

Management Proxy Circular and Notice of Annual Meeting of Shareholders

March 13, 2017



Welcome to SNC-Lavalin's Management Proxy Circular and Notice of Annual Meeting of Shareholders. This pdf version of the Circular has been enhanced with navigation and task buttons to help you navigate through the document and find the information you want more quickly. The table of contents and URLs link to pages and sections within the document as well as to outside websites. The task buttons provide quick access to search, print, save to disk and view options, but may not work on all browsers or tablets.

Navigation and Task buttons











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Glossary of Terms

AIP Annual Incentive Plan

Board or Board of Directors SNC-Lavalin Group Inc.'s board of directors

CCAA Companies' Creditors Arrangement Act

CCO Chief Compliance Officer

CD&A Compensation Discussion and Analysis

CDO Corporate Development Officer

CEO Chief Executive Officer

CFO Chief Financial Officer

COO Chief Operating Officer

CSA Canadian Securities Administrators

Chairman / Chair Chairman of the Board / Chairs of the Committees

Committee A committee established by the Board of Directors of the Company

Common Shares SNC-Lavalin Group Inc.'s common shares

Company SNC-Lavalin Group Inc.

Computershare Computershare Investor Services Inc.

Directors Members of the Board of Directors of the Company

D-DSUs Director Deferred Share Units

D-DSUP Director Deferred Share Unit Plan

E&C Engineering and Construction

EBITDA Earnings before interest, taxes, depreciation and amortization

E-DSUs Executive Deferred Share Units

E-DSUP Executive Deferred Share Unit Plan

EPS Earnings per share

ESOP Employee Share Ownership Plan

EVP Executive Vice-President

Executive Committee A committee established by management comprised of the President and CEO and ten other Senior Officers

G&E Committee Governance and Ethics Committee of the Board

Harvest Harvest Retirement Program

Harvest Plus Harvest Plus Retirement Savings Program

HR Committee Human Resources Committee of the Board

IFRS International Financial Reporting Standards

HSSE Health, Safety, Security and Environment

Kentz Kentz Corporation Limited

LTIP Long-Term Incentive Plan

Meeting SNC-Lavalin Group Inc.'s annual meeting of shareholders to be held on May 4, 2017

MSOP Management Share Ownership Program

NEOs Named Executive Officers

PSUs Performance Share Units

PSUP Performance Share Unit Plan

RSUs Restricted Share Units

RSUP Restricted Share Unit Plan

Say on Pay Non-binding advisory vote on the Company's approach to executive compensation

Senior Officers Group composed of the President and CEO, the EVP and CFO and other individuals reporting directly to the President and CEO, as determined by the HR Committee

SG&A Selling, general and administrative expenses

SNC-Lavalin SNC-Lavalin Group Inc.

Stock Option Plan Any of SNC-Lavalin Group Inc.'s two active Stock Option Plans established in 2011 and 2013

SWPR Committee Safety, Workplace and Project Risk Committee of the Board

TDC Total Direct Compensation

TSR Total Shareholder Return

TSX Toronto Stock Exchange



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Invitation to Shareholders

Dear Fellow Shareholders:

On behalf of the Board of Directors, management and employees of SNC-Lavalin, we are pleased to invite you to this year's annual meeting of shareholders to be held in the convention room on Level 5 of the Palais des congrès, located at [1001 Place Jean-Paul-Riopelle, Montreal, Quebec, H2Z 1M2, Canada](#), on Thursday, May 4, 2017, at 11:00 a.m. (Eastern Time).

It gives me great pleasure to report on SNC-Lavalin's continued upward momentum throughout 2016. The best evidence of this momentum is the company's improved financial and operational performance. We clearly have the right management team executing the right strategy, actively overseen by a renewed and energized Board of Directors.

Last year, clients once again selected us to deliver large-scale mandates worldwide. We continued to earn their trust by successfully completing multi-year milestone projects. We also divested non-core assets to concentrate on promising areas in line with our business strategy and competitive differentiators.

Our commitment to being an exemplary corporate citizen and global Canadian champion with world-class ethics and compliance performance is unwavering. In addition to promptly dismissing all individuals implicated in past issues, we've placed a new leader in every position on the Executive Committee team over the last four years.

In 2016, we also took steps to reach a comprehensive, final and fair settlement at the Canadian and Quebec levels. At a time when other countries are assisting their national champions in competing at home and abroad, we encourage Canada to help level the international playing field for its own champions. This means adopting mechanisms used in other countries to allow companies that fuel national economies to continue winning at home and globally while they resolve past issues.

Your Board applauds and embraces SNC-Lavalin's new Diversity & Inclusion Program. We welcomed Catherine J. Hughes, former Executive Vice-President at Nexen Inc., to the Board in November 2016. Three exceptional individuals will also stand for election at this year's Annual Meeting of Shareholders. They are: Benita M. Warmbold, retiring Senior Managing Director and Chief Financial Officer at Canada Pension Plan Investment Board (CPPIB); Isabelle Courville, Chair of the Laurentian Bank of Canada; and The Honorable Kevin G. Lynch, P.C., O.C., Ph.D., LL.D., a distinguished former Government of Canada public servant and current Vice-Chair of BMO Financial Group.

These nominations bring the percentage of female corporate directors to 25%, enabling us to already surpass our 2018 gender diversity target of 20%. After 18 years on the Board, I plan to step down as Chairman at the end of 2017. When I do, the average tenure of directors will be 2.4 years. Only six of the top 100 Canadian companies have average tenures of three years or less¹. These changes add fresh energy, knowledge and perspectives to your Board.

I would like to thank our two outgoing directors Chakib Sbiti and Patricia A. Hammick for their tireless commitment and valuable contributions over the past four and ten years respectively.

As Chairman, I am delighted to be part of this Canadian icon that, for decades, has consistently competed globally. When I joined the Board in 1999, SNC-Lavalin's revenues were \$1.3 billion and the stock price was just under \$4. Now our revenues are \$8.5 billion and the stock price is approximately \$55. SNC-Lavalin was then, and still is today, one of Canada's outstanding international competitors. I am proud that customers, employees, shareholders and communities alike continue to benefit from this resilient company's solid performance.

Yours truly,

Lawrence N. Stevenson *(signed)*

Chairman of the Board

¹ Canadian Spencer Stuart Board Index 2016



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Notice of 2017 Annual Meeting of Shareholders and Notice of Availability of Meeting Materials

To the shareholders of SNC-Lavalin Group Inc. (the “Company”):

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 2017 annual meeting of the shareholders (the “**Meeting**”) of the Company will be held in the convention room on Level 5 of the Palais des congrès, located at 1001 Place Jean-Paul-Riopelle, Montreal, Quebec, H2Z 1M2, Canada, on Thursday, May 4, 2017, commencing at 11:00 a.m., Eastern Time, for the following purposes:

1. **to receive the consolidated financial statements of the Company for the year ended December 31, 2016 and the auditor’s report thereon** (for details, see subsection 1 under the “[Business of the 2017 Annual Meeting of Shareholders](#)” section of the Management Proxy Circular dated March 13, 2017);
2. **to elect the Directors for the ensuing year** (for details, see subsection 2 under the “[Business of the 2017 Annual Meeting of Shareholders](#)” section of the Management Proxy Circular dated March 13, 2017);
3. **to appoint the auditor for the ensuing year and to authorize the Directors of the Company to determine the auditor’s compensation** (for details, see subsection 3 under the “[Business of the 2017 Annual Meeting of Shareholders](#)” section of the Management Proxy Circular dated March 13, 2017);
4. **to consider and, if deemed appropriate, to adopt a resolution reconfirming and approving the Amended and Restated Shareholder Rights Plan Agreement until the close of business on the date on which the annual meeting of the shareholders of the Company is held in 2020** (the full text of the resolution is reproduced in subsection 4 under the “[Business of the 2017 Annual Meeting of Shareholders](#)” section of the Management Proxy Circular dated March 13, 2017);
5. **to consider and, if deemed appropriate, to adopt a resolution providing for a non-binding advisory vote on the Company’s approach to executive compensation** (the full text of the resolution is reproduced in subsection 5 under the “[Business of the 2017 Annual Meeting of Shareholders](#)” section of the Management Proxy Circular dated March 13, 2017);
6. **to consider a shareholder proposal** set forth in [Schedule B](#) of the Management Proxy Circular dated March 13, 2017; and
7. **to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.** Information respecting the use of discretionary authority to vote on any such other business may be found in the “[Voting Information](#)” section of the Management Proxy Circular dated March 13, 2017.

Registration of shareholders will begin at 10:30 a.m. We would appreciate your early arrival and registration so that the Meeting may start promptly at 11:00 a.m.

NOTICE-AND-ACCESS

This year, as permitted by Canadian securities regulators, you are receiving this notification as the Company has decided to use the “notice-and-access” mechanism for delivery of its Meeting materials to its shareholders. Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials online, via SEDAR and one other website, rather than mailing paper copies of such materials to shareholders. Under notice-and-access, shareholders still receive a proxy form or voting instruction form enabling them to vote at the Company’s Meeting. However, instead of a paper copy of the Meeting materials, shareholders receive this notice which contains information on how they may access the Meeting materials online and how to request a paper copy. The use of notice-and-access will directly benefit the Company by substantially reducing our printing and mailing costs and is more environmentally friendly as it reduces paper use.

HOW TO ACCESS THE MEETING MATERIALS

On Computershare Investor Services Inc.'s ("Computershare") website: www.envisionreports.com/SNC2017

On our website: www.snclavalin.com under "Investors"/"Investor's Briefcase"

On SEDAR: www.sedar.com

Shareholders are reminded to read the Management Proxy Circular dated March 13, 2017 and other Meeting materials carefully before voting their shares.

HOW TO REQUEST A PAPER COPY OF THE MEETING MATERIALS

Before the Meeting

If your name appears on a share certificate, you are considered as a "registered shareholder". You may request paper copies of the Meeting materials at no cost to you by calling Computershare toll-free, within North America—1-866-962-0498 or direct, from outside of North America—(514) 982-8716 and entering your control number as indicated on your form of proxy.

If your Common Shares are listed in an account statement provided to you by an intermediary, you are considered as a "non-registered shareholder". You may request paper copies of the Meeting materials from Broadridge at no cost to you up to one year from the date the Circular was filed on SEDAR through the Internet by going to www.proxyvote.com or by telephone at 1-877-907-7643 and entering the 16-digit control number located on the voting instruction form or notification letter and following the instructions provided.

Please note that you will not receive another form of proxy or voting instruction form; please retain your current one to vote your shares.

In any case, requests should be received at least five (5) business days prior to the proxy deposit date and time which is set for Tuesday, May 2, 2017 at 11:00 a.m. (Eastern Time) in order to receive the Meeting materials in advance of such date and the Meeting date. To ensure receipt of the paper copy in advance of the voting deadline and Meeting date, we estimate that your request must be received no later than 5:00 p.m. (Eastern Time) on Monday, April 24, 2017.

After the Meeting

By telephone at 1-866-964-0492 or online at investors@snclavalin.com. A copy of the Meeting materials will be sent to you within ten (10) calendar days of receiving your request.

VOTING

If you are a registered shareholder, you may vote your Common Shares on the Internet, by phone or by mail. Please refer to the instructions on your separate form of proxy on how to vote using these methods. You may also vote in person by presenting yourself at the Meeting to a representative of Computershare. If you wish to vote in person at the Meeting, do not complete or return the form of proxy.

If you are a non-registered shareholder, please refer to the instructions on your separate voting instruction form that you will or may have already received from your nominee. If you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions provided by your nominee to appoint yourself as proxy holder and follow the instructions of your nominee.

The deadline for receiving duly completed forms of proxy or voting instruction forms or a vote using the telephone or over the Internet is 11:00 a.m. (Eastern Time) on Tuesday, May 2, 2017.

QUESTIONS

If you have any questions regarding this notice, the notice-and-access mechanism or the Meeting and you are a registered shareholder, please call Computershare at 1-800-564-6253 (toll free in Canada and the United States) between 8:30 a.m. and 8:00 p.m. Eastern Time or 514-982-7555 (international direct dial) or online at www.investorcentre.com/service. If you are a non-registered shareholder, please call Broadridge Investor Communication Solutions at 1-855-887-2244.

Montreal, Quebec, March 13, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

Arden R. Furlotte (signed)

Vice-President and Corporate Secretary

Voting Information

This Management Proxy Circular is being sent to shareholders in connection with the solicitation of proxies, by and on behalf of the management of the Company, for use at the Meeting to be held on Thursday, May 4, 2017, at the place, commencing at the time and for the purposes set forth in the foregoing notice of said Meeting and at any and all adjournments or postponements thereof. Information in this Management Proxy Circular is given as of March 13, 2017.

Each holder of Common Shares is entitled to one vote at the Meeting or any adjournment or postponement thereof for each Common Share registered in the holder's name as at the close of business on the record date, March 13, 2017.

As of March 13, 2017, the Company had 150,388,137 Common Shares outstanding. As of March 13, 2017, to the knowledge of the Directors and officers of the Company based on shareholders' public filings, the only person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all shares of the Company is the Caisse de dépôt et placement du Québec (the "**Caisse**"), an institutional fund manager. As of March 13, 2017, based on shareholders' public filings, the Caisse beneficially owned, or controlled or directed, directly or indirectly, 18,504,200 Common Shares representing 12.3% of the outstanding Common Shares of the Company.

What will I be voting on?

Shareholders will be voting to (i) elect Directors; (ii) appoint the auditor of the Company for the ensuing year and authorize the Board to determine its compensation; (iii) consider and, if deemed appropriate, adopt a resolution (the full text of which is reproduced in the "[Reconfirmation and Approval of the Amended and Restated Shareholder Rights Plan Agreement](#)" subsection under the "[Business of the 2017 Annual Meeting of Shareholders](#)" section of this Management Proxy Circular) reconfirming and approving the Amended and Restated Shareholder Rights Plan Agreement until the close of business on the date on which the annual meeting of the shareholders of the Company is held in 2020; (iv) adopt a resolution (the full text of which is reproduced in the "[Adoption of a Say on Pay Resolution](#)" subsection under the "[Business of the 2017 Annual Meeting of Shareholders](#)" section of this Management Proxy Circular) providing for a Say on Pay vote; and (v) consider one shareholder proposal set forth in [Schedule B](#) of this Management Proxy Circular.

The Board of Directors and management of the Company recommend that shareholders vote FOR the resolutions described in items (i), (ii), (iii) and (iv). The Board of Directors recommends that the shareholders vote AGAINST the proposal described in item (v).

How will these matters be decided at the Meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters.

How do I vote?

If your name appears on a share certificate, you are considered as a "registered shareholder". See the "[Registered Shareholder Voting](#)" subsection below for details on how to vote.

If your Common Shares are not registered in your name and are held in the name of a nominee, you are considered as a "non-registered shareholder" (for example, your Common Shares are listed in an account statement provided to you by your securities broker or the SNC-Lavalin employee share ownership plan administrator). If this is the case, see the "[Non-Registered Shareholder Voting](#)" subsection below.

Who can I call with questions?

If you have questions about the information contained in this Management Proxy Circular or require assistance in completing your form of proxy, please contact Computershare by mail at Computershare Investor Services Inc., 100 University Ave, 8th Floor, North Tower, Toronto, Ontario M5J 2Y1, by telephone at 1-800-564-6253 (toll free in Canada and the United States) between 8:30 a.m. and 8:00 p.m. Eastern Time or 514-982-7555 (international direct dial) or online at www.investorcentre.com/service.

REGISTERED SHAREHOLDER VOTING

If your name appears on a share certificate, you are considered as a "registered shareholder".

Can I vote by proxy and how?

You may appoint someone else to vote for you as your proxy holder by using the form of proxy sent to you by Computershare. The persons named in the form of proxy are Directors or officers of the Company. **As a shareholder, you have the right to appoint as proxy holder a person other than those whose names are printed as proxy holders in the form of proxy, by striking out those printed names and inserting the name of your chosen proxy holder in the blank space provided for that purpose in the form of proxy.** In either case, the completed form of proxy must be delivered to Computershare, in the envelope provided for that purpose, prior to the Meeting at which it is to be used. A person acting as proxy holder need not be a shareholder of the Company. Make sure that the person you appoint is aware that he or she is appointed and attends the Meeting, otherwise your vote will not be taken into account.

You can choose from among three different ways to vote your Common Shares by proxy:



By telephone

Call the toll-free number indicated on the form of proxy and follow the instructions.

If you choose the telephone, you cannot appoint any person other than the Directors or officers named on your form of proxy as your proxy holder.



On the Internet

Go to the website indicated on the form of proxy and follow the instructions on the screen.

If you return your proxy via the Internet, you can appoint a person other than the Directors or officers named in the form of proxy as your proxy holder. This person does not have to be a shareholder. Indicate the name of the person you are appointing in the space provided on the form of proxy. Complete your voting instructions, and date and submit the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting, otherwise your vote will not be taken into account.



By mail

Complete your form of proxy and return it in the envelope provided.

If you return your proxy by mail, you can appoint a person other than the Directors or officers named in the form of proxy as your proxy holder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the blank space provided on the form of proxy. Complete your voting instructions on the form of proxy, and date and sign the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting, otherwise your vote will not be taken into account.

What is the deadline for receiving the form of proxy?

The deadline for receiving duly completed forms of proxy or a vote by telephone or over the Internet is 11:00 a.m. (Eastern Time) on Tuesday, May 2, 2017, or if the Meeting is adjourned or postponed, by no later than 48 hours (excluding weekends and statutory holidays) prior to the day fixed for the adjourned or postponed Meeting. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

How will my Common Shares be voted if I give my proxy?

Common Shares represented by proxies in the form of proxy will be voted in accordance with the instructions indicated thereon. If no contrary instruction is indicated, Common Shares represented by such form of proxy will be voted **IN FAVOUR** of the election as Directors of the persons and the appointment as auditor of the firm respectively named under the headings “Election of Directors” and “Appointment of Auditor”, and the determination of the auditor’s compensation by the Board as well as the reconfirmation and approval of the Amended and Restated Shareholder Rights Plan Agreement and the Say on Pay resolution and will be voted **AGAINST** the shareholder proposal set forth in [Schedule B](#) of this Management Proxy Circular.

The form of proxy also confers discretionary voting authority on those persons designated therein with respect to amendments or variations to the proposals identified in the notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing this Management Proxy Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting. **If such amendments or variations or other matters properly come before the Meeting, the management nominees designated in such**

form of proxy shall vote the Common Shares represented thereby in accordance with their best judgment.

If I change my mind, how can I revoke my proxy?

A registered shareholder who has given a proxy may revoke the proxy by completing and signing a form of proxy bearing a later date and depositing it with Computershare (100 University Avenue, 8th Floor, North Tower, Toronto, Ontario M5J 2Y1) no later than 11:00 a.m. (Eastern Time) on Tuesday, May 2, 2017, or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law.

Can I vote in person?

If you wish to vote in person, you may present yourself at the Meeting to a representative of Computershare. **Your vote will be taken at the Meeting. If you wish to vote in person at the Meeting, do not complete or return the form of proxy.**

NON-REGISTERED SHAREHOLDER VOTING

If your Common Shares are not registered in your name and are held in the name of a nominee, you are considered as a “non-registered shareholder”. For example, if your Common Shares are listed in an account statement provided to you by your securities broker or the SNC-Lavalin employee share ownership plan administrator, those Common Shares will, in all likelihood, not be registered in your name. Such Common Shares will more likely be registered in the name of a depository or of your broker or an agent of that broker. Without specific instructions, brokers and their agents or nominees are prohibited from voting shares for the broker’s client. Non-registered shareholders are either “objecting beneficial owners” or “OBOs”, who object that intermediaries disclose information about their identity and ownership in the Company or “non-objecting beneficial owners” or “NOBOs”, who do not object to such disclosure. The Company does not send proxy-related materials directly to OBOs or NOBOs and intends to pay for an intermediary to deliver to OBOs and NOBOs the proxy-related materials. If you are a non-registered shareholder, there are two ways, listed below, that you can vote your Common Shares.

How do I give my voting instructions?

Applicable securities laws require your nominee to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received from your nominee a request for voting instructions for the number of Common Shares you hold. Every nominee has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by non-registered shareholders to ensure that their Common Shares are voted at the Meeting.

Can I vote in person?

If you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions provided by your nominee to appoint yourself as proxy holder and follow the instructions of your nominee. Your nominee must receive your appointment no later than 11:00 a.m. (Eastern Time) on Tuesday, May 2, 2017. Non-registered shareholders who appoint themselves as proxy holders should present themselves at the Meeting to a representative of Computershare. Do not otherwise complete the request for voting instructions sent to you as you will be voting at the Meeting.

Business of the 2017 Annual Meeting of Shareholders

1 CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The consolidated financial statements of the Company for the fiscal year ended December 31, 2016, and the independent auditor's report thereon, including management's discussion and analysis, are contained in the Company's 2016 Annual

Report which is available on its website (www.snclavalin.com) under "Investors"/"Investor's Briefcase" and on the SEDAR website (www.sedar.com) under the name of SNC-Lavalin Group Inc.

2 ELECTION OF DIRECTORS

TWELVE (12) NOMINEES FOR 2017

Jacques Bougie	Jean Raby
Neil Bruce	Alain Rhéaume
Isabelle Courville	Eric D. Siegel
Catherine J. Hughes	Zin Smati
Kevin G. Lynch	Lawrence N. Stevenson
Steven L. Newman	Benita M. Warmbold

The Board of Directors has fixed at twelve (12) the number of Directors to be elected for the current year. The term of office of each Director so elected will expire upon the election of his/her successor unless he/she shall resign his/her office or his/her office becomes vacant through death, removal or other cause. The management of the Company does not contemplate that any of the nominees will be unable, or for any reason will become unwilling, to serve as a Director. Should this occur for any reason prior to the election, the persons named in the form of proxy reserve the right to vote for another nominee, at their discretion, unless the shareholder has specified in the form of proxy that

his/her shares are to be withheld from voting on the election of any of the Directors.

The "Information on our Director Nominees" section of this Management Proxy Circular sets out detailed information on each of these nominees. All nominees are currently Directors of the Company, except for Ms. Isabelle Courville, Dr. Kevin G. Lynch and Ms. Benita M. Warmbold.

Patricia A. Hammick, an independent Director who has served as a Director of the Company since January 1, 2007, will not be standing for re-election at the Meeting.

Chakib Sbiti, an independent Director who has served as a Director of the Company since November 2, 2012, will not be standing for re-election at the Meeting.

Management and the Board of Directors recommend that each of the nominees listed above be elected to serve as Directors of the Company, to hold office until the next annual meeting of shareholders or until such person's successor is duly elected or appointed. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the form of proxy or voting instruction form intend to vote FOR the election of these nominees.**

3 APPOINTMENT OF AUDITOR

The auditor of the Company is Deloitte LLP, a registered limited liability partnership. Deloitte LLP was first appointed as auditor of the Company on May 8, 2003.

Management and the Board of Directors recommend that Deloitte LLP be appointed to serve as auditor of the Company until the next annual meeting of shareholders. **Unless contrary instructions are indicated on the form of proxy or**

the voting instruction form, the persons designated in the form of proxy or voting instruction form intend to vote FOR the appointment of Deloitte LLP, as auditor of the Company, to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the Directors.

Auditor's Fees

The aggregate fees paid, including the Company's pro-rata share of the fees paid by its joint ventures and other investees, for professional services rendered by Deloitte LLP and its affiliates, for the year ended December 31, 2016, and the year ended December 31, 2015, are presented in the following table:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Audit fees ⁽¹⁾	\$8,070,206	\$5,804,859
Audit-related fees ⁽²⁾	\$ 990,504	\$1,999,273
Tax fees ⁽³⁾	\$ 701,720	\$ 487,289
Other fees ⁽⁴⁾	\$ 128,671	\$ 506,702
Total ⁽⁵⁾	\$9,891,101	\$8,798,123

⁽¹⁾ Audit fees include fees for professional services rendered for the audit of the Company's annual financial statements and the review of the Company's quarterly reports. They also include fees for audit services provided in connection with other statutory and regulatory filings, such as the audit of the financial statements of the Company's subsidiaries as well as services that generally only the Company's auditor can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions.

The increase of \$2,265,347 from \$5,804,859 in 2015 to \$8,070,206 in 2016 is mainly due to timing in payment of 2015 and 2016 fees.

⁽²⁾ Audit-related fees include fees for assurance services that are reasonably related to the audit or review of the financial statements and are not reported under "Audit fees", including special attest services not required by statute or regulation, reporting on the effectiveness of internal controls as required by contract or for business reasons (performed as an integrated audit started in 2013), accounting consultations in connection with various transactions, and the audit of the Company's various pension plans.

The decrease of \$1,008,769 from \$1,999,273 in 2015 to \$990,504 in 2016 is mainly due to ICFR efforts being performed internally in 2016 as well as timing in payments.

⁽³⁾ Tax fees include fees for income, consumption and other tax compliance, advice and planning services relating to domestic and international taxation, review of tax returns and preparation of expatriate employee tax returns.

⁽⁴⁾ Other fees include fees for services other than those described under "Audit fees", "Audit-related fees" and "Tax fees".

⁽⁵⁾ The aggregate fees paid to Deloitte LLP, irrespective of the Company's proportionate interests in its joint ventures and other investees, totalled \$10,507,663 in 2016 and \$9,211,439 in 2015.

4

RECONFIRMATION AND APPROVAL OF THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

The Company originally implemented a shareholder rights plan by entering into a shareholder rights plan agreement on March 8, 1996, which agreement was subsequently amended and restated as of March 8, 1996, February 26, 1999, March 1, 2002, March 5, 2005, March 6, 2008 and March 4, 2011 (as so amended and restated, the "**Original Rights Plan**"). The Original Rights Plan was reconfirmed by the shareholders of the Company on May 5, 2011 and May 8, 2014. Under the terms of the Original Rights Plan, its continued existence must be reconfirmed by the Company's shareholders at the Meeting.

Rights plans adopted by Canadian public companies show a continuing evolution. In connection with submitting the Original Rights Plan to shareholders for reconfirmation, the Board of Directors determined that it would be appropriate to make certain amendments to reflect the changes to the take-over bid regime adopted in May 2016 under Canadian securities legislation (the "**Legislative Amendments**"), as well as other amendments to reflect current market practice. Accordingly, the Company has entered into an Amended and Restated Shareholder Rights Plan Agreement dated as of March 2, 2017, with Computershare Investor Services Inc., as rights agent (the Original Rights Plan, as amended on March 2, 2017, being hereinafter referred to as the "**Rights Plan**"). The amendments to be made to the Original Rights Plan by the Amended and Restated

Shareholder Rights Plan Agreement require the approval of the Company's shareholders.

Accordingly, at the Meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the resolution reproduced below (the "**Rights Plan Resolution**"), to approve the continuation of the Rights Plan for another three years and to approve the amendments and restatement as reflected in the Amended and Restated Shareholder Rights Plan Agreement. **If the Rights Plan Resolution is not adopted, the Rights Plan will terminate on the date of the Meeting.** If the Rights Plan Resolution is adopted at the Meeting, the Rights Plan will remain in place until the close of business on the date of the annual meeting of shareholders of the Company to be held in 2020, unless terminated earlier in accordance with the terms of the Rights Plan.

A summary of the Rights Plan and of the proposed amendments are set forth in [Schedule A](#) to this Management Proxy Circular.

To be adopted, the Rights Plan Resolution must be approved by the majority of the votes cast by holders of Common Shares:

"BE IT RESOLVED:

THAT the Shareholder Rights Plan evidenced by the Amended and Restated Shareholder Rights Plan Agreement dated as of March 2, 2017 between the Company and

Computershare Investor Services Inc., as Rights Agent, be and is hereby ratified, reconfirmed and approved for a period ending on the close of business on the date on which the annual meeting of the shareholders of the Company is held in 2020, as substantially described in the Company's Management Proxy Circular dated March 13, 2017;

THAT any Director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to do all acts and things, as such Director or officer may

determine necessary or advisable to give effect to this resolution."

Management and the Board of Directors recommend that shareholders vote in favour of the Rights Plan Resolution. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the form of proxy or voting instruction form intend to vote FOR the Rights Plan Resolution and the reconfirmation and approval of the Rights Plan.**

5 ADOPTION OF A SAY ON PAY RESOLUTION

An advisory Say on Pay resolution (reproduced below) is submitted for adoption by the shareholders. As this is an advisory vote, the results will not be binding upon the Company. If a significant number of shareholders vote against the Say on Pay resolution, the Board will consult with the Company's shareholders so that they may voice their concerns about the compensation plans in place and so that Directors clearly understand their concerns. The Board will then review the Company's approach to compensation in light of these concerns.

The Board took note of the Say on Pay vote and the 97.04% of favourable votes obtained at the 2016 Annual Meeting of the Shareholders of the Company held on May 5, 2016.

At the Meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the following resolution:

"BE IT RESOLVED:

THAT, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the Company's Management Proxy Circular delivered in advance of the 2017 annual meeting of shareholders of the Company."

Management and the Board of Directors recommend that the shareholders vote in favour of the approval of this resolution. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the form of proxy or voting instruction form intend to vote FOR this Say on Pay resolution.**

6 SHAREHOLDER PROPOSAL

[Schedule B](#) to this Management Proxy Circular sets forth one proposal from a shareholder that has been submitted for consideration at the Meeting, along with the Board of Directors' reasons for opposing said proposal.

The Board of Directors recommends that the shareholders vote **"AGAINST"** the proposal for the reasons described in [Schedule B](#) to this Management Proxy Circular. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the form of proxy or voting instruction form intend to vote AGAINST the proposal.**

Information on Our Director Nominees

DIRECTOR NOMINEES

The following is a summary of relevant biographical and compensation information relating to each director proposed for election. For further details on the compensation components, see the “[Directors’ Compensation Discussion and Analysis](#)” section of this Management Proxy Circular.



Jacques Bougie, O.C.

Montreal (Quebec), Canada
Independent

Mr. Bougie is a corporate director and was President and CEO of Alcan Inc. (aluminum producer and supplier) from 1993 to 2001. Mr. Bougie joined Alcan in 1979 and held various positions in the fields of operations, major project development, planning and general management. He became President and COO of Alcan in 1989, which position he held until 1993 when he was appointed President and CEO. Prior to joining Alcan, Mr. Bougie held various responsibilities in the information technologies and education sectors.

Areas of Expertise:

- CEO/Senior Executive Role
- International Experience
- Operations
- Accounting/Finance
- Human Resources/Industrial Relations

Director since: May 2, 2013

Age: 69

Latest date of retirement: May, 2028

Mr. Bougie is chairman of Atrium Innovations Inc. and a director of CSL Group Inc. and McCain Foods Limited. An active community volunteer, Mr. Bougie chairs the Advisory Board of the Montreal Neurological Institute and Hospital and was designated Volunteer of the year, Quebec Chapter, in 2010. Over the past 25 years, Mr. Bougie has served on the boards of Alcan Inc., AbitibiBowater Inc. (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.), BCE Mobile Communications Inc., Bell Canada, Royal Bank of Canada, Nova Chemicals Corporation, Novelis Inc., Rona Inc. and the Gairdner Foundation. Mr. Bougie is a law and business graduate from the Université de Montréal and received Honorary Doctorates from the Université de Montréal in 2001 and McGill University in 2010. Mr. Bougie was made an Officer of the Order of Canada in 1994.

Board/Committee Membership as at December 31, 2016	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years	
	Regular	Special		
Board	5 of 5	6 of 6	None	
G&E Committee (Chair)	5 of 5	–		
HR Committee	5 of 5	–		
SWPR Committee	4 of 4	–		

Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	–	10,814	10,814	\$624,941	Yes (115.73%)
As at Dec. 31, 2015	–	7,214	7,214	\$296,640	In process (54.93%)

Voting Results of 2016 Annual Meeting of Shareholders				
Votes For	% For	Votes Withheld	% Withheld	
94,572,937	91.70%	8,560,151	8.30%	



Neil Bruce

Westmount (Quebec), Canada
Non-Independent (member of management)

Mr. Bruce has been President and CEO of the Company since October 5, 2015. He has more than 30 years of experience in the oil and gas, mining, energy and infrastructure industries. Mr. Bruce joined the Company in January 2013 as President of the Resources, Environment & Water group, leading the Company's global businesses in oil and gas, mining and metallurgy and environment and water. He was the architect of the Kentz acquisition that transformed the Company's oil and gas business. In April 2015, Mr. Bruce became COO until his appointment as President and CEO in October 2015. Prior to joining the Company, Mr. Bruce spent 15 years in roles of increasing responsibility at AMEC plc (now Amec Foster Wheeler plc) (consultancy, engineering, and project management services), where he was COO, Natural Resources (2005-2008), and then Executive Director and COO (2009-2012). As such, Mr. Bruce was responsible for the operational delivery of Amec's consultancy, engineering and project management services to the oil and gas, mining, clean energy, environment and infrastructure markets worldwide.

Mr. Bruce is a Chartered Marine Architect and holds a Master's degree, both from Newcastle University. He is an Honorary Professor at Aberdeen Business School at Robert Gordon University, where he was awarded an honorary degree of Doctor of Business Administration. Mr. Bruce is also a Fellow of both the Energy Institute and the Institute of Directors based in the UK, from whom he was awarded the Director Award for Developing Young People in 2008. Since 2013, Mr. Bruce has been an independent non-executive director at Air Swift (previously Air Energi) (delivery of energy, process and infrastructure workforce solutions). He has also been an avid supporter of industry development and philanthropic organizations, including former Chairman of the UKTI Oil & Gas Sector Advisory Group, a member of the UK Government's new Trade and Economic Growth Board for Scotland, patron of the CLAN (Cancer Link Aberdeen & North-East) charity, and a Trustee of Engineers Against Poverty. In 2012, Mr. Bruce was appointed Officer of the Most Excellent Order of the British Empire (OBE) by The Queen in Her Majesty's New Year's Honours List 2012 for Services to Engineering.

Board/Committee Membership as at December 31, 2016 ⁽¹⁾	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	6 of 6	• AMEC plc (now Amec Foster Wheeler plc) (2009 – 2012)

Securities Held ⁽²⁾					
Year	Common Shares ⁽³⁾	Deferred Share Units (E-DSUs)	Total Common Shares and E-DSUs	Total Market Value of Common Shares and E-DSUs	Meets Minimum Shareholding Requirement of 5 X Base Salary (i.e. \$5,500,000)
As at Dec. 31, 2016	23,977	34,720	58,697	\$3,392,100	In process (61.67%)
As at Dec. 31, 2015	20,584	18,012	38,596	\$1,587,068	In process (28.86%)

Voting Results of 2016 Annual Meeting of Shareholders			
Votes For	% For	Votes Withheld	% Withheld
102,794,311	99.67%	338,777	0.33%

⁽¹⁾ Mr. Bruce, as President and CEO, attended Board Committee meetings as a non-voting participant. He does not receive compensation as a member of the Board of Directors of the Company. For details on Mr. Bruce's compensation as President and CEO, see the "Executive Compensation Discussion and Analysis" section of this Management Proxy Circular.

