Ownership Guidelines for Executives	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

## 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 a 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 and Phantom Plan include an LTIP Unit claw-back provision. It permits the HR Committee to claw back LTIP Units if the HR Committee determines that an LTIP Participant has engaged in certain misconduct (as defined in the respective plans).
- **External independent compensation advisors:** On an ongoing basis, the HR Committee refers to external advisors to provide an external view of marketplace changes and may also include best practices in respect of compensation design. Hugessen Consulting provided a market trends report for the HR Committee’s consideration in order to assess both performance objectives and compensation in light of COVID-19.

## COMPENSATION DECISION MAKING

The Board has ultimate responsibility for executive compensation matters. It has delegated responsibility to the HR Committee for developing Morneau Shepell’s compensation 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 NEOs 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 the recommendation of the CEO, for the other NEOs, and by the Board for the CEO upon the recommendation of the HR Committee. More details on the NEO compensation decision-making process are outlined below.

### NEO Decision-making Process



## 1) ESTABLISH 2020 TARGET COMPENSATION MIX

In support of the Company's "pay-for-performance" philosophy, the HR Committee considers the appropriate level and mix of compensation with variable (or "at-risk") pay, which is a significant component of NEO pay. Factors that are considered include, among other components, individual skills, qualifications, experience, overall performance of the Company, evaluation of peer-company market data, performance and retention risk. This approach enables Morneau Shepell to compete for talent in the 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 and on compensation considerations related to the unique market circumstances presented by COVID-19. The HR Committee also retained Kingsdale Advisors for advice on governance practices relevant to executive compensation.

The table below summarizes the fees incurred in 2020.

	Hugessen Consulting		Kingsdale Advisors	
	2020	2019	2020	2019
Executive Compensation related fees	\$111,371	\$50,880	\$50,000	\$39,656

### The Comparator Group for Compensation Benchmarking

The HR Committee believes external market data are an important component in 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, emphasis is placed on referencing companies that are publicly traded in Canada, have similar revenues and market capitalization (in the approximate range of 0.5x to 2.0x the Company's), and historical growth, and that have the following characteristics:

- Providing business-to-business services (B2B) and/or employ over 1000 people
- Having a business line in professional services and consulting, asset management and IT.

The HR Committee recognizes that Morneau Shepell has a highly distinctive service offering and, therefore, there is a limited number of directly comparable service oriented, publicly traded Canadian peer companies. In 2020, in consultation with Hugessen and after applying the financial and other criteria outlined above, two companies, Sierra Wireless and Extencicare, were removed from the peer comparator group and GDI Integrated Facility Services Inc. was added. As a result, the peer comparator group is as follows: The Descartes Systems Group Inc., Chartwell Retirement Residences, Altus Group Limited, Laurentian Bank of Canada, Canadian Western Bank, Enghouse Systems Limited, Sienna Senior Living Inc. and GDI Integrated Facilities Inc.

### The Comparator Group for PSU Performance

PSUs are performance-vested based on annual and cumulative results over a three-year period. The performance measures selected for PSUs is Morneau Shepell's Total Shareholder Return (TSR) relative to the return for the S&P/TSX Composite Low Volatility Index and Adjusted EBTDA per Share growth. In 2020, the HR Committee engaged Kingsdale Advisors to re-evaluate TSR as a performance measure and recommend other performance measures for consideration which may better align to the Company's long-term business strategy. Following a detailed analysis, the S&P/TSX Low Volatility Index was confirmed as the most appropriate measure. TSR is recognized as the most appropriate financial indicator for measuring shareholder value creation. As such, it reflects strong alignment of the interests of executives with those of Morneau Shepell's Shareholders. The S&P/TSX Low Volatility Index

comprises 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, 2020 is found in Schedule "B". As a result of the 5-year strategic business plan review in December 2020, the Board decided to add a second performance measure of Adjusted EBTDA per Share growth weighted at 50% and move the weighting of TSR from 100% to 50% to better align to the strong growth focus in the strategic plan. This change is effective for the PSUs granted in 2021 which reflects compensation for 2020.

## 2) ESTABLISH VARIABLE COMPENSATION PAY

### Annual Short-term Incentive Plan Overview

Plan Highlights for 2020:

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

### Target Annual Short-term Incentive Award Amounts

In 2020, 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
Neil King President, LifeWorks and Executive Vice President	60% of base salary
Pierre Chamberland President, Administrative Solutions and Executive Vice President	100% 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 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
<b>Financial Objectives</b>	Adjusted Enterprise EBITDA or Adjusted LOB EBITDA (Enabling Functions - Adjusted EBITDA per share)	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 Enabling Functional leaders are based on Adjusted Enterprise EBITDA per share 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.
<b>Personal Objectives</b>	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 determined and 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.

### Determine Performance Based Annual Short-term Incentive Award

Any payout under the Annual Short-term Incentive Plan is based on a combination of corporate, LOB 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:

Measure	Financial Objectives		Personal Objectives	TOTAL
	Adjusted EBITDA per Share (Enabling Functions) and Adjusted LOB EBITDA (LOB Leaders)	Company Revenue		
<b>Weighting</b> (% of overall target incentive)	40%	40%	20%	100%
<b>Financial Performance Range:</b>				
Minimum (Threshold)	90%	90%		
Target	100%	100%	N/A	N/A
Maximum	140%	140%		
<b>Incentive Award Payout Range:</b>				
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 280% of target bonus which corresponds to 140% of financial performance.

In determining performance of financial objectives, actual annual consolidated Adjusted EBITDA per Share/Adjusted LOB 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.

In 2021, to support our new five-year strategic plan, the Annual Short-term Incentive Plan will be changed to further incent performance on plan achievement, as well as to surpass the performance required to meet this new plan. Both the metrics and relative weightings will be revised to reinforce the common corporate focus on results and to enhance alignment with shareholder value creation. Funding and individual award allocations of the incentive pool will now be based on the same business performance metrics.

