SNC · LAVALIN

MANAGEMENT PROXY CIRCULAR

AND NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

March 11, 2013

SNC-LAVALIN GROUP INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To the shareholders of SNC-Lavalin Group Inc. (the "**Corporation**"):

NOTICE IS HEREBY GIVEN THAT the annual and special meeting of the shareholders (the "**Meeting**") of the Corporation 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 2, 2013, commencing at 11:00 a.m., Eastern Daylight Time, for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the year ended December 31, 2012 and the auditor's report thereon;
2. to elect the directors for the ensuing year;
3. to appoint the auditor for the ensuing year and to authorize the directors of the Corporation to determine the auditor's compensation;
4. to consider and, if deemed appropriate, to adopt a resolution (the full text of which is reproduced in Section 2.3 of the accompanying Management Proxy Circular) to ratify the Advance Notice By-Law (By-Law No. 2013-1), the full text of which is reproduced in Schedule "C" to the accompanying Management Proxy Circular;
5. to consider and, if deemed appropriate, to adopt a special resolution (the full text of which is reproduced in Section 2.4 of the accompanying Management Proxy Circular) authorizing the Corporation to amend its articles of incorporation so that the directors may appoint one or more additional directors, who shall hold office for a term expiring no later than the close of the next annual meeting of shareholders, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders;
6. to consider and, if deemed appropriate, to adopt a resolution (the full text of which is reproduced in Section 2.5 of the accompanying Management Proxy Circular) approving the adoption of the 2013 Stock Option Plan in favour of key employees of the Corporation and its subsidiaries and other companies in which the Corporation has an equity interest;
7. to consider and, if deemed appropriate, to adopt a resolution (the full text of which is reproduced in Section 2.6 of the accompanying Management Proxy Circular) providing for a non-binding advisory vote on the Corporation's approach to executive compensation; and
8. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

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.

Montreal, Quebec, March 11, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

ARDEN R. FURLOTTE (*signed*)
Vice-President and Corporate Secretary

SHAREHOLDERS MAY EXERCISE THEIR RIGHTS BY ATTENDING THE MEETING OR BY COMPLETING A FORM OF PROXY. SHOULD YOU BE UNABLE TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED FORM OF PROXY AND RETURN IT IN THE ENVELOPE PROVIDED FOR THAT PURPOSE. PROXIES MUST BE RECEIVED BY THE TRANSFER AGENT AND REGISTRAR OF THE CORPORATION (COMPUTERSHARE INVESTOR SERVICES INC., 100 UNIVERSITY AVENUE, 9th FLOOR, NORTH TOWER, TORONTO, ONTARIO, CANADA M5J 2Y1) NO LATER THAN 11:00 A.M. (EASTERN DAYLIGHT TIME) ON TUESDAY, APRIL 30, 2013. THE PROXY DEADLINE MAY BE WAIVED OR EXTENDED BY THE CHAIRMAN OF THE MEETING, IN HIS SOLE DISCRETION WITHOUT NOTICE. YOUR SHARES WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS AS INDICATED ON THE FORM OF PROXY, OR FAILING INSTRUCTIONS, IN THE MANNER SET FORTH IN THE ACCOMPANYING MANAGEMENT PROXY CIRCULAR.

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GLOSSARY OF TERMS

Advance Notice By-Law	By-law No. 2013-1 relating generally to the advance notice requirements for nomination of Directors
AIF	Annual Information Form
Agents Policy	Commercial Agents/Representatives Policy of SNC-Lavalin Group Inc.
Amendment to the Articles	Amendment to the Articles of Incorporation of the Corporation relating generally to the appointment by the Board of additional Directors between annual meetings of the shareholders of the Corporation
ARC	Agent Review Committee
BIAC	Bid and Investment Approval Committee
Board or Board of Directors	SNC-Lavalin Group Inc.'s board of directors
CBCA	The *Canada Business Corporations Act*
CCGG	Canadian Coalition for Good Governance
CD&A	Compensation Discussion and Analysis
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chair / Chairman	Chairman / Chairperson of the Board and Board Committees
Code of Ethics	Code of Ethics and Business Conduct
Common Shares	SNC-Lavalin Group Inc.'s common shares
Comparator Group	group of companies comparable to SNC-Lavalin Group Inc.
Computershare	Computershare Investor Services Inc.
Corporation	SNC-Lavalin Group Inc.
CSA	Canadian Securities Administrators
Directors	members of the Board of Directors of SNC-Lavalin Group Inc.
D-DSUs	Directors Deferred Share Units
D-DSUP	Directors Deferred Share Unit Plan
E-DSUs	Executive Deferred Share Units
E-DSUP	Executive Deferred Share Unit Plan
ECC	Ethics and Compliance Committee
EMRIP	Executive Management Retirement Income Plan
EPS	earnings per share
ESOP	Employee Share Ownership Plan
Executive Employment Agreement	Robert G. Card's executive employment agreement
Expanded BIAC	Expanded Bid and Investment Approval Committee
Evergreen List	a running list of potential Board candidates kept by the Board
GICS	Global Industry Classification Standard
Harvest	Harvest Retirement Savings Program
Harvest Plus	Harvest Plus Retirement Savings Program
HR Committee	Human Resources Committee of the Board
HSS&E Committee	Health & Safety, Security and Environment Committee of the Board
In Camera Session	meeting held without management being present
Management Committee	committee composed of members of management, typically Vice-Presidents and Senior Vice-Presidents as well as members of the Office of the President
MD&A	Management's Discussion and Analysis
Meeting	SNC-Lavalin Group Inc.'s annual and special shareholders' meeting to be held on May 2, 2013
MIP	Management Incentive Program
MSOP	Management Share Ownership Program
NEOs	named executive officers
Office of the President/OOP	senior management committee composed of all Executive Vice-Presidents and the President and CEO
PRC	Project Review Committee of the Board
PSUs	Performance Share Units
PSUP	Performance Share Unit Plan
REC	Risk Evaluation Committee
Record Date	close of business on March 11, 2013
RSUs	Restricted Share Units
RSUP	Restricted Share Unit Plan
Say on Pay	non-binding advisory vote on the Corporation's approach to executive compensation
Skills Matrix	table of industry-specific experience, business expertise and individual qualifications of Directors
Stock Option Plan	any of SNC-Lavalin Group Inc.'s 4 effective Stock Option Plans established in 2007, 2009, 2011 and 2013
TSX	Toronto Stock Exchange