⁽²⁾ Note that the President and CEO does not have a minimum shareholding requirement as a Director. For details on Mr. Bruce's share ownership requirement as President and CEO, see the "Executive Share Ownership Guidelines" subsection under the "Executive Compensation Discussion and Analysis" section of this Management Proxy Circular.

⁽³⁾ Note that "Common Shares" includes Common Shares privately held and Common Shares held through the Company's ESOP and MSOP. For a complete breakdown of Mr. Bruce's shareholdings in the Company, see the "Executive Share Ownership Guidelines" subsection under the "Executive Compensation Discussion and Analysis" section of this Management Proxy Circular.



Isabelle Courville

Rosemère (Quebec), Canada
Independent

Ms. Courville is a corporate director and is Chair of the Board of Directors of the Laurentian Bank of Canada. She is an engineer and attorney by training and has more than 25 years of experience in the telecommunications, IT and energy sectors. Ms. Courville was President of Hydro-Québec Distribution (electricity distribution operations) from 2011 to 2013 and Hydro-Québec TransÉnergie (electricity transmission) from 2007 to 2011. She served as President of Bell Canada's Enterprise business segment from 2003 to 2006 and as President and CEO of Bell Nordiq Group from 2001 to 2003.

In addition to the public company boards listed below, Ms. Courville is a director of the Institute of Corporate Directors (national and Quebec Chapter) and of the Institute for Governance of Private and Public Organizations (IGOPP). She is a former director of the Montreal Heart Institute Foundation, École Polytechnique de Montréal and the Chamber of Commerce of Metropolitan Montreal. She is also a former member of the APEC (Asia-Pacific Economic Cooperation) Business Advisory Council. Ms. Courville graduated with a degree in Engineering Physics from the École Polytechnique de Montréal and holds a civil law degree from McGill University. In 2012, Ms. Courville was selected amongst Fortune Magazine's 50 Most Powerful Women in Business. She is a three-time recipient of Canada's Most Powerful Women: Top 100 Awards, granted by the Women's Executive Network. In 2007, she received the McGill Management Achievement Award for her contribution to the business world and community involvement. In 2010, the Ordre des ingénieurs du Québec awarded her the Prix Hommage for her exceptional contribution to the engineering profession.

Board/Committee Membership as at December 31, 2016	Overall Attendance N/A		Public Board Memberships During the Last Five (5) Years ⁽¹⁾
	Regular	Special	
N/A	N/A	N/A	<ul style="list-style-type: none"> Gecina S.A. (2016 – Present) Veolia Environnement S.A. (2016 – Present) Canadian Pacific Railway Limited (2013 – Present) Laurentian Bank of Canada (2007 – Present) TVA Group Inc. (2013 – 2016) Miranda Technologies Inc. (2006 – 2012)

Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	1,655	N/A	1,655	\$95,642	N/A (as she is not currently a Director)
As at Dec. 31, 2015	N/A	N/A	N/A	N/A	N/A

Voting Results of 2016 Annual Meeting of Shareholders			
Votes For	% For	Votes Withheld	% Withheld
N/A	N/A	N/A	N/A

⁽¹⁾ Ms. Courville has advised that, if elected at the Meeting, she will not stand for re-election to the board of directors of one of her other current boards, at that company's 2018 annual meeting of shareholders.



Catherine J. Hughes, ICD.D

Calgary (Alberta), Canada
Independent

Ms. Hughes is a corporate director and brings more than 25 years of experience in the oil and gas industry. She served as Executive Vice-President International at Nexen Inc. (oil and gas drilling and exploration) from January 2012 until her retirement in April 2013, where she oversaw all Oil and Gas activities, including exploration, production, development and project activities outside of Canada. Prior to that, she was Vice-President, Operational Services, Technology and Human Resources from December 2009 to December 2011. Before joining Nexen Inc. she served as Vice-President, Oil Sands at Husky Oil Operation Ltd. from 2007 to 2009. Ms. Hughes started her career with Schlumberger and held key positions in various countries including Italy, Nigeria, UK, US and France and was President of Schlumberger Canada Ltd. for five years in Calgary.

Ms. Hughes is a non-executive director of Precision Drilling Corp. She graduated with a degree in Electrical Engineering from the Institut National des Sciences Appliquées de Lyon, France. She is a Professional Engineer, as designated by the Association of Professional Engineers and Geoscientists of Alberta (APEGA). She is a member of the National Association of Corporate Directors and a member of the Institute of Corporate Directors.

Areas of Expertise:

- CEO/Senior Executive Role
- International Experience
- Project Management
- Operations
- Human Resources/Industrial Relations

Director since: November 3, 2016

Age: 54

Latest date of retirement: May, 2032

Board/Committee Membership as at December 31, 2016	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years		
	Regular	Special			
Board (became a member on Nov. 3, 2016)	2 of 2	1 of 1	<ul style="list-style-type: none">• Precision Drilling Corporation (2013 – Present)• Statoil ASA (2013 – 2015)		
Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	-	496	496	\$28,664	In process (5.31%)
As at Dec. 31, 2015	N/A	N/A	N/A	N/A	N/A
Voting Results of 2016 Annual Meeting of Shareholders					
Votes For	% For		Votes Withheld		% Withheld
N/A	N/A		N/A		N/A



The Honorable Kevin G. Lynch, P.C., O.C., Ph.D., LL.D.

Ottawa (Ontario), Canada
Independent

Dr. Lynch has been Vice-Chair of BMO Financial Group (financial institution) since 2010. Prior to that, Dr. Lynch built a distinguished 33-year career in the Government of Canada until his retirement in 2009, serving as Clerk of the Privy Council, Secretary to the Cabinet and Head of the Public Service of Canada. He also served as Deputy Minister of Industry from 1995 to 2000 and Deputy Minister of Finance from 2000 to 2004. From 2004 to 2006, he served as Executive Director for the Canadian, Irish and Caribbean constituency at the International Monetary Fund in Washington, D.C.

In addition to the public company boards listed below, Dr. Lynch is the Chancellor of the University of King's College, the Chair of the Canadian Ditchley Foundation, a Trustee of the Killam Trusts, and a member of several other boards, including the Asia Pacific Foundation of Canada, the Governor General of Canada's Rideau Hall Foundation and Communitech Corporation. Dr. Lynch is also a member and past Chair of the World Economic Forum's Agenda Council on The Global Financial System. He is also the former Chair of the Board of Governors of the University of Waterloo. Dr. Lynch holds a Bachelor of Arts degree in Economics from Mount Allison University, a Master's Degree in Economics from the University of Manchester and a doctorate in Economics from McMaster University. He has received honorary doctorates from ten Canadian universities and was made a Member of the Queen's Privy Council for Canada in 2009, and an Officer of the Order of Canada in 2011. He was awarded the Queen's Golden Jubilee Medal in 2002 and the Queen's Diamond Jubilee Medal in 2012.

Areas of Expertise:

- CEO/Senior Executive Role
- International Experience
- Risk Management
- Government/Regulatory Affairs
- Human Resources/Industrial Relations

Director since: N/A

Age: 66

Latest date of retirement: N/A

Board/Committee Membership as at December 31, 2016	Overall Attendance N/A		Public Board Memberships During the Last Five (5) Years		
	Regular	Special			
N/A	N/A	N/A	<ul style="list-style-type: none">• CNOOC Limited (2014 – Present)• Canadian National Railway Company (2014 – Present)• Empire Company Limited (2013 – Present)		
Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	N/A	N/A	N/A	N/A	N/A
As at Dec. 31, 2015	N/A	N/A	N/A	N/A	N/A
Voting Results of 2016 Annual Meeting of Shareholders					
Votes For	% For		Votes Withheld		% Withheld
N/A	N/A		N/A		N/A



Steven L. Newman

Holladay (Utah), United States
Independent

Mr. Newman is a corporate director and brings more than 25 years of experience in the energy industry. From March 2010 to February 2015, he was President and CEO and a director of Transocean, Ltd. (oil and gas drilling and exploration), the world's largest offshore contract driller. Mr. Newman joined Transocean in 1994 and held various management and operational positions. He served as President and COO from May 2008 until March 2010 when he was appointed President and CEO. In his early career, Mr. Newman was Financial Analyst at Chevron Corporation and Reservoir Engineer at Mobil E&P US.

Mr. Newman is an independent non-executive director of Dril-Quip, Inc., Bumi Armada Berhad and Rubicon Oilfield International Holdings GP, Ltd. as well as a limited partner of Rubicon Oilfield International Holdings, L.P. Mr. Newman holds a Bachelor of Science degree in Petroleum Engineering from the Colorado School of Mines and a Master of Business Administration from Harvard Graduate School of Business. He is a member of the Society of Petroleum Engineers and the National Association of Corporate Directors.

Areas of Expertise:

- Industry Experience
- CEO/Senior Executive Role
- International Experience
- Operations
- Human Resources/Industrial Relations

Director since: November 5, 2015

Age: 52

Latest date of retirement: May, 2031

Board/Committee Membership as at December 31, 2016	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	6 of 6	<ul style="list-style-type: none"> • Dril-Quip, Inc. (2015 – Present) • Bumi Armada Berhad (2015 – Present) • Transocean, Ltd. (2010 – 2015)
HR Committee	5 of 5	–	
SWPR Committee (became a member on May 5, 2016)	2 of 2	–	

Securities Held					Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	
As at Dec. 31, 2016	4,917	4,389	9,306	\$537,794	In process (99.59%)
As at Dec. 31, 2015	3,750	914	4,664	\$191,784	In process (35.52%)

Voting Results of 2016 Annual Meeting of Shareholders			
Votes For	% For	Votes Withheld	% Withheld
102,813,537	99.69%	319,551	0.31%



Jean Raby

Paris, France
Independent

Mr. Raby has been the CEO of Natixis Global Asset Management, S.A. (global asset management) since February 2017. He was previously Chief Financial Officer of SFR Group (telecommunications operator) from May to November 2016. Prior to his role at SFR Group, Mr. Raby was Executive Vice-President, Chief Financial and Legal Officer of Alcatel-Lucent S.A. (telecommunication equipment) from September 2013 to February 2016. Effective March 1, 2016, he stepped down from his role at Alcatel-Lucent following the acquisition of Alcatel-Lucent by Nokia Corporation (telecommunication equipment). He served as adviser to the CFO of Nokia from March to April 2016. Mr. Raby has more than 25 years of experience in investment banking, law and finance. Prior to his role at Alcatel-Lucent, he spent 16 years in roles of increasing responsibility at the investment banking division of Goldman Sachs & Co. (investment banking, securities, and investment management), in Paris, France, where he became Co-CEO of the division in France in 2006 (then CEO in 2009), and in Russia where he became Co-CEO of Goldman Sachs' activities in Russia and the Commonwealth of Independent States in 2011. He retired from Goldman Sachs at the end of 2012. In his early career, Mr. Raby was a corporate lawyer with the law firm Sullivan & Cromwell in New York (1989-1992) and in Paris (1992-1996).

Mr. Raby is a member of the board of Université Laval. He holds a law degree from Université Laval, a Master of Philosophy in International Relations from University of Cambridge in the U.K., and a Master of Laws from Harvard Law School. Mr. Raby is also a member of the New York State Bar Association.

Board/Committee Membership as at December 31, 2016	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	6 of 6	None
Audit Committee	4 of 4	–	
G&E Committee (became a member on May 5, 2016)	3 of 3	–	

Securities Held					Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	
As at Dec. 31, 2016	500	2,781	3,281	\$189,609	In process (35.11%)
As at Dec. 31, 2015	–	655	655	\$26,934	In process (4.99%)

Voting Results of 2016 Annual Meeting of Shareholders			
Votes For	% For	Votes Withheld	% Withheld
102,783,025	99.66%	350,063	0.34%



Alain Rhéaume

Lac-Delage (Quebec), Canada
Independent

Mr. Rhéaume is the Co-Founder and Managing Partner of Trio Capital Inc. (a private investment management company) and has more than 25 years of senior management experience in the private and public sectors. He worked for the Ministry of Finance of the Québec Government from 1974 to 1996, acting as Associate Deputy Minister, Financial Policies and Operations from 1988 to 1992, and from 1992 to 1996 as Deputy Minister. In 1996, Mr. Rhéaume joined Microcell Telecommunications Inc. as CFO. He was subsequently promoted to President and CEO of Microcell PCS (2001 – 2003) and President and COO of Microcell Solutions Inc. (2003 – 2004). Until June 2005, Mr. Rhéaume was Executive Vice-President of Rogers Wireless Inc. and President of Fido Solutions Inc. (a division of Rogers Wireless Inc.), roles he assumed when Microcell Telecommunications Inc. was acquired by Rogers.

In addition to the public company boards listed below, Mr. Rhéaume is Chairman and public director of the Canadian Investor Protection Fund and a former public director of the Canadian Public Accountability Board. Mr. Rhéaume graduated from Université Laval with a License in Business Administration (Finance and Economics).

Areas of Expertise:

- CEO/Senior Executive Role
- Project Management
- Government/Regulatory Affairs
- Accounting/Finance
- Human Resources/Industrial Relations

Director since: May 2, 2013

Age: 65

Latest date of retirement: May, 2028

Board/Committee Membership as at December 31, 2016	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	6 of 6	<ul style="list-style-type: none"> • Boralex Inc. (2010 – Present) • Resolute Forest Products Inc. (2010 – Present) • Redline Communications Group Inc. (2011 – 2013)
Audit Committee	4 of 4	–	
HR Committee (Chair)	5 of 5	–	

Securities Held

Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	–	9,045	9,045	\$522,711	In process (96.80%)
As at Dec. 31, 2015	–	6,797	6,797	\$279,493	In process (51.76%)

Voting Results of 2016 Annual Meeting of Shareholders

Votes For	% For	Votes Withheld	% Withheld
101,832,844	98.74%	1,300,244	1.26%



Eric D. Siegel, ICD.D

Ottawa (Ontario), Canada
Independent

Mr. Siegel joined Export Development Canada (EDC), a Crown corporation and Canada's export credit agency, in 1979. In 1997, he became Executive Vice-President and in 2005, COO, assuming overall leadership for EDC's business development and transacting groups. In December 2006, he was appointed President and CEO, a position he held until his retirement in December 2010.

Mr. Siegel is currently a director of Citibank Canada, a member of the Dean's Advisory Council of York University's Schulich School of Business and a Chapter Executive of the Institute of Corporate Directors (Ottawa Chapter). He graduated from the University of Toronto with a Bachelor of Arts degree in History and Economics and from York University with a Master of Business Administration. He also completed the Senior Executive Program at Columbia University and the Institute of Corporate Directors' Director Education Program. On January 21, 2011, Mr. Siegel was honoured with a Lifetime Achievement Award by the Chinese Business Chamber of Canada (CBCCC).

Areas of Expertise:

- CEO/Senior Executive Role
- International Experience
- Risk Management
- Government/Regulatory Affairs
- Accounting/Finance

Director since: January 1, 2012

Age: 63

Latest date of retirement: May, 2027

Board/Committee Membership as at December 31, 2016	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	6 of 6	None
Audit Committee	4 of 4	–	
G&E Committee	5 of 5	–	
SWPR Committee (Chair)	4 of 4	–	

Securities Held

Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	1,000	15,725	16,725	\$966,538	Yes (178.99%)
As at Dec. 31, 2015	–	12,028	12,028	\$494,591	In process (91.59%)

Voting Results of 2016 Annual Meeting of Shareholders

Votes For	% For	Votes Withheld	% Withheld
102,809,548	99.69%	323,540	0.31%



Zin Smati, Ph.D.

Houston (Texas), United States
Independent

Mr. Smati is Senior Advisor at LS Power (power generation, transmission and investment group) and Chairman and CEO of LifeEnergy LLC (delivery of energy products). He brings 35 years of U.S. and international experience in the energy sector. Mr. Smati is the former President and CEO of GDF SUEZ Energy North America, Inc. (power generation, liquefied natural gas, gas distribution and transmission, marketing and trading and retail energy), part of ENGIE, one of the world's leading energy groups. Mr. Smati joined GDF SUEZ Energy North America in 2001 as its Executive Vice-President of Strategy and M&A and became President and CEO of GDF SUEZ Energy Resources NA in 2002. In May 2006, he was appointed President and CEO of all energy activities of GDF SUEZ in the U.S., Canada and Mexico, a position he held until his retirement on December 31, 2015. Prior to that, Mr. Smati held various executive positions in a number of energy companies in the U.S. and the U.K., including President and CEO of BP Amoco Global Power, Senior Vice-President of Business Development and Marketing of Amoco Power, Vice-President of Worldwide Power Development of Arco and Manager of Business Development of National Power International of the U.K.

Mr. Smati is a member of the board of the University of Houston's Bauer College of Business. He is a former member of the board of directors of Gaz Métro inc. He is also the former Chairman of the Executive Committee of the Electric Power Supply Association (EPSA) and a former member of the National Petroleum Council, an industry advisory body to the U.S. Secretary of Energy. Mr. Smati holds a Ph.D. from Brunel University, England, a Master of Business Administration from Henley Management College, England, a Master of Science degree from Nottingham University, England and a Bachelor of Engineering degree from Sheffield University, England.

Board/Committee Membership as at December 31, 2016	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years		
	Regular	Special			
Board (became a member on May 5, 2016)	4 of 4	6 of 6	None		
SWPR Committee (became a member on May 5, 2016)	2 of 2	–			
Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	1,150	2,154	3,304	\$190,938	In process (35.36%)
As at Dec. 31, 2015	N/A	N/A	N/A	N/A	N/A
Voting Results of 2016 Annual Meeting of Shareholders					
Votes For	% For		Votes Withheld		% Withheld
102,632,695	99.51%		500,393		0.49%



Lawrence N. Stevenson

Toronto (Ontario), Canada
Independent

Mr. Stevenson has been Chairman of the Board of the Company since March 16, 2015 and has served as a Director since 1999. Mr. Stevenson is the Managing Director of Clearspring Capital Partners (formerly Callisto Capital LP), a private equity firm based in Toronto. He served as Chief Executive and director of Pep Boys Inc. from 2003 to 2006. Mr. Stevenson was also the founder and CEO of Chapters as well as the co-founder and managing director of Bain & Company in Canada.

Areas of Expertise:

- CEO/Senior Executive Role
- International Experience
- Operations
- Accounting/Finance
- Human Resources/Industrial Relations

Mr. Stevenson is the Chairman of Town Shoes Limited and Logistik Unicorp Inc. Mr. Stevenson graduated from the Royal Military College in Kingston (Ontario) with an undergraduate degree (Honours) and from Harvard Business School with a Master of Business Administration. In 2010, he was presented with an Honorary Doctorate from the Royal Military College. Mr. Stevenson was named Innovative Retailer of the Year by the Retail Council of Canada in 2000, Ontario Entrepreneur of the Year in 1998, one of Canada's "Top 40 Under 40" in 1995 and was elected Chairman of the Retail Council of Canada in 1999 and 2000.

Director since: August 6, 1999

Age: 60

Latest date of retirement: May, 2018
(extended for another year for a third time)

Board/Committee Membership as at December 31, 2016		Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years	
		Regular	Special		
Board (Chairman)		5 of 5	6 of 6	• CAE Inc. (1998 – 2014)	
Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$1,200,000)
As at Dec. 31, 2016	33,250	28,332	61,582	\$3,558,824	Yes (296.57%)
As at Dec. 31, 2015	33,250	23,686	56,936	\$2,341,208	Yes (195.10%)
Voting Results of 2016 Annual Meeting of Shareholders					
Votes For		% For	Votes Withheld		% Withheld
102,033,879		98.93%	1,099,209		1.07%



Benita M. Warmbold, ICD.D

Toronto (Ontario), Canada
Independent

Ms. Warmbold has been Senior Managing Director and CFO of the Canada Pension Plan Investment Board ("CPPIB") since 2013 and brings more than 30 years of experience in the finance industry. She will be retiring from her role at CPPIB in June 2017. Prior to that, she was Senior Vice-President and Chief Operations Officer from 2008 to 2013. CPPIB is a professional investment management organization responsible for investing funds on behalf of the Canada Pension Plan. Before joining CPPIB, she served as Managing Director and CFO for Northwater Capital Management Inc. from 1997 to 2008. She previously held senior positions with Canada Development Investment Corporation and KPMG.

In addition to the public company board listed below, Ms. Warmbold is a director of the Canadian Public Accountability Board and of the Women's College Hospital and a member of Queen's University Board of Trustees. She is also Chair of the Smith School of Business Advisory Board (Queen's University). She holds an Honours Bachelor of Commerce degree from Queen's University, is a Fellow of the Institute of Chartered Accountants of Ontario and has been granted the ICD.D designation by the Institute of Corporate Directors. Ms. Warmbold was recognized as a Top 100 Most Powerful Women – Corporate Executives Category in 2009, 2010 and 2015. She was also selected by the Canadian Board Diversity Council for its first-ever Diversity 50, which recognizes qualified, diverse candidates for board of director appointments.

Areas of Expertise:

- CEO/Senior Executive Role
- International Experience
- Risk Management
- Operations
- Accounting/Finance

Director since: N/A

Age: 58

Latest date of retirement: N/A

Board/Committee Membership as at December 31, 2016	Overall Attendance N/A		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
N/A	N/A	N/A	• Methanex Corporation (2016 – Present)

Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer (i.e. \$540,000)
As at Dec. 31, 2016	N/A	N/A	N/A	N/A	N/A
As at Dec. 31, 2015	N/A	N/A	N/A	N/A	N/A

Voting Results of 2016 Annual Meeting of Shareholders				
Votes For	% For	Votes Withheld	% Withheld	
N/A	N/A	N/A	N/A	

ADDITIONAL INFORMATION ON OUR DIRECTOR NOMINEES

Except as described below, to the knowledge of the Company, in the last ten (10) years, none of the above-named nominees is or has been a director or officer of any company that, while that person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than thirty (30) consecutive days. In addition, to the knowledge of the Company, in the last ten (10) years, none of the above-named nominees is or has been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, except as described below.

- i) **Jacques Bougie**, a Director of the Company, served as a director of AbitibiBowater Inc. ("AbitibiBowater") (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.) from 2004 to December 2010. In

April 2009, AbitibiBowater, together with certain of its U.S. and Canadian subsidiaries, filed voluntary petitions in the U.S. Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the U.S. Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the CCAA with the Superior Court of Quebec in Canada. AbitibiBowater completed its reorganization and emerged from creditor protection proceedings under the CCAA in Canada and Chapter 11 of the U.S. Bankruptcy Code in December 2010.

- ii) **Alain Rhéaume**, a Director of the Company, served as a director of Quebecor World Inc. ("Quebecor World") from 1997 until July 2009. Quebecor World placed itself under the protection of the CCAA on January 21, 2008 and implemented a capital restructuring plan approved by its creditors in 2009, after obtaining a court order authorizing it.

Furthermore, to the knowledge of the Company, in the last ten (10) years, none of the above-named nominees has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets.

Directors' Compensation Discussion and Analysis

DIRECTORS' COMPENSATION PHILOSOPHY, REVIEW AND PROCESS 18 / DIRECTORS' COMPENSATION PACKAGE 19 / D-DSUs 19 / ANTI-HEDGING AND ANTI-MONETIZATION 19 / DIRECTORS' COMPENSATION CONSULTANTS 19 / DIRECTORS' SHARE OWNERSHIP REQUIREMENT 19 / TOTAL DIRECTORS' COMPENSATION 20 / OUTSTANDING SHARE-BASED AWARDS 21

DIRECTORS' COMPENSATION PHILOSOPHY, REVIEW AND PROCESS

Our philosophy with respect to Directors' compensation is based on the following guiding principles:

- > Recruit and retain qualified individuals to serve as Directors of the Company;
- > Align the interests of the Directors with those of shareholders by requiring Directors to hold a multiple of their annual retainer in Common Shares or D-DSUs;
- > Provide compensation reflecting the risks and responsibilities inherent to the role of Director and recognizing the increasing complexity of the Company's business; and
- > Provide competitive compensation based on market standards by positioning Directors' compensation at approximately the median of the compensation paid by the Director Comparator Group.

The G&E Committee is responsible for reviewing Directors' compensation every year and recommending changes to the Board, if required. In order to appropriately benchmark Directors' compensation, the G&E Committee reviews our Directors' compensation scheme against that of a Canadian group of companies and a U.S. group of companies as outlined below, referred to herein as the "Director Comparator Group". The Director Comparator Group is created with the assistance of an external consultant who the Company retains to benchmark its Directors' compensation. Based on these findings and the above guiding principles, the G&E Committee makes its recommendations to the Board thereon.

The last review with respect to the compensation of the Chairman and non-employee Directors was carried out in August 2016. The services of Willis Towers Watson were retained for this review in order to assess if the level and structure of our Directors' compensation were aligned with market practices.⁽¹⁾

The Director Comparator Group used by Willis Towers Watson in August 2016 to assess our Chairman and non-employee Directors' compensation is the same that was used to benchmark executive compensation in 2015⁽²⁾ except that, Cameron International Corp. and Airgas, Inc. were removed from the U.S. group of companies as they were acquired, and WSP Global Inc. was added to the Canadian group of companies as it is a direct competitor meeting the scope screens.

With respect to the benchmarking of the Chairman's compensation, the review was made using organizations whose chairmen are non-executive chairmen and are not CEOs or controlling shareholders. Out of the 29 organizations forming the Director Comparator Group, only the information of the following 14 organizations (nine Canadian and five U.S.) was used: Agrium Inc., Air Canada, Encana Corporation, Finning International Inc., Fortis Inc., Kinross Gold Corporation, Pembina Pipeline Corporation, Teck Resources Limited, WSP Global Inc., Chicago Bridge & Iron Company N.V., EMCOR Group Inc., KBR, Inc., Murphy Oil Corporation and Quanta Services, Inc.

Pursuant to this review, the G&E Committee recommended to the Board that the compensation of our Chairman and non-employee Directors remain unchanged as it is on average in line with market median.

⁽¹⁾ For details on the fees paid to Willis Towers Watson for work completed on Directors' compensation, see the "Directors' Compensation Consultants" subsection of this Directors' Compensation Discussion and Analysis.

⁽²⁾ For details on the Comparator Group used to benchmark executive compensation in 2015, see the "Pay Comparator Groups" subsection under the "Executive Compensation Discussion and Analysis" section of the 2015 Management Proxy Circular dated March 16, 2015. As for the Comparator Group used to benchmark executive compensation in 2016, see the "Executive Pay Comparator Group" subsection under the "Executive Compensation Discussion and Analysis" section of this Management Proxy Circular.

DIRECTORS' COMPENSATION PACKAGE

The following table outlines the compensation received by our non-employee Directors and our Chairman, in 2016. Note that our President and CEO does not receive compensation as a member of the Board of Directors of the Company. For details on our President and CEO's compensation, see the "Executive Compensation Discussion and Analysis" section of this Management Proxy Circular.

	AMOUNT (\$)
ANNUAL RETAINER	2016
Director Retainer	
Annual retainer consisting of:	
i) a cash award ⁽¹⁾	70,000
ii) a lump sum credited in D-DSUs	110,000
Total:	180,000
Chairman Retainer	
Annual retainer consisting of:	
i) a cash award ⁽¹⁾	182,500
ii) a lump sum credited in D-DSUs	217,500
Total:	400,000
Committee Chair Retainer (Cash)	
Audit Committee	16,000
All other Committees	12,000
MEETING FEES⁽²⁾	
Director	
Any Board or Committee meeting	
– in person ⁽³⁾	2,250
– by telephone	925
Chairman	
Special Board or special Committee meeting	
– in person	2,250
– by telephone	925
TRAVEL FEES⁽⁴⁾	
For travel requiring more than three (3) hours but less than five (5) hours (one way)	1,500
For travel requiring five (5) hours or more (one way)	3,000

⁽¹⁾ The Chairman and other Directors may elect to receive 0% or 100% of their cash award in cash or D-DSUs.

⁽²⁾ Directors who attend meetings of Committees on which they do not sit do not receive meeting fees for these meetings.

⁽³⁾ A Director (excluding the Chairman) is paid \$2,250 when he/she is required to meet with management or any other person in the course of his/her work as Director. This fee is payable per day of meeting, notwithstanding the number of meetings held during that day.

⁽⁴⁾ This is a lump sum amount paid to the Chairman or Directors when travelling to Board or Committee meetings or meetings with management or any other person the Chairman or Director is required to meet in the course of his/her work as Chairman or Director.

The Company also reimburses for any reasonable travel and other out-of-pocket expenses relating to his/their duties as Chairman or Directors.

D-DSUs

D-DSUs are the "at-risk" component of our Directors' compensation program designed to encourage Directors to better align their interests with those of shareholders.

Under the D-DSUP, Directors are credited D-DSUs as part of their annual retainer. D-DSUs track the value of our Common Shares. They accumulate during the Director's term in office and are redeemed in cash when the Director leaves the Board. For the purposes of redeeming D-DSUs, the value of a D-DSU on any given date is equivalent to the average of the closing price for a Common Share on the Toronto Stock Exchange for the five trading days immediately prior to such date.

D-DSUs are credited on a quarterly basis and do not carry any voting rights. Furthermore, additional D-DSUs accumulate as dividend equivalents whenever cash dividends are paid on Common Shares.

Anti-Hedging and Anti-Monetization

The Board has adopted a policy prohibiting hedging and trading in derivatives applicable to the Company's insiders which include our Directors.

Directors' Compensation Consultants

The following table provides the fees paid to Willis Towers Watson for work completed on Directors' compensation.

Nature of Work	Consultant	2016	2015
Compensation of the Chairman and non-employee Directors	Willis Towers Watson	\$30,992	\$35,179
Other		–	–

DIRECTORS' SHARE OWNERSHIP REQUIREMENT

The Board believes it is important that Directors demonstrate their commitment to the Company's growth through share ownership. In order to align the interests of the Directors with those of the shareholders, the Company requires its Directors to hold a multiple of their annual retainer in Common Shares or D-DSUs.

As part of its 2016 review of our Chairman's and Directors' compensation, Willis Towers Watson also carried out a review of the Directors' Share Ownership Requirement. Willis Towers Watson prepared a benchmarking study using the same Comparator Groups that were used for benchmarking the Chairman's and Directors' compensation. Following this review, Willis Towers Watson concluded that the Company's current practice with respect to share ownership by its Chairman and Directors was in line with market median and therefore, the G&E Committee did not recommend any changes to the Board in this respect.

Directors' Share Ownership Requirement⁽¹⁾ 5-Year Target = 3 X Annual Retainer

Individuals	2016 (approx.)
Non-employee Directors	\$ 540,000
Chairman	\$1,200,000

⁽¹⁾ The value of the share ownership requirement is determined as the greater of:

- The actual cost incurred in buying Common Shares; or
- The market value of all Common Shares held.

Ownership can be achieved by purchasing Common Shares and by participating in the Company's D-DSUP. All Directors, with the exception of the President and CEO, are required to continue to hold all their D-DSUs throughout their tenure as Directors. They can however dispose of their Common Shares as long as the minimum Director Share Ownership Requirement is satisfied.

For further details on each Director's Share Ownership Requirement, see the "Securities Held" section of each

nominee Director's biographical and compensation information located under the "[Information on Our Director Nominees](#)" section of this Management Proxy Circular.

Note that the President and CEO does not have a minimum shareholding requirement as a Director. For his minimum shareholding requirement as President and CEO, see the "[Executive Share Ownership Guidelines](#)" subsection under the "[Executive Compensation Discussion and Analysis](#)" section of this Management Proxy Circular.

TOTAL DIRECTORS' COMPENSATION

DIRECTOR COMPENSATION TABLE										
Director	Fees Earned			Share-based Awards ⁽³⁾	Option-based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation ⁽⁴⁾	TOTAL	Percentage of Total Fees Received in D-DSUs ⁽⁵⁾
	Non-Employee Director Retainer and Chairman Retainer ⁽¹⁾	Committee Chair Retainer	Board and Committee Meeting Fees ⁽²⁾							
	(\$)	(\$)	(\$)						(\$)	(%)
J. Bougie	–	12,000	60,525	180,000	–	–	–	31,482	284,007	67%
P.A. Hammick	70,000	16,000	62,375	110,000	–	–	–	19,044	277,419	47%
C. Hughes ⁽⁶⁾	–	–	19,675	28,859	–	–	–	–	48,534	59%
L. Lachapelle ⁽⁷⁾	17,500	–	1,275	27,500	–	–	–	1,767	48,042	61%
S.L. Newman	–	–	55,450	180,000	–	–	–	2,379	237,829	77%
M.D. Parker ⁽⁸⁾	–	–	19,500	62,308	–	–	–	13,895	95,703	74%
J. Raby	70,000	–	52,050	110,000	–	–	–	1,555	233,605	48%
A. Rhéaume	70,000	12,000	46,450	110,000	–	–	–	7,992	246,442	48%
C. Sbiti	70,000	–	53,375	110,000	–	–	–	10,218	243,593	49%
E.D. Siegel	–	12,000	49,625	180,000	–	–	–	14,028	255,653	76%
Z. Smati ⁽⁹⁾	–	–	42,125	118,187	–	–	–	497	160,809	74%
L.N. Stevenson	182,500	–	11,775	217,500	–	–	–	26,543	438,318	56%
TOTAL	480,000	52,000	474,200	1,434,354	–	–	–	129,400	2,569,954	61%

⁽¹⁾ Such amounts represent the portion of the annual retainer elected to be received in cash by the Chairman and each non-employee Director.

⁽²⁾ Such amounts include (i) fees paid to members of non-standing Board Committees, (ii) fees paid to our Chairman and non-employee Directors for attendance at special Board and special Committee meetings, and (iii) travel fees paid to our non-employee Directors (totaling \$88,500 in 2016). Note that for the December Board meeting held over two days, the Company pays its non-employee Directors for attendance at two meetings.

⁽³⁾ Such amounts represent (i) the percentage of the cash award portion of the annual retainer elected to be received in D-DSUs by the Chairman and each non-employee Director, and (ii) the lump sum portion of the annual retainer payable in D-DSUs.

⁽⁴⁾ Such amounts represent (i) D-DSUs from dividend equivalents, (ii) fees paid to Mr. Bougie for meetings with stakeholders and potential Board candidates which he attended in his capacity as Chair of the G&E Committee, and (iii) a donation of \$5,000 made in the name of Mr. Parker to a charity of his choice upon his departure from the Board on May 5, 2016.