The financial objective metric of LOB revenue will be added for LOB leaders and the weighting on Enterprise revenue will be increased for the CEO and Enabling Functional Leaders. This redistribution in weighting will come from the metric of personal objectives, which will be removed from the incentive award allocation formula, and will become a discretionary adjustment of up to +/- 10% based on individual performance against objectives, relative to what was achieved and how it was accomplished, including a focus on the long-term.

### Equity-based Compensation – Long-term Incentive Plan

LTIP Highlights for 2020:

- *Internal growth performance measure has been added to reward executives for growth achievement and to align to the five-year strategic plan.*
- *Addition of Adjusted EBITDA per Share growth as a performance measure.*
- *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 maintains 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 may 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.

**Mix of LTIP Units.** Currently, for the CEO, PSUs comprise 60% and RSUs comprise 40% of his LTIP Units. LTIP Units granted to other executives comprise 50% PSUs and 50% RSUs. PSUs were introduced in 2016.

#### PSUs Vesting in 2020:

The awards made under the 2017 LTIP for the 2018/2020 performance cycle vested on November 30, 2020. The Company's three-year average TSR was 13.5% and the Low Volatility Index three-year average TSR was 2.7%. The Company, therefore, outperformed the index by 10.8% over the three-year period. When applied against the LTIP performance payout curve, this results in a payout of 154% of the PSUs initially allocated in 2018.

The key elements of PSUs, as established by the HR Committee are:

Element	Description
Eligibility	Executives only
Performance Measure	TSR relative to S&P/TSX Composite Low Volatility Index
Performance Period	Staged approach over three years: <ul style="list-style-type: none"> <li>• 25%/25%/25% for each of three years</li> <li>• 25% for cumulative three-year relative TSR performance</li> </ul>
Vesting	Three-year cliff vesting

Payment	Minimum (Threshold)	Target	Maximum
Performance range <sup>1</sup>	- 500 basis points	Match Index	+500 basis points
Payout range <sup>1</sup>	0%	100%	200%

<sup>1</sup> With linear interpolation between points

### PSUs Granted in 2021 for 2020 Performance Year

In 2020, to further strengthen the link between compensation of the Company's executives and the long-term interest of Shareholders, the Company revised a component of its LTIP. The PSU portion of the LTIP Units will have an additional internal growth performance measure of Adjusted EBTDA per Share growth (plus interest to support accretive acquisitions) to reward executives for growth achievement upon which they have more direct influence and control and to align to the five-year strategic plan.

### 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	50% TSR relative to S&P/TSX Composite Low Volatility Index 50% Adjusted EBTDA per Share growth
Performance Period	Staged approach over three years for both performance measures <ul style="list-style-type: none"> <li>• 25%/25%/25% for each of three years</li> <li>• 25% for cumulative three-year</li> </ul>
Vesting	Three-year cliff vesting

Payment	Minimum (Threshold)	Target	Maximum
Performance range <sup>1</sup>			
Relative TSR	- 500 basis points	Match Index	+500 basis points
Adjusted EBTDA per Share growth	< 3%	7%	12%+
Payout range <sup>1</sup>	0%	100%	200%

<sup>1</sup> With linear interpolation between points

**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, 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; 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 2021 are reported as 2020 compensation.

**Vesting and Redemption of LTIP Units.** Pursuant to the 2017 LTIP, each RSU vests over three years 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 over three years 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 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 an 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 an LTIP Participant), all vested and unvested 2017 LTIP Units shall terminate on an 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.

### New Phantom Plan

On November 10, 2020, the Board adopted a new employee Phantom Plan to replace the 2017 LTIP starting in 2021. The 2017 LTIP will be closed to new grants and all future grants to employees will fall under the Phantom Plan. The purpose of the Phantom Plan is to continue to promote a greater alignment of interests between participants and the

Shareholders of Morneau Shepell. The Phantom Plan is a cash settled plan and pursuant to the plan, the HR Committee may grant Phantom RSUs and Phantom PSUs. Phantom PSUs shall only be granted to executives to support stronger pay-for-performance alignment. Each Phantom Unit has a value based upon the fair market value of one Morneau Shepell Share. Phantom Units are not Shares, cannot be converted to Shares and do not carry voting rights. Pursuant to the Phantom Plan, "fair market value" is equal to the volume-weighted average trading price of a Share on the TSX for the five business days preceding the applicable date.

**Vesting and Redemption of Phantom Units.** Pursuant to the Phantom Plan, each RSU vests over three years and is redeemable for an amount in cash equal to the fair market value of one Share on the redemption date. The PSUs vest over three years allowing for a 35-month performance period at which time the Board has the applicable Company financial metrics to measure performance – see above for more detail. Following any adjustments based on performance during the relevant performance period, each PSU is redeemable for an amount in cash equal to the fair market value of one Share on the redemption date. If cash dividends or distributions are paid on the Shares, additional Phantom Units will be credited to each participant's account.

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

The Phantom Plan includes a Phantom Unit claw-back provision. It permits the HR Committee to claw back Phantom Units if the HR Committee determines that a Phantom Plan participant has engaged in certain misconduct (as defined in the Phantom Plan).