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SNC-LAVALIN GROUP INC.

MANAGEMENT PROXY CIRCULAR

Section 1 VOTING INFORMATION

This Management Proxy Circular is issued in connection with the solicitation of proxies, by and on behalf of the management of the Corporation, for use at the Meeting to be held on Thursday, May 2, 2013, 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.

1.1 General

The following questions and answers provide guidance on how to vote your shares.

1.1.1 Who can vote?

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 11, 2013.

As of March 11, 2013, the Corporation had 151,349,071 Common Shares outstanding. As of March 11, 2013, to the knowledge of the Directors and officers of the Corporation based on shareholders' public filings, there are no persons or entities that beneficially owned or exercised control or direction over, directly or indirectly, 10% or more of the votes attached to the Common Shares.

1.1.2 What will I be voting on?

Shareholders will be voting to: (i) elect Directors; (ii) appoint Deloitte LLP, as auditor of the Corporation; (iii) adopt a resolution (the full text of which is reproduced in Section 2.3) to ratify and approve the Advance Notice By-Law (By-Law No. 2013-1) (the full text of which is reproduced in Schedule C); (iv) adopt a special resolution (the full text of which is reproduced in Section 2.4) authorizing the Corporation to amend its articles of incorporation (the "**Amendment to the Articles**"); (v) adopt a resolution (the full text of which is reproduced in Section 2.5) approving the adoption of the 2013 Stock Option Plan in favour of key employees of the Corporation and its subsidiaries and other companies in which the Corporation has an equity interest; and (vi) adopt a resolution (the full text of which is reproduced in Section 2.6) providing for a Say on Pay vote.

The Board of Directors and management of the Corporation recommend that shareholders vote **FOR** items (i), (ii), (iii), (iv), (v) and (vi).

1.1.3 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, except for item (iv) with respect to the Amendment to the Articles, which will require not less than two-thirds of the votes cast by holders of Common Shares to be approved.

1.1.4 How do I vote?

If you are eligible to vote and your Common Shares are registered in your name, you can vote your Common Shares in person at the Meeting or by proxy, as explained below. If your Common Shares are held in the name of a nominee (for example, a broker), see the instructions below under "Non-Registered Shareholder Voting".

1.1.5 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 Kingsdale Shareholder Services Inc. ("**Kingsdale**") at 1-866-581-1489 or via email at **contactus@kingsdaleshareholder.com**.

1.2 Registered Shareholder Voting

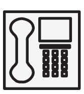
1.2.1 Voting by proxy

You are a registered shareholder if your name appears on a share certificate or on the list of registered shareholders maintained by Computershare. If this is the case, you may appoint someone else to vote for you as your proxy holder by using the enclosed form of proxy. The persons named in the enclosed form of proxy are Directors or officers of the Corporation. A shareholder has the right to appoint as proxy holder a person other than those whose names are printed as proxy holders in the accompanying form of proxy, by striking out said printed names and inserting the name of his/her 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 Corporation. Make sure that the person you appoint is aware that he or she is appointed and attends the Meeting.

You can choose from among 3 different ways to vote your Common Shares by proxy:

- by telephone;
- on the Internet; or
- by mail.

1.2.2 How can I vote my Common Shares by proxy?



By telephone

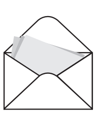
Call the toll-free number indicated on the proxy form and follow the instructions.

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 proxy form 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.



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.