⁽⁵⁾ Such percentage is calculated by dividing the aggregate of the value provided under the share-based awards column and the dividend equivalents included in the all other compensation column, by the value provided under the total column.

⁽⁶⁾ Ms. Hughes was appointed to the Board on November 3, 2016. As a result, her compensation was prorated.

⁽⁷⁾ Ms. Lachapelle ceased to be a Director and a member of the G&E and SWPR Committees on March 31, 2016. As a result, her compensation was prorated.

⁽⁸⁾ Mr. Parker ceased to be a Director and a member of the G&E and SWPR Committees on May 5, 2016. As a result, his compensation was prorated.

⁽⁹⁾ Mr. Smati was appointed to the Board and became a member of the SWPR Committee on May 5, 2016. As a result, his compensation was prorated.

OUTSTANDING SHARE-BASED AWARDS

The following table reflects all awards outstanding as at December 31, 2016 with respect to our Chairman and non-employee Directors.

Director ⁽³⁾	Share-based Awards ⁽¹⁾	
	Number of shares or units of shares that have not vested (#)	Market or payout value of Share-based Awards that have not vested ⁽²⁾ (\$)
J. Bougie	10,814	624,941
P.A. Hammick	19,799	1,144,184
C. Hughes	496	28,664
S.L. Newman	4,389	253,640
M.D. Parker ⁽⁴⁾	1,478	85,414
J. Raby	2,781	160,714
A. Rhéaume	9,045	522,711
C. Sbiti	11,211	647,884
E.D. Siegel	15,725	908,748
Z. Smati	2,154	124,480
L.N. Stevenson	28,332	1,637,306

⁽¹⁾ This table represents information with respect to D-DSUs held by our Chairman and non-employee Directors as at December 31, 2016.

⁽²⁾ The value of outstanding D-DSUs is based on the closing price for a Common Share on the Toronto Stock Exchange on December 31, 2016 (\$57.79).

⁽³⁾ Ms. Lachapelle is not included in the above table as she redeemed all of her D-DSUs throughout the course of 2016 following her departure from the Board on March 31, 2016.

⁽⁴⁾ Mr. Parker redeemed 16,576 D-DSUs in 2016 following his departure from the Board on May 5, 2016. He continued to hold 1,478 D-DSUs as at December 31, 2016.

Board Committee Reports

REPORT OF THE AUDIT COMMITTEE 22 / REPORT OF THE GOVERNANCE AND ETHICS COMMITTEE 23 / REPORT OF THE SAFETY, WORKPLACE AND PROJECT RISK COMMITTEE 24 / REPORT OF THE HUMAN RESOURCES COMMITTEE 25

REPORT OF THE AUDIT COMMITTEE⁽¹⁾

Mandate

The Audit Committee assists the Board in supervising the Company's financial controls and reporting. It also monitors, through reasonable measures, whether the Company complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management. The mandate of the Audit Committee provides for at least one member to sit on the HR Committee and vice versa in order to maintain the link between pay and performance, both financial and individual, and thus mitigate risks. Patricia A. Hammick and Alain Rhéaume are currently members of both the Audit and HR Committees. The mandate of the Audit Committee also provides for at least one member to sit on the SWPR Committee and vice versa in order to understand the operational issues which may have a negative impact on the financial outcome of a project, and thus mitigate risks. Chakib Sbiti and Eric D. Siegel are currently members of both the Audit and SWPR Committees. For further details on the mandate of the Audit Committee, see the Company's Annual Information Form available on SEDAR's website (www.sedar.com) and on the Company's website (www.snclavalin.com) under "Investors"/"Investor's Briefcase".

Composition

The members of the Audit Committee are: Patricia A. Hammick (Chair – until May 4, 2017), Jean Raby, Alain Rhéaume, Chakib Sbiti (until May 4, 2017) and Eric D. Siegel. Each of the members of the Audit Committee is independent.

Note that, if elected at the Meeting, Benita M. Warmbold will replace Dr. Hammick as Chair of the Audit Committee.

Ms. Warmbold has more than 30 years of experience in the finance industry. She has been Senior Managing Director and CFO of the Canada Pension Plan Investment Board ("CPPIB") since 2013. She will be retiring from her role at CPPIB in June 2017. Prior to that, she was Senior Vice-President and Chief Operations Officer from 2008 to 2013. Before joining CPPIB, she served as Managing Director and CFO for Northwater Capital Management Inc. from 1997 to 2008. She previously held senior positions with Canada Development Investment Corporation and KPMG. Ms. Warmbold is currently a director of Methanex Corporation and a member of its Audit Committee. She is also a director of the Canadian Public Accountability Board and chairs the Smith School of

Business Advisory Board (Queen's University). She is also a former Chair of the Audit Committee of Canada Development Investment Corporation. She holds an Honours Bachelor of Commerce degree from Queen's University and is a Fellow of the Institute of Chartered Accountants of Ontario.

Audit and Related Experience and Financial Literacy of Audit Committee Members

For the purposes of determining whether a Director is suitably qualified to become a member of the Company's Audit Committee, the Board has adopted the definition of "financial literacy" set out in Section 1.6 of National Instrument 52-110 – Audit Committees ("NI 52-110"), namely "the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements". This definition has been incorporated in the terms of the second paragraph of Section 1 of the mandate of the Audit Committee.

Each of the members of the Committee has professional qualifications or business experience, or both, that are relevant to the performance of his/her responsibilities as a member of the Audit Committee. The following is a brief description of the relevant professional qualifications/business experience of each Audit Committee member:

> **Patricia A. Hammick (Chair – until May 4, 2017)** has over 12 years of experience as an independent director at multiple boards, including audit committee tenures. She is a former director and member of the Audit & Finance Committees of Consol Energy Inc. and former Chairman of the Board, lead director and *ex officio* member of the Audit & Compliance Committee of Dynegy Inc. In 2002 and 2003, she was a lecturer and adjunct professor at George Washington University Graduate School of Political Management. Prior to that, Dr. Hammick was Senior Vice-President of Strategy & Communications and a member of the eight-member senior management team at Columbia Energy Group. She graduated from George Washington University with a Ph.D. in Mathematical Statistics and from the University of California with an M.A. in Physics. Dr. Hammick also completed the Wharton Business School executive management training as well as various trainings in financial statement evaluation and audit committee issues from the National Association of Corporate Directors and the National Investor Relations Institute.

⁽¹⁾ NI 52-110 sets out requirements concerning the composition and responsibilities of an issuer's audit committee, and concerning an issuer's reporting obligations with respect to audit-related matters. The Company complies with NI 52-110 and appropriate disclosure of such compliance is made in the following Report of the Audit Committee.

> **Jean Raby** Mr. Raby is the CEO of Natixis Global Asset Management, S.A. (global asset management). He was previously Chief Financial Officer of SFR Group (telecommunications operator) from May to November 2016. Prior to his role at SFR Group, Mr. Raby was Executive Vice-President, Chief Financial and Legal Officer of Alcatel-Lucent S.A. from September 2013 to February 2016. Following the acquisition of Alcatel-Lucent by Nokia Corporation, he served as adviser to the CFO of Nokia from March to April 2016. Mr. Raby has more than 25 years of experience in investment banking, law and finance. Prior to his role at Alcatel-Lucent, he spent 16 years in roles of increasing responsibility at the investment banking division of Goldman Sachs & Co., in Paris, France, where he became Co-CEO of the division in France in 2006 (then CEO in 2009), and in Russia where he became Co-CEO of this company's activities in Russia and the Commonwealth of Independent States in 2011. He retired from Goldman Sachs & Co. at the end of 2012. In his early career, Mr. Raby was a corporate lawyer with the law firm Sullivan & Cromwell in New York (1989-1992) and in Paris (1992-1996). Mr. Raby is a member of the board of Université Laval. He holds a law degree from Université Laval, a Master of Philosophy in International Relations from University of Cambridge in the U.K., and a Master of Laws from Harvard Law School. Mr. Raby is also a member of the New York State Bar Association.

> **Alain Rhéaume** is the Co-Founder and Managing Partner of Trio Capital Inc. and has over 25 years of senior management experience in the private and public sectors. He worked for the Ministry of Finance of the Quebec Government from 1974 to 1996, acting as Associate Deputy Minister, Financial Policies and Operations from 1988 to 1992, and from 1992 to 1996 as Deputy Minister. In 1996, Mr. Rhéaume joined Microcell Telecommunications Inc. as CFO. He was subsequently promoted to President and CEO of Microcell PCS (2001-2003) and President and COO of Microcell Solutions Inc. (2003-2004). Until June 2005, Mr. Rhéaume was Executive Vice-President, Rogers Wireless Inc., and President of Fido Solutions Inc. (a division of Rogers Wireless Inc.), a role he assumed when Microcell Telecommunications Inc. was acquired by Rogers. Mr. Rhéaume is the Chair of the Audit Committee of Resolute Forest Products Inc. and a member of its Finance Committee. He is also a member of the Audit Committee of Boralex Inc. as well as Chairman and public director of the Canadian Investor Protection Fund. Mr. Rhéaume is a former public director of the Canadian Public Accountability Board and a former audit committee member of five publicly-traded corporations. Mr. Rhéaume graduated from Université Laval with a License in Business Administration (Finance and Economics).

> **Chakib Sbiti** is the former Executive Advisor to the CEO of Schlumberger Limited, a position he held until 2014. Mr. Sbiti spent over 30 years with this company. From Field Engineer in 1981, he became Director of Personnel, Oilfield Services in 1998, President for the Middle East and Asia in 2001, and Executive Vice-President of Oilfield Services in 2003, which position he held until 2010 when he was appointed Executive Advisor to the CEO. Mr. Sbiti graduated from École Nationale Supérieure d'Ingénieurs in France with a degree in Electrical Engineering and a

Master's in the same field. Mr. Sbiti is a member of the Society of Petroleum Engineers. He is currently a director of Genel Energy and a member of its Audit Committee.

> **Eric D. Siegel** is the former President and CEO of Export Development Canada (EDC), a position he held from 2007 until his retirement in December 2010. Mr. Siegel joined EDC in 1979. In 1997, he was appointed Executive Vice-President and in 2005, COO, assuming overall leadership for EDC's business development and transacting groups until his appointment as President and CEO in 2007. He is currently a director of Citibank Canada as well as a member of its Audit Committee. Mr. Siegel graduated from the University of Toronto with a Bachelor of Arts degree in history and economics and from York University with a Master of Business Administration.

Letter to Shareholders

Dear Fellow Shareholders:

During 2016, the Audit Committee's major activities included overseeing management's reorganization of the finance function with the concurrence of the Committee and the process of financial review of project results. The reorganization was conducted on the premise of adding new skills, creating greater efficiencies and managing costs. An accompanying effort by management to bring the ICFR effort in-house was approved. These initiatives naturally support on-going improvement in the internal controls process and the remediation of any deficiencies.

The internal auditor completed the modified plan approved by the Committee for 26 audits spanning the Company's activities and operations. The Company continued to retain Deloitte LLP to conduct the annual audit. The 2016 Audit is unqualified.

A new Director was added to the Committee to refresh skills and enhance current experiences. Additional directors will be added in the future as needed.

Finally I will be retiring from the Board and as Chair of this Committee at the Meeting on May 4, 2017. I would like to thank my Committee colleagues for their work, insight and advice throughout my four year tenure as Chair of this Committee.

Yours truly,

Patricia A. Hammick, Ph.D. (signed)

Chair of the Audit Committee

REPORT OF THE GOVERNANCE AND ETHICS COMMITTEE

Mandate

The G&E Committee assists the Board in developing the Company's approach to corporate governance and ethical and compliance issues, proposing new Board nominees and assessing the effectiveness of the Board and its Committees, their respective chairs and individual Directors. The G&E Committee also provides its Statement of Corporate Governance Practices in the "[Statement of Corporate Governance Practices](#)" section of this Management Proxy Circular. For a complete copy of the G&E Committee

mandate, see the Company's website (www.snclavalin.com), under "About Us"/"Governance".

Composition

The members of the G&E Committee are: Jacques Bougie (Chair), Patricia A. Hammick (until May 4, 2017), Jean Raby and Eric D. Siegel. Each of the members of the G&E Committee is independent.

Letter to Shareholders

Dear Fellow Shareholders:

As Chairman of the G&E Committee, I am pleased to provide you with a review of its activities in 2016.

During the year, with the assistance from external resources, the Committee spent a considerable amount of time on board renewal and on reviewing board succession planning processes. We were fortunate to have recruited one new director and three nominees who have accepted to stand for election at the Meeting. Our new Board member, Ms. Catherine Hughes, who joined the Board in November of 2016, is a seasoned senior executive and director in the oil and gas industry. Ms. Benita M. Warmbold, our first Board nominee, is a highly experienced senior executive with over 30 years of experience in the finance industry. Ms. Isabelle Courville, our second Board nominee, is also a seasoned executive and director and has over 25 years of experience in the telecommunications industry. Dr. Kevin G. Lynch, our third Board nominee, is Vice-Chair of BMO Financial Group and has 33 years of experience as a public servant within the Government of Canada. Further information on their background is set out in the "[Information on our Director Nominees](#)" section of this Management Proxy Circular.

In 2016, the Committee also reviewed and the Board approved the Company's first diversity policy. In August 2016, the Committee assisted in establishing specific targets as to the percentage of women on the Board and in senior management positions with the expectation that we could achieve 20% of women on the Board and in senior management positions over the next three years. If our nominee Directors are elected at the Meeting, we will achieve and surpass this target as the number of women Directors will be increased from two to three out of twelve Directors, representing 25% of women on the Board.

In 2016, the Committee also finalized the review of the final elements of the Company's House of Policies initiative undertaken by the Company's Ethics and Compliance team. This effort, which spanned over a 24-month period, included preparing an inventory and classification of policies, establishing a new policy documents structure for each function, the review and conversion of all existing policies in compliance with the new requirements and a benchmarking exercise to determine any gaps that would need to be filled by new policies. Over 130 standard operating procedures were also created and updated across all functions to provide further practical guidance for the policies they apply to. The exercise was robust and resulted in a complete and updated set of policies and standard operating procedures to assist the Company in achieving its operational excellence objectives.

In closing, I would like to thank Patricia A. Hammick who will be leaving the Board on May 4, 2017, for her valued contribution to this Committee and the Board as a whole over the years and express my sincere appreciation to all Committee members for their efforts and support as we continue to implement global best practices in governance and ethics standards.

Yours truly,

Jacques Bougie, O.C. *(signed)*

Chair of the G&E Committee

REPORT OF THE SAFETY, WORKPLACE AND PROJECT RISK COMMITTEE

Mandate

The SWPR Committee assisted the Board in discharging its responsibilities with regard to the overall framework for managing project risks and health, safety, security, environmental, business continuity and emergency preparedness risks arising from the Company's operations and business it undertakes with clients. For a complete copy of the SWPR Committee mandate, see the Company's website (www.snclavalin.com), under "About Us"/"Governance".

Composition

The members of the SWPR Committee are: Eric D. Siegel (Chair), Jacques Bougie, Steven L. Newman, Chakib Sbiti (until May 4, 2017) and Zin Smati. Each of the members of the SWPR Committee is independent.

Letter to Shareholders

Dear Fellow Shareholders:

As Chairman of the SWPR Committee, I am pleased to provide you with a review of the activities in 2016.

Enhancing corporate attention to safety and environmental risk management, deepening the capabilities around information and personal security and continuing the measures to improve both the efficiency and effectiveness of project risk management was the focus of the Committee for 2016.

Health and safety are paramount to a successful company and the Committee monitors company performance and reviews incidents which have or could have resulted in serious injury for lessons learned and continual improvement. I'm pleased to report that in 2016 the Company recorded very low levels of both total recordable incidents and lost time injuries with no fatalities. A series of targeted preventative measures were enhanced with the requirement for all employees to receive a minimum of two hours of job-related safety training and faster implementation and closure of all preventative and corrective actions. New in 2016 was the introduction of "Perfect Days", an account of the days where Company projects and operations were incident free. First year results varied considerably across the four business sectors from a high of 357 days to a low of 76 days. In spite of these results the Committee is encouraged by how employees have embraced the new

measure as a way to enhance even further the Company's safety and overall performance.

Again in 2016 no significant environmental spills or incidents occurred. The Company's latest Sustainability Report covering 2015 was published in July 2016, followed by a peer review of the report by other Canadian companies who are signatories to the United Nations Global Compact. Internally, standardized policies were implemented to improve the collection of data in areas such as waste generation and diversion from landfills, water use and energy consumption. These measures should help improve the quality and value of next year's Sustainability Report.

The resilience and recovery capabilities of our business systems as well as cyber security were two major areas of focus for the Committee in 2016. Rollout of the business resiliency and recovery program continued through the year with an emphasis on the highest priority areas of the Company. Management achieved 90% implementation within high or extreme risk countries. Full implementation across all global operations will be achieved in 2017. The Committee also reviewed with management the cyber security experience of the Company, including the results of an external assessment and internal audit reports in order to identify potential ways to enhance both the monitoring and overall defense against cyber attacks.

Improving project management capabilities particularly for complex, fixed price projects was a major focus of the Committee's efforts. We reviewed with management the entire project risk management continuum from early client engagement, through bid consideration and development to proposal approval, project execution and post completion risk management. This review was supported by a number of specific internal audits. Going forward the Committee endorsed a new operational level of authority policy which should help identify extraordinary risks earlier in the cycle and ensure senior management engagement in a more streamlined manner. The Committee also adopted new reporting to allow us to track the progress and financial implications of major project and investment approvals. Additionally, Board members conducted four project site visits in 2016.

Finally, there were two new additions to the management team that should enhance the Company's capabilities within Information Technology and the functions of commercial and risk management. Mr. François Laurin joined the Company as Chief Information Officer and Mr. Finlay McLay joined as Senior Vice-President, Commercial, Risk Management and Project Services. Both are very seasoned leaders in their respective fields.

In closing, I want to thank all the members of the Committee and management for their contributions and commitment to enhancing the effectiveness of the SWPR Committee.

Yours truly,

Eric D. Siegel, ICD.D *(signed)*
Chair of the SWPR Committee

REPORT OF THE HUMAN RESOURCES COMMITTEE

Mandate

The HR Committee is responsible for assisting the Board of Directors of the Company in discharging its responsibilities relating to the attraction and retention of an engaged workforce to deliver on the Company's approved strategic plan and objectives.

The HR Committee is responsible for the development and review of our executive compensation philosophy and strategy; reviewing and recommending Senior Officers performance objectives to the Board and assessing performance against such objectives; and supporting President and CEO succession planning by developing succession plans for annual Board review and approval. The HR Committee is also responsible for supervising the operation of compensation programs, including the Company's pension plans, and for ensuring that compensation design and practices do not incentivize undue risk-taking. Additional responsibilities include monitoring our management development programs.

The HR Committee mandate requires at least one member to sit on both the HR Committee and the Audit Committee in order to monitor and maintain the link between pay and performance and to further ensure the mitigation of compensation-related risks. Patricia A. Hammick and Alain Rhéaume are currently members of both Committees. For a complete copy of the HR Committee mandate, see the Company's website at www.snclavalin.com, under "About Us"/"Governance".

Composition

The members of the HR Committee are: Alain Rhéaume (Chair), Jacques Bougie, Patricia A. Hammick (until May 4, 2017) and Steven L. Newman. Each of the members of the HR Committee is independent.

These Directors possess a range of skills and experience related to human resources, public company leadership, corporate governance, and risk assessment which enhance the HR Committee's ability to make effective decisions regarding the Company's compensation practices. The following is a brief description of the relevant experience of each HR Committee member:

> **Alain Rhéaume (Chair)** has extensive experience in human resources and compensation matters acquired during his 25-year career in both the public and private sectors. He worked for the Ministry of Finance of the Quebec Government from 1974 to 1996, acting as Associate Deputy Minister, Financial Policies and Operations from 1988 to 1992, and from 1992 to 1996 as Deputy Minister. In 1996, Mr. Rhéaume joined Microcell Telecommunications Inc. as CFO. He was subsequently promoted to President and CEO of Microcell PCS (2001-2003) and President and COO of Microcell Solutions Inc. (2003-2004). Until June 2005, Mr. Rhéaume was Executive Vice-President, Rogers Wireless Inc., and President of Fido Solutions Inc. (a division of Rogers Wireless Inc.), a role he assumed when Microcell Telecommunications Inc. was acquired by Rogers. Mr. Rhéaume is currently Chairman as well as a member of the Governance, Nominating and Human

Resources Committee of the Canadian Investor Protection Fund. He is also a member of the Human Resources Committee of Boralex Inc. He is also a former member of the Human Resources Committee of the Canadian Public Accountability Board.

> **Jacques Bougie** has extensive experience in human resources and compensation matters acquired during his career as President and CEO of Alcan Inc. from 1993 to 2001. Mr. Bougie is currently a member of the Human Resources Committee of CSL Group Inc., McCain Foods Limited and Atrium Innovations Inc. He has sat on the Human Resources Committee of seven companies over the past 28 years, including that of AbitibiBowater Inc. (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.) from 2004 to 2010.

> **Patricia A. Hammick** has experience in overseeing various executive human resources matters. She is a former Senior Vice-President and a member of the eight-member senior management team at Columbia Energy Group as well as a former Vice-President of the Natural Gas Supply Association. Dr. Hammick has extensive experience in hiring, retention plans, performance reviews, and compensation and benefits programs. In addition to attending various executive education programs, she was Chairman of the Board, lead director and an *ex officio* member of the Human Resources Committee of Dynegy Inc., and is a former member of the Human Resources Committee of Consol Energy Inc.

> **Steven L. Newman** has many years of experience in overseeing various executive human resources matters. He is the former President and CEO and director of Transocean, Ltd. Mr. Newman joined this company in 1994 and held various management and operational positions. He notably served as Senior Vice-President, Human Resources, Treasury and Information Technology. As such, he had direct responsibility for liaising with the Compensation Committee's Chair as well as with the compensation consultant. During this time, Mr. Newman was also a member of the Society for Human Resources Management. From 2008 to 2015, as COO and as President and CEO, he was responsible for engaging with the Compensation Committee on establishing the compensation policy and was directly accountable for implementing said policy for Transocean, Ltd.'s executives. Mr. Newman is currently a member of the Compensation Committees of Dril-Quip, Inc. and Rubicon Oilfield International Holdings GP, Ltd.

Key Activities Undertaken

During 2016, the HR Committee undertook the following key activities:

Annual Activities

> Reviewed and recommended for Board approval:

- AIP payouts for 2015 (paid in 2016), the performance factor and settlement of the PSU awards made in 2014 and 2015 to employees that left the Company in 2015 for good reason (i.e. termination without cause, retirement, etc.) and the performance factor and cancellation of the PSU awards made in 2013;

- Short-term incentive plan structure, financial and non-financial performance metrics and targets for 2017;
- Long-term incentive awards granted during 2016 under the 2014 PSUP, RSUP and E-DSUP;
- President and CEO's performance objectives for 2016;
- Executive compensation section of the 2016 Management Proxy Circular; and
- President and CEO succession plan.

> Reviewed:

- Salary increase budgets by country;
- Ethics and compliance quarterly reports;
- Results of an executive compensation benchmarking exercise;
- Status and projections of the share ownership requirements; and
- Results of the Company-wide talent review process.

Event-Driven Activities

> Reviewed and recommended for Board approval:

- Appointment, compensation and employment terms for Senior Officers hired or promoted in 2016, including the EVP and CFO, the newly created position of CDO and the new President, Oil & Gas sector; and
- Implementation of a new defined contribution pension plan in Canada.

Executive Compensation Consultants

Since 2008, the HR Committee has retained Hugessen Consulting Inc. to provide it with independent advice on executive compensation and related performance assessment and governance matters. The nature and scope of services provided by this consultant to the HR Committee during 2016 included:

> Review and advice on:

- President and CEO compensation;
- Corporate performance as it relates to determining President and CEO and other NEO compensation;
- 2016 Management Proxy Circular CD&A section;
- Management-prepared materials and recommendations in advance of HR Committee meetings as requested; and

> Attendance at HR Committee meetings as requested.

Hugessen Consulting Inc. does not provide any services to management directly and work conducted by them raises no conflicts of interest. Any services provided by Hugessen Consulting Inc. require HR Committee pre-approval and the Chair of the HR Committee approves all invoices for work performed. The Committee has the authority to hire and fire its independent advisor, and reviews its performance.

Additionally, management of the Company retains the services of Willis Towers Watson to advise generally on executive and director compensation benchmarking and related matters. During 2016, Willis Towers Watson provided the following information and advice to the Company:

- > Executive compensation benchmarking exercise and additional specific historical analysis;
- > Compensation survey and market benchmarking for select executive and non-executive positions in Canada and worldwide;
- > U.S. benefits plan management;
- > Canadian pension and benefits harmonization project, including communication;
- > Canadian benefits plan management; and
- > Pension and post-retirement benefit plans accounting actuarial valuations.

The nature of the work performed by Willis Towers Watson raises no conflict of interest. Its "Profession Excellence" policies and consulting protocols ensure their objectivity. Moreover, their work is reviewed by the Committee's independent executive compensation advisor, Hugessen Consulting Inc.

The HR Committee reviews the information and advice provided by Hugessen Consulting Inc. and the information provided by Willis Towers Watson, among other factors, in making its executive compensation decisions and recommendations to the Board.

Fees Paid to Executive Compensation Consultants

The table below outlines the fees paid by the Company to **Hugessen Consulting Inc.** during 2015 and 2016:

Nature of work	2016 Fees	2015 Fees
Basic HR Committee mandates – Annual Review	\$ 72,845	\$ 69,323
All other fees:		
• Other requested HR Committee mandates outside of Annual Work Plan scope	\$ 50,863	\$ 105,485
• Special non-recurring mandates relating to executive hires and departures	\$ –	\$ 118,429
Total	\$123,708	\$293,237

The table below outlines the fees paid by the Company to **Willis Towers Watson** during 2015 and 2016:

Nature of work	2016 Fees	2015 Fees
Executive Compensation ⁽¹⁾	\$ 96,496	\$ 138,823
All other fees:		
• U.S. Benefits harmonization project	–	\$ 785,335
• U.S. Benefits plan management and on-going consulting	\$ 491,236	–
• Canadian Benefits harmonization project	\$ 769,740	–
• Canadian Benefits plan management and on-going consulting	\$ 178,805	–
• Accounting	\$ 38,504	–
• Global Job Classification and Compensation Surveys	\$ 4,630	\$ 55,634
• Market Benchmarking (Non-Executive) and Pay Equity	\$ 675	\$ 85,436
• HR Management System – Support	–	\$ 1,993,412
• Change Management	–	\$ 36,753
• Risk management consulting	\$ 62,450	–
Total	\$1,642,536	\$3,095,393

⁽¹⁾ Excluding fees related to the review of Board of Director's compensation (see the "Directors' Compensation Consultants" subsection of the "Directors' Compensation Discussion and Analysis" of this Management Proxy Circular).

Letter to Shareholders

Dear Fellow Shareholders:

The HR Committee and the Board of Directors of the Company believe in providing our shareholders with clear and comprehensive disclosure so that they may fully understand the levels of compensation paid to our executives and the programs in which they participate. In this letter, we are pleased to provide you with an overview of the Board's assessment of the Company's performance during 2016 and how this performance informed and guided our executive compensation decisions.

2016 Performance

Under the leadership of Neil Bruce, the Company continues building and strengthening its position as a leader in the market and winning contracts in all sectors. A focus on operational and business improvements as well as backlog strength and stability, drove the year's solid financial performance, including a strong TSR of 43%.

More specifically, during 2016, the Company:

- > Was short-listed on several major infrastructure projects; secured a number of nuclear projects and contracts, including a landmark memorandum of understanding for the establishment of a joint venture in China; won oil and gas contracts in the Middle East and in the U.S.; and was awarded mining and metallurgy contracts with new clients and in new countries;

- > Streamlined its structure to catalyze improvements in execution and pursued its operational excellence approach;
- > Entered a new partnership with CGI to leverage IT expertise;
- > Kicked-off “Perfect Days”, a way to support the zero HSSE incident goal;
- > Launched a diversity and inclusion program to strengthen its talent pool; and
- > Embarked on a culture definition initiative to strengthen the alignment of employees towards a performance-based and client-centric culture.

In an ongoing effort to build a world-class executive team to lead the development and execution of our growth strategy and industry-leading ethics & compliance standards, among others, the Company also made the following key appointments:

- > Sylvain Girard as EVP and CFO;
- > Christian Brown as CDO;
- > Martin Adler as President, Oil and Gas Sector;
- > Dale Clarke as EVP, Operations and Maintenance, Infrastructure Sector;
- > Joseph Lichon as EVP, Field Operations, Oil and Gas Sector; and
- > Alirio Jacome as EVP, Thermal, Power Sector.

2016 Senior Officers’ Compensation

The Company’s financial results were in line with the target performance level, which resulted in payouts under the financial component of the 2016 AIP at 109% of target.

PSUs that were granted in 2014 vested on December 31, 2016 with a performance payout multiplier of 200%, the result of a first quartile ranking of its TSR relative to the selected group of peers.

Alignment of Pay and Performance over the Longer Term

After some challenging years for the Company and disappointing returns for our shareholders, work and efforts deployed in the last three years translated in positive results in 2016. The annualized TSR for SNC-Lavalin in the last five

years is 4.7%, compared to 4.0% for our direct peers. The average annualized TSR of the S&P/TSX Composite Index is 8.2%.

Reflecting the Board’s commitment to design and administer compensation plans and awards that directly link pay outcomes to Company results and align executive pay with the shareholder experience, the compensation earned by our executives during this timeframe reflects the recent uplift in the Company’s financial results as well as the challenges it faced in prior years:

- > Short-term incentive plan payout factors have averaged 89% of target for NEOs between 2013 and 2016;
- > PSU awards granted in 2014 vested with a performance payout multiplier of 200%, while PSU awards granted between 2010 and 2013 inclusively did not pay out to participants as the cumulative EPS did not meet the pre-determined threshold performance levels for the performance periods ending in 2012, 2013, 2014, and 2015.

Realized and realizable (i.e. unvested and outstanding) compensation to our President and CEO is 126% of the grant date target value of compensation awarded in 2014, 2015, and 2016. For our other NEOs, realized and realizable compensation with respect to the same period is 124% of the grant-date value awarded at target.

Conclusion

The HR Committee and Board continue to monitor the Company’s executive compensation programs and policies and are committed to listening to and considering the feedback of our shareholders in order to ensure that these programs and policies are in line with shareholder interests and provide an appropriate balance between fixed and variable compensation and risk and reward.

The following CD&A elaborates on the Board and Company’s pay-for-performance philosophy and the compensation principles and programs outlined in this letter.

On behalf of the HR Committee and the Board, we thank you for taking the time to read our disclosure and we invite you to cast your advisory vote on our approach to executive compensation. Should you have any outstanding concerns, we invite you to contact the Chair of the HR Committee.

Yours truly,

Alain Rhéaume *(signed)*
Chair of the HR Committee

Executive Compensation Discussion and Analysis

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INTRODUCTION

The following section outlines the compensation programs in which the NEOs participate. For 2016, the NEOs are:

- > Neil Bruce – President and CEO
- > Sylvain Girard – EVP and CFO
- > Alain-Pierre Raynaud – Former EVP and CFO
- > Christian Brown – CDO, and former President, Oil & Gas sector
- > Alexander (Sandy) Taylor – President, Power sector
- > Ian Edwards – President, Infrastructure sector

Executive Committee

Our NEOs are part of our Executive Committee, a team of ten (10) select Senior Officers led by the President and CEO. Our Executive Committee is responsible for delivering on commitments made to shareholders, setting the strategic direction for the Company, monitoring performance against targets, and setting policies and common operating procedures.

This CD&A focuses on the plans in which the NEOs participate.

ANNUAL OVERSIGHT OF EXECUTIVE COMPENSATION

The HR Committee is responsible for reviewing and recommending to the Board the compensation arrangements of the President and CEO and other Senior Officers, including the NEOs.

The HR Committee, with support from the Committee's independent advisor, and management and its advisor, undertake the following process:

At the Outset of the Year:

Establish Target Compensation Levels and Mix

The Company establishes target compensation levels and mix in order to attract, retain and motivate a high-performing executive team.

The HR Committee recommends to the Board the target compensation level and mix for the President and CEO, considering the executive compensation policy, market

practices, and advice from its independent advisor. The HR Committee also reviews the President and CEO's recommendations for target compensation levels and mix for other Senior Officers, considering individual level of responsibility, skills and experience, for recommendation to the Board.

Establish Performance Objectives and Targets

The ultimate objective of the Company is to drive long-term sustainable growth in shareholder value by engaging and motivating our employees to deliver quality projects on time and on budget for our clients around the globe. To this end, the HR Committee develops and recommends to the Board annual and multi-year performance measures and goals to incentivize management and align executive compensation with this objective.

The HR Committee annually evaluates financial and operational objectives under our short-term and long-term incentive plans to ensure alignment with our strategic plan. We believe that key financial results, including Company EBITDA, diluted EPS, SG&A and operating cash flow, measure the sustainability of our core operations and drive long-term value creation. Our non-financial operating goals reflect our strong commitment to ethical business practices and the health and safety of our employees. Our LTIP incorporates relative TSR targets, thereby strengthening the alignment of our executive compensation with growth in shareholder value.

Performance targets under the AIP are set on an annual basis. The target-setting process occurs in conjunction with our annual budget-setting process and is reviewed by the HR Committee with support from its independent advisor. Performance target recommendations by management are put forward for HR Committee review and Board approval. In assessing these recommendations, the HR Committee and Board confer with the Audit Committee and consider historical performance achievement and market and stakeholder expectations.

During the Year and Following Year-End:

Assess the Executive Compensation Policy and Programs

The HR Committee annually reviews the Company's executive compensation policy and programs against the Company's compensation philosophy and strategy, evolving

best practices, market trends and shareholder expectations. As appropriate, adjustments to compensation programs are considered and implemented.

Assess Performance against Objectives

The President and CEO shares and reviews performance results with the HR Committee, and discusses how the Company, Senior Officers and other EVPs not reporting directly to the President and CEO are tracking against the performance targets and objectives established at the beginning of the year. Adjustments to performance goals are considered, on an as-needed basis, in light of any acquisitions and/or divestitures by the Company during the year.

At the end of the year, the HR Committee reviews performance against pre-set financial and non-financial goals considering input from management and the Committee's independent advisor. Additionally, the President and CEO shares with the HR Committee individual performance assessments for each Senior Officer and other EVPs not reporting directly to him.

Recommend Pay Outcomes for Board Approval

All incentive plan payouts are put forward by the HR Committee to the Board for final approval. The Board, in its sole discretion and considering recommendations from the HR Committee, may exercise discretion to adjust formula-calculated incentive plan payouts in order to achieve the appropriate outcomes in light of unanticipated internal or external developments. In 2016, the Board did not exercise discretion when approving payouts.