### Maximum Number of Shares Issuable

The maximum number of Shares issuable pursuant to Morneau Shepell's equity-based compensation plans (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, 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 19, 2021:

	No. of Units <sup>1</sup> or Shares <sup>2</sup>	% of aggregate number of Shares outstanding
<b>Maximum number of Shares reserved and available for issuance from treasury under the LTIPs and the Director DSU Plan</b>	<b>4,333,424</b>	<b>6.3</b>
<b>Number of Shares available for issuance from treasury under the 2017 LTIP and the Director DSU Plan</b>	<b>2,333,326</b>	<b>3.4</b>
<b>Total number of LTIP Units outstanding as a percentage of the number of Shares issued and outstanding broken down as follows:</b>	<b>1,854,006</b>	<b>2.7</b>
• Number of Income Fund Units outstanding under the Income Fund LTIP	146,306	0.2
• Number of 2011 LTIP Units outstanding under the 2011 LTIP	1,004,893	1.5
• Total Number of 2017 LTIP Units outstanding under the 2017 LTIP	702,807	1.0
<b>Number of Director DSUs outstanding under the Director DSU Plan</b>	<b>146,092</b>	<b>0.2</b>

1 Inclusive of reinvested dividends awarded on outstanding grants

2 As of March 19, 2021, there are 68,784,513 Shares issued and outstanding

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.

As of December 31, 2020, as described herein, the 2017 LTIP and the Director DSU Plan are closed for future grants. All future grants will be made under the Phantom Plan and Director Phantom Plan respectively. The Phantom Plan and the Director Phantom Plan are cash settled plans and as such the Company will not be required to issue Shares from treasury to satisfy the settlement of Phantom Units under these plans. 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 <sup>(1)</sup>
2020	Total Award Grant	358,209	69,815,292	0.51%
	LTIP	311,365	69,815,292	0.45%
	Director DSU	46,844	69,815,292	0.07%
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%

<sup>1</sup> Burn rates do not include the impact of multipliers for PSUs vesting in 2020. PSUs may vest between 0% and 200%

## 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 he held until his appointment as CEO.



President and Chief Executive Officer

### 2020 Key performance indicators and results

The HR Committee evaluated Mr. Liptrap's 2020 performance against financial targets and progress against the strategic plan for positioning Morneau Shepell for strong returns over the short, medium and long terms.

Key performance indicators	Results (Met / Exceeded)	
<b>Financial</b>		
Revenue.	Yes	Revenue up 10.2% versus 2019.
Adjusted EBITDA	Yes	Adjusted EBITDA up 9.6% versus 2019.
Adjusted EBITDA margin.	Yes	Adjusted EBITDA margins exceeded budget.
<b>Strategic</b>		
Execute acquisitions and divestitures to advance strategy.	Yes	Divested health benefits consulting business.
Continue to evolve the strategy to ensure the organization achieves its long-term goals through global growth.	Yes	Accelerated growth initiatives in the US and in mental health and absence management markets.
<b>Employee</b>		
Build a high performing, diverse leadership team to enable business growth. Foster employee engagement, wellbeing and productivity through COVID-19.	Yes	Implemented LifeWorks leadership succession plans. On engagement and employee wellbeing, exceeded global benchmarks and improved year-over-year results. Achieved this while successfully mobilizing over 95% of the workforce to work from home, starting in March.
<b>Client</b>		
Client satisfaction improved for Top 100 clients.	Yes	Exceeded client satisfaction goals.
Drive cross-sales revenue growth.		Exceeded budgeted cross-sales revenue growth targets.
Complete the integration of acquired large market clients to deliver a seamless client experience and deliver on cross-selling targets.	Yes	Client integrations largely complete. Cross-selling targets exceeded by 120%.
Deliver year-over-year improvements in Net Promoter Scores ("NPS") for top 400 clients.	Yes	NPS objectives exceeded plan.
<b>Risk</b>		
Oversee pandemic business continuity planning to ensure safety of employees; support for clients; solid cashflows and contingency plans in place while moving >95% of workforce to work securely from home.	Yes	COVID-19 Business Continuity plan developed and implemented with >95% of employees working from home.
Implement new risk management systems and oversight.	Yes	Re-structured compliance and audit functions, hiring a new VP of Internal Audit and enhancing overall risk governance framework.

	2018	2019	2020
Base Salary	\$ 556,250	\$ 612,500	\$ 643,750
Cash Incentive	\$ 653,438	\$ 543,750	\$ 668,200
Share-based award	\$ 950,000	\$1,400,000	\$1,800,000
Retirement LTIP	\$ 58,000	\$ 63,000	\$ 65,000
<b>Total Direct Compensation</b>	<b>\$2,217,688</b>	<b>\$ 2,619,250</b>	<b>\$ 3,176,950</b>



### Career profile

Grier Colter was appointed Chief Financial Officer and Executive Vice President on October 1, 2019. He has oversight of investor relations, corporate finance, taxation, financial reporting, 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 transactions. 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 & Young LLP. He is a Chartered Financial Analyst and holds a Bachelor of Business Administration with Honours from Wilfrid Laurier University.



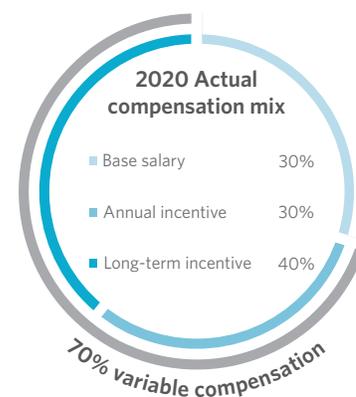
Chief Financial Officer and Executive Vice President

### 2020 Key performance indicators and results

The HR Committee reviewed Mr. Colter's 2020 performance against the key areas outlined below.

Key performance indicators	Results (Met / Exceeded)	
<b>Financial</b>		
Adjusted EBITDA target.	Yes	Adjusted EBITDA up 9.6% versus 2019.
Adjusted EBITDA margin.	Yes	Adjusted EBITDA margins exceeded budget.
<b>Strategic</b>		
Execute acquisitions and divestitures to advance strategy.	Yes	Divested health benefits consulting business.
Continue to evolve the strategy to ensure the organization achieves its long-term goals through global growth.	Yes	Completed five-year strategic plan.
<b>Employee</b>		
Build a high-performance leadership team to support strategic plan to support the business' expanded global scale, while fostering engagement, wellbeing and productivity through COVID-19.	Yes	Filled key leadership roles based on redesign of Finance organizational structure.
<b>Risk</b>		
Oversee pandemic business continuity planning to ensure safety of employees; support for clients; solid cashflows and contingency plans in place while moving >95% of workforce to work securely from home.	Yes	Syndicated sidecar revolving credit facility to provide additional liquidity during pandemic and improved overall bank covenants to create additional flexibility.