1.2.3 What is the deadline for receiving the form of proxy?

The deadline for receiving duly completed forms of proxy or a vote using the telephone or over the Internet is 11:00 a.m. (Eastern Daylight Time) on Tuesday, April 30, 2013, 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.

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

Shares represented by proxies in the accompanying form of proxy will be voted in accordance with the instructions indicated thereon. If no contrary instruction is indicated, the 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 will be voted in favour of the ratification of the Advance Notice By-Law, the special resolution in connection with the Amendment to the Articles, the 2013 Stock Option Plan resolution and the Say on Pay resolution.

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 Corporation 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 shares represented thereby in accordance with their best judgment.**

1.2.5 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, 9th Floor, North Tower, Toronto, Ontario M5J 2Y1) no later than 11:00 a.m. (Eastern Daylight Time) on April 30, 2013 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.

1.2.6 Voting 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.**

1.3 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 a “non-registered shareholder”. If your Common Shares are listed in an account statement provided to you by your broker, 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 Corporation or “non-objecting beneficial owners” or “NOBOs”, who do not object to such disclosure. The Corporation 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:

1.3.1 Giving your 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.

1.3.2 Voting in Person

However, 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. 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.

1.4 Proxy Solicitation

The solicitation of proxies in connection with the Meeting is being made primarily by mail, but proxies may also be solicited by telephone, fax or other personal contact by Directors, officers or other employees of the Corporation. The Corporation has also hired Kingsdale to act as the Corporation's proxy solicitation agent in connection with the Meeting. The Corporation will pay Kingsdale a base proxy solicitation fee of $55,000 in connection with their engagement. Shareholders can contact Kingsdale either by mail at Kingsdale Shareholder Services Inc., The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-866-581-1489 or collect call outside North America at 1-416-867-2272, or by e-mail at **contactus@kingsdaleshareholder.com**. The entire cost of the solicitation will be borne by the Corporation.

Section 2 2013 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

10 Election of Directors

- 12 individuals are to be elected as Directors for 2013
- All nominees previously served as Directors in 2012 except for Mr. Robert G. Card, who joined the Board of Directors on October 1, 2012, Mr. Chakib Sbiti, who joined the Board of Directors on November 2, 2012, as well as Messrs. Jacques Bougie and Alain Rhéaume, and Mrs. Lise Lachapelle
- Management and the Board of Directors recommend that shareholders vote **FOR** this item of business

10 Appointment of Auditor

- Management and the Board of Directors recommend Deloitte LLP as auditor for 2013
- Management and the Board of Directors recommend that shareholders vote **FOR** this item of business

11 Ratification of Advance Notice By-Law

- Shareholders to vote on the adoption of a resolution ratifying the Advance Notice By-Law
- Management and the Board of Directors recommend that shareholders vote **FOR** this item of business

12 Amendment to the Articles – Appointment of Additional Directors

- Shareholders to vote on the adoption of a special resolution authorizing the Amendment to the Articles
- Management and the Board of Directors recommend that shareholders vote **FOR** this item of business

13 Approval of the 2013 Stock Option Plan

- The 2013 Stock Option Plan is very similar to the 2011 Stock Option Plan. The main differences relate to the option exercise period and the individuals who are required to maintain certain minimum Common Share holding requirements in order to exercise their options
- 3,200,000 unissued Common Shares would be available for grants of options under the 2013 Stock Option Plan.
- Shareholders to vote on the adoption of a resolution approving the adoption of the 2013 Stock Option Plan
- Management and the Board of Directors recommend that shareholders vote **FOR** this item of business

15 Adoption of a Say on Pay Resolution

- Shareholders to vote on Say on Pay (i.e. the Corporation’s approach to executive compensation)
- Management and the Board of Directors recommend that shareholders vote **FOR** this item of business

Section 2 2013 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

2.1 Election of Directors

12 NOMINEES FOR 2013

Jacques Bougie	Lise Lachapelle	Alain Rhéaume
Ian A. Bourne	Lorna R. Marsden	Chakib Sbiti
Robert G. Card	Claude Mongeau	Eric D. Siegel
Patricia A. Hammick	Michael D. Parker	Lawrence N. Stevenson

On March 25, 2012, the Board of Directors accepted Mr. Pierre Duhaime's decision to step down as President and CEO and Director of the Corporation and retire from the Corporation. On the same day, Mr. Ian A. Bourne, a Director of the Corporation, was appointed Vice-Chairman and Interim CEO of the Corporation. After a global search, on October 1, 2012, Mr. Robert G. Card became the Corporation's new President and CEO, and a member of the Board of Directors. Mr. Ian A. Bourne remained a Director and Vice-Chairman of the Board.

The Board of Directors has fixed at 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 Corporation 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 accompanying 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 in the election of any of the Directors.

Section 3 – "Board of Directors" of this Management Proxy Circular sets out detailed information on each of these nominees. Except for Jacques Bougie, Lise Lachapelle and Alain Rhéaume, all nominees are currently Directors of the Corporation.