OUR COMPENSATION PHILOSOPHY

Our compensation objectives and philosophy are to attract, retain and motivate a high performing leadership team to deliver against key financial and strategic objectives and reward them for the creation of long-term sustainable value for our shareholders. Our executive compensation policy supports this overarching philosophy by:

- > Linking compensation outcomes directly with Company (including sector and business unit) and individual performance results over multiple time horizons;
- > Motivating Senior Officers and senior management to achieve and exceed the Company financial, operational and strategic objectives by providing above-target awards for above-target performance over the short and long term; and
- > Promoting an ownership mentality for our leadership through equity-based awards and share ownership guidelines and thus a long-term view of Company strategy and performance.

Risk Management

The HR Committee ensures that the executive compensation policy encourages behaviour that drives sustainable long-term shareholder value while discouraging excessive risk-taking. Consistent with prudent risk management, our executive compensation design incorporates a balance of short-term and long-term incentive programs and a mix of performance metrics (both financial and non-financial). A

significant portion of total pay is awarded in the form of long-term equity-based compensation.

Additionally, we believe that, among other factors, the following policies and guidelines (described in greater detail throughout this document) help to discourage inappropriate risk-taking:

Anti-Monetization and Anti-Hedging Policy – a prohibition on hedging SNC-Lavalin equity exposure and trading in derivatives of the Company exists for all insiders of the Company.

Clawback Policy – incentive compensation awarded to executive officers is subject to the clawback policy which provides the Board with discretion to seek reimbursement of all or part of paid incentives under specific circumstances.

Share Ownership Guidelines – share ownership by Senior Officers and EVPs not reporting directly to the President and CEO, required under our share ownership guidelines, contributes to our success and helps to align shareholder and executive interests. The President and CEO is also subject to, as defined below, a minimum share ownership requirement for one year following retirement.

Executive Pay Comparator Group

The Company uses an Executive Pay Comparator Group, as defined below, in order to provide competitive market context to support pay level and pay mix decision-making, and to provide context regarding compensation design practices. Reflecting the Company's global status, we use both a Canadian and a U.S. group of companies that include companies with a diverse global employee and client base, recognizing that there are few global engineering and construction companies in the world.

This Executive Pay Comparator Group is developed based on the following selection criteria:

- > Publicly-traded companies;
- > Companies with annual revenues, market capitalization, and total enterprise value of between approximately half to two times that of SNC-Lavalin's;
- > Industrial sectors where we compete for talent, including, but not limited to, E&C, oil and gas, utilities and chemicals; and
- > Direct competitors that do not meet the scoping criteria (annual revenues, market capitalization, or total enterprise value).

We also refer to other markets where appropriate.

The HR Committee reviews the Executive Pay Comparator Group periodically to ensure that it represents the most appropriate and reliable sample possible, verifying that the companies included continue to meet the selection criteria and determining whether additional companies should be included. The last review was undertaken in September 2016, when the most recent executive compensation benchmarking exercise was realized.

Below are the Canadian and U.S. groups of companies that form the Executive Pay Comparator Group.

Canadian group of companies (n=14)
All data in \$MM CAD as at Sept. 19, 2016.⁽¹⁾

Company	Market Capitalization	Total Enterprise Value	Last 12 Months Total Revenues	Primary Industry
Agrium Inc.	\$ 16,432	\$ 23,292	\$ 20,528	Fertilizers and Agricultural Chemicals
Air Canada	\$ 2,599	\$ 6,401	\$ 13,868	Airlines
ATCO Ltd.	\$ 5,317	\$ 16,477	\$ 4,131	Multi-Utilities
Bombardier Inc.	\$ 3,958	\$ 13,115	\$ 25,213	Aerospace and Defense
CGI Group, Inc.	\$ 18,634	\$ 20,307	\$ 10,287	IT Consulting and Other Services
Encana Corporation	\$ 11,074	\$ 18,524	\$ 6,135	Oil and Gas Exploration and Production
Finning International Inc.	\$ 4,028	\$ 5,179	\$ 6,190	Trading Companies and Distributors
Fortis Inc.	\$ 11,897	\$ 26,232	\$ 6,727	Electric Utilities
Kinross Gold Corporation	\$ 6,773	\$ 8,083	\$ 4,235	Gold
Linamar Corp.	\$ 3,412	\$ 4,756	\$ 5,162	Auto Parts and Equipment
Pembina Pipeline Corporation	\$ 15,342	\$ 20,452	\$ 4,635	Oil and Gas Storage and Transportation
Stantec Inc.	\$ 3,396	\$ 4,323	\$ 2,374	Research and Consulting Services
Teck Resources Limited	\$ 13,672	\$ 21,621	\$ 8,259	Diversified Metals and Mining
WSP Global Inc.	\$ 4,179	\$ 5,015	\$ 6,064	Engineering and Construction
Median	\$ 6,045	\$ 14,796	\$ 6,163	
SNC-Lavalin Group Inc.	\$ 8,131	\$ 7,564	\$ 9,587	Engineering and Construction

⁽¹⁾ Source: S&P Capital IQ, McGraw Hill Financial

U.S. group of companies (n=16)
All data in \$MM CAD as at Sept. 19, 2016.⁽¹⁾⁽²⁾

Company	Market Capitalization	Total Enterprise Value	Last 12 Months Total Revenues	Primary Industry
AECOM	\$ 5,711	\$ 10,818	\$ 23,713	Engineering and Construction
Ashland Global Holdings Inc.	\$ 10,014	\$ 13,799	\$ 7,101	Specialty Chemicals
Axalta Coating Systems Ltd.	\$ 8,738	\$ 12,622	\$ 5,421	Specialty Chemicals
Celanese Corporation	\$ 11,843	\$ 14,855	\$ 7,479	Specialty Chemicals
Chicago Bridge & Iron Company N.V.	\$ 3,717	\$ 6,191	\$ 17,043	Engineering and Construction
EMCOR Group Inc.	\$ 4,537	\$ 4,650	\$ 8,856	Engineering and Construction
Fluor Corporation	\$ 9,080	\$ 9,219	\$ 23,876	Engineering and Construction
FMC Technologies, Inc.	\$ 8,181	\$ 8,533	\$ 8,387	Oil and Gas Equipment and Services
Huntsman Corporation	\$ 4,612	\$ 10,617	\$ 13,575	Diversified Chemicals
Jacobs Engineering Group Inc.	\$ 8,046	\$ 7,961	\$ 15,969	Engineering and Construction
KBR, Inc.	\$ 2,714	\$ 1,695	\$ 6,717	Engineering and Construction
Murphy Oil Corporation	\$ 5,822	\$ 8,533	\$ 3,674	Oil and Gas Exploration and Production
Quanta Services, Inc.	\$ 5,060	\$ 5,386	\$ 9,981	Engineering and Construction
RPM International Inc.	\$ 9,161	\$ 11,334	\$ 6,345	Specialty Chemicals
Superior Energy Services, Inc.	\$ 3,075	\$ 4,456	\$ 3,658	Oil and Gas Equipment and Services
The Valspar Corporation	\$ 11,081	\$ 13,426	\$ 5,790	Specialty Chemicals
Median	\$ 6,934	\$ 8,876	\$ 7,933	
SNC-Lavalin Group Inc.	\$ 8,131	\$ 7,564	\$ 9,587	Engineering and Construction

⁽¹⁾ Source: S&P Capital IQ, McGraw Hill Financial

⁽²⁾ Converted into CAD based on Sept. 19, 2016 USD/CAD spot rate of 1.3181

The Company also employs a performance comparator group, which is used to assess the Company's relative TSR under the current PSUP. This group is described in this CD&A, under the description of the PSUP.

Target Positioning

The executive compensation policy targets TDC, specifically base salary and target short-term and long-term incentive awards (grant date fair value), at median compared to the

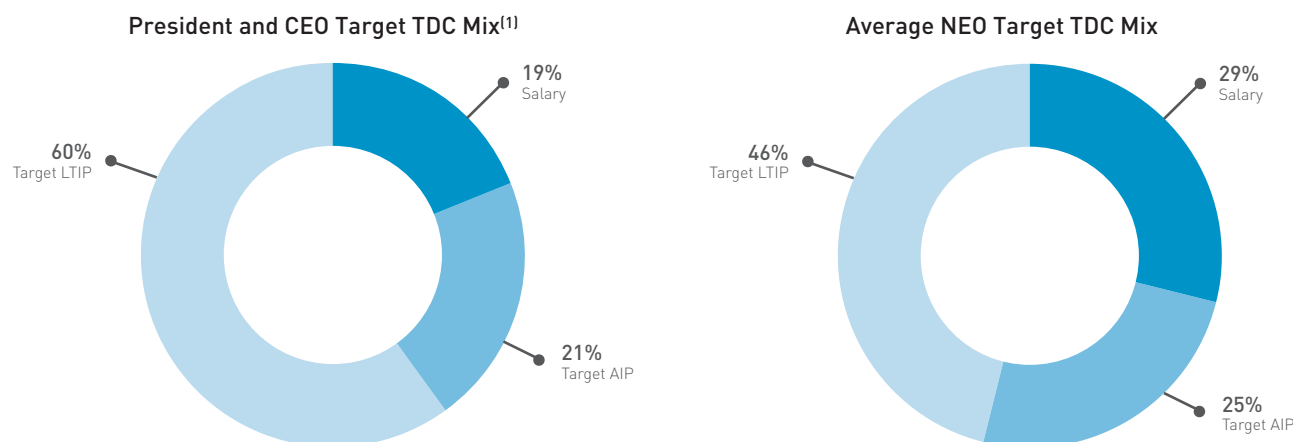
Executive Pay Comparator Group, giving equal weighting to each of the Canadian and U.S. groups of companies (without adjusting for currency exchange), with above median pay realized through incentive payouts for above target performance and below median pay realized for below target performance.

Perquisites, pension and benefits are targeted at a level that is competitive with similarly sized local companies.

EXECUTIVE COMPENSATION DESIGN AND MIX

There are six elements incorporated in our executive compensation program: i) base salary, ii) AIP, iii) LTIP, iv) ESOP, v) pension, and vi) benefits and perquisites.

A significant portion of our NEOs' compensation is variable and linked to performance against our short-term financial and non-financial objectives under our AIP, and TSR and share price performance under our LTIP. The following charts illustrate our President and CEO's 2016 target TDC mix as well as that of the other NEOs (on average).



(1) Mr. Bruce has the option to convert up to 100% of his bonus under the AIP, subject to a \$500,000 cap, into E-DSUs (Elected E-DSUs). The Company will provide a matching grant of E-DSUs (Matching E-DSUs) to Mr. Bruce in a number equal to 50% of his Elected E-DSUs. For the purposes of this chart, the Matching E-DSUs are included in the Target LTIP percentage.

COMPONENTS OF COMPENSATION

Our NEOs have the opportunity to receive compensation that is both fixed (guaranteed) and variable (at risk) and triggered by Company and individual performance.

Component	Risk	Objectives	Time Frame	Description
Components of TDC				
Base Salary	Fixed	Provides competitive level of fixed compensation	Set annually	<ul style="list-style-type: none"> Main fixed component of TDC Typically set in reference to the median of a comparator group Individual NEO salaries reflect level of responsibility, skills and experience
AIP	Variable	Rewards for personal contributions to and achievement of Company objectives	1 year	<ul style="list-style-type: none"> Cash bonus Payout based on combination of Board-approved financial and non-financial objectives
2014 PSUP	Variable	Promotes retention, rewards performance and creates incentive to enhance shareholder value	3 years	<ul style="list-style-type: none"> Annual grants Cliff vesting (0-200% of units granted) on the third December 31st following the grant date based on Company relative TSR performance vs. performance comparator group
RSUP	Variable	Promotes retention and rewards contribution to long-term value creation	3 years	<ul style="list-style-type: none"> Annual grants RSUs cliff vest on their third anniversary
E-DSUP	Variable	Aligns the interests of management with those of shareholders and rewards contribution to long-term value creation	5 years (vesting)	<ul style="list-style-type: none"> Grants are made on an <i>ad hoc</i> basis under special circumstances Ratable vesting of 20% at the end of each calendar year following the date of grant Payout of vested units made one year following the termination of employment
Other Components of Compensation				
ESOP	Variable	Encourages share ownership and aligns participant interests with shareholder interests	3 years	<ul style="list-style-type: none"> Voluntary share purchase plan Employee contributions of up to 10% of base salary in a given year with a 35% Company-matching contribution over the subsequent two-year period Employees subject to share ownership requirements may contribute up to 20% without the Company-matching contribution on the incremental 10%
MSOP	Variable		5 years	<ul style="list-style-type: none"> Plan is closed, however Company-matching contributions remain outstanding Voluntary share purchase plan Executive contributions of up to 25% of AIP payout with a 100% Company-matching contribution over five equal annual installments
Benefits and Perquisites	Fixed	Provides an effective and attractive executive compensation program	1 year	<ul style="list-style-type: none"> Group life and health insurance program and perquisite allowance
Pension	Fixed		1 year	<ul style="list-style-type: none"> Harvest – a registered retirement plan Harvest Plus – a non-registered supplemental executive retirement plan

COMPONENTS OF TDC

Base Salary

We set NEO base salaries by reference to the median of the Executive Pay Comparator Group, with each NEO's salary taking into account level of responsibility, skills and experience. Base salaries for the President and CEO's direct reports are recommended by our President and CEO and are reviewed by the HR Committee for final Board approval in the first quarter of each calendar year, in conjunction with a

review of total compensation. The President and CEO's base salary is recommended by the HR Committee for Board approval. In 2016, Mr. Girard's salary was set by reference to his new role as EVP and CFO effective April 4, 2016. Mr. Edwards' salary was adjusted to reflect the scope of his role. Mr. Brown's base salary was set by reference to his new role as CDO effective August 15, 2016.

The following table outlines our NEOs' 2016 base salaries:

Executive	Annualized Base Salary at Year-End		
	2015	2016	Change from 2015
Neil Bruce	\$ 1,100,000	\$ 1,100,000	0%
Sylvain Girard ⁽¹⁾	\$ 422,307	\$ 550,000	30%
Alain-Pierre Raynaud ⁽²⁾	\$ 604,000	\$ 604,000	0%
Christian Brown ⁽³⁾	USD 831,519	USD 700,000	-16%
Sandy Taylor	\$ 650,000	\$ 650,000	0%
Ian Edwards	\$ 650,000	\$ 700,000	8%

⁽¹⁾ Mr. Girard's salary in 2015 reflects what he earned prior to his appointment to the role of EVP and CFO.

⁽²⁾ Mr. Raynaud's 2016 annualized base salary represents his salary prior to his departure on April 4, 2016.

⁽³⁾ Mr. Brown's salary for 2016 was adjusted to reflect his change in role and to better align with our pay-for-performance philosophy, as he transitioned from President, Oil & Gas sector to CDO.

AIP

Our NEOs are eligible to participate in our AIP which rewards the achievement of various objectives in the short term by an annual cash bonus.

Plan Design

For our NEOs, the AIP is linked to a combination of financial and non-financial objectives at the Company and individual levels and is structured as follows:



Target Award Levels

Under the AIP, each NEO has a target award (expressed as a percentage of base salary) with no payout for performance at or below the threshold level, and maximum payout of 200% of target for performance at or above maximum objectives. These percentages of base salary are as follows for our NEOs:

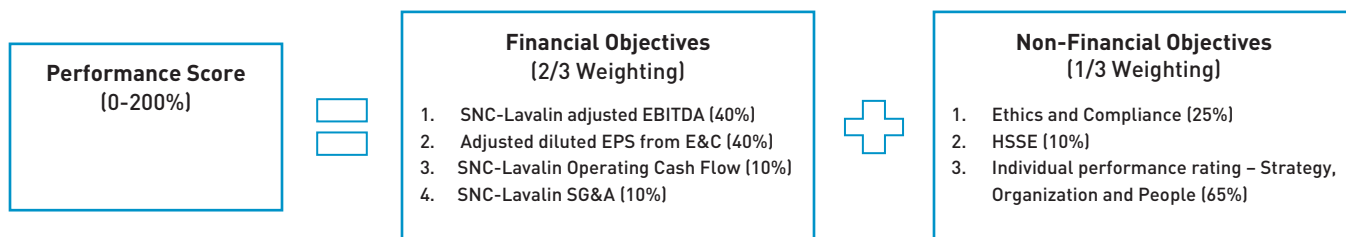
Executive	Below Threshold	Target	Maximum
Neil Bruce	0%	110%	220%
Sylvain Girard	0%	75%	150%
Alain-Pierre Raynaud	0%	75%	150%
Christian Brown ⁽¹⁾	0%	120%	240%
Sandy Taylor	0%	75%	150%
Ian Edwards	0%	75%	150%

⁽¹⁾ As President, Oil & Gas sector, Mr. Brown's target award levels were grandfathered from his previous role as CEO of Kentz. The grandfathered target award was kept for all of 2016, including for the period after his appointment to the role of CDO. His target AIP effective January 1, 2017, is 75% of his base salary.

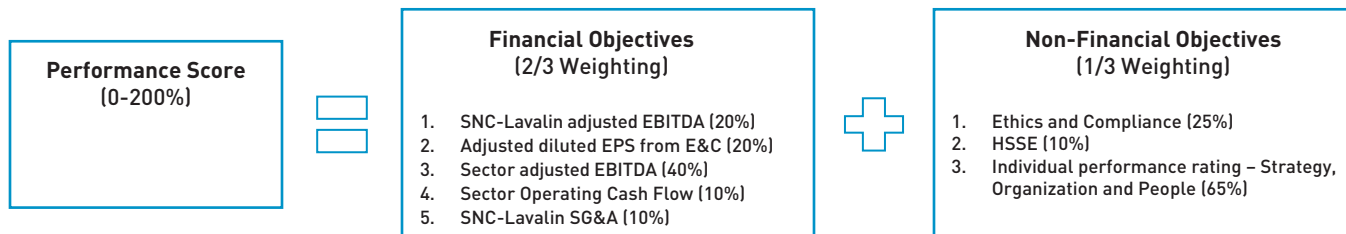
Performance Measurement

The Performance Score under the AIP is calculated as follows:

For Mr. Bruce and Mr. Girard



For Mr. Brown, Mr. Taylor and Mr. Edwards



2016 Financial Performance Objectives and Achievement

In 2016, our financial measures were Company adjusted EBITDA, adjusted diluted EPS from E&C, operating cash flow and SG&A.

Performance Measure (Weighting) ⁽¹⁾⁽²⁾	Threshold (0% payout)	Target (100% payout)	Maximum (200% payout)	Actual Achievement	Actual Score ⁽³⁾
SNC-Lavalin Adjusted EBITDA (000s) (40%)	\$ 491,400	\$ 562,600	\$ 716,600	\$552,071	85%
Adjusted Diluted EPS from E&C (40%)	\$ 1.30	\$ 1.50	\$ 1.90	\$ 1.51	103%
SNC-Lavalin Operating Cash Flow (10%)	-\$ 165,000	-\$ 111,800	\$ 0	\$105,624	200%
SNC-Lavalin SG&A (000s) (10%)	\$ 791,900	\$ 741,900	\$ 691,900	\$724,115	136%

⁽¹⁾ For sector Presidents and Mr. Brown in 2016 (because of his prior role as President, Oil & Gas sector), SNC-Lavalin operating cash flow is replaced by their sector operating cash flow (10% weighting) and a measure is added related to their sector adjusted EBITDA (40% weighting). Other measures are the same but weightings vary slightly, as described above.

⁽²⁾ The terms "SNC-Lavalin Adjusted EBITDA" and "Adjusted diluted EPS from E&C" do not have any standardized meaning under IFRS. Therefore, they may not be comparable to similar measures presented by other issuers. A reconciliation of these non-IFRS performance measures with IFRS measures can be found in the Company's 2016 Management's Discussion and Analysis. SNC-Lavalin operating cash flow corresponds to its net cash generated from operating activities and, along with SG&A, is an IFRS measure that can be found in the Company's annual audited consolidated financial statements.

⁽³⁾ Scores are interpolated on a linear basis between threshold, target and maximum performance levels.

The overall financial performance of the Company, as measured under the AIP, was slightly above target, resulting in a weighted performance score of 109% of target under the financial performance objectives. At the sector level, the same weighted performance scores varied between 73% and 131% of target.

2016 Non-Financial Performance Objectives and Achievement

In 2016, our non-financial performance measures included ethics and compliance, and HSSE, as well as individual performance.

Performance Measure (Weighting)	Objectives	Achievements
Ethics and Compliance (25%)	<ul style="list-style-type: none"> Continuously improve the effectiveness and sustainability of the ethics and compliance program Effectively execute and operationalize the ethics and compliance program 	<ul style="list-style-type: none"> The ethics and compliance program is operating effectively and is seen as best in class for industry segment Assessment: Above target
HSSE (10%)	<ul style="list-style-type: none"> Score of 0% in the case of a fatality Total recordable incident frequency: 0.16 Lost time incident frequency: 0.035 Leading indicators (ex: site safety visits, safety training, etc.) Corporate audit scoring "Perfect Days" initiative roll out 	<ul style="list-style-type: none"> Overall, our performance continues to improve and exceeds established objectives A "Perfect Days" initiative was kicked off to support the zero incident goal Assessment: Above target
Individual Performance Rating (65%)	<ul style="list-style-type: none"> Each NEO had specific individual performance objectives related to strategy, organization and people 	<ul style="list-style-type: none"> For a discussion regarding individual executive achievements against these objectives, see the "President and CEO Compensation and Review" and "Other NEO Compensation and Review" subsections of this CD&A.

2016 AIP Payouts

Based on the financial and non-financial performance results described above, the NEOs were awarded the following AIP payouts with respect to the 2016 performance year:

Executive	Actual AIP payout	Actual AIP as a % of Target
Neil Bruce	\$ 1,490,100	123%
Sylvain Girard	\$ 408,200	105%
Alain-Pierre Raynaud ⁽¹⁾	\$ 117,582	100%
Christian Brown	USD 610,200	76%
Sandy Taylor	\$ 555,200	114%
Ian Edwards	\$ 754,400	150%

⁽¹⁾ Mr. Raynaud received his bonus at target, prorated from January 1, 2016 to April 4, 2016 (his last day in the position of CFO), in accordance with his mutual agreement with the Company, as described in detail in the "Retirement and Termination Compensation" subsection of this CD&A.

LTIP

In addition to the AIP, our NEOs are eligible for annual long-term incentive grants with a mix of PSUs (60% of annual LTIP grant) and RSUs (40% of annual LTIP grant). Our NEOs and other executive-level employees receive their annual grant of LTIP, calculated as a percentage of salary in accordance with their terms of employment, once a year and just after the year-end results are published. Other LTIP grants to individuals may be made exceptionally at other times of the year in connection with promotions or recruitment of executives.

PSUP

PSUP Design

Under the PSUP, which was adopted in 2014, the interests of our eligible employees and executives are aligned with the interests of our shareholders by tying the vesting of PSUs to the ranking of our TSR relative to a performance comparator group over a three-year period. TSR measures the appreciation of our Common Shares as well as dividends paid during the performance period assuming dividend reinvestment.

The 2016 PSU grant has a performance period from January 1, 2016 to December 31, 2018 and units vest at the end of the third calendar year. At vesting, the number of units granted will be adjusted by the performance payout multiplier, which will be between 0% and 200% of units granted based on performance according to the following schedule:

Relative TSR Rank vs. Performance Comparator Group	Performance Payout Multiplier ⁽¹⁾
Below 25 th Percentile	0%
25 th Percentile	25%
Median	100%
At or above the 75 th Percentile	200%

⁽¹⁾ The performance payout multiplier is interpolated between the quartiles on a linear basis and is capped at 100% if our absolute TSR is negative over the performance period.

The performance comparator group for relative TSR measurement includes the following global E&C services companies, against which we compete directly for business and investment capital:

• Actividades de Construcción y Servicios, S.A.	• Fluor Corporation
• AECOM	• Jacobs Engineering Group Inc.
• Amec Foster Wheeler plc	• KBR, Inc.
• Balfour Beatty plc	• Technip S.A. ⁽¹⁾
• Chicago Bridge & Iron Company N.V.	• VINCI S.A.
• Ferrovial, S.A.	• WorleyParsons Limited

⁽¹⁾ Technip S.A. merged with FMC Technologies, Inc. on January 17, 2017 and is now TechnipFMC.

At the end of the three-year period, the actual number of vested units, adjusted for performance, is settled in cash or if elected by the executive, in shares purchased on the open market, net of all applicable taxes.

2016 PSU Grant

Under this plan, participants are awarded a number of units based on a target percentage of the participant's base salary as of the date of grant. The following PSU grants were made to NEOs in 2016:

Executive	2016 PSU Awards			
	Target LTI as a % of Base Salary	Portion of LTI granted in PSUs	Grant Date Fair Value \$	Number of Units Awarded ⁽¹⁾
Neil Bruce	300%	60%	\$1,980,000	41,834
Sylvain Girard	180%	60%	\$ 455,151	9,101
Alain-Pierre Raynaud ⁽²⁾	180%	60%	\$ 652,320	13,783
Christian Brown ⁽³⁾⁽⁴⁾	100%	60%	\$ 515,237	10,887
Sandy Taylor	180%	60%	\$ 702,000	14,833
Ian Edwards	180%	60%	\$ 702,000	14,833

⁽¹⁾ For the purposes of determining the number of PSUs granted, each PSU is attributed a notional value equivalent to the average closing price of Common Shares for the five business days immediately preceding the date of grant (March 14, 2016), which was \$47.33. For Mr. Girard, 6,424 of the 9,101 PSUs were granted on May 16, 2016 following his appointment to the role of EVP and CFO. The average closing price of Common Shares for the five business days immediately preceding the May 16, 2016 grant was \$51.13.

⁽²⁾ When Mr. Raynaud's 2016 PSU grant is paid out, it will be prorated, from January 1, 2016 to April 4, 2018 (last day of his two-year severance period) in accordance with his mutual agreement with the Company, as described in detail in the "Retirement and Termination Compensation" subsection of this CD&A.

⁽³⁾ As President, Oil & Gas sector, Mr. Brown's target award was grandfathered from his previous role as CEO of Kentz. Following his appointment to the role of CDO, his target LTI effective January 1, 2017 is 180% of his base salary. This change will be reflected in his 2017 grant.

⁽⁴⁾ Mr. Brown's PSU award valued at 387,600 USD has been converted to CAD using the spot currency exchange rate, as of the date of grant (March 14, 2016), of 1 USD = 1.3293 CAD.

2014 PSU Vesting and Settlement

PSU awards made by the Company in 2014 vested on December 31, 2016. The performance payout multiplier for the 2014 grant (performance period from January 1, 2014 to December 31, 2016) was determined according to the methodology described in this CD&A.

During this performance period, the Company achieved a TSR of 28.9%, which placed the Company's TSR at the 83rd percentile within its performance comparator group. As a result, PSUs granted in 2014 vested with a performance payout multiplier of 200%.

RSUP

RSUP Design

The RSUP aligns the interests of participants with those of shareholders and rewards the creation of shareholder value by tying payout of units to the value of our Common Shares. It further promotes employee and executive retention through time-based vesting. RSUs vest three years following the date of grant.

2016 RSU Grants

Under this plan, participants are awarded a number of units based on a target percentage of the participant's base salary as of the date of grant. The following RSU grants were made to NEOs in 2016:

Executive	2016 RSU Awards			
	Target LTI as a % of Base Salary	Portion of LTI granted in RSUs	Grant Date Fair Value \$	Number of Units Awarded ⁽¹⁾
Neil Bruce	300%	40%	\$1,320,000	27,890
Sylvain Girard	180%	40%	\$ 345,664	6,960
Alain-Pierre Raynaud ⁽²⁾	180%	40%	\$ 434,880	9,189
Christian Brown ⁽³⁾⁽⁴⁾	100%	40%	\$ 343,491	7,258
Sandy Taylor	180%	40%	\$ 468,000	9,889
Ian Edwards	180%	40%	\$ 468,000	9,889

⁽¹⁾ For the purposes of determining the number of RSUs granted, each RSU is attributed a notional value equivalent to the average closing price of Common Shares for the five business days immediately preceding the date of grant (March 14, 2016), which was \$47.33. For Mr. Girard, 4,283 of the 6,960 RSUs were granted on May 16, 2016 following his appointment to the role of EVP and CFO. The average closing price of Common Shares for the five business days immediately preceding the May 16, 2016 grant was \$51.13.

⁽²⁾ When Mr. Raynaud's 2016 RSU grant was paid out, it was prorated from March 14, 2016 to April 4, 2018 (last day of his two-year severance period) in accordance with his mutual agreement with the Company, as described in detail in the "Retirement and Termination Compensation" subsection of this CD&A.

⁽³⁾ As President, Oil & Gas sector, Mr. Brown's target award was grandfathered from his previous role as CEO of Kentz. Following his appointment to the role of CDO, his target LTI effective January 1, 2017 is 180% of his base salary. This change will be reflected in his 2017 grant.

⁽⁴⁾ Mr. Brown's RSU award valued at 258,400 USD has been converted to CAD using the spot currency exchange rate, as of the date of grant (March 14, 2016), of 1 USD = 1.3293 CAD.

E-DSUP

E-DSUP Design

Effective 2014, annual recurring grants of E-DSUs have been discontinued; however, the plan remains in place to allow for discretionary grants under exceptional circumstances.

Similar to the RSUP, the E-DSUP aligns the interests of participants with those of shareholders and rewards the creation of shareholder value by tying payout of units to the value of our Common Shares. It additionally promotes employee and executive retention through time-based vesting. E-DSUs generally vest 20% at the end of each calendar year for a five-year period and are paid out one year following termination of employment.

2016 E-DSU Grant

As per the terms of his executive employment agreement as CEO, Mr. Bruce elected to convert \$500,000 of his bonus under the 2015 AIP, otherwise payable in cash in April 2016, into 10,565 E-DSUs (Elected E-DSUs). This election resulted in a Company-matching grant of 5,283 E-DSUs on March 14, 2016, which represents 50% of the Elected E-DSUs (therefore a grant value of \$250,000). The number of units granted was determined based on the five-day average closing price of Common Shares immediately preceding the date of grant (March 14, 2016) which was \$47.33. The vesting of these E-DSUs is as follows:

- > The Elected E-DSUs are fully-vested at the time of grant, and are not forfeitable; and
- > The Company-matching grant of 50% of the Elected E-DSUs, vest in accordance with the E-DSUP provisions. (i.e. 20% vesting at the end of each calendar year for a five-year period).

Stock Option Plan

Effective 2014, annual recurring grants under our stock option plan have been discontinued; however, previous grants of stock options made to eligible executives, including some of our NEOs, remain outstanding and vest in accordance with specific plan rules. Stock options granted under our 2013 Stock Option Plan have a term of six years and those granted under our 2011 Stock Option Plan have a five-year term. Vesting of options granted under all of these plans occurs one-third per year beginning two years from the date of grant. No stock options were granted in 2016.

OTHER COMPONENTS OF COMPENSATION

ESOP

The ESOP is a voluntary share purchase plan that encourages the equity participation of our employees, emphasizing the Company's belief that share ownership by employees contributes to the Company's success. This plan is available to the vast majority of Canadian employees as well as to employees in a number of business units outside of Canada. It provides for a matching contribution by the Company of 35% (paid in two installments over a two-year period) on employee contributions of up to 10% of base salary, provided that during this time the participant remains an employee of the Company and does not sell the underlying Common Shares.

In order to encourage and facilitate the purchase of Common Shares through an automatic plan, the ESOP also allows participants who are subject to share ownership requirements (i.e., Senior Officers and EVPs not reporting directly to the President and CEO) to contribute up to 20% of their base salary in the ESOP. However, contributions in excess of 10% of base salary do not attract the Company-matching contribution.

Approximately 7,715 employees participated in the ESOP and through this plan held Common Shares representing approximately 3% of all Common Shares outstanding as at December 31, 2016.

MSOP

The Company no longer offers participation in the MSOP. However, Company-matching contributions under this program remain outstanding for eligible executives, including some of our NEOs.

The MSOP offered participants an additional opportunity to increase their participation in the shareholding of the Company by allowing them to contribute 25% of their gross bonus payment under the AIP towards the purchase of Common Shares. The Company would make, in five equal installments, a total contribution equal to the participant's contribution. The Company contribution was also used to purchase Common Shares of the Company, provided that during this time, the participant remained an employee of the Company and did not sell the underlying Common Shares bought with his own contribution. A participant may sell shares in the MSOP at any time; however, if this occurs prior to all installments of the Company-matching contribution being made, such future installments of the Company contribution are forfeited.

Pension

Unless otherwise done for tax reasons, our NEOs located in Canada (all but Mr. Brown) participate in the Harvest plan, our group registered retirement savings plan/deferred profit-sharing plan available to the vast majority of our Canadian employees. Annually, the Company contributes a percentage of the participating NEO's annual base salary to the Harvest, subject to the maximum contributions allowed under the Income Tax Act (Canada) for registered plans. Effective January 1, 2017, the group registered retirement savings plan/deferred profit-sharing plan is replaced by a defined contribution pension plan registered under by the Quebec pension legislation.

To provide an attractive and competitive compensation plan and to supplement their income after retirement, the NEOs located in Canada also participate in our Harvest Plus plan, a non-registered supplemental executive retirement plan implemented in 2002. Contributions in excess of the maximum allowed under the Income Tax Act (Canada) for registered plans are credited to a notional account under this plan (which is guaranteed through a letter of credit with a major financial institution). The contributions attributed to the notional account accrue interest as if they were invested in long-term Government of Canada bonds or the moderate balanced portfolio under the Harvest, whichever would have provided a higher rate of return during the year. The notional account is payable upon retirement or termination of employment, either in a lump sum or in monthly installments

paid over a period of five or ten years, at the participant's discretion. Effective January 1, 2017, the Harvest Plus is replaced by a new supplemental executive retirement plan.

Mr. Bruce, in accordance with his employment agreement, receives his retirement savings in the form of a taxable cash allowance of 20% of his annual base salary.

Prior to his appointment to the role of CDO, Mr. Brown received his retirement savings in the form of a taxable cash allowance of 7% of his annual base salary, in accordance with his previous employment agreement. As CDO, Mr. Brown is eligible to participate in the Company's 401(k) plan in the U.S. in accordance with Company policy.

Benefits and Perquisites

To provide an attractive compensation plan, the Company provides executives with select benefits and perquisites. These benefits and perquisites are designed to be competitive with those offered to executives at comparable organizations. Our executive benefits program includes life, medical, dental and disability insurance. Perquisites are provided to our executives, including the NEOs, in the form of a taxable cash allowance.