	2018	2019	2020
Base Salary	- \$	112,500	\$ 450,000
Cash Incentive	- \$	112,500	\$ 463,376
Share-based award	- \$	1,112,500	\$ 550,000
<i>One-time Special Award<sup>1</sup></i>		<i>\$1,000,000</i>	-
<i>LTIP Award</i>		<i>\$ 112,500</i>	<i>\$ 550,000<sup>2</sup></i>
Retirement LTIP	- \$	11,250	\$ 45,000
<b>Total Direct Compensation</b>	-	<b>\$1,348,750</b>	<b>\$1,508,376</b>



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 granted in March 2020, both which are outlined in the employment agreement and reflects compensation for 2019 (year of hire)

2 Includes a one-time special RSU grant in the amount of \$100,000 in recognition for performance in 2020

## Career profile

Neil King was appointed President, LifeWorks in December 2019. His business development and marketing experience spans over 20 years including general management, talent strategy, sales leadership, product development, and strategy. Prior to taking the role of President of LifeWorks, Mr. King was the US Chief Commercial Officer and Executive Vice President at Morneau Shepell. His portfolio included responsibility for overall enterprise revenue and growth in the U.S., Public Sector and Enterprise Business Development.

Prior to Morneau Shepell, Mr. King worked in global leadership positions at ADP GlobalView and Wolters Kluwer Health, where he managed sales for six years in Canada and the U.S. Mr. King holds an Honours degree in Business from Wilfrid Laurier University and a Master of Business Administration from the University of Toronto Rotman School of Management.



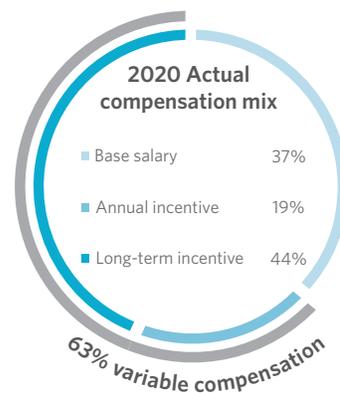
President, LifeWorks and Executive Vice President

## 2020 Key performance indicators and results

The HR Committee reviewed Mr. King's 2020 performance against his goals for the LifeWorks business and his personal contributions against the objectives outlined below.

Key performance indicators	Results (Met / Exceeded)	
<b>Financial</b>		
Achieve Adjusted EBITDA and Revenue targets for the LifeWorks business.	Yes	Partially met financial targets.
<b>Strategic</b>		
Execute acquisitions that drive global growth in 2020.	No	No acquisition closed in 2020.
<b>Employee</b>		
Build a high-performance leadership team to support the business' expanded global scale, while fostering engagement, wellbeing and productivity through COVID-19.	Yes	New leadership structure implemented and strategic hires made. Employee engagement and wellbeing scores above internal targets.
<b>Client</b>		
Implement new technology platform to better serve Canadian and U.S. clients.	Yes	System successfully implemented.
Achieve enterprise cross-selling goals.	Yes	Cross-selling goals largely achieved.
<b>Risk</b>		
Implement controls to mitigate risks of non-compliance with System and Organizational Controls ("SOC"), Internal Control over Financial Reporting ("ICFR") and other regulatory requirements.	Yes	New technology platform implemented which enhances the controls framework.
Oversee pandemic business continuity planning to ensure safety of employees; support for clients; solid cashflows and contingency plans in place while moving >95% of workforce to work securely from home.	Yes	COVID-19 business continuity plan developed and implemented with >95% of employees working from home.

	2018	2019	2020
Base Salary	\$ 329,822	\$ 347,292	\$ 375,000
Cash Incentive	\$ 221,100	\$202,800	\$ 193,073
Share-based award	\$200,000	\$225,000	\$ 400,000 <sup>1</sup>
Retirement LTIP	\$ 34,000	\$ 37,500	\$ 37,500
<b>Total Direct Compensation</b>	<b>\$ 784,922</b>	<b>\$ 812,592</b>	<b>\$1,005,573</b>



<sup>1</sup> Includes a one-time special RSU grant in the amount of \$100,000 in recognition for performance in 2020

### Career profile

Pierre Chamberland is President, Administrative Solutions and has been an Executive Vice President since 2003. Mr. Chamberland is responsible for the overall management of Morneau Shepell's outsourcing 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.



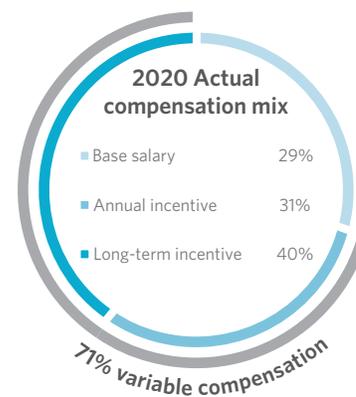
President, Administrative Solutions and Executive Vice President

### 2020 Key performance indicators and results

The HR Committee evaluated Mr. Chamberland's 2020 performance against the results of the Administrative Solutions business and his personal contributions against the objectives outlined below.