Mr. Gwyn Morgan, Chairman of the Board and an independent Director who has served as a Director of the Corporation since March 4, 2005, will not be standing for re-election at the Meeting.

Mr. David Goldman, an independent Director who has served as a Director of the Corporation since March 1, 2002, will not be standing for re-election at the Meeting.

Mr. Pierre H. Lessard, an independent Director who has served as a Director of the Corporation since October 30, 1998, will not be standing for re-election at the Meeting.

Mrs. Edythe A. Marcoux, an independent Director who has served as a Director of the Corporation since October 30, 1998, 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 Corporation, to hold office until the next annual meeting of shareholders or until such person's successor is elected or appointed. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the election of these nominees.**

2.2 Appointment of Auditor

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

Management and the Board of Directors recommend that Deloitte LLP be appointed to serve as auditor of the Corporation 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 accompanying form of proxy or voting instruction form intend to vote FOR the appointment of Deloitte LLP, as auditor of the Corporation, to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the Directors.**

2.2.1 Auditor's Fees

The aggregate fees paid, including the Corporation'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, 2012 and the year ended December 31, 2011, are presented below:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Audit fees[1]	$4,351,900	$3,197,100
Audit-related fees[2]	$1,899,000	$983,500
Tax fees [3]	$1,082,300	$1,200,900
Other fees [4]	$2,012,700	$169,000
Total [5]	**$9,345,900**	**$5,550,500**

Notes:

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

The increase of $1,154,800 from $3,197,100 in 2011 to $4,351,900 in 2012 is mainly due to additional audit procedures relating to the Independent Review facts discussed in the Corporation's 2012 Management's Discussion and Analysis (Section 14 – Risks and Uncertainties) and to higher audit costs relating to various subsidiaries.

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, accounting consultations in connection with various transactions, and the audit of the Corporation's various pension plans.

The increase of $915,500 from $983,500 in 2011 to $1,899,000 in 2012 is mainly due to a mandate to audit the effectiveness of the Corporation's internal controls over financial reporting ("**ICFR**") based on criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "**COSO Framework**").

3 Tax fees comprise 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". The increase of $1,843,700 from $169,000 in 2011 to $2,012,700 in 2012 is mainly due to forensic effort relating to investigations on certain projects.

5 The aggregate fees paid to Deloitte LLP, irrespective of the Corporation's proportionate interests in its joint ventures and other investees, totaled $10,523,000 in 2012 and $6,544,400 in 2011.

2.3 Ratification of Advance Notice By-Law

On March 8, 2013, the Board adopted the Advance Notice By-Law, which requires that advance notice be given to the Corporation in circumstances where nominations of persons for election as a director of the Corporation are made by shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the CBCA; or (ii) a shareholder proposal made pursuant to the provisions of the CBCA.

Among other things, the Advance Notice By-Law fixes a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be given no less than 30 nor more than 65 days prior to the date of the annual meeting provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given no later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be given no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Advance Notice By-Law will allow the Corporation to receive adequate prior notice of director nominations, as well as sufficient information on the nominees. The Corporation will thus be able to evaluate the proposed nominees' qualifications and suitability as directors. It will also facilitate an orderly and efficient meeting process.

At the Meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the resolution of the shareholders reproduced below to ratify the Advance Notice By-Law. To be adopted, this resolution must be approved by the majority of the votes cast by holders of Common Shares:

"BE IT RESOLVED:

THAT the Advance Notice By-Law (By-Law No. 2013-1) adopted by the Board of Directors of the Corporation, the full text of which is reproduced in Schedule C to the Management Proxy Circular of the Corporation dated March 11, 2013, be ratified.

THAT any Director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, 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 approval of this resolution. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR this resolution and the ratification of the Advance Notice By-Law.**

2.4 Amendment to the Articles – Appointment of Additional Directors

The CBCA states that if the articles of a corporation so provide, the Directors may appoint one or more Directors to hold office until the close of the next annual meeting of shareholders, subject to the total number of Directors so appointed not exceeding one-third of the number of Directors elected at the previous annual meeting of shareholders. The Corporation is of the view that the flexibility afforded to the Board of Directors to select and appoint one or more additional Directors between annual meetings is important as it would allow the Corporation to act quickly and efficiently when new candidates for membership on the Board of Directors are identified. In this way, a worthwhile candidate would be able to contribute as a member of the Board of Directors immediately. Further, the Corporation would not risk losing the candidate to other opportunities which may arise before that candidate's actual appointment can take place at the next annual shareholders' meeting.