Other Compensation Arrangements for Christian Brown (under his prior role as President, Oil & Gas Sector)

Following the acquisition of Kentz, the Company entered into an agreement with Mr. Brown providing him with a one-time cash integration bonus representing 120% of his base salary at target, up to a maximum bonus opportunity of 240% of base salary, subject to the achievement of pre-established integration goals and objectives. One-half of the bonus was payable in 2015, with the remaining half payable in 2016, each payment being subject to the degree of attainment of the stated integration goals and objectives. As such, Mr. Brown was awarded an integration bonus representing 200% of his base salary for a total of \$1,606,800 USD. Therefore, the first half of the integration bonus amounting to \$803,400 USD was earned in 2014 and paid in 2015. The remaining half of the integration bonus amounting to \$803,400 USD was earned in 2015 and paid in 2016.

Mr. Brown was also provided with a cash retention bonus representing 300% of his base salary amounting to a total of \$2,410,200 USD. The first portion in the amount of \$1,636,440 USD was earned and paid in 2015, with the remaining portion in the amount of \$773,760 USD earned and paid in 2016.

PRESIDENT AND CEO COMPENSATION AND REVIEW

As per the terms of his executive employment agreement as CEO, Mr. Bruce is entitled to the following annual compensation package:

- > a base salary of \$1,100,000;
- > a target AIP opportunity of 110% of base salary;
- > a target LTIP opportunity of 300% of base salary (PSUs and RSUs); and
- > subject to Mr. Bruce electing to convert up to a maximum of \$500,000 of his bonus under the AIP into E-DSUs (Elected E-DSUs), a Company-matching grant of 50% of

the Elected E-DSUs (therefore a maximum grant value of \$250,000)

- The Elected E-DSUs fully-vested at the time of grant, and are not forfeitable; and
- The Company-matching grant of 50% of the Elected E-DSUs vest in accordance with the E-DSUP provisions. (i.e. 20% vesting at the end of each calendar year for a five-year period).

Performance Overview

Financial performance in 2016 showed a considerable improvement in consistency and profitability as both adjusted diluted EPS from E&C and operating cash flow measures were at or above target levels. The Company met the 2016 guidance, maintained a stable and increasingly diversified revenue backlog and ended the year with strong cash balances which resulted in a well above average increase in market capitalization. On the non-financial side, the Company continues to lead with its standard-setter ethics

and compliance program and has delivered above target HSSE performance.

AIP Payout

In light of this performance and the fact that he exceeded expectations against his individual performance objectives set at the beginning of the year, the President and CEO received a bonus payout under the 2016 AIP of \$1,490,100 which represents 123% of his target.

2016 LTIP Grants

In 2016, Mr. Bruce's annual LTIP grant was 300% of salary (i.e. \$3,300,000), 60% of which was granted in the form of PSUs and 40% of which was granted in the form of RSUs.

As described earlier in this CD&A, Mr. Bruce also received a Company-matching grant of E-DSUs valued at \$250,000, following his election to convert \$500,000 of his 2015 bonus under the AIP into Elected E-DSUs.

Summary of President and CEO Compensation

Compensation Component	Target Compensation	Target Pay Mix (Excluding One-Time Awards)
Base Salary Rate	\$1,100,000	<p>34% PSUs 22% RSUs 21% AIP 19% Base Salary Rate 4% Matching E-DSUs</p>
AIP		
Financial Component (2/3)	\$ 806,667	
Non-Financial Component (1/3)	\$ 403,333	
Total	\$1,210,000	
Long-Term Incentives		
PSUs (60%)	\$ 1,980,000	
RSUs (40%)	\$ 1,320,000	
Matching E-DSUs	\$ 250,000	
Total	\$3,550,000	
Annual TDC	\$5,860,000	

President and CEO Realized and Realizable Compensation: 2014-2016

The following table compares the value of target TDC (i.e. recurring compensation excluding special awards) awarded to our President and CEO with the value of realized TDC (i.e. what was actually received or "realized" plus the market value of outstanding awards, or what was "realizable", as at December 31, 2016).

Specifically, target TDC includes salary, target AIP, and grant date fair value of annual recurring long-term incentives. Realized compensation includes salary, the actual paid bonus under the AIP as well as the value at vesting of annual recurring share-based awards and the value of stock options exercised during the period. Realizable compensation includes the market value of share-based awards that are still outstanding, and the in-the-money value of outstanding stock options.

Mr. Bruce's compensation prior to his appointment to the role of President and CEO is included.

Year	Target Total Direct Compensation Awarded (\$000s)	Realized/Realizable Total Direct Compensation as at Dec. 31, 2016 (\$000s)	Period	Value of \$100 invested annually in compensation and in shares	
				CEO ⁽¹⁾⁽²⁾	Shareholders ⁽³⁾
2014	3,313	4,661	Jan. 1, 2014 – Dec. 31, 2016	\$141	\$129
2015 ⁽⁴⁾	4,130	5,221	Jan. 1, 2015 – Dec. 31, 2016	\$126	\$136
2016	5,860	6,925	Jan. 1, 2016 – Dec. 31, 2016	\$118	\$143
Aggregate	13,303	16,807	Jan. 1, 2014 – Dec. 31, 2016	\$126	\$133

⁽¹⁾ Represents the actual aggregate value earned or outstanding for each \$100 awarded to the President and CEO in target TDC during the fiscal year indicated.

⁽²⁾ Outstanding units under the LTIP are valued using the closing share price of \$57.79 as at December 31, 2016. Based on a conservative perspective, performance factors of 1.00x are assumed for PSUs granted in 2015 and 2016. PSUs granted in 2014 are valued at 2.00x and with a share price of \$58.24 (five-day average closing price of Common Shares immediately preceding the vesting date of December 31, 2016).

⁽³⁾ Represents the cumulative value of a \$100 investment in shares made on the first trading day of the period indicated, assuming reinvestment of dividends.

⁽⁴⁾ Mr. Bruce's salary of \$950,000 and target bonus of 100% for his role as COO are prorated from January 1, 2015 to October 4, 2015, and added to his salary of \$1,100,000 and target bonus of 110% for his role as President and CEO prorated from October 5, 2015 to December 31, 2015.

OTHER NEO COMPENSATION AND REVIEW

Individual AIP Objectives and Achievements

The following table provides an overview of the individual achievements of each of the other NEOs during 2016:

NEO	Achievements During 2016
Sylvain Girard	<ul style="list-style-type: none"> Improved cash flow forecasting processes and delivered positive operating cash flows for 2016 Successfully implemented a new financial consolidation process Reduced finance overhead costs by 9% versus 2015 Executed U.S. tax optimization Strengthened the finance team through the hiring and promoting of top talent in finance leadership roles
Christian Brown	<ul style="list-style-type: none"> Delivered a record safety performance in Oil & Gas sector of 0.11 total recordable incident frequency and 0.010 lost time incident frequency Identified, recruited and transitioned Oil & Gas sector to new President Developed and implemented strategy to build new build-operate-transfer or build-own-operate-transfer business securing first build-own-operate contract Assumed operational excellence leadership role, focused team's efforts delivering expected short-term benefits (2016) and implementing plan for 2017
Sandy Taylor	<ul style="list-style-type: none"> Successfully completed a number of key projects in Hydro (e.g. Jimmy Creek), Nuclear (Darlington RFR Definition phase) and Transmission & Distribution (multiple projects in Alberta and British Columbia) Successfully awarded with major projects/agreements such as Darlington RFR execution; Bruce Power MSA; and early engineering for the Atuchu-3, Argentina Candu reactor new build Established a memorandum of understanding for a joint venture agreement with CNNC of China for an advanced fuel Candu reactor program Further streamlined the business with clearer focus on our services, projects and technology portfolios Implemented strategic initiatives specifically in account management and business development and increased geographic market presence in Canada, the U.S., Middle East and Asia, leveraging the geographic strengths of SNC-Lavalin's sector and geographic focus to drive top and bottom line growth
Ian Edwards	<ul style="list-style-type: none"> Prequalified for four large projects in North America (Montreal's REM, Ontario's Finch West LRT, British Columbia's George Massey Tunnel replacement and Ontario/Michigan's Gordie Howe International Bridge), representing over \$11 billion in total construction costs Completed major projects in Canada (Montreal's McGill University Health Centre, Vancouver's Evergreen LRT, Ontario's Highway 407 East Extension – Phase 1, Montreal's Ste. Justine Hospital and New Brunswick's Restigouche Hospital), representing over \$3 billion in SNC-Lavalin total revenue Won three important Operations & Maintenance projects with significant impact on backlog (renewal of the Canada Post mailbox contract, major maintenance contract added to Canada Line and extension of the MNAV ship refurbishment program), representing over \$640 million Continued to improve the Infrastructure sector profitability and exited non profitable activities

Aggregate NEO Realized and Realizable Compensation: 2014-2016

The following table compares the value of target TDC (i.e. recurring compensation excluding special awards) awarded to our other NEOs with the value of realized/realizable TDC (i.e. what was actually received or "realized" plus the market value of outstanding awards, or what was "realizable", as at December 31, 2016).

Specifically, target TDC includes salary, target AIP, and grant date fair value of annual recurring long-term incentives. Realized compensation includes salary, the actual paid bonus under the AIP as well as the value at vesting of annual recurring share-based awards and the value of stock options exercised during the period. Realizable compensation includes the market value of share-based awards that are still outstanding, and the in-the-money value of outstanding stock options.

Mr. Girard's compensation prior to his appointment to the role of EVP and CFO is included.

Year	Target Total Direct Compensation Awarded (\$000s)	Realized/Realizable Total Direct Compensation as at Dec. 31, 2016 (\$000s)	Period	Value of \$100 invested annually in compensation and in shares	
				Other NEOs ⁽¹⁾⁽²⁾	Shareholders ⁽³⁾
2014 ⁽⁴⁾	2,082	3,681	Jan. 1, 2014 – Dec. 31, 2016	\$177	\$129
2015 ⁽⁵⁾	8,221	10,284	Jan. 1, 2015 – Dec. 31, 2016	\$125	\$136
2016 ⁽⁵⁾⁽⁶⁾	9,163	10,085	Jan. 1, 2016 – Dec. 31, 2016	\$110	\$143
Aggregate	19,466	24,050	Jan. 1, 2014 – Dec. 31, 2016	\$124	\$136

⁽¹⁾ Represents the actual aggregate value earned or outstanding for each \$100 awarded to NEOs in target TDC during the fiscal year indicated.

⁽²⁾ Outstanding units under the LTIP are valued using the closing share price of \$57.79 as at December 31, 2016. Based on a conservative perspective, performance payout multipliers of 1.00x are assumed for PSUs granted in 2016 and 2015. PSUs granted in 2014 are valued at 2.00x and with a share price of \$58.24 (five-day average closing price of Common Shares immediately preceding the vesting date of December 31, 2016).

⁽³⁾ Represents the cumulative value of a \$100 investment in shares made on the first trading day of the period indicated, assuming reinvestment of dividends.

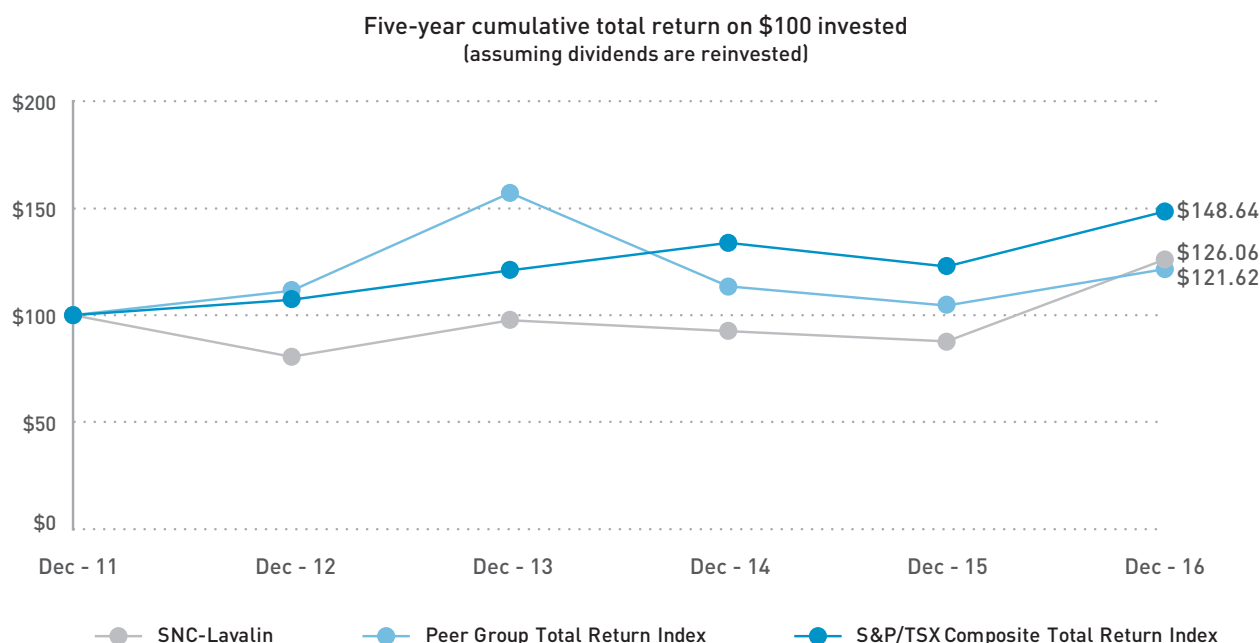
⁽⁴⁾ Includes Mr. Taylor only.

⁽⁵⁾ Includes Mr. Taylor, Mr. Girard (including his prior role), Mr. Brown and Mr. Edwards.

⁽⁶⁾ Mr. Girard's salary of \$422,307 and target bonus of 50% for his role as Senior Vice-President and Corporate Controller is prorated from January 1, 2016 to April 4, 2016, and added to his salary of \$550,000 and target bonus of 75% for his role as EVP and CFO prorated from April 4, 2016 to December 31, 2016.

PERFORMANCE GRAPH

The graph depicts the cumulative return of a \$100 investment on December 31, 2011, in the Company's Common Shares, in the S&P/TSX Composite Total Return Index, and in an index composed of a peer group of E&C companies, which includes AECOM, AMEC Foster Wheeler plc, Balfour Beatty plc, Chicago Bridge & Iron Company, Fluor Corporation, Jacobs Engineering Group Inc. and WorleyParsons Limited. For calculation purposes, a weighted-average based on market capitalization of each company in the peer group was used.



Value of \$100 invested on December 31, 2011 (assumes dividends are reinvested)

Financial Years	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16
SNC-Lavalin	100.00	80.81	97.88	92.53	87.86	126.06
Peer Group Total Return Index	100.00	111.40	157.31	113.69	104.73	121.62
S&P/TSX Composite Total Return Index	100.00	107.19	121.11	133.90	122.76	148.64

Direct comparison between our NEO compensation and the share price trend over the last five years is not illustrated above given the significant changes in our management team and the evolution in our compensation programs during this period. Our President and CEO was appointed on October 5, 2015 and our other NEOs have been with the Company for less than three years as at December 31, 2016.

The Company believes in providing a significant portion of NEO compensation in the form of long-term incentives, which mirror the trend in share price movement and serve to align the interests of management with those of our shareholders. As previously illustrated, the value of realized and realizable compensation for our current NEOs is generally tracking slightly below equivalent shareholder returns over the same period.

COST OF MANAGEMENT RATIO

The following table shows the total aggregate compensation awarded to the NEOs of the Company for the last three years, expressed as a percentage of net income available to common shareholders. The total aggregate compensation is the sum of the annual total compensation values as reported in the Summary Compensation Table for the 2014, 2015 and 2016 years.

Year	Total NEO Compensation (\$ millions) ⁽¹⁾	Net Income Available to SNC-Lavalin Shareholders (\$ millions) ⁽²⁾	Cost of Management Ratio
2016	24.4	255.5	9.55%
2015	32.4	404.3	8.01%
2014	15.2	1,333.3	1.14%

⁽¹⁾ NEO compensation is the sum of base salary, cash incentives, long-term incentives share-based awards plus the value of any pension benefit and other compensation, as reported in the respective Summary Compensation Tables. NEOs vary as follows from year to year:

- 2014 – MM. Card, Raynaud, Bruce, Mahmoud and Taylor
- 2015 – MM. Card, Bruce, Raynaud, Brown, Edwards and Taylor
- 2016 – MM. Bruce, Girard, Raynaud, Brown, Edwards and Taylor

⁽²⁾ As published in the Company's annual financial statements.

SUMMARY COMPENSATION TABLE

The following table sets forth, for the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014, the compensation paid by the Company to the NEOs for services rendered in all capacities.

2016 SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Share-based Awards ⁽¹⁾ (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value ⁽⁴⁾ (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans ⁽²⁾	Long-term incentive plans ⁽³⁾			
Neil Bruce ⁽⁶⁾	2016	1,100,000	3,578,595	-	1,490,100	-	-	243,516	6,412,211
President and CEO	2015	1,117,913	2,986,020	-	1,421,795	-	-	511,404	6,037,132
	2014	947,767	2,158,000	-	271,900	-	-	188,996	3,566,663
Sylvain Girard ⁽⁷⁾	2016	517,205	800,815	-	558,200	-	95,286	9,225	1,980,731
EVP and CFO	2015	420,183	253,384	-	361,580	-	27,177	2,200	1,064,524
	2014	168,493	-	-	84,248	-	398	-	253,139
Alain-Pierre Raynaud	2016	155,126	1,087,200	-	117,582	-	38,564	5,740,409	7,138,881
Former EVP and CFO	2015	591,573	1,087,200	-	416,600	-	117,479	-	2,212,852
	2014	518,846	718,200	-	174,300	-	103,769	-	1,515,115
Christian Brown ⁽⁸⁾	2016	884,738	858,728	-	809,979	1,027,089	-	30,013	3,610,547
CDO	2015	874,378	1,061,434	-	1,237,157	3,121,475	-	61,182	6,355,626
	2014	319,661	-	-	520,866	887,417	-	22,282	1,750,226
Sandy Taylor	2016	650,000	1,170,000	-	555,200	-	130,003	19,423	2,524,626
President, Power sector	2015	645,685	1,170,000	-	522,000	-	128,849	7,320	2,473,854
	2014	487,992	1,125,000	-	971,700	-	97,598	-	2,682,290
Ian Edwards	2016	670,902	1,170,000	-	754,400	-	133,540	-	2,728,842
President, Infrastructure	2015	581,370	1,035,000	-	574,800	-	115,407	-	2,306,577
sector	2014	61,925	442,400	-	247,900	-	12,385	-	764,610

⁽¹⁾ Share-based awards include RSUs, PSUs, E-DSUs, and Company contributions to the MSOP as described in detail under the "LTIP" subsection of this CD&A.

As previously described in this CD&A, Mr. Raynaud's 2016 RSU grant valued at \$434,880 was prorated and his 2016 PSU grant valued at \$652,320 will be prorated upon payment, all in accordance with his mutual agreement with the Company.

⁽²⁾ Bonus amounts earned in the respective year and paid in the subsequent year under the AIP.

In 2014, Mr. Taylor and Mr. Edwards received a cash signing bonus in the amount of \$800,000 and \$225,000, respectively. In 2015 and 2016, Mr. Girard received a cash signing bonus in the amount of \$150,000 for each year.

⁽³⁾ As previously described in this CD&A, Mr. Brown received a one-time cash bonus for the successful integration of Kentz in two installments of \$803,400 USD. The first installment was earned in 2014 and paid in 2015. The second installment was earned in 2015 and paid in 2016. Mr. Brown also received the first portion of his retention cash bonus in the amount of \$1,636,440 USD in 2015. The second portion of this retention bonus amounting to \$773,760 USD was earned and paid in 2016.

⁽⁴⁾ Includes the Company's contributions to Mr. Raynaud, Mr. Girard, Mr. Taylor and Mr. Edward's notional account under the Harvest Plus and contributions to their Harvest account as described in detail under the "Pension Plan Benefits" subsection of this CD&A. Contributions are made by reference to salaries paid within the given year.

⁽⁵⁾ Includes executive benefits and perquisites received during the year. Each of the NEOs received benefits and perquisites of which the aggregate value was less than the lower of \$50,000 or 10% of their respective base salary.

This column also includes employer contributions to the ESOP.

Mr. Bruce received a taxable allowance in lieu of Harvest and Harvest Plus. In 2016, this allowance amounted to \$220,000. Prior to his appointment to CDO, Mr. Brown received a retirement savings taxable cash allowance of 7% of his salary, amounting to \$22,610 USD in 2016.

The aggregate amount paid, or payable, associated with the departure of Mr. Raynaud from the Company is included in this column, and is described in detail in the "Retirement and Termination Compensation" subsection of this CD&A. The incremental value of PSUs and RSUs that were granted in 2016 is excluded from this column for Mr. Raynaud as it is already disclosed under the Share-Based Awards column for the year 2016. The share price appreciation between the date of grant and December 31, 2016 as it relates to such units is added back to the total.

⁽⁶⁾ Prior to his appointment to the role of CEO on October 5, 2015, Mr. Bruce's base salary and other cash compensation were paid in GBP, following their initial conversion using a rate of 1 CAD = 0.6318 GBP. For the purposes of this disclosure, amounts were converted back to CAD using a monthly average exchange rate of 1 GBP = 1.9540 CAD for the year 2015, and 1 GBP = 1.8180 CAD for the year 2014.

⁽⁷⁾ Mr. Girard's base salary for 2014 and 2015 reflects what he earned in previous roles prior to his appointment to the role of EVP and CFO on April 4, 2016.

⁽⁸⁾ Mr. Brown's base salary and other cash compensation are paid in USD, and converted to CAD using a monthly average exchange rate of 1 USD = 1.3274 CAD for the year 2016, 1 USD = 1.2794 CAD for the year 2015 and 1 USD = 1.1046 CAD for the year 2014. Mr. Brown's Share-Based Awards were converted to CAD using the exchange rates on the date of grant of 1 USD = 1.3293 CAD (March 14, 2016) and of 1 USD = 1.2765 CAD (March 16, 2015).

INCENTIVE PLAN AWARDS

Outstanding Option-Based and Share-Based Awards

The following table sets forth information with respect to the NEOs concerning unexercised stock options, PSUs, RSUs and E-DSUs held as at December 31, 2016:

Name	Option-Based Awards					Share-Based Awards		
	Date of Grant	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date ⁽¹⁾	Value of Unexercised In-The-Money Options ⁽²⁾ (\$)	Number of PSUs, E-DSUs and RSUs That Have Not Vested (#)	Market or Payout Value of Share-based Awards That Have Not Vested ⁽³⁾ (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ⁽³⁾ (\$)
Neil Bruce	May 13, 2013	92,000	40.98	May 13, 2019	1,546,520	153,465	8,868,742	2,006,469
Sylvain Girard	–	–	–	–	–	22,571	1,304,378	–
Alain-Pierre Raynaud	May 13, 2013	30,400	40.98	April 4, 2018	511,024	27,132	1,567,958	237,748
Christian Brown	–	–	–	–	–	45,412	2,624,359	–
Sandy Taylor	–	–	–	–	–	64,330	3,717,631	–
Ian Edwards	–	–	–	–	–	54,489	3,148,919	–

⁽¹⁾ In accordance with Mr. Raynaud's end of employment agreement and the 2013 Stock Option plan, the expiration date for Mr. Raynaud's stock options reflects the last day of his two-year severance period.

⁽²⁾ This amount is calculated based on the difference between the closing share price of \$57.79 on December 31, 2016 and the option exercise price.

⁽³⁾ This amount is calculated based on the closing share price of \$57.79 on December 31, 2016.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information with respect to the NEOs regarding the value of incentive plan awards vested or earned during the year ended December 31, 2016:

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Share-Based Awards – Value Vested During the Year ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Vested During the Year ⁽³⁾ (\$)
Neil Bruce	307,283	3,053,944	1,490,100
Sylvain Girard	–	–	408,200
Alain-Pierre Raynaud	101,533	2,250,717	117,582
Christian Brown ⁽⁴⁾	–	–	809,979
Sandy Taylor	–	1,669,042	555,200
Ian Edwards	–	184,388	754,400

⁽¹⁾ Based on a closing share price of \$51.00, on the vesting date, for Stock Options that vested on May 13, 2016.

⁽²⁾ Based on a closing share price of \$57.79, on the vesting date, for E-DSUs attributed to Mr. Bruce that vested on December 31, 2016, a share price of \$39.17 for the RSUs attributed to Mr. Bruce that vested on January 17, 2016, a share price of \$47.02 for the RSUs attributed to Mr. Raynaud that vested on April 4, 2016, a share price of \$46.66 for the E-DSUs attributed to Mr. Raynaud that vested on April 4, 2016, a share price of \$55.32 for the RSUs attributed to Mr. Edwards that vested on November 14, 2016 and a share price of \$58.24 combined with a 200% performance payout multiplier for PSUs attributed to Mr. Bruce, Mr. Raynaud and Mr. Taylor that vested on December 31, 2016.

⁽³⁾ Bonus earned in the year under the AIP.

⁽⁴⁾ Mr. Brown's AIP Payout of \$610,200 is paid in USD, and converted to CAD for the purposes of this disclosure using a monthly average exchange rate of 1 USD = 1.3274 CAD.

Options Exercised During the Year Ended December 31, 2016

No options were exercised by NEOs during the year ended December 31, 2016.

PENSION PLAN BENEFITS

Harvest and Harvest Plus

The following table sets forth information with respect to the amounts accumulated under the Harvest and notional Harvest Plus accounts:

Name	Accumulated Value at Start of Year (\$)	Compensatory ⁽¹⁾ Change (\$)	Accumulated Value at Year End (\$)
(a)	(b)	(c)	(d)
Neil Bruce ⁽²⁾	–	–	–
Sylvain Girard	89,106	95,286	190,979
Alain-Pierre Raynaud ⁽³⁾	297,576	38,564	340,423
Christian Brown ⁽⁴⁾	–	–	–
Sandy Taylor	239,380	130,003	387,287
Ian Edwards	130,871	133,540	275,420

⁽¹⁾ Includes the Company's contributions to Mr. Girard, Mr. Raynaud, Mr. Taylor and Mr. Edwards' notional account under the Harvest Plus and contributions to their Harvest account. Contributions are made by reference to salaries paid within the given year.

⁽²⁾ Mr. Bruce receives his retirement savings in the form of a taxable cash allowance as described in the footnotes to the "Summary Compensation Table".

⁽³⁾ In accordance with his separation agreement, Mr. Raynaud's benefits under the Harvest and Harvest Plus accrued prior to his separation date was settled following his departure.

⁽⁴⁾ Prior to his appointment to CDO, Mr. Brown received a retirement savings taxable cash allowance as described in the footnotes to the "Summary Compensation Table". As CDO, Mr. Brown is eligible to participate in the Company's 401(k) plan in the U.S. in accordance with Company policy, but elected not to participate.

NEO EXECUTIVE EMPLOYMENT AGREEMENTS

The Company has entered into Executive Employment Agreements ("Employment Agreements") with all of the NEOs effective on the dates noted below:

- > Mr. Bruce – October 5, 2015 *(new agreement following his appointment to the role of President and CEO)*
- > Mr. Sylvain Girard – April 4, 2016 *(new agreement following his appointment to the role of EVP and CFO)*
- > Mr. Raynaud – June 1, 2013
- > Mr. Brown – August 15, 2016 *(new agreement following his appointment to the role of CDO)*
- > Mr. Taylor – February 5, 2014
- > Mr. Edwards – June 30, 2014

These Employment Agreements cover the various aspects of their duties and cover subjects, such as compensation components, termination of employment, non-solicitation, and confidentiality.

RETIREMENT AND TERMINATION COMPENSATION

Termination of employment provisions are in place for each of the NEOs under their respective Employment Agreements. The actual departure arrangement for Mr. Raynaud is disclosed further in this section.

Termination Not For Cause

In the event of termination initiated by the Company for reasons other than for cause, the following conditions will apply:

Type of Allowances		Neil Bruce	Sylvain Girard	Christian Brown	Sandy Taylor	Ian Edwards
Severance	• Twice the sum of the annual base salary plus the annual target bonus under the AIP.	✓			✓	✓
	• One and a half times the sum of the annual base salary plus the annual target bonus under the AIP.		✓			
	• One time the sum of the annual base salary plus the annual target bonus under the AIP.			✓		
Benefits and Perquisites	• Lump sum payment equivalent to pension benefits that would have continued to accrue for two years.	✓			✓	✓
	• Lump sum payment equivalent to pension benefits that would have continued to accrue for 18 months.		✓			
	• Lump sum payment representing the value of perquisites for a two-year period.	✓			✓	✓
	• Lump sum payment representing the value of perquisites for an 18-months period.		✓			
AIP	• AIP for the year of termination paid at target and prorated for the portion of the year worked.	✓	✓	✓	✓	✓
Awards granted including any unvested share-based or option-based awards	• Will continue to vest, become exercisable, be paid or settled (as applicable) as if the individual had remained in employment for 24 months following termination.	✓			✓	✓
	• Will continue to vest, become exercisable, be paid or settled (as applicable) as if the individual had remained in employment for 18 months following termination.		✓			
	• Will vest on a prorated basis at the date of termination and be paid or settled (as applicable) following termination.			✓		

The following table sets out the incremental amounts which would have been payable had a not-for-cause termination occurred on December 31, 2016:

Involuntary termination	Neil Bruce	Sylvain Girard	Christian Brown ⁽¹⁾	Sandy Taylor	Ian Edwards
Severance	\$ 4,620,000	\$ 1,443,750	\$ 2,067,758	\$ 2,275,000	\$ 2,450,000
Benefits and Perquisites	\$ 540,000	\$ 217,500	–	\$ 330,000	\$ 350,000
AIP	\$ 1,210,000	\$ 412,500	\$ 1,127,868	\$ 487,500	\$ 525,000
Value of Stock Options not already vested ⁽²⁾	\$ 515,495	–	–	–	–
MSOP	\$ 57,190	–	–	–	–
ESOP	\$ 59,483	\$ 26,264	–	\$ 35,635	\$ 7,538
Value of RSUs not already vested ⁽³⁾	\$ 3,865,458	\$ 481,737	\$ 489,192	\$ 1,780,221	\$ 1,337,087
Value of PSUs not already vested ⁽³⁾⁽⁴⁾	\$ 4,026,172	\$ 625,808	\$ 840,729	\$ 1,899,326	\$ 1,773,748
Value of E-DSUs not already vested ⁽³⁾	\$ 869,682	–	–	–	–
Total	\$ 15,763,480	\$ 3,207,559	\$ 4,525,547	\$ 6,807,682	\$ 6,443,373

⁽¹⁾ Mr. Brown's severance and AIP would be paid in USD. For the purposes of this disclosure, amounts were converted back to CAD using the December 31, 2016 spot rate of 1 USD = 1.3427 CAD.

⁽²⁾ This amount is calculated based on the difference between the closing share price of \$57.79 on December 31, 2016 and the option exercise price of \$40.98 for options granted in May 2013.

⁽³⁾ Amounts are calculated based on the closing share price of \$57.79 on December 31, 2016.

⁽⁴⁾ Assuming that the PSUs would vest at 100% (i.e. at target).

Change in Control

The Company has double-trigger change in control agreements for the NEOs. In the event of involuntary termination of employment or resignation for good reason⁽¹⁾ following a change in control, the following conditions will apply:

Severance	• Two times the sum of the annual base salary plus the annual target bonus under the AIP.
Benefits and Perquisites	• Two times the annual contribution under Harvest and Harvest Plus plus two times the annual allowance for perquisites.
AIP	• The annual bonus for the year will be paid at target as a lump-sum, prorated for the period of employment in that year.
Stock Options	• All granted, unvested options fully vest and can be exercised immediately. Any stock ownership requirement provisions are suspended.
MSOP	• Future contributions required to be made under the terms of the Plan, but not yet made, are accelerated in order for all outstanding matching contributions to be paid by the Company.
ESOP	• Future contributions required to be made under the terms of the Plan, but not yet made, are accelerated in order for all outstanding matching contributions to be paid by the Company.
RSUP, PSUP and E-DSUP	• All granted RSUs, PSUs and E-DSUs fully vest and are redeemable for cash within thirty days of the termination of employment. For the purposes of the PSUP, the maximum performance payout multiplier (200%) is used.

⁽¹⁾ Resignation for good reason is defined as a resignation prompted by a significant change in employment conditions as a result of:

- a significant change or reduction in the scope or scale of the business lead by such NEO;
- a significant change in duties or responsibilities;
- if such NEO no longer serves at the highest level of the Company's executive leadership;
- a significant reduction of base salary or other compensation or benefits; or
- a major relocation of the business or a requirement to relocate from the NEO's home city.

The following table sets out the incremental amounts which would have been payable had a not-for-cause termination or resignation for good reason (as defined above), following a change in control, occurred on December 31, 2016:

Change in Control	Neil Bruce	Sylvain Girard	Christian Brown ⁽¹⁾	Sandy Taylor	Ian Edwards
Severance	\$ 4,620,000	\$ 1,925,000	\$ 4,135,516	\$ 2,275,000	\$ 2,450,000
Benefits and Perquisites	\$ 540,000	\$ 290,000	\$ 93,989	\$ 330,000	\$ 350,000
AIP	\$ 1,210,000	\$ 412,500	\$ 1,127,868	\$ 487,500	\$ 525,000
Value of Stock Options not already vested ⁽²⁾	\$ 515,495	–	–	–	–
MSOP	\$ 57,190	–	–	–	–
ESOP	\$ 59,483	\$ 26,264	–	\$ 35,635	\$ 7,538
Value of RSUs not already vested ⁽³⁾	\$ 3,972,889	\$ 590,325	\$ 1,049,755	\$ 1,818,305	\$ 1,375,171
Value of PSUs not already vested ⁽³⁾	\$ 8,052,343	\$ 1,428,106	\$ 3,149,208	\$ 3,798,652	\$ 3,547,497
Value of E-DSUs not already vested ⁽³⁾	\$ 869,682	–	–	–	–
Total	\$ 19,897,082	\$ 4,672,195	\$ 9,556,336	\$ 8,745,092	\$ 8,255,206

⁽¹⁾ Mr. Brown's severance and AIP would be paid in USD. For the purposes of this disclosure, amounts were converted back to CAD using the December 31, 2016 spot rate of 1 USD = 1.3427 CAD.

⁽²⁾ This amount is calculated based on the difference between the closing share price of \$57.79 on December 31, 2016 and the option exercise price of \$40.98 for options granted in May 2013.

⁽³⁾ Amounts are calculated based on the closing share price of \$57.79 on December 31, 2016.