Key performance indicators	Results (Met / Exceeded)	
<b>Financial</b>		
Achieve EBITDA and Revenue targets for the Administrative Solutions business.	Yes	Met majority of 2020 key financial targets.
<b>Strategic</b>		
Enhance operational efficiency through deployment of agile at scale.	Yes	Agile methodology deployed and key success measures achieved.
<b>Employee</b>		
Build a high-performance leadership team to support the business' expanded global scale, while fostering engagement, wellbeing and productivity through COVID-19.	Yes	Leadership team structure implemented to support expanded business. Employee engagement and wellbeing scores above internal benchmarks.
<b>Client</b>		
Complete the integration of acquired large market clients to deliver a seamless client experience and deliver on cross-selling targets.	Yes	Client integrations largely complete. Cross-selling targets exceeded by 120%.
Deliver year-over-year improvements in Net Promoter Scores ("NPS") for top 400 clients.	Yes	NPS objectives exceeded plan.
<b>Risk</b>		
Implement controls to mitigate risks of non-compliance with SOC, ICFR and other regulatory requirements.	Yes	Compliant on SOC 1 and 2 audits.
Oversee pandemic business continuity planning to ensure safety of employees; support for clients; solid cashflows and contingency plans in place while moving >95% of workforce to work securely from home.	Yes	COVID-19 business continuity plan developed and implemented with >95% of employees working from home.

	2018	2019	2020
Base Salary	\$ 375,000	\$ 375,000	\$ 431,250
Cash Incentive	\$ 299,250	\$ 292,500	\$ 449,462
Share-based award	\$ 300,000	\$ 300,000	\$ 550,000 <sup>1</sup>
Retirement LTIP	\$ 38,000	\$ 38,000	\$ 45,000
Total Direct Compensation	\$1,012,250	\$1,005,500	\$1,475,712



<sup>1</sup> Includes a one-time special RSU grant in the amount of \$100,000 in recognition for performance in 2020

### Career profile

Kaytek Przybylski was appointed 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 for the enterprise product roadmap and providing technology solutions to the 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

### 2020 Key performance indicators and results

The HR Committee reviewed Mr. Przybylski's 2020 performance against the following key areas outlined below.

Key performance indicators	Results (Met / Exceeded)	
<b>Financial</b>		
Technology expenses on budget. Plan delivered to measure and optimize LOB technology spend.	Yes	Met overall 2020-financial targets.
<b>Strategic</b>		
Implement 2020 initiatives outlined in the five-year data and technology roadmap. Define and initiate implementation of the enterprise product roadmap.	Yes	Defined and implemented 2020 initiatives to support the enterprise's data and technology and product roadmaps.
<b>Employee</b>		
Support the wellbeing, engagement and productivity of employees through COVID-19.	Yes	Exceeded expectations in rapidly deploying digital workplace tools to enable all employees to work from home through COVID-19. Exceeded engagement benchmarks.
<b>Client</b>		
Directly engage with key clients and enhance the client experience by initiating technology partnerships aligned to the product roadmap.	Yes	Directly engaged with several clients across the lines of business and initiated work on strategic technology partnerships to address client opportunities.
<b>Risk</b>		
Implement controls to mitigate risks of non-compliance with SOC, ICFR and other regulatory requirements.	Yes	Remediated all compliance gaps and implemented plans to increase resilience to cyber attacks.
Put in place enhanced cyber security controls to mitigate the heightened risks through COVID-19.	Yes	COVID-19 business continuity plan developed and implemented with >95% of employees working from home.
Oversee pandemic business continuity planning to ensure safety of employees; support for clients; solid cashflows and contingency plans in place while moving >95% of workforce to work securely from home.		

	2018	2019	2020
Base Salary	-	\$ 123,438	\$ 375,000
Cash Incentive	-	\$ 61,719	\$ 193,073
Signing Bonus <sup>1</sup>		\$300,000	\$ 150,000
Share-based award	-	\$ 587,500	\$ 287,500
One-time Special Award <sup>2</sup>		\$ 400,000	-
LTIP Award		\$ 187,500	\$ 287,500 <sup>3</sup>
Retirement LTIP	-	\$ 37,500	\$ 37,500
Total Direct Compensation	-	\$ 1,110,157	\$1,043,073



<sup>1</sup> Signing bonus paid as follows: \$300,000 in September 2019 and \$150,000 in September 2020

<sup>2</sup> Includes one-time special RSU grant of \$400,000 in November 2019

<sup>3</sup> Includes a one-time special RSU grant in the amount of \$100,000 in recognition for performance in 2020

### Summary Compensation Table

The table below provides a summary of the compensation earned in 2020, 2019 and 2018 by each of Morneau Shepell's CEO, CFO and the three other NEOs.

NEO	Year	Salary (\$)	Share-based Awards (\$) <sup>1</sup>	Non-equity Annual Incentive Plan (\$) <sup>1</sup>	Pension Value	All Other Compensation	Total Compensation (\$)
Stephen Liptrap President & CEO	2020	643,750	1,865,000	668,200	0		3,176,950
	2019	612,500	1,463,000	543,750	0		2,619,250
	2018	556,250	1,008,000	653,438	0		2,217,688
Grier Colter CFO & EVP	2020	450,000	595,000 <sup>5</sup>	463,376			1,508,376
	2019	112,500	1,123,750 <sup>2</sup>	112,500	0		1,348,750
Neil King President, LifeWorks & EVP	2020	375,000	437,500 <sup>5</sup>	193,073	0		1,005,573
	2019	347,292	262,500	202,800	0		812,592
	2018	329,822	234,000	221,100	1,848		786,770
Pierre Chamberland President, Administrative Solutions & EVP	2020	431,250	595,000 <sup>5</sup>	449,462			1,475,712
	2019	375,000	338,000	292,500	0		1,005,500
	2018	375,000	338,000	299,250	0		1,012,250
Kaytek Przybylski Chief Data and Technology Officer & EVP	2020	375,000	325,000 <sup>5</sup>	193,073		150,000 <sup>4</sup>	1,043,073
	2019	123,438	625,000 <sup>3</sup>	61,719	0	300,000 <sup>4</sup>	1,110,157

<sup>1</sup> 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 the 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 grant date). As such, Share-based awards granted in 2021 are reported as 2020 compensation as they were based on executive performance in the 2020 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 \$65,000, Mr. Colter \$45,000, Mr. King \$37,500, Mr. Chamberland \$45,000 and Mr. Przybylski \$37,500