At the Meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the special resolution of the shareholders reproduced below authorizing the Amendment to the Articles. To be adopted, this special resolution must be approved by not less than two-thirds of the votes cast by holders of Common Shares:

"BE IT RESOLVED:

THAT the articles of incorporation of the Corporation be amended so that the Directors may appoint one or more additional Directors, who shall hold office for a term expiring no later than the close of the next annual meeting of shareholders, provided that the total number of Directors so appointed may not exceed one-third of the number of Directors elected at the previous annual meeting of shareholders;

THAT any Director or officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver or cause to be delivered Articles of Amendment to the director under the *Canada Business Corporations Act* and to execute and deliver or cause to be delivered all documents and to take any action which, in the opinion of that person, is necessary or desirable to give effect to this special resolution;

THAT notwithstanding that this special resolution has been duly passed by the holders of the Common Shares of the Corporation, the Directors of the Corporation may, in their sole discretion, revoke this special resolution in whole or in part at any time prior to the issuance by the director under the *Canada Business Corporations Act* of a certificate of amendment referred to above, without further notice to, or approval of, the holders of the Common Shares of the Corporation; and

THAT any one director or officer of the Corporation be, and each of them is hereby, authorized and directed for and in the name of and on behalf of the Corporation, to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this special resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

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

2.5 Approval of the 2013 Stock Option Plan

On March 8, 2013, the Board of Directors of the Corporation adopted the 2013 Stock Option Plan (the "**2013 Plan**"). The Corporation is seeking shareholder approval for the 2013 Plan in the context of the continued growth of the Corporation and the corresponding increase in the number of employees.

The 2013 Plan is very similar to the 2011 Stock Option Plan with the exception that, among other things, the Option Period (as defined below) has increased from 5 to 6 years. Moreover, the officer and employee positions which are required to maintain certain minimum Common Share holding requirements in order to exercise their options have changed, as have the consequences of a failure to maintain such minimum shareholding requirements, as more fully described below.

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 Corporation outstanding as at the same date. The Board of Directors of the Corporation 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 5 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 Corporation during which Directors, officers and certain employees of the Corporation are precluded from trading in the securities of the Corporation (a "**Blackout Period**"), the exercise price for such option is presumed to be the Share Value on the 6th trading day following the end of the Blackout Period. Each option may only be exercised during a period commencing on the 1st day of the third year following the grant date of the option and expiring on the last day of the 6th year following such grant date or the last day of an extension of 10 business days from the end of a Blackout Period if the expiry date of an option falls within the Blackout Period or within 10 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 Corporation is required to own Common Shares having a value at least equal to 2 times 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 3 times his/ her annual base salary, and (iii) an Optionee who is the President and CEO of the Corporation is required to own Common Shares having a value at least equal to 5 times his/her annual base salary. Should an Executive Vice-President, a president of business unit/ products or the President and CEO of the Corporation 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 Corporation must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2013 and other share compensation arrangements of the Corporation (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 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 Corporation 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 Corporation, 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 Corporation.

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 Corporation;

(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 Corporation;

(c) a majority of the members of the Board of Directors of the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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.

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.

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.

At the Meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the resolution reproduced below. To be adopted, this resolution must be approved by the majority of the votes cast by the holders of Common Shares:

"BE IT RESOLVED:

THAT the Corporation be and is hereby authorized to adopt the 2013 Stock Option Plan (the "**2013 Plan**") of the Corporation in favour of key employees of the Corporation and its subsidiaries and other companies in which the Corporation has an equity interest, which plan is described in the Management Proxy Circular of the Corporation dated March 11, 2013; and

THAT any Director or officer of the Corporation be, and each is hereby authorized and directed, for and on behalf of the Corporation, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution and the 2013 Plan."

The Board of Directors recommends 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 accompanying form of proxy or voting instruction form intend to vote FOR the adoption of the 2013 Plan.**

2.6 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 Corporation. If a significant number of shareholders vote against the Say on Pay resolution, the Board will consult with the Corporation'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 Corporation's approach to compensation in light of these concerns.

The Board took note of the Say on Pay vote and the 75.3% of favourable votes obtained. Ever mindful of the views of its shareholders and in response to this vote, certain members of the Board considered and canvassed views on certain aspects of the Corporation's compensation practices and philosophy. The Board believes that this process resulted in an improved and better understood executive compensation philosophy that addresses any concerns shareholders may have had in the past regarding such matters, and the Corporation and its Board are hopeful that this will result in a greater support of the Say on Pay vote that will be submitted to shareholders at the Meeting.

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 Corporation’s Management Proxy Circular delivered in advance of the 2013 annual and special meeting of shareholders of the Corporation.”

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 accompanying form of proxy or voting instruction form intend to vote FOR this Say on Pay resolution.**

2.7 Shareholder Proposals

This year, the Corporation received no shareholder proposals for inclusion in this Management Proxy Circular.

The last day for submission of proposals by shareholders to the Corporation, for inclusion in next year’s management proxy circular in connection with next year’s annual meeting of shareholders, will be December 11, 2013.

Section 3 BOARD OF DIRECTORS

Section 3 BOARD OF DIRECTORS

The Board of Directors believes that sound corporate governance practices are essential to the positive workings and success of the Corporation and to the satisfaction and related success of the Corporation's shareholders. Over the years, the Corporation has acted proactively, 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 (as set out from time to time by the CCGG and like organizations) and to permit the Board to evaluate and improve its own performance. These principles, structures and procedures are set out in the Corporation's Corporate Governance Handbook, which includes a newly revised Code of Ethics that applies to the employees, officers and Directors of the Corporation and its subsidiaries.