Retirement

In the event of retirement (as defined in the Company's policies), all granted E-DSUs fully vest. All granted RSUs vest on a prorated basis and are redeemable for cash in accordance with the provisions of the plans. All granted PSUs vest on a prorated basis and are subject to the performance conditions until the end of the calendar year of retirement. All granted Stock Options will continue to vest and become exercisable until the option expiry date. The following table sets out the incremental amounts which would have been payable under the plans had retirement occurred on December 31, 2016.

Retirement	Value of Non-vested PSUs ⁽¹⁾	Value of Non-vested E-DSUs	Value of Non-vested RSUs	Total Incremental Payment
Neil Bruce ⁽²⁾	\$ 1,880,313	\$ 869,682	\$ 2,115,345	\$ 4,865,340
Sylvain Girard	\$ 301,144	–	\$ 304,958	\$ 606,102
Christian Brown	\$ 735,436	–	\$ 489,192	\$ 1,224,628
Sandy Taylor	\$ 981,390	–	\$ 1,180,072	\$ 2,161,462
Ian Edwards	\$ 897,652	–	\$ 663,776	\$ 1,561,428

⁽¹⁾ Assuming that the PSUs would vest at 100% (i.e. at target).

⁽²⁾ Mr. Bruce would qualify as a retiree under the applicable LTIP after completing five consecutive years of service with the Company, as per his employment agreement.

Alain-Pierre Raynaud's Departure Arrangements

On April 4, 2016, the Company and Mr. Alain-Pierre Raynaud came to an agreement on the terms and conditions of his exit as CFO. Such terms and conditions were the result of a mutual agreement to the benefit of both parties, the details of which are provided below.

The following table outlines incremental compensation as per the terms of the mutual agreement.

Compensation Element	Actual Paid or Payable in Accordance with the Mutual Agreement
Cash allowance ⁽¹⁾	\$ 2,359,600
Perquisites	\$ 50,000
Bonus at target for 2016 ⁽²⁾	\$ 117,582
Value of stock options not already vested ⁽³⁾	\$ 340,671
Value of RSUs not already vested ⁽⁴⁾	\$ 1,108,404
Value of PSUs not already vested ⁽⁵⁾	\$ 2,633,517
Value of E-DSUs not already vested ⁽⁶⁾	\$ 95,065
Total	\$ 6,704,839

⁽¹⁾ Reflects twice the sum of the annual base salary, the annual target bonus under the AIP, the annual contributions under Harvest and Harvest Plus and a lump sum of \$4,000 for tax accounting services.

⁽²⁾ Paid at target and prorated from January 1, 2016 to April 4, 2016.

⁽³⁾ This amount is calculated based on the difference between the closing share price of \$57.79 on December 31, 2016 and the option exercise price of \$40.98 for options granted in May 2013.

⁽⁴⁾ This amount is calculated based on an average closing price of Common Shares of \$47.02 for the five business days immediately preceding the April 4, 2016 vest date. For greater clarity and as per the mutual agreement, RSUs not already vested were prorated as if Mr. Raynaud had remained in employment for 24 months after his termination date.

⁽⁵⁾ This amount is calculated based on a share price of \$58.24 (five-day average closing price of Common Shares immediately preceding the vesting date of December 31, 2016) combined with a 200% performance payout multiplier for PSUs that vested on December 31, 2016 and the closing share price of \$57.79 on December 31, 2016 for all outstanding PSUs. For greater clarity and as per the mutual agreement, PSUs not already vested continue to vest as if Mr. Raynaud had remained in employment for 24 months following his termination.

⁽⁶⁾ This amount is calculated based on the closing share price of \$57.79 on December 31, 2016.

It should be noted that, in accordance with the mutual agreement with Mr. Raynaud, relocation costs are covered by the Company and include air shipment of household goods (including insurance coverage for a maximum value of \$200,000) and air transportation from Canada to France.

Mr. Raynaud's arrangements also include certain continuing obligations beginning April 4, 2016, such as:

- > non-competition with the Company for a period of 12 months;
- > non-solicitation of clients, investors or business partners of the Company for a period of 12 months;
- > non-solicitation of the Company's employees for a period of 24 months;
- > confidentiality (no term limitations); and
- > non-disparagement (no term limitations).

Other Departure Arrangements

In 2016, the Company parted ways with only one EVP not reporting directly to the President and CEO (and not an NEO).

CLAWBACK

Effective May 7, 2009 the Company adopted a clawback policy covering performance-based incentive compensation (i.e. AIP and LTIP). Under this policy, the Board may, in its sole discretion and to the extent that it determines it is in the Company's best interest to do so, require the reimbursement of all or a portion of any performance-based incentive compensation, if:

- > this compensation was based on the achievement of certain financial results that were subsequently the subject of, or affected by, a restatement of all or a portion of the Company's financial statements;

- > the executive officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- > the amount of performance-based incentive compensation that would have been awarded to, or the profit realized by the executive officer would have been lower had the financial results been properly reported.

Additionally, the President and CEO's Executive Employment Agreement provides that the Company may cancel outstanding incentive awards and/or demand repayment for compensation that has already been paid in the event where:

- > a material restatement of the Company's financial results resulted in awards or payments which would not have been paid based on such restated financial statements for the relevant period; or
- > the President and CEO has engaged in willful misconduct or gross negligence that either has resulted in, or could reasonably be expected to result in, negative economic or reputational consequences for the Company.

ANTI-HEDGING AND ANTI-MONETIZATION

The Board of Directors has adopted a policy, applicable to Company insiders (including NEOs and Directors), that prohibits hedging and trading in derivatives of the Company's Common Shares.

EXECUTIVE SHARE OWNERSHIP GUIDELINES

We believe that share ownership by our executives is fundamentally important and contributes to our success by aligning the goals of executives with those of our shareholders. To this end, the Company requires that Senior Officers acquire within five years of appointment, and hold for the duration of their employment, Common Shares having a minimum total value as shown in the table below. In addition to maintaining his share ownership requirement during his employment, the President and CEO must continue to meet this requirement for one year post employment with the Company. Compliance with these requirements is reviewed annually by the HR Committee.

Executive Share Ownership Guidelines can be met with Common Shares privately held, ESOP and MSOP shares as well as vested units under the E-DSUP. Under the 2013 Stock

Option Plan, if a Senior Officer has not met the share ownership requirement at the time of option exercising, they are required to retain underlying shares equal to at least 25% of the after-tax gain resulting from such exercise until they have achieved the required level of share ownership.

The value of share ownership for the purposes of assessing compliance under these guidelines is determined as the greater of:

- > The actual cost incurred in buying Common Shares plus the market value of all Common Shares represented by vested share units not redeemed under the E-DSUP; or
- > The market value at the time of assessment of all Common Shares held and all Common Shares represented by vested share units under the E-DSUP.

Name	Required Ownership (multiple of salary)	Ownership Requirement	Common Shares			Vested Deferred Share Units (E-DSUs)	Total Common Shares and E-DSUs	Value as at Dec. 31, 2016 ⁽¹⁾	Actual Ownership / Requirement	Meets Requirement
			Privately held	ESOP	MSOP					
Neil Bruce ⁽²⁾	President and CEO – 5x	\$ 5,500,000	13,000	6,271	4,706	34,720	58,697	\$3,392,100	0.62	In process
Sylvain Girard	EVP – 3x	\$ 1,650,000	–	2,607	–	–	2,607	\$ 150,659	0.09	In process
Christian Brown ⁽³⁾	CDO – 3x	USD 2,100,000	–	–	–	–	–	–	–	In process
Sandy Taylor	Sector President – 3x	\$ 1,950,000	8,525	4,471	–	–	12,996	\$ 751,039	0.39	In process
Ian Edwards ⁽⁴⁾	Sector President – 3x	\$ 2,100,000	–	394	–	–	394	\$ 22,769	0.01	In process

⁽¹⁾ The value as at December 31, 2016 was based on a closing share price of \$57.79.

⁽²⁾ Following his appointment to the role of CEO, Mr. Bruce's required ownership level increased from 3x salary to 5x salary. However, Mr. Bruce is still required to achieve a level of 3x salary within the original five-year time frame which began on his hire date. The incremental 2x salary ownership requirement (in addition to the initial 3x salary ownership requirement) must be achieved within five years from the date of his appointment to the role of CEO.

⁽³⁾ Prior to his appointment to the role of CDO, Mr. Brown was not subject to ownership requirements in accordance with his previous employment agreement. In this new role, a 3x salary ownership requirement must be achieved within five years from the date of his appointment.

⁽⁴⁾ Following his appointment to the role of President, Infrastructure, Mr. Edwards' required ownership level increased from 2x salary to 3x salary. However, Mr. Edwards is still required to achieve a level of 2x salary within the original five-year time frame which began on his hire date. The incremental 1x salary ownership requirement (in addition to the initial 2x salary ownership requirement) must be achieved within five years from the date of his appointment to the role of President, Infrastructure.

SUCCESSION PLANNING

On behalf of the Board, the HR Committee oversees succession planning and talent management for the Company and develops a succession plan for the President and CEO position. The President and CEO succession planning process involves working with the President and CEO to review internal and external candidates.

A succession planning process and business continuity policies were put in place in 2014 by the HR Committee and by management to ensure continuous preparedness in the event of an emergency succession.

During the year, the HR Committee reviewed the outcomes of the 2016 talent review process, used to identify talent within the Company and build a succession pipeline, including succession plans for the President and CEO's direct reports and sector president roles, possible successors for these positions and other key executive potentials. The Committee also reviewed the development and strategy programs available to key potentials and other promising executives.

The HR Committee recommends the President and CEO succession plan to the Board on an annual basis and reports to

the Board at least once a year on succession plans for other Senior Officers.

APPROVAL OF THE REPORT ON EXECUTIVE COMPENSATION

It is the responsibility and duty of the HR Committee to determine and recommend for Board approval, in accordance with the executive compensation policy, the principles for establishing specific compensation levels for the NEOs and other Senior Officers. In carrying out these duties, the Committee reviews the compensation plans, programs and policies, reviews objectives for the President and CEO and the other Senior Officers, monitors their performance and compensation and makes appropriate recommendations to the Board.

The HR Committee has reviewed and recommended to the Board for approval, the compensation of our NEOs as described in the CD&A of this Management Proxy Circular. The HR Committee was appointed by the Board and is composed of Directors who meet the legislative and regulatory standards governing independence, and none of whom has any indebtedness towards the Company.

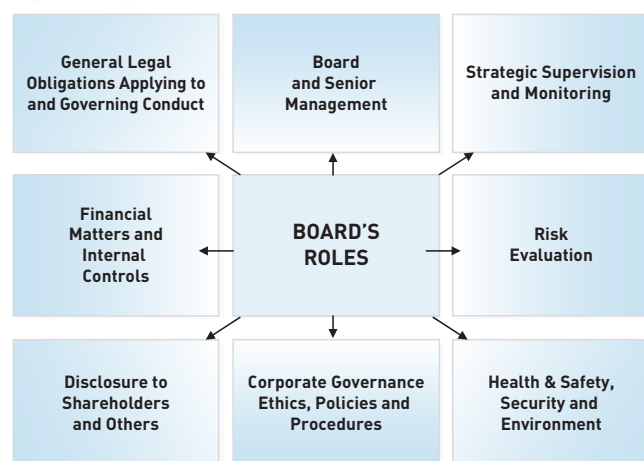
Statement of Corporate Governance Practices

BOARD ROLE AND MANDATE 49 / BOARD AND COMMITTEE STRUCTURE, ORGANIZATION AND COMPOSITION 50 / INDEPENDENCE 51 / *IN CAMERA* SESSIONS 51 / POSITION DESCRIPTIONS 51 / DIRECTOR ATTENDANCE 51 / DIRECTOR AVAILABILITY 53 / INTERLOCKING OUTSIDE BOARDS 53 / BOARD ANNUAL REVIEW AND SUCCESSION PROCESS 54 / DIVERSITY 56 / DIRECTOR ASSESSMENT 58 / DIRECTORS' ON-BOARDING PROGRAM 58 / ONGOING DIRECTOR EDUCATION 58 / CONFLICT OF INTEREST 59 / ETHICAL BUSINESS CONDUCT 59 / SHAREHOLDER ENGAGEMENT 60

The Board of Directors believes that sound corporate governance practices are essential to the positive workings and success of the Company. The Company strives to act proactively by progressively adopting forward-looking governance principles, creating corresponding structures and implementing procedures designed to enable the Board to carry out its duties in accordance with best governance principles and to permit the Board to evaluate and improve its own performance. These principles, structures and procedures include a Code of Ethics and Business Conduct that applies to the employees, officers and Directors of the Company and its subsidiaries, among others.

As reflected throughout this Management Proxy Circular, the Company's governance practices comply with the current CSA and TSX disclosure requirements, and the Company is committed to adjusting its governance practices on an ongoing basis, so as to remain at the forefront of best governance practices as they evolve.

BOARD ROLE AND MANDATE



The Board is responsible for supervising the management of the Company's business and affairs.

In addition to the strategic supervision and monitoring and risk evaluation responsibilities described below, the Board's mandate lists the principal areas of responsibility of the Board relevant to its supervisory role. The Board's mandate is found in [Schedule "C"](#) to this Management Proxy Circular and is also posted on the Company's website (www.snclavalin.com), under "About Us"/"Governance".

Strategic Supervision and Monitoring

The Board actively participates in supervising the development and implementation of the Company's strategic vision and five-year strategic plan. It fulfills its supervising role throughout the strategic planning process and engages with the President and CEO and management at key inflection points of the development of the strategic plan.

Management develops, implements and tracks the Company's five-year strategic plan. It does so through its annual strategic planning process. This process involves input from both management and the Board.

Strategic Planning Session: Two-day meeting scheduled in the fourth quarter where management meets with the Board to discuss, review and approve the strategic plan and budget for all sectors, business units, corporate functions, and the Company as a whole.

Furthermore, at each regularly scheduled Board meeting, the Board reviews management's progress against the strategic objectives and discusses emerging strategic issues.

Risk Evaluation

In general terms, the objective of the Board's oversight of the Company's risk management activities is to ensure, through reasonable measures, that the risks of the Company's business and affairs are identified and that measures to mitigate and manage such risks are implemented. The Board also monitors progress on corrective and mitigation actions. The Board oversees risk management in part through its various Committees who deal with risks related to their specific mandate. Furthermore, the Board has in place the SWPR Committee which was created by the Board to assist it in the oversight of risks associated with the execution of the Company's project business. This provides early identification of risks, their impact and how effectively they are being mitigated at the project and corporate level. The Board Committees, through their Chairs, report to the full Board after each of the Committees' regular meetings on, among others, risk-related matters.

Board Risk Evaluation Oversight

> **Reviewing the Company's risk philosophy.** This is done through active discussion between management and the Board at the Company's annual strategic planning meeting where a mutual understanding of the Company's overall risk assessment is reviewed and discussed.

> **Overseeing the Design and Implementation of an Effective Enterprise Risk Management (“ERM”) Process.** This oversight is a full Board responsibility and is completed by obtaining management’s reports on existing and developing risk management processes and on the effectiveness of these systems in identifying, assessing and managing the Company’s most significant risk exposures.

> **Reviewing the Company’s Major Risks.** The Board’s understanding of the risk exposure faced by the Company in both its present operations and strategic planning initiatives is integral to its risk oversight role. This understanding is partly acquired through the Board’s participation in the annual strategic planning meeting. This risk review allows management and the Board to, among others, focus on whether developments in the business environment have resulted in changes in the material assumptions and inherent risks underlying the Company’s strategy and the effects such changes have on the Company’s strategic plan.

> **Keeping Informed of the Most Significant Risks Faced by the Company and Whether Management is Responding Appropriately to these Risks.** As risks are constantly evolving, the Board obtains ongoing updates on risks affecting the Company. This is done by integrating information on ongoing risks into both the Board and each Committees’ agendas and packages.

While the Company considers that ERM, like supervision of the Company’s strategy, is a responsibility of the full Board, each of the Committees is tasked with addressing risk oversight in its areas of expertise as provided for in its mandate. This system allows the Board to gain valuable support and more focused attention on risks inherent in the scope of each Committee’s activities and thus to have a global view of the enterprise risk profile.

BOARD AND COMMITTEE STRUCTURE, ORGANIZATION AND COMPOSITION

Structure

Under its mandate, the Board may establish and seek the advice of and delegate responsibilities to Committees of the Board. As of December 31, 2016, the following four standing Committees were in place:

- > Audit Committee
- > G&E Committee
- > HR Committee
- > SWPR Committee

Committees review specific aspects of the Company’s business and affairs as outlined in their mandates. They analyze policies and strategies which are developed by management and are designed to be more conducive to deeper discussion on assigned subjects. They examine alternatives and where appropriate make recommendations to the Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so. The Chair of each Committee provides a report of the Committee’s activities to the full Board after each of the Committee’s regular meetings.

All of our Committee mandates are posted on the Company’s website (www.snclavalin.com), under “About Us”/ “Governance”.

Organization

- > Five regularly scheduled Board meetings are held each year including a two-day meeting in December to consider and approve the Company’s budget and strategic plan;
- > Each Committee has at least four regularly scheduled meetings per year;
- > Special Board and Committee meetings are held when deemed necessary; and
- > Non-standing Board Committees also known as working groups are also used from time to time to provide a more in depth review of issues of particular strategic importance, such as major acquisitions.

The Board and each of the Committees have a one-year working plan of items for discussion. These working plans are reviewed and adapted at least annually to ensure that all of the matters reserved to the Board and the Committees as well as other key issues, are discussed at the appropriate time.

The Corporate Secretary also maintains a running list of action items that is provided to the Board and each Committee at each quarterly meeting.

The Chairman sets Board agendas with the President and CEO and works together with the Corporate Secretary to make sure that the information communicated to the Board and the Committees is accurate, timely and clear. In addition, Directors are provided with Board and Committee materials electronically in advance of each meeting through a secured Internet site (“**Board portal**”). Electronic versions of all corporate governance documentation such as Board and Committee mandates are also available through this site.

Composition

As of March 13, 2017, the number of Directors is set at eleven and Committee membership is set at no less than three and no more than seven Directors. To accommodate the arrival of three new Board nominees and two directors leaving the Board, the Board will set the number of Directors at twelve (12) before the Meeting.

The G&E Committee is responsible for making annual recommendations to the Board with respect to the size and composition of the Board and Committees.

To the extent possible, taking into account regulatory and internal requirements with respect to the personal expertise of the members of specific Committees (e.g. the financial literacy required of Audit Committee members and the human resources and executive compensation experience and knowledge required of the HR Committee members) and other considerations such as a Board requirement that one member of the Audit Committee also be a member of the HR Committee (and vice versa), there is a system of regular rotation of Directors on Committees. This provides Directors exposure to different management issues and the opportunity to serve in several areas and allows the Committees to benefit from the expertise of a variety of Board members.

The G&E Committee engages in a regular review of the Director Selection Criteria to identify the ideal size and skill sets that should be represented on a board of directors of a major global engineering services organization such as the Company and to maintain and, if necessary, add critical competencies that may be required. For details regarding the Director Selection Criteria, see the “[Board Annual Review and Succession Process](#)” subsection below.

INDEPENDENCE

As a Canadian corporation listed on the TSX, the Company is subject to various guidelines, requirements and disclosure rules governing the independence of the members of its Board and Committees, including the independence requirements of the *Canada Business Corporations Act* and the governance guidelines and audit committee rules adopted by the CSA.

Based on information regarding personal and business circumstances provided in a comprehensive questionnaire completed annually by each of the Company’s Directors, the Board is satisfied that eleven of its twelve nominees are “independent” in light of Canadian securities legislation and regulations, including our Chairman whose role is separate from that of our President and CEO. The only non-independent nominee is Neil Bruce, our President and CEO, as he is a member of the management team.

Furthermore, the Board has established that members of a standing Committee must be Directors who are independent. This requirement forms part of the mandate of each Committee.

IN CAMERA SESSIONS

The mandates of the Board and each of the standing Committees require that, at each of the regularly scheduled meetings of the Board and Committees during a particular year, the independent Directors hold *in camera* sessions (sessions at which members of management are not present). Directors are also obliged to hold such *in camera* sessions when executive compensation issues are discussed.

In 2016, a total of 29 Board and Committee meetings were held. *In camera* sessions were held at each regular Board and Committee meeting. For a summary of Board and Committee meetings held in 2016, see the “[Director Attendance](#)” subsection below.

POSITION DESCRIPTIONS

Our Board has adopted a description of the role of our Chairman and that of our President and CEO. It has also adopted general terms with respect to the responsibilities of the Chairs of each of the standing Committees, which are set out in the mandate of each Committee. The position descriptions of the Chairman and of the President and CEO as well as the mandates of the Committees are posted on the Company’s website (www.snclavalin.com), under “About Us”/“Governance”.

A brief summary of these roles and responsibilities is also provided below.

Chairman

Our Chairman is an independent Director designated by the Board and is responsible for the management, development and effective performance of the Board and for providing leadership to the Board for all aspects of its work. He takes all reasonable measures to ensure that the Board (i) has structures and procedures in place to enable it to function independently of management, (ii) carries out its responsibilities effectively and (iii) clearly understands and respects the boundaries between Board and management responsibilities. Our Chairman acts in an advisory capacity to the President and CEO and to other officers in all matters concerning the interests and management of the Company and, in consultation with the President and CEO, plays a role in the Company’s external relationships.

Chairs of Committees

The general terms with respect to the responsibilities of the Chair of each standing Committee are set out in the mandate of each Committee. These responsibilities include presiding at Committee meetings and overseeing the way in which each Committee carries out its mandate. The Chair of a Committee is required, following a meeting of his/her Committee, to report to the Board on the Committee’s activities at its next regularly scheduled meeting.

President and CEO

Our President and CEO is responsible for the management of the Company’s business and affairs. His key responsibilities involve articulating the vision of the Company, focusing on creating value for shareholders and developing and implementing a plan that is consistent with the Company’s vision and its long-term strategy. He is supported by the Senior Officers of the Company, and is appointed by the Board.

Our President and CEO is accountable to the Board and Committees and his performance is reviewed once a year by the Board. The Board has also established levels of authority for our President and CEO and management.

DIRECTOR ATTENDANCE

Summary of Board and Committee Meetings Held in 2016

	Regular	Special	Total
Board	5	6	11
Audit Committee	4	0	4
G&E Committee	5	0	5
HR Committee	5	0	5
SWPR Committee	4	0	4
TOTAL	23	6	29

Under the Company’s policies and guidelines, all Directors must have a total combined attendance rate of 75% or more for Board and Committee meetings to stand for re-election

unless exceptional circumstances arise such as illness, death in the family or other similar circumstances.

Non-attendance at Board and Committee meetings is rare, usually when an unexpected commitment arises, a special meeting is convened on short notice or when there is a prior conflict with a meeting which had been scheduled and could

not be rearranged. Given that Directors are provided with Board and Committee materials in advance of the meetings, Directors who are unable to attend are encouraged to provide comments and feedback to either the Chairman, the Chair of the Committee or the Corporate Secretary, all of whom ensure these comments and views are raised at the meeting.

The table below provides the record of attendance for each Director at regular and special meetings of the Board and Committees during the 12 months ended December 31, 2016.

RECORD OF ATTENDANCE BY DIRECTORS AT REGULAR AND SPECIAL BOARD AND COMMITTEE MEETINGS FOR THE 12 MONTHS ENDED DECEMBER 31, 2016										
Directors	Regular Board & Committee Meetings Attended		Total Regular Meetings		Special Board & Committee Meetings Attended		Total Special Meetings		Overall Attendance	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
J. Bougie	5 of 5 Board	100	19 of 19	100	6 of 6 Board	100	6 of 6	100	25 of 25	100
	5 of 5 G&E	100								
	5 of 5 HR	100								
	4 of 4 SWPR	100								
N. Bruce ⁽¹⁾	5 of 5 Board	100	5 of 5	100	6 of 6 Board	100	6 of 6	100	11 of 11	100
P.A. Hammick ⁽²⁾	5 of 5 Board	100	19 of 19	100	6 of 6 Board	100	6 of 6	100	25 of 25	100
	4 of 4 Audit	100								
	5 of 5 G&E	100								
	5 of 5 HR	100								
C. J. Hughes ⁽³⁾	2 of 2 Board	100	2 of 2	100	1 of 1 Board	100	1 of 1	100	3 of 3	100
L. Lachapelle ⁽⁴⁾	1 of 1 Board	100	3 of 3	100	N/A	N/A	N/A	N/A	3 of 3	100
	1 of 1 G&E	100								
	1 of 1 SWPR	100								
S.L. Newman ⁽⁵⁾	5 of 5 Board	100	12 of 12	100	6 of 6 Board	100	6 of 6	100	18 of 18	100
	5 of 5 HR	100								
	2 of 2 SWPR	100								
M. D. Parker ⁽⁶⁾	2 of 2 Board	100	6 of 6	100	N/A	N/A	N/A	N/A	6 of 6	100
	2 of 2 G&E	100								
	2 of 2 SWPR	100								
J. Raby ⁽⁷⁾	5 of 5 Board	100	12 of 12	100	6 of 6 Board	100	6 of 6	100	18 of 18	100
	4 of 4 Audit	100								
	3 of 3 G&E	100								
(continued on next page)										

⁽¹⁾ Mr. Bruce, as President and CEO, attended all Committee meetings as a non-voting participant.

⁽²⁾ In addition to her Committee memberships, Dr. Hammick attended three regular SWPR Committee meetings as a non-voting participant.

⁽³⁾ Ms. Hughes was appointed to the Board on November 3, 2016. She attended one regular meeting of each of the Audit, G&E and SWPR Committees as a non-voting participant as part of the new Directors' on-boarding program. Following her appointment to the Board, Ms. Hughes attended one regular HR Committee meeting and one regular G&E Committee Meeting as a non-voting participant.

⁽⁴⁾ Ms. Lachapelle ceased to be a Director and a member of the G&E and SWPR Committees on March 31, 2016.

⁽⁵⁾ Mr. Newman became a member of the SWPR Committee on May 5, 2016. In addition to his Committee membership, Mr. Newman attended one regular meeting of the Audit Committee, five regular meetings of the G&E Committee and two regular meetings of the SWPR Committee as a non-voting participant.

⁽⁶⁾ Mr. Parker ceased to be a Director and a member of the G&E and SWPR Committees on May 5, 2016.

⁽⁷⁾ Mr. Raby became a member of the G&E Committee on May 5, 2016. In addition to his Committee membership, Mr. Raby attended two regular meetings of each of the G&E and HR Committees and one regular meeting of the SWPR Committee as a non-voting participant.

**RECORD OF ATTENDANCE BY DIRECTORS AT REGULAR AND SPECIAL BOARD AND COMMITTEE MEETINGS
FOR THE 12 MONTHS ENDED DECEMBER 31, 2016**

Directors	Regular Board & Committee Meetings Attended		Total Regular Meetings		Special Board & Committee Meetings Attended		Total Special Meetings		Overall Attendance	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
A. Rhéaume⁽⁸⁾	5 of 5 Board 4 of 4 Audit 5 of 5 HR	100 100 100	14 of 14	100	6 of 6 Board	100	6 of 6	100	20 of 20	100
C. Sbiti⁽⁹⁾	5 of 5 Board 4 of 4 Audit 4 of 4 SWPR	100 100 100	13 of 13	100	6 of 6 Board	100	6 of 6	100	19 of 19	100
E. D. Siegel⁽¹⁰⁾	5 of 5 Board 4 of 4 Audit 5 of 5 G&E 4 of 4 SWPR	100 100 100 100	18 of 18	100	6 of 6 Board	100	6 of 6	100	24 of 24	100
Z. Smati⁽¹¹⁾	4 of 4 Board 2 of 2 SWPR	100 100	6 of 6	100	6 of 6 Board	100	6 of 6	100	12 of 12	100
L.N. Stevenson⁽¹²⁾	5 of 5 Board	100	5 of 5	100	6 of 6 Board	100	6 of 6	100	11 of 11	100
Total	54 of 54 Board 20 of 20 Audit 21 of 21 G&E 20 of 20 HR 19 of 19 SWPR	100 100 100 100 100	134 of 134	100	61 of 61 Board	100	61 of 61	100	195 of 195	100

⁽⁸⁾ In addition to his Committee memberships, Mr. Rhéaume attended five regular meetings of the G&E Committee and three regular meetings of the SWPR Committee as a non-voting participant.

⁽⁹⁾ In addition to his Committee memberships, Mr. Sbiti attended four regular meetings of each of the G&E and HR Committees as a non-voting participant.

⁽¹⁰⁾ In addition to his Committee memberships, Mr. Siegel attended three regular meetings of the HR Committee as a non-voting participant.

⁽¹¹⁾ Mr. Smati was appointed to the Board and became a member of the SWPR Committee on May 5, 2016. He attended one regular meeting of each of the Audit, G&E, HR and SWPR Committees as a non-voting participant as part of the Directors' on-boarding program. Following his appointment to the Board, Mr. Smati attended one regular Audit Committee meeting, two regular HR Committee meetings and three regular G&E Committee meetings as a non-voting participant.

⁽¹²⁾ As Chairman, Mr. Stevenson attended all Committee meetings as a non-voting participant.

DIRECTOR AVAILABILITY

The mandate of the G&E Committee requires that its members consider candidates who have the capability and willingness to travel, to attend and to have adequate availability to contribute to Board functions. The number of publicly traded corporations for which nominees act as directors is one of the general criteria considered with respect to availability. To further clarify Director availability, the Board, upon recommendation of the G&E Committee, has set the following Director availability guidelines for its Directors:

Director Availability Guidelines

- > Directors may not sit on the boards of more than four other outside publicly traded companies, unless otherwise approved by the Board.
- > Directors who are also CEOs in office may not sit on the board of more than one outside publicly traded company other than his/her company's and SNC-Lavalin's, unless otherwise approved by the Board.

The G&E Committee carried out its customary review for 2016 and was satisfied that our Directors were able to commit the requisite time for the proper performance of their duties. As of March 13, 2017, all of our Directors complied with the above Director availability guidelines.

Note that Isabelle Courville, one of our nominee Directors, has advised that if elected at the Meeting, she will not stand for re-election to the board of directors of one of her other current boards, at that company's 2018 annual meeting of shareholders.

For complete details on all outside public directorships held by the Director nominees, see the "[Information on our Director Nominees](#)" section of this Management Proxy Circular.

INTERLOCKING OUTSIDE BOARDS

The Company has established an additional guideline that no more than two of its Directors may serve on one outside board together. In 2016, none of our Directors served together on any other board of directors.

BOARD ANNUAL REVIEW AND SUCCESSION PROCESS

Boards are strongest and most effective when key qualifications and core competencies are represented thereon. The objective of the Board annual review and succession process is to ensure that this is the case and to ensure that, collectively, Directors have the knowledge and skills necessary to enhance the long-term performance of the Company.

Annual Process for Directors Currently in Office

The process listed below sets out the steps followed annually in determining whether the Directors currently in office continue to hold the qualifications necessary to qualify as nominees.

DETERMINATION OF QUALIFICATIONS OF INCUMBENT DIRECTORS AS NOMINEES

- > Assess Directors' tenure against Independent Director Term and Retirement Guidelines (for details, see the "Director Tenure, Term and Retirement" subsection below);
- > Review Directors' performance through an annual assessment (for details, see the "Director Assessment" subsection below);
- > Perform annual credential review of Directors;
- > Review Director Selection Criteria to identify the required and/or missing qualifications determined to be essential to ensure appropriate strategic direction, supervision and oversight (for details, see the "Director Selection Criteria" subsection below);
- > Assess independence of each Director and address concerns, if any;
- > Assess continuing qualifications under the *Canada Business Corporations Act*; and
- > Assess qualifications of Directors under applicable securities and corporate laws.

Once this determination has been made, the G&E Committee recommends, and the Board approves, the list of individuals to be recommended for election by the shareholders.

Board Succession Planning Process

The Board succession planning process, more fully described below, takes into account the challenges and opportunities facing the Company and aims to maintain an appropriate balance of qualifications on the Board. It also assists the Board with a smooth transition when a Director leaves the Board or when new qualifications need to be added. Succession planning also assists with a reasonable level of turnover of Directors and keeps the Board at an appropriate size (large enough to allow Directors to fulfill their mandate on each Committee while remaining at a size that allows for open, informal and responsible discussion and debate).

The G&E Committee is responsible for identifying the need for future appointments well in advance of the expiry of current Director's terms of office. When a term is coming to an end, a position becomes vacant or a decision is taken to

increase the number of Directors on the Board, the Committee develops a skills profile for the position(s) which includes, amongst others, the Director Selection Criteria (as defined in the table below).

The process of recruiting Directors is guided by criteria established by the Chairman of the Board and the Chair of the G&E Committee and reviewed and approved by this Committee. These criteria include general qualifications to be used in the identification of individual candidates as well as key qualifications and core competencies required for the Board as a whole. Consideration is given to the present membership of the Board and the qualifications which should be added or strengthened over time to maintain a Board which will meet the evolving needs of the Company.

In identifying and evaluating individual candidates, a general profile is applied, which includes selecting candidates who can effectively represent diversity in many forms with a particular emphasis on gender diversity. Personal attributes, education and experience, independence, sound business judgement, high performance standards, including successful record of achievement in his or her chosen field, and an understanding of the industry in which the Company evolves are all important factors which are taken into consideration.

The Chairman of the Board and the Chair of the G&E Committee work together to identify and review qualified candidates. They are assisted by external executive search firms who cover both the Canadian and international markets and provide lists of potential candidates who fall within the Director Selection Criteria. Current Directors, including the President and CEO, are also encouraged to identify potential candidates known to them through personal or professional contacts who also fall within the Director Selection Criteria.

The Chair of the G&E Committee, following discussions with the Chairman of the Board, reviews the list of potential candidates presented from these sources, ensures gender diversity within this list, and comes up with a preliminary list of names to provide to the Committee for further discussion. The G&E Committee then reviews this list, ranks the candidates and comes up with a short list of men and women which the Committee has determined have the required qualifications that best suit the Board's and Company's needs.

Candidates from this short list are then interviewed by the Chairman of the Board and the Chair of the G&E Committee. During the course of the interviews, they ensure that candidates have a clear understanding of the requirements of being a member of the Board and that they are prepared to make the necessary commitments of time, energy and expertise if appointed. They also discuss the time frame for the appointment and the candidate's availability.

Following the initial interviews, a thorough background and security check is performed on the selected candidate(s). If the results of this verification are satisfactory to the Chairman of the Board and the Chair of the G&E Committee, they will come back to the G&E Committee with their recommendation which is reviewed and discussed by the Committee members. If the Committee approves the recommendation, the candidate(s) are then presented to the Board for final approval. Following this approval, the selected

candidate(s) are invited to join the Board either as appointees, if they join the Board prior to the annual meeting of shareholders, or as nominees for election at the annual meeting of shareholders.