<sup>2</sup> 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 granted in March 2020, both which are outlined in the employment agreement and reflect compensation for 2019 (year of hire)

<sup>3</sup> Includes one-time special RSU grant of \$400,000 in November 2019

<sup>4</sup> Signing bonus paid as follows: \$300,000 in September 2019 and \$150,000 in September 2020

<sup>5</sup> Includes a one-time special RSU grant in the amount of \$100,000 in recognition for performance in 2020

### NEO Compensation Disclosure

(\$ millions)

	2018	2019	2020
Total Compensation reported for the Named Executive Officers	\$ 5.8	\$ 6.9	\$ 8.2
Revenue	\$722.5	\$888.9	\$979.2
Cost of management ratio	0.8%	0.8%	0.8%

## 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. Przybylski have met and exceeded their Share ownership requirements. Mr. Przybylski joined the Company in 2019 and has until 2024 to meet the requirement.

## CEO Ownership Disclosure

Common Shares and Share Units held as at December 31, 2020.

Fiscal Year	Shares	Income Fund LTIP Units	Retirement DSUs	PSUs	2011 LTIP RSUs	RSUs	Total Common Shares and Other Share Units <sup>1</sup>	Share Ownership Target <sup>2</sup>	
								Meets 4X Target	Current Status
2020	17,500	21,874	91,202	49,923	-	44,136	224,635	Yes	10.72x
	\$543,025	\$678,750	\$2,829,998	\$1,549,111	\$-	\$1,369,540	\$6,970,424		

<sup>1</sup> Values are calculated as at: December 31, 2020 using the closing Share price of \$31.03 per Share. Note that the value of the Share ownership target has been rounded to the nearest whole number using standard rounding

<sup>2</sup> 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 (\$) <sup>1</sup>	Number of Shares that have not vested (#)	Market or payout of Share-based awards that have not vested (\$) <sup>1</sup>
Stephen Liptrap President and CEO	36,970	1,147,179	91,149	2,828,353
Grier Colter CFO and EVP	0	0	38,519	1,195,245
Neil King President, LifeWorks and EVP	10,593	328,701	18,355	569,556
Pierre Chamberland President, Administrative Solutions and EVP	12,388	384,400	25,019	776,340
Kaytek Przybylski Chief Data & Technology Officer and EVP	0	0	20,856	647,162

<sup>1</sup> Values are calculated as at December 31, 2020 using the closing Share price of \$31.03 per Share. Note that 2020 Share-based awards have a grant date in March, 2021, 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 <sup>1</sup>	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	2020	9.5	N/A	16,400	241,200	0	42,700	283,900

<sup>1</sup> 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 NEO 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 <sup>2</sup>	Termination with Cause	Termination without Cause <sup>2</sup>
<b>Base Salary</b>	Only earned portion	Only earned portion	Only earned portion	Only earned portion, plus compensation outlined in applicable employment agreement
<b>Short-term incentive</b>	None	Prorated portion, based on actual performance achieved	None	Prorated portion, based on actual performance achieved
<b>Share-based incentive</b>				
2017 Plan Unvested RSUs, DSUs or PSUs	Unvested units are forfeit 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 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 <sup>1</sup>	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 <sup>1</sup>
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
<b>Benefits &amp; perquisites</b>	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

1 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.

2 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.

Messrs. Colter, King and Przybylski are 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.

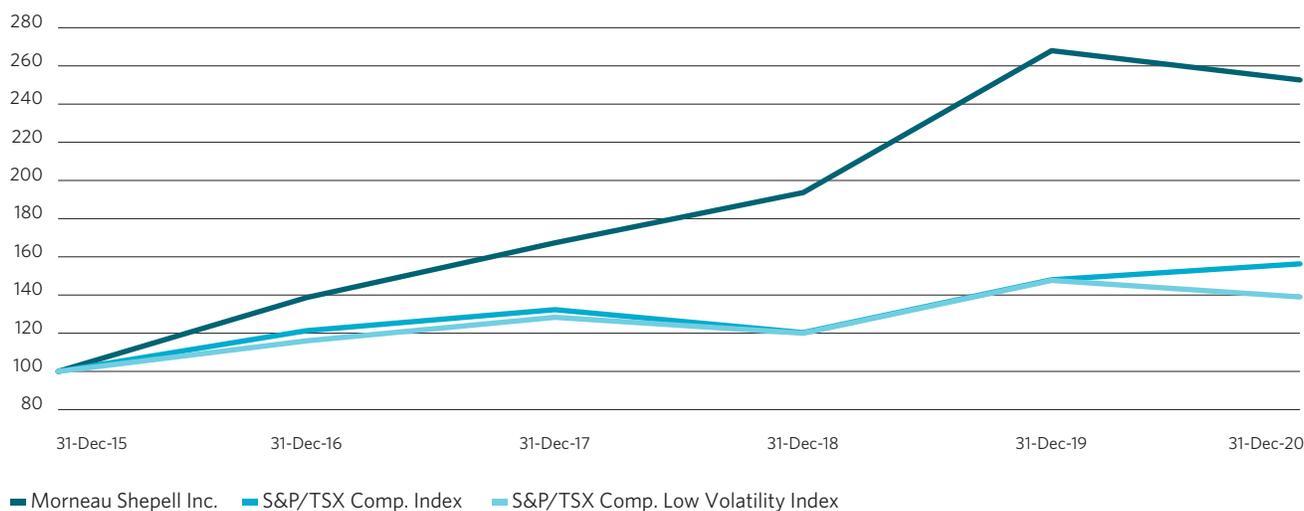
Pursuant to the 2017 LTIP, upon a change of control, if the resulting entity remains publicly traded and agrees to assume all obligations of the 2017 LTIP in all material respects, the 2017 LTIP shall continue in force as determined by the HR Committee. If the resulting entity is to be a private entity (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 graph below 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 December 31, 2015 to December 31, 2020. On December 31, 2020, the Shares closed at \$31.03.