As reflected in Sections 2, 3, 5, 6 and 7 and Schedules A, B, E and F of this Management Proxy Circular, the Corporation's governance practices comply with the current CSA disclosure requirements, and the Corporation is dedicated to adjusting its governance practices on an ongoing basis, so as to remain abreast of best governance practices as they evolve. The corporate governance practices outlined in these sections are responsive to each of the disclosure obligations set out in the CSA disclosure requirements.

3.1 Directors Proposed for Election

The following is a summary of relevant biographical and compensation information relating to each nominee. For further details on the compensation components, see Section 4 "Directors' Compensation Disclosure".

Jacques Bougie, O.C.
Independent
Ile-des-Soeurs (Quebec), Canada

Director since: N/A

Latest date of retirement: N/A

Areas of Expertise:

Natural Resources and Energy
Manufacturing and Processing
Transportation
Public Sector Administration
Financial Services

Age: 65

Mr. Bougie is a corporate director and acts as a pro bono strategic advisor and mentor to a number of community and business leaders. He 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 major project development, planning and general management. He became President and Chief Operating Officer 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.

Mr. Bougie is a director of CSL Group Inc., McCain Foods Limited and the Gairdner Foundation. An active community volunteer, Mr. Bougie chairs the Advisory Board of the Montreal Neurological Institute and Hospital. He is also a member of the Board of the Foundation of the Montreal Museum of Fine Arts and was a director of the Foundation of Greater Montreal. He co-chaired the Centraide (United Way) of Greater Montreal Campaign in 2001 and has remained active since. He 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., BCE Mobile Communications Inc., Bell Canada, Royal Bank of Canada, Nova Chemicals Corporation, Novelis Inc., Rona Inc., Abitibi-Consolidated Inc. and AbitibiBowater Inc. (now Resolute Forest Products Inc.).

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, 2012	**Attendance**	**Attendance (Total)**
N/A	N/A	N/A

Public Board Memberships During the Last 5 Years	**Year**
AbitibiBowater Inc. (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.)	2004 – 2010
Nova Chemicals Corporation	2001 – 2009
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)**
2012	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A

Value of Total Compensation Received (Details see Section 4)

Year	**$**
2012	N/A
2011	N/A

Ian A. Bourne, F.ICD, ICD.D
Independent
Calgary (Alberta), Canada
Director since: November 5, 2009
Latest date of retirement: May 2020

Areas of Expertise:
Natural Resources and Energy
Manufacturing and Processing
Public Sector Administration
Financial Services
Age: 65

Mr. Bourne is Vice-Chairman and served as Interim CEO of the Corporation from March 25, 2012, until the appointment of Mr. Robert G. Card on October 1, 2012. He was Executive Vice-President and CFO of TransAlta Corporation (power generator and marketer of electricity) (1998-2005) and President and director of TransAlta Power LP (1998-2006). In addition to the public company boards listed below, Mr. Bourne is a director of Canada Pension Plan Investment Board (CPPIB), the Canadian Public Accountability Board and the Calgary Foundation. He was also a director of the Glenbow Museum (2003-2009) and the Calgary Philharmonic Orchestra (2003-2009). He graduated from Mount Allison University with a Bachelor of Commerce degree in 1969. He is a member of the Institute of Corporate Directors (ICD), having completed the Director Education Program in February 2006 and was awarded the ICD.D designation in April of the same year. Mr. Bourne was recognized as a Fellow of the ICD in 2011. Throughout his career, Mr. Bourne has acquired extensive experience, particularly in the areas of risk management and finance, information technology, power generation, manufacturing operations and corporate governance.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)
Board (Vice-Chairman since March 25, 2012)	23 of 23	
Audit Committee (Chairman since October 1, 2012)	8 of 8	
HSS&E Committee (Member until March 25, 2012)	N/A	34 of 34 100%
Governance Committee (Member since October 1, 2012)	1 of 1	
Project Review Committee (Member since November 2, 2012)	2 of 2	

Public Board Memberships During the Last 5 Years	Year
Canadian Oil Sands Limited (Chairman of the Corporate Governance and Compensation Committee and member of the Audit Committee)	2007 – Present
Wajax Corporation (Chairman of the Audit Committee and member of the Governance Committee)	2006 – Present
Ballard Power Systems Inc. (Chairman of the Board and member of the Audit Committee, the Corporate Governance Committee and the Management Development, Nominating & Compensation Committee)	2003 – Present
Board Interlocks	**Yes**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	5,000	6,992	11,992	$483,517	Yes
2011	5,000	3,965	8,965	$457,932	Yes

Value of Total Compensation Received (Details see note below)

Year	$
2012	$624,057
2011	$153,857

Robert G. Card
Non-Independent
(Member of Management)
Montreal (Quebec), Canada
Director since: October 1, 2012
Latest date of retirement: May 2025

Areas of Expertise:
Natural Resources and Energy
Manufacturing and Processing
Engineering and Construction
Public Sector Administration
Age: 60

Mr. Card has been President and CEO of the Corporation since October 1, 2012. Mr. Card has 38 years of experience in the engineering and construction industry and has held key executive, management, operations and technical roles in the fields of nuclear decommissioning, energy, sport, environmental cleanup, water/wastewater and facilities. Prior to joining the Corporation, he served as President of CH2M HILL's Energy, Water & Facilities Division, which included the global business groups for Water, Energy and Chemicals, Power, Industries and Sustainability.