Director Selection Criteria

The G&E Committee's mandate provides for the establishment and update of Director Selection Criteria,

which is a list of industry-specific experience, business expertise and individual qualifications of Directors, so as to identify any eventual gaps on the Board. The top five skills and competencies identified for each of our nominee Directors are set forth in the following table, together with their gender, age, place of residence, official languages spoken and tenure.

DIRECTOR SELECTION CRITERIA

NAME	GENDER		AGE	REGION				LANGUAGE		TENURE			TOP FIVE SKILLS/COMPETENCIES										
	MALE	FEMALE	UNDER AGE 65	AGE 65 AND OLDER	QUEBEC	ONTARIO	ALBERTA	FRANCE	U.S.	ENGLISH	FRENCH	0-5	6 TO 10	11+	INDUSTRY EXPERIENCE	CEO/SENIOR EXECUTIVE ROLE	INTERNATIONAL EXPERIENCE	RISK MANAGEMENT	PROJECT MANAGEMENT	OPERATIONS	GOVERNMENT/REGULATORY AFFAIRS	ACCOUNTING/FINANCE	HUMAN RESOURCES/INDUSTRIAL RELATIONS
J. BOUGIE	●			●	●					●	●	0-5	6 TO 10	11+		●	●			●		●	●
N. BRUCE	●		●		●					●		●			●	●	●	●	●				
I. COURVILLE		●	●		●					●	●	●				●	●		●		●	●	●
C. HUGHES		●	●				●			●	●	●				●	●		●	●			●
K.G. LYNCH	●			●		●				●	●	●				●	●	●			●		●
S.L. NEWMAN	●		●						●	●		●			●	●	●			●			●
J. RABY	●		●					●		●	●	●				●	●	●			●	●	
A. RHÉAUME	●			●	●					●	●	●				●	●		●		●	●	●
E.D. SIEGEL	●		●			●				●		●				●	●	●			●	●	
Z. SMATI	●		●						●	●	●	●			●	●	●	●		●		●	
L.N. STEVENSON	●		●			●				●	●			●		●	●			●		●	●
B. WARBOLD		●	●			●				●		●				●	●	●		●		●	

INDIVIDUAL QUALIFICATIONS REQUIRED FOR ALL NOMINEES

- > Integrity, honesty and the ability to generate public confidence and maintain the goodwill and confidence of the Company's shareholders;
- > Sound business judgement;
- > Independence of mind;
- > Relevant education and experience;
- > High performance standards, including successful record of achievement in his or her chosen field;
- > Understanding of our industry;
- > Capability and willingness to travel, to attend and contribute to Board functions on a regular basis; and
- > Any other eligibility criteria deemed applicable by the G&E Committee in relation to independence, affiliation and conflict of interest.

Director Tenure, Term and Retirement

The Board has set the following term and retirement guidelines for its Directors:

INDEPENDENT DIRECTOR TERM AND RETIREMENT GUIDELINES

The term of office of each Director expires upon the election of his/her successor unless he/she resigns his/her office or his/her office becomes vacant by death, removal or other cause.

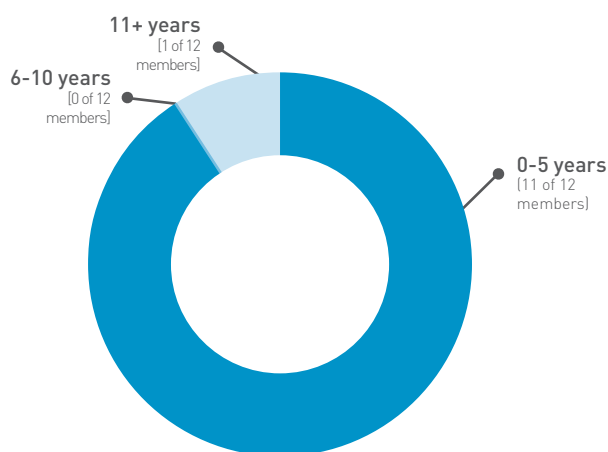
Unless the Board agrees at its discretion to an extension of the Director's term of service, he/she is no longer eligible for re-election at the annual general meeting of shareholders following the 15th anniversary of his/her initial election to the Board.

The above guidelines do not apply to the President and CEO of the Company, who shall leave the Board upon his/her ceasing to be President and CEO. In the case where an incoming President and CEO has been recruited from outside the Company, the Board may consider keeping the former President and CEO as a Director during a transition period to be determined at the Board's discretion.

As per the above guidelines, the Board used its discretion to extend Mr. Stevenson's term of service for another year for a third time as his latest date of retirement was scheduled for May, 2015 (15th anniversary of his initial election to the Board).

The Company does not have a retirement age policy for its Directors.

The following chart indicates the number of years our nominee Directors have dedicated to the Company's Board as at March 13, 2017:



As at March 13, 2017, the average tenure of our nominee Directors on our Board is three years.

Majority Voting Policy

The Board has adopted a Majority Voting Policy under which any Director nominee in an uncontested election who receives a greater number of shares withheld than shares voted in favour of his or her election must immediately

tender his or her resignation to the Chairman of the Board. The G&E Committee and the Board will promptly consider the Director's resignation, and the Board will accept the resignation absent exceptional circumstances. The resignation will be effective upon its acceptance by the Board. The Board will make its decision within 90 days of the relevant shareholders' meeting and promptly announce it, including the reasons for rejecting the resignation, if applicable, through a news release. A Director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the G&E Committee or the Board at which the resignation is considered.

DIVERSITY

Diversity Policy

SNC-Lavalin is committed to diversity and inclusion. On March 3, 2016, the G&E Committee recommended, and the Board approved, a "Policy Regarding Diversity on the Board of Directors and in Senior Management Positions" (the "Policy") as a part of its commitment to diversity.

The Policy reflects the Company's view that diversity within its ranks is important to ensure that the profiles of Board members and senior management provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management and is an important means to ensure that a wide-variety of perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive.

The Policy highlights the Company's view that gender diversity is a significant aspect of diversity and acknowledges the important role that women can play in contributing to the diversity of perspective on the Board and in senior management positions.

The G&E Committee for Directors and the HR Committee for members of senior management are responsible for annually monitoring the implementation of the Policy and reviewing its content as well as assessing the effectiveness of the nomination process at achieving the Company's diversity objectives outlined in the Policy and reporting to the Board thereon.

Diversity & Inclusion Program

On March 8, 2016, SNC-Lavalin launched its Diversity & Inclusion Program which is designed to inspire women Company-wide to reach their career objectives by providing tools, discussion forums and networking opportunities. It also seeks to promote the importance of women in leadership roles.

The Diversity & Inclusion Program intends to lead the way and create a culture that enables the Company to:

- > Support recruitment, retention and advancement of women in management and executive roles at SNC-Lavalin;
- > Discuss the importance and benefits of diversity in the workplace;
- > Empower women within SNC-Lavalin to adopt their chosen paths to success; and

- > Facilitate and support the advancement of women into leadership positions through development opportunities.

Establishment of Targets

In August 2016, SNC-Lavalin established a twenty percent (20%) target of women on its Board and in senior management positions over the next three years. Following the May 4, 2017 Meeting, if all Board nominees are elected, the Company will exceed its twenty percent (20%) target for women on its Board. As for senior management positions, this target was achieved in 2016 as a total of 23 women now occupy senior management positions at SNC-Lavalin, which represents twenty percent (20%) of the Company's total senior management population.

The Company also aims to increase the proportion of women in engineering and all levels of management to twenty percent (20%) over the same period of time.

To achieve this goal, SNC-Lavalin intends to:

- > Track the roles of women in its organization and make the appropriate changes;
- > Raise awareness of the benefits of diversity and inclusion through training and communication with a focus on unconscious bias;
- > Ensure its policies and programs support diversity and inclusion principles and objectives; and
- > Communicate its diversity and inclusion progress both externally and internally to attract more women.

Initiatives

During the course of 2016, SNC-Lavalin and Mr. Neil Bruce, its President and CEO, both joined the 30% Club Canada, an organization that encourages and supports companies, through a voluntary approach, to appoint more women at board level as well at senior management levels. In September 2016, SNC-Lavalin also contributed to the first 30% Club Canada event to be held in the Province of Quebec. The Company believes that this reflects its commitment to hire, train and ensure women have the equal opportunity to achieve their professional goals and access key-decision roles. Other diversity and inclusion initiatives put in place by SNC-Lavalin in 2016 include:

- > Developing and implementing policies and programs that support SNC-Lavalin's principles and objectives;
- > Raising awareness on diversity and inclusion challenges and priorities through a global communication campaign and training for senior management and employees; and
- > Communicating the Company's progress, both externally and internally, to attract more women and show that our industry has many opportunities for them.

Board Appointments

The G&E Committee is responsible for recommending qualified persons for Board nominations. As mentioned in the

Policy, it has developed a set of criteria for Board membership that strives to attain a diversity of background and skills for the Board and, through its Board member search practices, seeks out qualified Board candidates who are women and who come from a wide variety of sectors.⁽¹⁾

In the process of searching for qualified individuals to serve on the Board, the Policy provides for the G&E Committee to retain executive search firms to help meet the Board's diversity objectives, periodically review Board recruitment and selection practices to ensure that diversity remains a component of any director search, consider the level of representation of women on the Board and ensure that women are included in the list of candidates being considered for Board positions.

The table below shows the representation of women on the Board of Directors for the last two years:

	# of Women Directors / Total # of Directors	%	Target
As at March 13, 2017	2/11	18%	20%
As at March 14, 2016	2/11	18%	N/A

If all nominee Directors are elected at the Meeting, the Company will achieve and surpass its target of 20% of women Directors on its Board. The number of women Directors will be increased from two to three out of twelve Directors, therefore increasing the percentage of women on the Board to 25%.

Senior Management Appointments

In fulfilling their role, the HR Committee and the Board of Directors (and, for those senior managers who are not direct reports to the President and CEO, the President and CEO and the Executive Committee), consider candidates that are highly qualified based on their experience, education, expertise, personal qualities and general and sector-specific knowledge. They review potential candidates from a variety of backgrounds and perspectives, with the Company's diversity objectives, including the specific objective of gender diversity, in mind. They also consider the level of representation of women in senior management positions when making appointments at this level.

The Company is of the view that it is preferable to identify and develop its internal talent pipeline, thereby enabling female candidates within the Company to be identified and promoted for senior management appointments. Female representation and diversity within its ranks is one of the most important factors used in its search process for these appointments. Talent review sessions are held at least once a year to assess the succession plans for all key senior management positions and to adjust the strategy so as to ensure that talent is properly developed. The Company requires that succession plans for all senior management positions include where possible successors who are women. The Company also measures, year over year, the representation of women in its accelerated development talent group.

⁽¹⁾ For details on our process for nominating new Directors, see the "Board Succession Planning Process" subsection of this Statement of Corporate Governance Practices.

As mentioned above, the Company also established specific targets as to the percentage of women in senior management positions. The Company believes that it can achieve twenty percent (20%) of women in senior management positions over the next three (3) years. This target was achieved in 2016 as a total of 23 women now occupy senior management positions at SNC-Lavalin, which represents twenty percent (20%) of the Company's total senior management population.

As for the representation of women in executive officer positions at SNC-Lavalin, the table below shows their representation for the last two years:

	# of Women Executive Officers / Total # of Executive Officers	%	Target
As at March 13, 2017	2/11	18%	20%
As at March 14, 2016	2/11	18%	N/A

DIRECTOR ASSESSMENT

In 2016, the G&E Committee designed the process and conducted the Board assessment internally.

Evaluation Tools

The Board provided its members with a list of discussion points on the performance of the Board, the individual Committees, the Chairman and the Committee Chairs a week in advance of the actual performance review sessions, so as to allow Board members to prepare for these sessions. The discussion points covered, among others, the effectiveness of the Board and its Committees, Board-related operational issues, preparation for and performance at meetings, overall corporate governance matters and questions related to integrity. The performance review sessions took place the following week over a few hours with discussions on the performance of the Chairman and the Chairs of the various Board Committees, being held separately in their absence.

Directors were also asked to complete a peer review survey, the results of which were compiled by the Chairman and the Chair of the G&E Committee. The Chairman set up individual meetings with each Director to review the results of their peer review, discuss their personal contribution to the Board and its Committees and review opportunities and challenges moving forward.

Action Planning

Following this exercise, the G&E Committee prepared a Board and Board Committees' action plan to address areas of opportunity identified during the Board and Board Committees' performance review session. The action plan was then presented to the full Board for its review and comments and the G&E Committee will monitor the implementation of the final action plan throughout the year.

DIRECTORS' ON-BOARDING PROGRAM

Process

The Board ensures, through its G&E Committee that newly appointed Directors understand the roles of the Board and

Committees, and the contribution that individual Directors are expected to make. The G&E Committee is responsible for reviewing and approving the on-boarding program for new Directors and reporting to the Board thereon.

On-Boarding Initiatives

Upon becoming a member of the Board, each new Director is provided with a detailed on-boarding package made available to them on the Company's Board portal. This package includes all administrative documents that need to be completed by the new Directors and an extensive Frequently Asked Questions ("FAQ") on board practices and processes, structure, policies, procedures, compensation, logistics, training, insider reporting, entity governance and other information to help them prepare for their role as Directors. The FAQ provides links to all underlying documentation that they need to be aware of as well as a number of practical internal and external links to allow them to go deeper into issues of particular concern to them.

Orientation sessions take place over the course of the first year a Director joins the Board and begin with new Directors being invited to attend all Committee meetings preceding the Board meeting during which he/she will be appointed as a Director. This is followed by orientation sessions with management, the Chairman and Committee Chairs either preceding or following the quarterly Board meetings. Once these sessions are completed, a second session with management takes place around nine months after they have joined the Board to explore any areas not covered in the initial orientation and to go more in depth on issues that draw on their specific expertise. All Directors are also invited to attend these orientation sessions.

ONGOING DIRECTOR EDUCATION

Process

The Board also ensures, through its G&E Committee that ongoing development and education opportunities are made available to existing Directors. The G&E Committee is responsible for reviewing and approving ongoing development and education initiatives.

In order to determine the needs of our Directors in terms of ongoing education, each of them is invited to provide the Company with his/her interests and views on the matter in the context of the Board performance assessment.

Development and Education Opportunities

Current ongoing Director development and education opportunities include regular presentations by senior management on the Company's markets, competitors, targeted investments and acquisitions as well as the regulatory environment and specialized aspects of the business.

Outside advisors are also invited to make presentations on various topics when required.

The Corporate Secretary provides Directors with a weekly summary of up to date information on upcoming legislative changes, evolving governance and Board practices as well as general trends related to the Board and Board Committees' mandates. This summary is accompanied by surveys, articles

and other types of documentation of interest to Board members. These are then uploaded onto the the Board portal for future reference.

Our Directors are also encouraged to participate in outside professional development and training activities and are provided with a corporate membership for the Institute of Corporate Directors which offers a continuing education program for directors.

Site Visits

Site visits of the Company's facilities and operations are also viewed as educational opportunities for Directors. Site visits provide Directors with direct access to construction site personnel, both employees and independent contractors, and assist them in grasping the nature and complexity of the Company's business and operations. Directors are invited to participate in full Board site visits which are organized on a yearly basis. They are also encouraged to visit sites where the Company carries on its operations on their own.

In 2016, eight of our Directors visited the Ottawa Light Rail Transit (LRT) project site in Ontario, Canada as well as the Champlain Bridge project site in Quebec, Canada, three of our Directors visited the John Hart Generating Station project site in British Columbia, Canada and one Director visited the Sealy oil and gas facility in Sealy, Texas, United States of America.

Procedures

In addition to the above-mentioned ongoing development and education opportunities, procedures are also in place to ensure that the Board is kept up to date and to facilitate timely and efficient access to all information necessary to carry out its duties. These procedures include reports from the President and CEO and members of senior management on important projects and issues related to the business, reports from each of the Committees on their work at their previous Committee meeting, updates between Board meetings on matters that affect the Company's operations and full access to the Company's Senior Officers.

Summary Table of Ongoing Director Education

The following table provides details on specific ongoing training initiatives provided to our Directors in 2016.

Topic	Presented By:	Attended By:
Business Strategy	Management	All Directors
People Strategy	Management	All Directors
Enterprise Risk Management System	Management	All Directors

CONFLICT OF INTEREST

To ensure ongoing director independence, each Director is required to inform the Board of any potential conflict of interest he or she may have at the beginning of each Board and Committee meeting. A Director who is in a situation of potential conflict of interest in a matter before the Board or a Committee must not attend any part of a meeting during which the matter is discussed or participate in a vote on the matter. The G&E Committee performs an annual review of Directors' interests in which potential or perceived conflicts and other matters relevant to their independence are considered.

ETHICAL BUSINESS CONDUCT

SNC-Lavalin is committed to ethics excellence and it is reinforcing this commitment with a number of concrete gestures. The Company has instituted a number of measures aimed at verifying standards of conduct through certification of training, and strengthening internal controls and processes, and it will continue to review its compliance environment as part of its promise to its stakeholders to be a Company that operates with the highest ethical standards.

Code of Ethics and Business Conduct

The Code of Ethics and Business Conduct ("Code") is applicable to all employees, consultants, loaned personnel, officers and Directors of SNC-Lavalin⁽¹⁾. When joining SNC-Lavalin and on an annual basis, they are required to complete online training and certification demonstrating that they have received, read and understood the Code and confirming that they will comply with its terms. Third parties, such as business partners who do business on behalf of the Company, are also required to abide by the Code. The Code is available in nine languages.

A copy of the Code is available on our website (www.sncclavalin.com) under "About Us"/ "Policies"/ "Code of Ethics" and on SEDAR (www.sedar.com) under the name of SNC-Lavalin Group Inc.

The Code is under the responsibility of the CCO. The Company oversees compliance with the Code through its Ethics and Compliance Committee ("ECC"), a management committee chaired by the CCO. The specific monitoring of compliance with the Code by the ECC is reflected in the charter of the ECC, and the CCO is required to provide quarterly reports to the G&E Committee on the ECC's overall activities, to the Audit Committee on accounting, internal accounting controls, auditing or fraud matters and to the HR Committee on HR-related matters.

Additionally, the Board oversees compliance with the Code through its G&E Committee, which is mandated to review overall compliance with the Code and report to the Board any issues relating thereto. The Audit Committee and the HR Committee are mandated to report to the Board any committee-specific element which falls under their responsibility.

⁽¹⁾ In the Code, reference to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and any entity over which it has direct or indirect effective control including subsidiaries, partnerships, joint ventures, infrastructure concessions and consortia. In cases where SNC-Lavalin Group Inc. does not exercise or cannot exercise effective control over a given entity or if regulatory or legal constraints prevent a given entity from adopting and implementing the Code, then SNC-Lavalin must recommend to such entity the adoption and implementation of a policy providing similar scope and principles.

In 2016, no material change reports were required or filed in relation to any departure from the Code.

Reporting Mechanism

Individuals with an issue, concern or complaint regarding an actual or potential violation of the Code may report the matter via multiple lines of reporting as established by the Code. Issues, violations or complaints may be reported directly through immediate supervisors; Human Resources Vice-Presidents of business units or corporate functions; ethics and compliance officers; contacts from Global Human Resources, Finance, Legal Affairs and Internal Audit; the Compliance Consultation Centre, or via the Ethics and Compliance Hotline which is a secure reporting system operated by EthicsPoint, an independent third-party service provider which operates a toll-free telephone number and reporting website. The Ethics and Compliance Hotline allows for anonymous reporting should the reporter wish to protect his or her identity. For details, see the Company's website (www.snclavalin.com) under "About Us"/ "Policies"/ "Ethics and Compliance Hotline".

The stewardship of issues, violations or complaints reported via the multiple lines of reporting is the responsibility of the G&E Committee and under its direction, the ECC administers the Company's reporting mechanism and must ensure that the structure in place promptly and adequately responds to the activities reported.

Protection of Reports and Confidentiality

The Company is committed to maintaining a reporting mechanism that permits confidential, anonymous reporting of an issue, violation or complaint. Information regarding the identity of any person making such a report remains anonymous and confidential at all times, unless otherwise expressly permitted by this person or as required by applicable law and is only disclosed to those persons who have a need to know such information to properly carry out an investigation of the issue, violation or complaint, in accordance with the Code.

No person, acting in good faith, who provides information relating to an issue, violation or complaint, can be subjected to any form of reprisal, discrimination or retaliation and any such behaviour will be treated as a serious violation of the Code. Corrective measures of varying degrees of severity, including but not limited to, discharge without notice or termination of a contractual relationship, would be taken against any person who is determined to have engaged therein.

Compliance Organization and Program

A global ethics and compliance organization has been in place at the Company since March 2013. This organization is comprised of a corporate compliance function, dedicated sector, regional and functional compliance officers, and a compliance investigation group. It is responsible for developing, implementing and maintaining a comprehensive ethics and compliance program at the Company. All compliance officers ultimately report directly to the CCO, thus ensuring true independence of the compliance function. The CCO reports to the Executive Vice-President and General Counsel and to the G&E Committee of the Board of Directors of the Company.

Compliance officers are appointed for each sector of activity and for each region in which SNC-Lavalin operates. All employees are encouraged to ask questions about the interpretation or the application of compliance policies directly to the compliance officer responsible for their particular sector or region. The close and trustful relationship between compliance officers and SNC-Lavalin employees forms the basis for the success of our program.

Ethics and compliance principles, procedures and controls are firmly embedded and integrated in all of the key processes of SNC-Lavalin's operations. The Company's compliance program encompasses all of SNC-Lavalin's activities.

Our compliance program is mandatory in all entities, sectors, business units and functional units across the organization, and is comprised of three action elements: prevent, detect and respond. This comprehensive and integrated approach serves to maintain our ethical health, support our long-term success, and preserve and promote our values.

In order to encourage and promote a culture of ethical conduct throughout the Company, in 2016, the Board of Directors provided oversight and/or approval of initiatives such as:

- > The transfer of the responsibility to lead the compliance investigations team to the CCO following the appointment of the Head of Compliance Investigations to the position of Senior Vice-President, Global Security;
- > The appointment of an Export Control & Trade Compliance Officer;
- > An updated version of the Code as well as the annual Code training and certification process;
- > The creation of, or update to, certain policies and standard operating procedures;
- > The launch of new training modules on insider trading and anti-trust and competition practices to key groups of employees;
- > The holding of in person anti-corruption and business partner workshops; and
- > Participation in outreach events to inform our competitors, suppliers and customers about our initiatives so as to make the industry cleaner to the benefit of all stakeholders.

SHAREHOLDER ENGAGEMENT

Initiatives

Our Board of Directors believes in the importance of reaching out to our shareholders. Its accountability and communication with them are enhanced by each of the following practices:

- > the Company's corporate and investor relations websites;
- > live webcast at the annual meeting of shareholders;
- > presentation and audio recording of past annual shareholders' meetings available on the Company's website (www.snclavalin.com), under "Investors"/ "Investor's Briefcase";

- > quarterly earnings conference calls held with financial analysts and institutional investors to present quarterly results. Presentations and audio recordings of past quarterly earnings conference calls are available on the Company's website (www.snclavalin.com), under "Investors"/"Investor's Briefcase"; and
- > ongoing investor relations' initiatives, such as meetings with investors and attendance at industry-related conferences.

In 2016, our Chairman met periodically with a number of our largest shareholders to discuss governance matters.

Our Board and Committees consider and review other engagement activities which they believe can further enhance the Company's long-term commitment to allowing and facilitating the processes by which our shareholders may express their views on governance, compensation and other matters, as the Company believes this engagement assists it in carrying out its responsibilities in the Company's interest.

Other Information

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of December 31, 2016, there was no indebtedness of current or former Directors, officers or employees of the Company or its subsidiaries, whether entered into in connection with the purchase of Common Shares of the Company or otherwise.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of the Company is not aware of any material interest, direct or indirect, of any informed person of the Company, any proposed Director or any associate or affiliate of any informed person or proposed Director in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Company or any of its affiliates or subsidiaries.

ADDITIONAL INFORMATION

Financial information is provided in the Company's annual and quarterly financial statements and annual and quarterly Management's Discussion and Analysis. The Company is a reporting issuer under the securities acts of all provinces of Canada and complies with the requirement to file annual and quarterly financial statements, annual and quarterly MD&A as well as its annual Management Proxy Circular and Annual Information Form with the various securities commissions in such provinces. The Company's most recent AIF, audited financial statements, MD&A, quarterly financial statements, quarterly MD&A and Management Proxy Circular may be viewed on the Company's website (www.snclavalin.com) under "Investors"/"Investor's Briefcase" and on the SEDAR website (www.sedar.com) under the name of SNC-Lavalin Group Inc.

A printed copy can be ordered online via the Company's website (www.snclavalin.com), under "Investors"/"Investor's Briefcase" or upon request to the Company's Vice-President and Corporate Secretary at 455 René-Lévesque Boulevard West, Montreal, Quebec, H2Z 1Z3, Canada. The Company may require the payment of a reasonable charge when the request for copies is made by a person other than a holder of securities of the Company, unless the Company is in the course of a distribution of its securities pursuant to a short form prospectus, in which case such paper copies will be provided free of charge.

SHAREHOLDER PROPOSALS

This year, the Company received one proposal from a shareholder for inclusion in this Management Proxy Circular. For details, see the "Business of the 2017 Annual Meeting of Shareholders" section as well as Schedule B of this Management Proxy Circular.

The last day for submission of proposals by shareholders to the Company, for inclusion in next year's management proxy circular in connection with next year's annual meeting of shareholders, will be December 15, 2017.

WEBSITE REFERENCES

Information contained in or otherwise accessible through any website mentioned in this Management Proxy Circular does not form part of this Circular. Any reference in this Circular to any website is an inactive textual reference only.

APPROVAL OF DIRECTORS

The contents and mailing of this Management Proxy Circular have been approved by the Board of Directors of the Company.

Montreal, Quebec, March 13, 2017

Arden R. Furlotte *(signed)*

Vice-President and Corporate Secretary

Schedule A – Reconfirmation and Approval of the Amended and Restated Shareholder Rights Plan Agreement

Below is a summary of the Rights Plan and of the proposed amendments. The full text of the resolution reconfirming and approving the Rights Plan is reproduced in subsection 4 under the “[Business of the 2017 Annual Meeting of Shareholders](#)” section of this Management Proxy Circular.

Purpose of Rights Plan

The recent Legislative Amendments address some of the concerns that rights plans were originally designed to address, particularly as they relate to providing the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over is made for the Company.

However, the recent Legislative Amendments do not address the risk of a “creeping bid” (where a person may acquire a controlling position in a company in reliance on exemptions from the take-over bid rules, without having to make a take-over bid to all shareholders and without having to pay a control premium). The Board of Directors continues to believe that a rights plan is still in the best interests of the Company to provide protection against certain actions that could result in unequal treatment of shareholders under Canadian securities laws, including the following: (i) a person could acquire effective control of the Company under one or more private agreements at a premium to the market price, resulting in a change of control transaction without the payment of a premium to all shareholders, (ii) a person could slowly accumulate Common Shares through stock exchange acquisitions over time, resulting in an acquisition of effective control without payment of fair value for control, (iii) a person seeking to acquire control of the Company could enter into agreements with shareholders who, together with the acquiror, hold more than 20% of the outstanding Common Shares, irrevocably committing such holders to tender their Common Shares to a take-over bid, the effect of which would be to significantly hamper, if not terminate, any reasonable prospect for the Board of Directors to run a value enhancing auction process, and (iv) it may be possible for a person to engage in transactions outside of Canada without regard to the take-over bid protections of Canadian securities laws.

The Rights Plan encourages a potential bidder to proceed either by way of a Permitted Bid (as described below), which requires the take-over to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

Summary of Rights Plan

The following is a summary of the principal terms of the Rights Plan. This summary is qualified in its entirety by reference to the full text of the Rights Plan. The Rights Plan is available on the Company’s website (www.snclavalin.com) under “Investors”/“Investor’s Briefcase”. Copies of the Rights Plan will also be available at the Meeting. Capitalized terms used in this summary and that are not otherwise defined have the same meaning given to them in the Rights Plan.

Effective Date

The effective date of the Original Rights Plan is March 8, 1996 (the “**Effective Date**”).

Expiration Time

If the Rights Plan is reconfirmed and approved at the Meeting, the Rights Plan will remain in force until the new Expiration Time, being the earlier of the Termination Time (the time at which the right to exercise Rights (as defined below) terminates pursuant to the Rights Plan) and the close of business on the date of the annual meeting of shareholders of the Company to be held in 2020.

Issuance of Rights

One right (“**Right**”) has been issued by the Company in respect of each Common Share issued to date and one Right will continue to be issued in respect of each Common Share issued before the earlier of the Separation Time (as defined below) and the Expiration Time. The Rights are not exercisable until the Separation Time.

Rights Exercise Privilege

The acquisition by any person (an “**Acquiring Person**”) of 20% or more of the Common Shares, other than by way of a take-over bid permitted by the Rights Plan (a “**Permitted Bid**”) or pursuant to another exemption available under the Rights Plan, is referred to as a “**Flip-in Event**”. Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten Trading Days after the occurrence of the Flip-in Event: (i) the Rights will become exercisable; (ii) the Rights will separate from the Common Shares; and (iii) each Right shall constitute the right for the holder thereof, other than an Acquiring Person, to purchase from the Company that number of Common Shares as have an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price (as described in the following paragraph) for an amount equal to

the Exercise Price, subject to certain anti-dilution adjustments, in effect providing for a 50% discount relative to the Market Price. For example, if on the date of consummation or occurrence of the Flip-in Event, the Market Price of a Common Share is \$60, the Exercise Price would be \$300 and a holder of a Right would be entitled to purchase ten Common Shares (twice the Exercise Price divided by the Market Price, or $(2 \times \$300) \div \$60 = 10$ Common Shares) for an aggregate exercise price of \$300.

The Rights will also separate from the Common Shares and will be exercisable ten Trading Days (the "**Separation Time**") after a person has commenced, or announced its intention to commence a take-over bid, to acquire 20% or more of the Common Shares, other than by an acquisition pursuant to a Permitted Bid or pursuant to another exemption available under the Rights Plan. The Exercise Price is an aggregate dollar amount equal to the Market Price of the Common Shares, determined as at the Separation Time, multiplied by five. For example, if as at the Separation Time, the Market Price per Common Share is \$60, the Exercise Price would be \$300.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the Common Shares, reported earnings per Common share on a diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may incur substantial dilution of their shareholdings.

Permitted Bid Requirements

The requirements for a Permitted Bid include the following:

- (i) The take-over bid must be made by way of a take-over bid circular;
- (ii) The take-over bid must be made to all holders of record of Common Shares, other than the Offeror;
- (iii) The take-over bid must be outstanding for a minimum period of 105 days, or such shorter minimum period as provided for in National Instrument 62-104, and Common Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 105-day period (or applicable shorter period) and then only if, at such time, more than 50% of the Common Shares (other than those owned by the bidder on the date of the take-over bid) have been tendered to the take-over bid and not withdrawn; and
- (iv) If more than 50% of the Common Shares (other than those owned by the bidder on the date of the take-over bid) are tendered to the take-over bid within the 105-day period (or applicable shorter period), the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional ten days from the date of such announcement.

The Rights Plan provides that a competing Permitted Bid (a "**Competing Permitted Bid**") made while a Permitted Bid is in existence will not trigger a Flip-in-Event. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid, except that no Common Shares can be taken up prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must

remain open pursuant to National Instrument 62-104 after the date of the take-over bid constituting the Competing Permitted Bid.

Lock-up Agreements

A bidder may enter into lock-up agreements ("**Permitted Lock-up Agreements**") with shareholders of the Company ("**Locked-up Persons**") whereby such Locked-up Persons agree to tender their Common Shares to the take-over bid (the "**Lock-up Bid**") without a Flip-in Event occurring. More specifically, a person will not be deemed to Beneficially Own any Common Share because the Common Share has been agreed to be tendered pursuant to a Permitted Lock-up Agreement until the earlier of the tendered share being taken up or paid for. Any Permitted Lock-up Agreement must allow the Locked-up Person to withdraw his Common Shares to tender to another take-over bid or to support another transaction (i) at a price per Common Share that exceeds the price per Common Share offered under the Lock-up Bid, or (ii) at an offering price that exceeds the Lock-up Bid offering price by a specified minimum amount not exceeding 7% of the Lock-up Bid offering price, or (iii) for a number of Common Shares that exceeds, by as much as or more than a number specified in the Permitted Lock-up Agreement, the number of Common Shares offered to be purchased under the Lock-up Bid at a price per Common Share that is not less than the price under the Lock-up Bid, provided that the number specified in the agreement is not more than 7% of the number of Common Shares offered under the Lock-up Bid. A Permitted Lock-up Agreement may nevertheless contain a right of first refusal or require a period of delay to give a bidder an opportunity to match a higher price in another transaction, so long as the Locked-up Person can accept another bid or tender to another transaction.

Copies of Permitted Lock-up Agreements must be made available to the Company and to the public. Furthermore, all Permitted Lock-up Agreements must also provide that, if a Locked-up Person fails to deposit or tender his/her Common Shares to the Lock-up Bid, or withdraws Common Shares previously tendered to the Lock-up Bid in order to deposit such Common Shares to another take-over bid or to support another transaction, no break-up fees or other penalties can be required of such Locked-up Person where such penalties, in the aggregate, exceed the greater of (i) 2.5% of the value payable under the Lock-up Bid to the Locked-up Person and (ii) 50% of the amount by which the value payable to the Locked-up Person under another take-over bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced either by a legend imprinted on the Common Share certificates or by book entry notation, and are not transferable separately from the Common Shares. From and after Separation Time, the Rights may be evidenced by Rights certificates or in book entry form, and will be transferable and tradable separately from the Common Shares.

Waiver of the Rights Plan

Prior to a Flip-in Event that would result from a take-over bid made by means of a take-over bid circular to all holders of

record of Common Shares, the Board, acting in good faith, may waive the application of the Rights Exercise Privilege provisions of the Rights Plan to such Flip-in Event, and the Rights Exercise Privilege provisions of the Rights Plan will then be waived automatically for all contemporaneous take-over bids made by means of a take-over bid circular. The Board may also waive the application of the Rights Exercise Privilege provisions of the Rights Plan to a Flip-in Event if it is satisfied that a person became an Acquiring Person by inadvertence and if such person then reduces its interest below the 20% Acquiring Person threshold. All other waivers require approval of the holders of Common Shares, or holders of Rights if after the Separation Time.

Redemption of Rights

The Board may, subject to the prior approval of the holders of the Common Shares or the holders of the Rights, as the case may be, at any time prior to a Flip-in Event, redeem all of the outstanding Rights at a redemption price of \$0.001 per Right, appropriately adjusted for anti-dilution as set out in the Rights Plan.