### For the Period from December 31, 2015 to December 31, 2020

Cumulative Total Returns Value of \$100 Invested on December 31, 2015



	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20
<b>Morneau Shepell Inc.</b>	100.00	138.53	167.20	193.49	267.96	252.47
<b>S&amp;P/TSX Comp. Index</b>	100.00	121.08	132.09	120.36	147.89	156.16
<b>S&amp;P/TSX Comp. Low Volatility Index</b>	100.00	115.84	128.15	119.86	147.42	138.89

## ADDITIONAL INFORMATION

The Shares are listed on the TSX under the trading symbol MSI. Additional financial information is provided in the Company's Audited Consolidated Financial Statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2020. Copies of the Company's Audited Consolidated Financial Statements for its most recent completed year ended December 31, 2020, 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](http://sedar.com) and on the Morneau Shepell website at [morneaushepell.com](http://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 19, 2021

**By Order of the Directors of Morneau Shepell Inc.**



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Susan Marsh  
Corporate Secretary, Morneau Shepell Inc.

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The articles of Morneau Shepell Inc. (the "Company") be amended pursuant to Section 168(1)(a) of the *Business Corporations Act* (Ontario) (the "Act") to change the name of the Company from "Morneau Shepell Inc." to "LifeWorks Inc.", or such other name incorporating "LifeWorks" as the Company's board of directors ("Directors") determine to be appropriate and which the Toronto Stock Exchange and the director under the Act may accept (the "Name Change").
2. Any officer or Director of the Company be and hereby is authorized and directed on behalf of the Company to execute or cause to be executed, and to deliver or cause to be delivered, all certificates, notices and other documents, including filing articles of amendment pursuant to the Act, and to do or cause to be done all such acts and things, as such officer or Director may determine to be necessary, desirable, or useful for the purpose of giving effect to the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery of such documents, or the doing of any such act or thing.
3. Notwithstanding that this special resolution has been passed by the holders of Shares of the Company (collectively, the "Shareholders"), the Directors of the Company are hereby authorized and empowered to, at their sole discretion, without notice to or approval of the Shareholders, revoke this resolution prior to giving effect to the Name Change.

## SCHEDULE "B" COMPARATOR GROUP FOR PSU PERFORMANCE BENCHMARKING

The table below lists the companies in the S&P / TSX Low Volatility Index as at December 31, 2020, which the HR Committee approved for PSU performance benchmarking purposes.

Aecon Group Inc.	Maple Leaf Foods Inc.
Alimentation Couche-Tard Inc. Class B Subordinate Voting Shares	Metro Inc.
ATS Automation Tooling Systems Inc.	Morneau Shepell Inc.
Bank of Nova Scotia (The)	North West Company Inc. (The) Variable Voting and Common Voting Shares
BCE Inc.	Open Text Corporation
Canadian Apartment Properties Real Estate Investment Trust (CAPREIT)Trust Units	Premium Brands Holdings Corporation
Canadian National Railway Company	Quebecor Inc. Class B Subordinate Voting Shares
Canadian Pacific Railway Limited	Richelieu Hardware Ltd.
Canadian Utilities Limited Class A Non-Voting Shares	Ritchie Bros. Auctioneers Incorporated
CGI Inc. Class A Subordinate Voting Shares	Rogers Communications Inc. Class B Non-voting Shares
Choice Properties Real Estate Investment Trust Units	Royal Bank of Canada
Cogeco Communications Inc. Subordinate Voting Shares	Saputo Inc.
Constellation Software Inc.	Shaw Communications Inc. Class B Non-voting Shares
Crombie Real Estate Investment Trust Units	Stantec Inc.
CT Real Estate Investment Trust Units	Stella-Jones Inc.
Descartes Systems Group Inc. (The)	Sun Life Financial Inc.
Dollarama Inc.	TELUS Corporation Common
Emera Incorporated	Thomson Reuters Corporation With New Deposit Receipt
Fortis Inc.	TMX Group Limited
George Weston Limited	Toromont Industries Ltd.
Hydro One Limited	Toronto-Dominion Bank (The)
Intact Financial Corporation	TransAlta Renewables Inc.
InterRent Real Estate Investment Trust Units	Waste Connections Inc.
Jamieson Wellness Inc.	Winpak Ltd.
Loblaws Companies Limited	WSP Global Inc.

## SCHEDULE "C" 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"). This mandate was last revised and approved by Board on November 10, 2020.

### 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

While the Board maintains oversight of the Company's operations, it delegates to the Chief Executive Officer ("CEO") and senior management of the Company the responsibility for day-to-day management of the Company. The Board discharges its oversight responsibilities both directly and through its regular standing Committees (as defined below). In addition to these Committees, the Board may appoint ad hoc committees periodically to address specific matters.

The Board's primary roles are overseeing both corporate performance and the quality, depth and continuity of management required to meet the Company's strategic objectives. The Board is also 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 overseeing arrangements for the Company to act 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 in the Company's business;
- (c) reviewing, on at least an annual basis, a budget for the Company;
- (d) overseeing the accurate disclosure and reporting of financial results of the Company 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 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) overseeing the process for safeguarding the assets of the business of the Company and for 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) monitoring the Company's process for the 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) overseeing the development and implementation of processes, procedures and controls that are designed to assist the Company in complying with all applicable laws and legal requirements;
- (k) overseeing the systems for monitoring the Company's internal control and management information systems;
- (l) adopting and overseeing communication processes that enable the Company to communicate effectively, and address how the Company interacts, with all of its stakeholders, including Shareholders, analysts and the public, and which contain measures for the Company to avoid selective disclosure which are 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) overseeing the Company's approach to governance, including by establishing and maintaining a standing governance and nominating committee of the Board (the "Governance Committee") and adopting a set of governance principles and guidelines that are specifically applicable to the Company;
- (r) overseeing structures and procedures to enable the Board to exercise independent judgment;
- (s) 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;
- (t) 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;
- (u) 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;
- (v) overseeing succession planning for the Board, orientation and educational opportunities for directors, including implementing a process for examining the size of the Board and undertaking, where appropriate, a program to establish a board size that facilitates effective decision-making;
- (w) 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;
- (x) succession planning of the CEO;
- (y) overseeing the process for the 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);
- (z) 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
- (aa) 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, including the policy attached 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 will be 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:

- (a) 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;
- (b) establish agendas for Board and Shareholder meetings, in collaboration with the CEO;
- (c) preside over Board and Shareholder meetings in a manner that encourages participation and information sharing while moving toward timely closure and prudent decision-making;
- (d) monitor the adequacy of the materials provided to the Directors by Management in connection with the directors’ deliberations;
- (e) ensure appropriate Board record-keeping and reporting;
- (f) ensure that the Board understands the boundaries between Board and Management responsibilities;
- (g) act as a liaison between Directors and Management, including communicating to senior management concerns or feedback of the Board, Shareholders, clients and other stakeholders received by the Chair;
- (h) ensure that the independent Directors of the Board have adequate opportunities to meet without management present;
- (i) communicate to the CEO, as appropriate, the results of private discussions among independent Directors;
- (j) 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;
- (k) work with the Chair of the HR Committee to review and assess the compensation planning of the CEO;
- (l) serve as the Board’s central point of official communication with the CEO and develop a positive collaborative relationship with the CEO;
- (m) lead the Board’s effectiveness assessment process including the annual assessment of the performance and effectiveness of the Board, the Committees, Committee Chairs and individual Directors;
- (n) lead Board development including Director recruitment, valuation and orientation and manage Board relations;
- (o) 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;
- (p) report to the Board on material matters arising in undertaking his or her functions and responsibilities outlined herein, and if necessary, make recommendations to the Board for the Board’s approval on these matters; and
- (q) 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:

- (a) manage and supervise the affairs of the Company;
- (b) ensure that the Company has an effective management team and has a plan for management development and succession;
- (c) motivate, lead and mentor the executive management team, including working to attract and retain individuals with the requisite skills and experience;
- (d) lead the development and, following Board approval, execution of the strategy and strategic direction for the growth of the Company;
- (e) develop, implement and maintain a business planning and review system that includes level appropriate vision, mission, values, strategic positioning, operational plan and resource plan;
- (f) identify, assess, monitor and manage the principal risks of the Company;
- (g) with executive management, develop, implement and maintain an optimal organizational alignment to implement the business plan including the strategy (including the use of committees);
- (h) resource allocation, strategic human resources management, succession planning and talent pool development;
- (i) leadership in the development of strong ties with clients, key stakeholders, investors, Board and employees, including a key accountability for investor relations;
- (j) leverage industry experience, expertise and relationships in acquisitions and alliances;
- (k) economic resourcing, including capital structure of the enterprise and financial management;
- (l) 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;
- (m) 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;
- (n) report to, and meet regularly with and as required, 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;
- (o) 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 public;
- (p) coordinate with the Chair of the Board to ensure that information requested by a director is provided and meets the needs of that Director;
- (q) respect the Board's role and independence, including the other directors' need to meet in camera without the CEO being present;
- (r) perform such other duties as are regulatory and customarily performed by a CEO or a reporting issuer; and
- (s) 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:

- (a) dividends to Shareholders;
- (b) significant acquisitions/dispositions;
- (c) related party transactions;
- (d) the public dissemination of the Company's audited annual financial statements and its interim quarterly financial statements;
- (e) the issuance or repurchase of securities of the Company;
- (f) the terms of reference of Committees of the Board;
- (g) the management information circular and annual information form;
- (h) any amendment to the articles of the Company and any significant reorganization of the Company;
- (i) the adoption, amendment or repeal of any by-law of the Company; and
- (j) any other matter that would give rise to a "material change" to the Company (as defined under applicable securities laws).

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 Board shall oversee establishment and operation of mechanisms for receiving the feedback of Shareholders and other stakeholders, including appropriate reporting to the Board of the feedback received through such mechanisms.

## 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 or other matters as they arise from time to time. 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 following each meeting. 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 each Board meeting, including in conjunction with regularly scheduled Board meetings and at 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.

## 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 upon 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. Additionally, where appropriate, certain matters may be approved by unanimous consent, such as approval for the monthly dividends to Shareholders.

## 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:

- (a) advise the Chair as to planned attendance at Board and Committee meetings shortly after meeting schedules have been distributed;
- (b) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and
- (c) 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:

- (a) be candid and forthright;
- (b) not be reluctant to express views contrary to those of the majority;
- (c) be concise and, in most circumstances, respect the time constraints of a meeting; and
- (d) 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:

- (a) ask questions of Management and other directors/managers, at meetings and otherwise, to increase their knowledge of the business of the Company;
- (b) familiarize themselves with the risks and challenges facing the business of the Company;
- (c) read all internal memoranda and other documents circulated to the Directors, and all reports and other documents issued by the Company for external purposes;
- (d) insist on receiving adequate information from Management with respect to a proposal before Board approval is requested;
- (e) familiarize themselves with the Company's competitors by, among other things, reading relevant news, magazine and trade journal articles; and
- (f) familiarize themselves with the legal and regulatory framework within which the Company carries on its business.

## Personal Conduct

Directors are expected to:

- (a) exhibit high standards of personal integrity, honesty and loyalty to the Company;
- (b) project a positive image of the Company to news media, the financial community, governments and their agencies, Shareholders and employees;
- (c) 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;
- (d) 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
- (e) 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

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



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