During his 35-year career at CH2M HILL (an engineering and services firm), Mr. Card held a variety of engineering, project management and operations management roles, as well as serving as the President of CH2M HILL's Government, Environment and Nuclear Division and President of CH2M HILL International. Mr. Card was the Chief Operating Officer of the CLM consortium, a CH2M HILL joint venture company performing the Delivery Partner role for the UK Olympic Delivery Authority. Mr. Card also served as President & CEO of Kaiser-Hill, the CH2M HILL joint venture company responsible for leading the $7 billion decommissioning and cleanup of the Rocky Flats Environmental Technology Site (Colorado, United States) for the U.S. Department of Energy. From 2001 to 2004, Mr. Card was the Undersecretary of Energy for the U.S. Department of Energy (DOE). He graduated from the University of Washington in 1975 with a B.S. in Civil Engineering and from Stanford University in 1977 with a M.S. in Civil Engineering and completed the Program for Management Development (Executive MBA) at Harvard Business School. Mr. Card is a Professional (Chartered) Engineer.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)
Board (Member)	6 of 6	6 of 6 100%

Public Board Memberships During the Last 5 Years	Year
N/A	N/A
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

Year	Common Shares	Total Market Value of Common Shares	Meets Minimum Shareholding Requirements (5 X Base Salary)
2012	27,300	$1,100,736	in process
2011	N/A	N/A	N/A

(1) Mr. Bourne was a Director and Vice-Chairman as well as acting Interim CEO from March 25, 2012 to October 1, 2012. He earned $439,269 in additional compensation during that time. Given an agreement at the time he took on the temporary role as Interim CEO, it was agreed that he would be remunerated in his capacity as Vice-Chairman and Director. For details on Mr. Bourne's compensation, see Section 4 of this Management Proxy Circular.

(2) Mr. Card does not receive compensation as a member of the Board of Directors of the Corporation. For details on Mr. Card's compensation as President and CEO, see Section 8 of this Management Proxy Circular.

Patricia A. Hammick, Ph.D.
Independent
Kilmarnock (Virginia),
United States
Director since: January 1, 2007
Latest date of retirement: May 2019

Areas of Expertise:
Natural Resources and Energy
Manufacturing and Processing
Age: 66

Dr. Hammick is a director of Consol Energy Inc. (a coal and natural gas company). She is also the former chairman of the Board and former lead director of Dynegy Inc. (an independent power producer). 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 management team at Columbia Energy Group (integrated natural gas, utility, power generation and propane). Dr. Hammick graduated from George Washington University with a Ph.D. in Mathematical Statistics and from the University of California with an M.A. in Physics.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)
Board (Member)	23 of 23	
Audit Committee (Member)	9 of 9	42 of 42 100%
HR Committee (Member)	10 of 10	

Public Board Memberships During the Last 5 Years	Year
Consol Energy Inc. (member of the Finance Committee and of the Nominating and Corporate Governance Committee)	2001 – Present
Dynegy Inc. (lead director, ex-officio on all committees, was Chairman of the Board from February 2011 until June 2011)	2003 – 2011
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	0	9,313	9,313	$375,500	Yes
2011	0	6,582	6,582	$336,209	Yes

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	$200,200
2011	$154,458

Lise Lachapelle
Independent
Ile-des-Sœurs (Quebec),
Canada
Director since: N/A
Latest date of retirement: N/A

Areas of Expertise:
Natural Resources and Energy
Manufacturing and Processing
Public Sector Administration
Financial Services
Age: 63

Mrs. Lachapelle has been a Strategic and Economic Consultant and Corporate Director since 2002. From 1994 until 2002, she was President and Chief Executive Officer of the Forest Products Association of Canada. Mrs. Lachapelle is a former President of Strategico Inc., a consulting firm specializing in public policies, and a former Senior Vice-President of the Montreal Stock Exchange. She also acted as Assistant Deputy Minister in the Federal Department of Industry, Trade and Commerce.

In addition to the public company boards listed below, Mrs. Lachapelle is also a member of the Board of Directors of BNP Paribas (Canada) and Mirabaud Canada Inc.