Amendments to the Rights Plan

The Board may amend the substance of the Rights Plan with the approval of a majority of the votes cast by Independent Shareholders (or the holders of Rights if the Separation Time has occurred) at a meeting duly called for that purpose. The Board may also, without such approval, make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation and correct clerical and typographical errors, subject, however, to approval at the next meeting of the holders of Common Shares (or the holders of Rights, as the case may be).

Effect on Duties of Board

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith keeping in mind the best interests of the Company and its shareholders. The Board will continue to have the duty and power to take such actions and make such recommendations to shareholders as are considered appropriate if and when a take-over bid is made for the Company, whether it constitutes a Permitted Bid or not.

Exemptions for Investment Advisors and Grandfathered Persons

Persons whose ordinary business is managing investment funds for others, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds, and administrators of registered pension plans are exempt from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Proposed Amendments

The Rights Plan has been amended to reflect the Legislative Amendments, to clarify certain provisions and to reflect current market practice. The amendments will become effective only at the time of reconfirmation and approval of the Rights Plan by the shareholders of the Company at the Meeting. These amendments are indicated in the blacklined version of the Rights Plan, which will be available on the Company's website (www.snclavalin.com) under "Investors"/"Investor's Briefcase" until the Meeting. A paper copy may also be obtained upon request from the Vice-President and Corporate Secretary of the Company at the registered office of the Company located at 455 René-Lévesque Boulevard West, Montreal, Quebec, H2Z 1Z3, Canada or at investors@snclavalin.com. The following is a summary of the amendments of a more substantive nature, which summary is qualified in its entirety by reference to text of the Rights Plan:

- the minimum period that a take-over bid must remain open for the bid to constitute a "Permitted Bid" that does not trigger the separation of the Rights under the Rights Plan was amended from 60 to 105 days (or such shorter period as permitted by legislation) to align with the Legislative Amendments;
- the minimum period that a "Competing Permitted Bid" must remain open was amended to be the applicable period required by the Legislative Amendments;
- the definition of "Acquiring Person" was amended to exclude persons who become the beneficial owner of 20% or more of the Common Shares as a result of the purchase, exercise, conversion or exchange of convertible securities acquired pursuant to a "Permitted Bid", "Exempt Acquisition" or a "Pro Rata Acquisition";
- the definition of "Beneficial Ownership" was amended to exclude securities that a person may have a right to acquire pursuant to an amalgamation, merger, arrangement agreement, business combination or similar transaction that requires prior shareholder approval;
- the definition of "Exempt Acquisition" was expanded to include acquisitions made as an intermediate step in a series of related transactions, provided that the Common Shares are then distributed out to the acquiror's security holders within ten days of the acquisition; and
- amendments were made to permit book-entry form registration of Rights.

* * * * *

Schedule B – Shareholder Proposal

The proposal below is submitted by the Mouvement d'éducation et de défense des actionnaires ("MÉDAC"), 82 Sherbrooke Street West, Montreal (Quebec) H2X 1X3, Canada, a holder of Common Shares of the Company, for consideration at the Meeting. The Board of Directors opposes this proposal for the reasons given below. The proposal was submitted in French by the MÉDAC and translated into English by the Company.

PROPOSAL: INDEPENDENCE OF THE COMPENSATION CONSULTANTS

MÉDAC'S Proposal as Submitted

It is proposed that the Board of Directors ensure greater independence of its compensation consultants, Towers Watson, by making certain that they derive most of their fees from the executive compensation work they perform exclusively for the Human Resources Committee.

MÉDAC'S Argumentation in Support of its Proposal as Submitted

According to information disclosed in the Management Proxy Circular, the firm Towers Watson receives \$3.1 million in fees for all work that it performs for SNC-Lavalin, including \$138,823 for work related to executive compensation (4.5%).

This practice is cause for deep concern as it may influence the firm to propose salary structures favourable to senior management in order to secure the renewal of other contracts it obtains for other kinds of work, which account for 95% of its fees, as shown below:

The table below outlines the fees paid by the Company to Towers Watson during 2014 and 2015:

Nature of work	2015 Fees	2014 Fees
Executive Compensation	\$ 138,823	\$ 49,457
All other fees:		
• Benefits	\$ 785,335	\$ 25,309
• Global Job Classification and Compensation Surveys	\$ 55,634	\$ 117,185
• Market Benchmarking (Non-Executive) and Pay Equity	\$ 85,436	\$ 39,174
• HR Management System – Support	\$ 1,993,412	\$ 3,855,224
• Change Management	\$ 36,753	–
Total	\$3,095,393	\$4,086,349

For MÉDAC, compensation consultants should provide the same independence from management as external auditors.

The Board of Directors Recommends to Vote Against the Proposal for the Following Reasons:

A distinction must be made between Hugessen Consulting Inc., which is the HR Committee's independent executive compensation advisor and Willis Towers Watson (formerly Towers Watson) which is retained by management to provide executive and director compensation benchmarking and related advice. For 2015, the work performed by Willis Towers Watson relating to executive compensation was essentially to realize periodic executive benchmarking studies; Willis Towers Watson was not involved in recommending compensation packages or structures to senior management. Moreover, all Willis Towers Watson associates are subject to a comprehensive code of business conduct, which addresses issues including conflicts of interest. In addition, Willis Towers Watson's Professional Excellence (quality) policies mandate rigorous peer reviews of all of their client work and periodic compliance reviews. Furthermore, to ensure the objectivity of consulting on executive compensation for officers and directors, Willis Towers Watson adheres to additional consulting protocols which have been in effect for a number of years and these protocols apply whether the firm is retained by the compensation committee of the board or by management. The HR Committee may use, at its own discretion, its independent executive compensation consultant (Hugessen Consulting Inc.) to review executive compensation work submitted by Willis Towers Watson. Fees generated by SNC-Lavalin represent an insignificant portion of Willis Towers Watson's annual revenue (approximately 7.9 billion USD in 2016).

In 2014 and 2015, most of the Willis Towers Watson fees (94% in 2014 and 65% in 2015) were charged for integration services related to the deployment of the Company's HR management system (Workday), a field of expertise of Willis Towers Watson completely separate from the executive compensation consultancy activities.

In 2015, a special mandate was assigned to Willis Towers Watson to offer expertise in the group insurance and pension fields in the delivery of a benefits harmonization project in the U.S. (the same was done in 2016 in Canada). Again, these fields of expertise of Willis Towers Watson are separate from the executive compensation consultancy activities. Some of those fees were paid as commissions to Willis Towers Watson by a third party (insurance providers).

In light of the foregoing, the Board of Directors therefore recommends that the shareholders vote "AGAINST" this proposal.

Schedule C – Mandate of the Board of Directors

The Board of Directors of SNC-Lavalin Group Inc. (the “**Corporation**”) supervises the management of the Corporation’s business and affairs.⁽¹⁾

Composition. The articles of the Corporation provide that the Board of Directors shall consist of a minimum number of eight (8) and a maximum number of twenty (20) Directors to be elected annually. A majority of Directors must be “independent”, as determined by the Board including in light of Canadian securities legislation and regulations. The only officer who is currently a member of the Board is the President and Chief Executive Officer (“**CEO**”).

Although Directors may be nominated by the Board and elected by shareholders to bring a special expertise, experience or point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interest of the Corporation must be paramount at all times, taking into account those interests, which in its judgment, the Board may consider appropriate to consider from time to time. The Board strives to include within its ranks a diverse group of individuals including, but not limited to, both gender and ethnic diversity.

Directors’ commitment. The involvement and commitment of Directors is evidenced by regular Board and Committee attendance, review of available meeting materials in advance, availability to consult with other Directors or management as necessary, and preparation and active participation in Board deliberations.

Interaction with management. Management of the Corporation’s business and affairs is carried out through the CEO, who is charged with the day-to-day management of the Corporation. The Board approves the mission and goals of the business and the objectives and policies within which it is managed and evaluates management performance. Reciprocally, management keeps the Board fully informed of the progress of the Corporation towards the achievement of its established mission and goals, and of all material deviations from the goals or objectives and policies established by the Board, in a timely and candid manner.

Committees. The Board may establish, seek the recommendations of, and delegate responsibilities to Committees of the Board. Such delegation does not relieve the Board of its overall responsibilities. The Board reserves the right to supervise, review and approve Committee activity. Committees review specific aspects of the Corporation’s business and affairs as outlined in their mandates. They provide a smaller, more intimate forum than full Board meetings and are designed to be more conducive to deeper discussion on assigned subjects. Committees analyze policies and strategies which are developed by management.

They examine alternatives and where appropriate make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated to do so.

The Board has established the following standing Committees:

- > Audit Committee;
- > Governance and Ethics Committee;
- > Human Resources Committee; and
- > Safety, Workplace and Project Risk Committee.

The members of the above-mentioned standing Committees must be Directors who are “independent” as determined by the Board including in light of Canadian securities legislation and regulations.

Principal Board Duties

The Board’s principal duties fall into the following eight (8) categories. Section 9 below addresses meeting organization and procedures and Section 10 deals with other matters.

1. Board and Senior Management

- (a) Subject to the Articles and By-Laws of the Corporation, the Board manages its own affairs, including planning its size and composition and that of its Committees, selecting its Chairman, who shall not be the CEO, nominating candidates for election to the Board, appointing the members of its Committees, establishing the responsibilities of its Committees, determining Board compensation, monitoring Board succession planning process and assessing, through the Governance and Ethics Committee, the performance of the Board, Committees, Chairman of the Board, Committee chairs and individual directors.
- (b) The Board ensures that appropriate structures and procedures are in place so that the Board and its Committees can function independently of management.
- (c) The Board provides advice and counsel to the CEO, and takes action if and when performance falls short of its goals or other special circumstances warrant.
- (d) The Board chooses the CEO, upon the advice of the CEO approves the appointment and replacement of senior management, and monitors the succession planning process of the CEO and other members of senior management.

⁽¹⁾ This is sometimes referred to as the Board’s oversight function.

- (e) The Board reviews the list of objectives of senior management for the ensuing year, including that of the CEO, assesses their performance and approves their compensation.
- (f) The Board provides an orientation and induction program for new Directors and encourages and provides opportunities for all Directors to periodically update their skills as well as their knowledge of the Corporation, its business and affairs, and its senior management.

2. Strategic Supervision and Monitoring

- (a) The Board participates directly or through its Committees, in developing and approving the mission of the Corporation's business, its objectives and goals, and the strategy for their achievement. The Board, among other assessment processes, evaluates management's analysis of the strategies of the Corporation's competitors or of companies of a scale similar to that of the Corporation.
- (b) The Board reviews the Corporation's annual strategic plan and budget with senior management prior to the commencement of each year and approves them. The plan shall take into account, among other things, the opportunities and risks of the Corporation's business.
- (c) The Board monitors the Corporation's progress towards its goals, and revises and alters its direction in light of changing circumstances. At every regularly scheduled meeting, the Board reviews recent developments, if any, that affect the Corporation's strategy. The Board shall, as part of its annual strategic planning process, conduct a review of human, technological and capital resources required to implement the Corporation's strategy and of the regulatory, cultural or governmental factors or constraints which are relevant to the Corporation's business.

3. Risk Evaluation

- (a) The Board ensures through reasonable measures that the principal risks of the Corporation's business and affairs are identified and that measures to mitigate and manage such risks are implemented. The Board also monitors progress on corrective and mitigation actions.
- (b) The Board ensures that an integrated enterprise risk management ("ERM") system is in place and reviews updates thereto on an annual basis.

4. Corporate Governance, Ethics, Policies and Procedures

- (a) The Board, with the assistance of the Governance and Ethics Committee, adopts, updates and monitors compliance with the corporate governance practices described in the Directors' Handbook as well as all significant policies and procedures it approves.
- (b) The Board, with the assistance of the Governance and Ethics Committee, adopts, updates and monitors compliance with the Corporation's Code of Ethics and Business Conduct (the "**Code**"), grants any waivers from compliance to Directors and officers and, if required, causes disclosure of any such waivers to be made in the Corporation's next quarterly report, including the circumstances and rationale for granting the waiver. The

Board expects Directors as well as officers and employees of the Corporation to act ethically at all times and to acknowledge their adherence to the Code.

- (c) The Board monitors through reasonable measures the Corporation's compliance with applicable legal and regulatory requirements.
- (d) The Board takes reasonable measures to satisfy itself as to the integrity of executive officers and that executive officers create a culture of integrity throughout the Corporation.

5. Disclosure to Shareholders and Others

- (a) The Board ensures through reasonable measures that the performance of the Corporation is adequately reported to its shareholders, its other security holders, the investment community, the relevant regulators and the public on a timely and regular basis in compliance with applicable laws.
- (b) The Board ensures through reasonable measures that timely disclosure is made by press release of any development that results in, or may reasonably be expected to result in, a significant change in the value or market price of the Corporation's listed securities in compliance with applicable laws.
- (c) The Board reviews and approves the Corporation's annual information form and management proxy circular as well as prospectuses and any other disclosure document required to be disclosed or filed by the Corporation under applicable securities laws, before their public disclosure or filing with regulatory authorities.
- (d) In relation to communications with shareholders, the Board approves resolutions to call meetings of shareholders or renews any normal course issuer bid, and reviews and approves the general content of the disclosure documents disclosed or filed by the Corporation in relation to meetings of shareholders.
- (e) The Board reviews the Corporation's communication policy governing the Corporation's communications with analysts, investors and the public.
- (f) The Board periodically considers and reviews engagement activities with shareholders and other stakeholders.
- (g) The Board reviews the Corporation's annual sustainability plan.

6. Financial Matters and Internal Controls

- (a) The Board: (i) reviews and approves the Corporation's unaudited quarterly financial statements and accompanying notes, together with the related management's discussion and analysis and press release, (ii) ensures through reasonable measures that the Corporation's audited annual financial statements are presented fairly and in accordance with generally accepted accounting standards, and (iii) reviews and approves such audited annual financial statements and accompanying notes, together with the related management's discussion and analysis and press release.

- (b) The Board monitors through reasonable measures the Corporation's internal control and management information systems.

7. Health & Safety, Security and Environment

- (a) The Board ensures through reasonable measures that the Corporation has appropriate policies, practices, systems and resources to provide for the health & safety, security and environmental performance of the Corporation in accordance with applicable laws.

8. General Legal Obligations Applying to and Governing Conduct

The Board shall act in accordance with the *Canada Business Corporations Act*, securities, environmental and other relevant legislation and the Corporation's Articles and By-Laws, including:

- (a) to supervise the management of the business and affairs of the Corporation;
- (b) to act honestly and in good faith with a view to the best interests of the Corporation;
- (c) to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (d) to consider as the full Board and not delegate to a Committee:
 - (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
 - (ii) the filling of a vacancy among the Directors or appointing additional Directors;
 - (iii) the manner and the terms of the issuance of securities;
 - (iv) the declaration of dividends;
 - (v) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
 - (vi) the approval of a management proxy circular;
 - (vii) the approval of any takeover bid circular or Directors' circular;
 - (viii) the approval of the annual financial statements of the Corporation; or
 - (ix) the adoption, amendment or repeal of By-Laws of the Corporation.

Nothing contained in this mandate shall expand applicable standards of conduct or other obligations under any law or regulation for the Directors of the Corporation.

9. Meeting Organization and Procedures

- (a) Meetings of the Board shall be held at least quarterly and as required. In addition, another meeting of the Board shall be held, at least annually, to review the Corporation's strategic plan. The quorum at any meeting of the Board is a majority of Directors in office. The Board sets the schedule of the Board and Committee meetings to be held in any given calendar year, a year or more in advance.
- (b) The Chairman of the Board and the CEO shall develop the agenda for each meeting of the Board, in consultation with the Corporate Secretary. The agenda and appropriate materials shall be provided to Board members in a timely manner prior to any meeting of the Board. Senior management will be made accessible to Board members at Board and Committee meetings to help them to fulfill their obligations.
- (c) A Director may participate in a meeting of the Board or of a Committee by means of telephone or other communications facilities which permit all persons participating in the meeting to hear each other, and a Director participating in such a meeting by such means is deemed to be present at the meeting. If a regular meeting has been convened, physical participation in the meeting by individual Board members is encouraged and expected, except in special circumstances.
- (d) At the beginning or end of each of the regularly scheduled meetings of the Board and Committees, an *in camera* session of the independent Directors shall be held, including when compensation issues are discussed.

10. Other Matters

- (a) To ensure ongoing director independence, each Director should inform the Board of any potential conflict of interest he or she may have in a timely matter and in accordance with corporate policies and applicable legislation. A Director who is in a situation of potential conflict of interest in a matter before the Board or a Committee should not attend any part of a meeting during which the matter is discussed or participate in a vote on the matter.
- (b) The Board shall perform such other functions as prescribed by law or as assigned to the Board in the Corporation's governing documents.

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Schedule D – Summary of Legacy Long-Term Incentive Plans

STOCK OPTION PLANS

Starting in 2014, the Company decided to no longer make recurring annual grants of stock options.

The following table presents information concerning stock options granted over the last five (5) years, totalling 2,420,700.

	2012	2013	2014	2015	2016
Number of Stock Options Granted	1,173,900	1,246,800	0	0	0
Number of Employees who were Granted Stock Options	198	90	0	0	0
Number of Stock Options Outstanding as at Year End	5,363,600	4,438,529	3,179,369	1,935,285	617,564
Average Weighted Exercise Price of Stock Options Outstanding	\$ 44.19	\$ 44.37	\$ 45.42	\$ 44.47	\$ 39.81
Number of Stock Options Granted as a % of Outstanding Shares	0.78%	0.82%	0.00%	0.00%	0.00%
Number of Stock Options Exercised	210,140	737,876	657,869	110,873	585,428

The total number of options exercised in 2016 under the 2011 and 2013 Stock Option Plans is as follows:

Plan	Number of Optionees Having Exercised Options	Number of Stock Options Exercised	Exercise Price
2013 Stock Option Plan	44	213,535	\$40.98
2011 Stock Option Plan	1	5,000	\$51.55
2011 Stock Option Plan	110	366,893	\$37.04
TOTAL	155	585,428	

The following table presents information concerning securities authorized for issuance under the Company's equity compensation plans as at December 31, 2016:

Equity Compensation Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Approved by Security holders	617,564	\$39.81	3,200,000
Not approved by Security holders	–	–	–
Total	617,564	\$39.81	3,200,000

Summary of 2011 Stock Option Plan

On March 4, 2011, subject to the approvals of the TSX and the Company's shareholders, which approvals were subsequently obtained, the Board of Directors of the Company adopted the 2011 Stock Option Plan (the "2011 Plan") in favour of key employees of the Company and its subsidiaries and other corporations in which the Company has an equity interest.

The 2011 Plan provides for the granting of non-transferable options to purchase Common Shares. The total number of authorized and unissued Common Shares available for options under the 2011 Plan is equal to 2,300,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 4, 2011 under previous stock option plans, totaled less than 5% of the Common Shares of the Company outstanding as at the same date. The Board of Directors of the Company shall select the optionees (the "Optionees") and shall establish the number of Common Shares under each option. The grant of options under the 2011 Plan shall take effect on the sixth trading day

(the "Date of Effect") following the date of such grant. The exercise price per Common Share, in respect of any option granted under the 2011 Plan, shall be the greater of: (i) the average closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX for the five trading days immediately preceding the Date of Effect; and (ii) the closing price per Common Share on the first trading day immediately preceding the Date of Effect. Each option may be exercised only during a period commencing on the first day of the third year following the Date of Effect of the option and expiring on the last day of the fifth year following the Date of Effect (the "Option Period"). Each option may be exercised during the Option Period in accordance with the following schedule: (i) during the first year of the Option Period, an Optionee may exercise up to 33.33% of the number of Common Shares initially under option; (ii) during the second year of the Option Period, the Optionee may exercise up to 33.33% of the number of Common Shares initially under option, plus the number of Common Shares with respect to which he/she has not exercised the option during the first year of the Option Period; and (iii) during the third

year of the Option Period, the Optionee may exercise the option up to the balance (including all) of the Common Shares initially under option. The 2011 Plan prohibits any modification to the option exercise price and the number of unexercised options, except in the limited circumstances of a declaration of a stock dividend or a subdivision, consolidation or reclassification, other change or action affecting the Common Shares. In these limited circumstances, the Board may make the modifications that it deems appropriate to the exercise price and to the number of unexercised options, subject always to the approval of the TSX.

On December 6, 2013, the Board of Directors approved certain amendments to the 2011 Plan to allow certain senior executives of the Company to exercise options even if they fail to comply with minimum shareholding requirements applicable to them, provided that they comply with those requirements discussed below. The foregoing amendments did not require shareholder approval. Under the 2011 Plan, as amended as of December 6, 2013, at the time of exercising options, (i) an Optionee who is an Executive Vice-President of the Company is required to own Common Shares having a value at least equal to two times his/her annual base salary, (ii) an Optionee who is President of a business unit/product, as determined by the Board of Directors, is required to own Common Shares having a value at least equal to three times his/her annual base salary, and (iii) an Optionee who is the President and CEO of the Company is required to own Common Shares having a value at least equal to five times his/her annual base salary. Should an Executive Vice-President, a President of a business unit/product, or the President and CEO of the Company fail to comply with the shareholding requirements described above at the time of exercising his/her options, he/she will be required to hold (and is prohibited from selling) underlying Common Shares equivalent in value to the entire "after tax gain" resulting from the exercise of such options, until the requirements are met. For the purposes of the above, "after tax gain" means, with respect to the exercise of options, the amount corresponding to the difference between (i) the market price of the Common Shares issued pursuant to such exercise, and (ii) the sum of the exercise prices and all taxes to be paid by the Optionee with respect to the exercise of such options.

The 2011 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2011 Plan and all other share compensation arrangements of the Company must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2011 and other share compensation arrangements of the Company (a) to insiders, within any one-year period, must be less than 5% of the issued Common Shares; and (b) to any one insider and such insider's associates, within any one-year period, must be less than 2.5% of the issued Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one person under the 2011 Plan must be less than 2.5% of the issued Common Shares.

An Optionee who becomes a Retiree before the expiration of the Option Period may exercise his/her options as per any other Optionee, in accordance with the Plan. A "Retiree" means an Optionee who, upon his/her last day of work as a full-time regular employee, has voluntarily terminated his/her employment and has completed a minimum of ten years of continuous service with the Company and is 55 years of age or older. For the calculation of the value of the Common Shares, which a Retiree is required to hold when he/she wishes to exercise his/her options, his/her annual base salary in effect at the time of his/her retirement shall be deemed to be his/her annual base salary at the time of such exercise.⁽¹⁾ If an Optionee becomes a Retiree before the expiration of the Option Period but he/she engages in certain activities competing with those of the Company, as more fully described in the 2011 Plan, his/her options will terminate, effective upon his/her last day of work as a full-time regular employee of the Company.

If an Optionee is granted authorized leave of absence for sickness or other reasons, the Optionee will be entitled to exercise his/her options during his/her leave of absence according to the provisions of the 2011 Plan. Similarly, if an Optionee dies before the expiration of the Option Period, his/her legal representatives will be entitled to exercise his/her options according to such provisions.

Under the 2011 Plan, unless otherwise determined by the Board, if an Optionee is terminated without cause or submits a resignation for good reason within 24 calendar months after a change of control (as defined below): (i) each exercisable option then held by the Optionee shall remain exercisable for a period of 24 calendar months from the date of termination or resignation, but not later than the end of the Option Period, and thereafter any such option shall expire; and (ii) each non-exercisable option then held by the Optionee shall become exercisable upon such termination or resignation and shall remain exercisable for a period of 24 calendar months from the date of such termination or resignation, but not later than the end of the Option Period, and thereafter any such option shall expire. For the purposes of the 2011 Plan, a "change of control" means the occurrence of any of the following events: (i) a person or a group of persons holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Company; (ii) a person or a group of persons launches a take-over bid or an exchange bid for 50% or more of the shares of a class of voting shares of the Company; or (iii) the persons who are directors of the Company cease at any time to constitute a majority of the members of the Board, except in certain limited circumstances.

The 2011 Plan includes an amendment procedure pursuant to which the Board may amend any of the provisions of the 2011 Plan or amend the terms of any then outstanding award of options under the 2011 Plan, provided, however, that the Company shall obtain shareholder approval for: (i) any amendment to the number of Common Shares issuable under the 2011 Plan, except for adjustments in the case of a declaration of dividend, a subdivision, consolidation,

⁽¹⁾ Given the fact that the vesting of stock options continues after retirement it is, therefore, not necessary to include a hold period within the stock option plan as this hold period is implicit.

reclassification, issue of rights or changes affecting the Common Shares ("**Shares Adjustment**"); (iii) any change which would allow non-employee directors to participate under the 2011 Plan; (iiii) any amendment which would permit any option granted under the 2011 Plan to be transferable or assignable other than by will or pursuant to the laws of succession; (iv) the addition of a cashless exercise feature, payable in cash or Common Shares, which does not provide for a full deduction of the number of underlying securities from the 2011 Plan reserve; (v) the addition of deferred or restricted share unit provisions or any other provisions which results in employees receiving Common Shares while no cash consideration is received by the Company; (vi) any reduction in the exercise price of an option after the option has been granted, or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price, except in the case of a Shares Adjustment; (vii) any extension to the term of an option beyond the Option Period, unless the end of the Option Period falls within a period during which insiders are prohibited from trading, in which case the Option Period shall be extended by ten trading days following the end of the period during which insiders are prohibited from trading. However, such ten trading day extension shall not apply in cases where the Option Period ends: (a) during a pre-determined, regularly scheduled period during which insiders of the Company are prohibited from trading; or (b) during a cease trade order; (viii) any increase to the number of Common Shares that may be granted to (1) insiders under the 2011 Plan and other share compensation arrangements of the Company or (2) any one insider and such insider's associates in any one-year period, except in the case of a Shares Adjustment; (ix) the addition in the 2011 Plan of any form of financial assistance and any amendment to a financial assistance provision which is more favourable to Optionees; and (x) a change to the vesting provisions of an option or of the 2011 Plan.

No amendment, suspension or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under the 2011 Plan, to the extent that such options have not then been exercised, unless the rights of the Optionees shall then have terminated in accordance with the 2011 Plan.

On March 13, 2017, there were 158,416 options outstanding under the 2011 Plan, representing 0.1% of the total number of Common Shares of the Company outstanding (i.e. 150,388,137) on that date.

The Board may, subject to receipt of TSX approval, where required, in its sole discretion, make all other amendments to the 2011 Plan that are not contemplated above, including without limitation, the following: (i) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the 2011 Plan; (ii) a change to the termination provisions of an option or the 2011 Plan which does not entail an extension beyond the Option Period, as extended pursuant to item (vii) above, if applicable; (iii) any Shares Adjustment; and (iv) suspending or terminating the 2011 Plan.

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Summary of 2013 Stock Option Plan

On March 8, 2013, subject to the approvals of the TSX and the Company's shareholders, which approvals were subsequently obtained, the Board of Directors of the Company adopted the 2013 Stock Option Plan (the "**2013 Plan**") in favour of key employees of the Company and its subsidiaries and other corporations in which the Company has an equity interest.

The 2013 Plan provides for the granting of non-transferable options to purchase Common Shares. The total number of authorized and unissued Common Shares available for options under the 2013 Plan is equal to 3,200,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 11, 2013 under previous stock option plans, totals less than 5% of the Common Shares of the Company outstanding as at the same date. The Board of Directors of the Company will select the optionees (the "**Optionees**"), determine the number of Common Shares covered under each option, and the grant date for each option. The Board of Directors shall further have the discretion to establish, within the restrictions set forth in the 2013 Plan, the time of exercise, expiry dates, exercise price and other particulars applicable to an option granted under the 2013 Plan. The exercise price for an option on a grant date will be determined by the Board of Directors and will not be less than the average closing price per Common Share on the TSX for the five trading days immediately preceding such grant date (the "**Share Value**"). Should the Board of Directors resolve to grant an option during a period self-imposed by the Company during which Directors, officers and certain employees of the Company are precluded from trading in the securities of the Company (a "**Blackout Period**"), the exercise price for such option is presumed to be the Share Value on the sixth trading day following the end of the Blackout Period. Each option may only be exercised during a period commencing on the first day of the third year following the grant date of the option and expiring on the last day of the sixth year following such grant date or the last day of an extension of ten business days from the end of a Blackout Period if the expiry date of an option falls within the Blackout Period or within ten business days after the end of the Blackout Period (the "**Blackout Extension Term**") (and collectively, such period the "**Option Period**"). Options may be exercised during the Option Period to which they relate in accordance with the following schedule: (i) during the first year of the Option Period, an Optionee may exercise up to 33.33% of the options; (ii) during the second year of the Option Period, the Optionee may exercise an additional 33.33% of the options; and (iii) during the third year of the Option Period, the Optionee may exercise the balance (including all) of the options.

At the time of exercising options, (i) an Optionee who is an Executive Vice-President of the Company is required to own Common Shares having a value at least equal to twice his/her annual base salary, (ii) an Optionee who is president of business units/products, as determined by the Board of Directors, is required to own Common Shares having a value at least equal to three times his/her annual base salary, and (iii) an Optionee who is the President and CEO of the Company is required to own Common Shares having a value

at least equal to five times his/her annual base salary. Should an Executive Vice-President, a president of business unit/products or the President and CEO of the Company fail to comply with the shareholding requirements described above at the time of exercising his/her options, he/she will be required to hold (and is prohibited from selling) underlying Common Shares equivalent to at least 25% of the after-tax gain resulting from such exercise until the requirements are met.

The 2013 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2013 Plan and other share compensation arrangements of the Company must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2013 Plan and other share compensation arrangements of the Company (a) to insiders, within any one-year period, must be less than 5% of the issued Common Shares; and (b) to any one insider and such insider's associates, within any one-year period, must be less than 2.5% of the issued Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one individual under the 2013 Plan must be less than 2.5% of the issued Common Shares. Common Shares in respect of which options are granted but not exercised prior to the expiration, termination or lapse of such options shall be available for new grants of options pursuant to the provisions of the 2013 Plan.

An Optionee who becomes a Retiree before the expiration of the Option Period may exercise his/her options as per any other Optionee, in accordance with the Plan. A "Retiree" means an Optionee who, upon his/her last day of work as a full-time regular employee, has voluntarily terminated his/her employment and has completed a minimum of 5 years of continuous service with the Company and is 55 years of age or older. If an Optionee becomes a Retiree before the expiration of the Option Period but he/she engages in certain activities competing with those of the Company, as more fully described in the 2013 Plan, his/her unexercised vested options will be forfeited and his/her unvested options will expire, effective upon his/her last day of work as a full-time regular employee of the Company.

If an Optionee is granted authorized leave of absence for sickness or other reasons, before the expiration of the Option Period, the Optionee will be entitled to exercise his/her options during his/her leave of absence. If an Optionee dies before the expiration of the Option Period, his/her legal representatives will be entitled to exercise his/her vested options within a period of one year following such death and all unvested options will expire as of the date of the death.

Under the 2013 Plan, unless otherwise determined by the Board, if an Optionee is terminated without cause or submits a resignation for good reason within 24 months following a change of control (as defined below): (i) each unexercised vested option then held by the Optionee shall remain exercisable for a period of 24 months from the date of termination or resignation, but not later than the end of the Option Period, and thereafter any such option shall expire; and (ii) each unvested option then held by the Optionee shall become exercisable upon such termination or resignation and shall remain exercisable for a period of 24 calendar months from the date of such termination or resignation, but

not later than the end of the Option Period, and thereafter any such option shall expire. For the purposes of the 2013 Plan, a "change of control" means, at any time, the occurrence of any of the following events: (a) a person or a number of persons acting jointly or in concert holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Company; (b) a person or a number of persons acting jointly or in concert successfully completes a take-over bid or an exchange bid for 50% or more of the shares of a class of voting shares of the Company; (c) a majority of the members of the Board of Directors of the Company is replaced during any twelve-month period by directors whose appointment or election is not proposed by management and endorsed by a majority of the members of the Board of Directors of the Company prior to the date of the appointment or election; or (d) a person or a number of persons acting jointly or in concert acquires (or has acquired during the twelve-month period ending on the day of the most recent acquisition by such person or persons) assets representing 50% or more of the total gross fair market value of all assets directly involved in the engineering activities of the Company immediately prior to such acquisition or acquisitions.

If an Optionee's employment is otherwise terminated or if an Optionee should resign from his/her employment, all of his/her unvested options will expire effective on the date of such termination or resignation, and he/she will have a period of 30 days from the date of such termination or resignation to exercise his/her unexercised vested options, at the end of which period such options will expire.

The 2013 Plan includes an amendment provision pursuant to which the Board may amend any of the provisions of the 2013 Plan or amend the terms of any then-outstanding award of options under the 2013 Plan, provided, however, that the Company shall obtain shareholder approval for: (a) any amendment to the number of Common Shares issuable under the 2013 Plan, except for adjustments in the case of a declaration of dividend, a subdivision, consolidation, reclassification or other change or action affecting the Common Shares ("**Shares Adjustment**"); (b) any change which would allow non-employee Directors to participate in the 2013 Plan; (c) any amendment which would permit any option granted under the 2013 Plan to be transferable or assignable other than by will or pursuant to the laws of succession; (d) any reduction in the exercise price of an option after the option has been granted or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price, except in the case of Shares Adjustment; (e) any extension to the term of an option beyond the original Option Period, unless it falls within a Blackout Period, in which case the Option Period will be extended by the Blackout Extension Term; (f) any increase to the number of Common Shares that may be granted to (i) insiders under the 2013 Plan and other share compensation arrangements of the Company or (ii) any one insider and such insider's associates in any one-year period, except in the case of Shares Adjustment; and (g) any change to the amendment provision other than amendments of a "housekeeping" or clerical nature or to clarify such provision.

No amendment, suspension or termination shall, except with the written consent or deemed consent of the Optionees

concerned, have an adverse effect on unexercised options previously granted under the 2013 Plan.

On March 13, 2017, there were 426,764 options outstanding under the 2013 Plan, representing 0.3% of the total number of Common Shares of the Company outstanding (i.e. 150,388,137) on that date.

The Board may, subject to receipt of TSX approval, if required, in its sole discretion, make all other amendments to the 2013 Plan or to awards of options that are not contemplated above, including, without limitation, the

following: (a) amendments of a “housekeeping” or clerical nature as well as any amendment clarifying any provision of the 2013 Plan; (b) a change to the vesting provisions of an option; (c) a change to the termination provisions of an option which does not entail an extension beyond the original Option Period, as extended by the Blackout Extension Term, if applicable; (d) any change to the value of the Common Shares which certain officers and/or employees are required to maintain in order to exercise their options, such minimum Common Share holding requirements being discussed above; (e) any Shares Adjustment; and (f) suspending or terminating the 2013 Plan.

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