Mrs. Lachapelle graduated from Université de Montréal in 1970 with a Bachelor of Business Administration (Honours) and completed an Advanced Management Program at Harvard Business School in 1987.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)
N/A	N/A	N/A

Public Board Memberships During the Last 5 Years	Year
Innergex Renewable Energy Inc. (Chair of the Corporate Governance Committee and member of the Nominating Committee)	2010 – Present
Russel Metals Inc. (Chair of the Nominating and Corporate Governance Committee and member of the Audit Committee)	1996 – Present
Industrial Alliance Insurance and Financial Services Inc. (member of the Audit Committee and the Investment Committee)	1995 – Present
Innergex Power Income Fund	2003 – 2010
AbitibiBowater Inc. (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.)	2002 – 2010
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	N/A
2011	N/A

Lorna R. Marsden, C.M., Ph.D.
Independent
Toronto (Ontario), Canada
Director since: May 4, 2006

Latest date of retirement: May 2014

Areas of Expertise:

Public Sector Administration
Financial Services

Age: 71

Dr. Marsden is Professor and President Emerita of York University in Toronto. A former member of the Senate of Canada from 1984 to 1992, and a former President and Vice-Chancellor and Member of the Board of Governors of York University, she is also a former President and Vice-Chancellor of Wilfrid Laurier University in Waterloo. She graduated from the University of Toronto in 1968 with a Bachelor of Arts and a Ph.D. from Princeton University in 1972 with a PhD.

In addition to the public company board listed below, Dr. Marsden is also active in non-profit organizations, serving as a Governor of the Corporation of Massey Hall and Roy Thomson Hall and as a Trustee of the Gardiner Museum. Dr. Marsden retired as a director of Gore Mutual Insurance Company on April 26, 2012, after 16 years, and previously served as a director of Go Transit (Ontario's inter-regional transit system).

Dr. Marsden holds the Order of Canada, the Order of Ontario, and the Order of Merit (FRG). She was named one of Canada's 100 Most Powerful Women by the Women's Executive Network, received the YWCA Woman of Distinction Award (Toronto) in 2003 and has received Honorary Doctorates from the Universities of New Brunswick, Winnipeg, Toronto and Wilfrid Laurier as well as from Queen's University and the University of Victoria. She completed the ICD certificate in financial literacy in 2007.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)	
Board (Member)	21 of 23		
HSS&E Committee (Member)	3 of 3	33 of 36	91.7%
HR Committee (Member)	9 of 10		

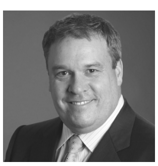
Public Board Memberships During the Last 5 Years	Year
Manulife Financial Corporation (member of the Management Resources and Compensation Committee)	1995 – Present
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	2,000	12,627	14,627	$589,761	Yes
2011	2,000	9,475	11,475	$586,143	Yes

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	$192,003
2011	$153,064



Claude Mongeau
Independent
Montreal (Quebec), Canada
Director since: August 8, 2003

Latest date of retirement: May 2019

Areas of Expertise:

Transportation
Financial Services

Age: 51

Mr. Mongeau has been President and CEO of Canadian National Railway Company (CN) (North American railroad) since January 1, 2010. He joined CN in 1994 and has held the positions of Vice-President, Strategic and Financial Planning, and Assistant Vice-President, Corporate Development. He was appointed Executive Vice-President and CFO of CN in 2000. In addition to the public company board listed below, Mr. Mongeau is the Chairman of the Railway Association of Canada and a director of the Canadian Council of Chief Executives.

Mr. Mongeau graduated from UQÀM in 1986 with a BA in psychology and from McGill University in 1988 with an MBA. In 1997, he was named one of Canada's "Top 40 Under 40" by the Financial Post Magazine and, in 2005, he was chosen Canada's CFO of the Year.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)	
Board (Member)	20 of 23		
Audit Committee (Member)	9 of 9	35 of 38	92.1%
HR Committee (Member since May 3, 2012)	6 of 6		

Public Board Memberships During the Last 5 Years	Year
Canadian National Railway Company (Chairman of the Donations and Sponsorships Committee and member of the Strategic Planning Committee)	2009 – Present
Nortel Networks (member of the Audit Committee and the Pension Fund Policy Committee)	2006 – 2009
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	15,000	24,945	39,945	$1,610,582	Yes
2011	15,000	20,826	35,826	$1,829,992	Yes

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	$222,022
2011	$157,237

Michael D. Parker, CBE
Independent

London, United Kingdom

Director since: July 7, 2010

Latest date of retirement: May 2019

Areas of Expertise:

Natural Resources and Energy

Manufacturing and Processing

Engineering and Construction

Age: 66

Mr. Parker had a 34-year career with the Dow Chemical Company (manufacturer of chemical products) serving in a wide variety of jobs in research, manufacturing, commercial and general management where he became President and Chief Executive from 2000 until 2002 and served on the company's Board of Directors from 1995 until 2003. Subsequently, he was appointed Group Chief Executive of British Nuclear Fuels PLC (BNFL) (a manufacturer and transporter of nuclear products) from 2003 until 2009.

In addition to the public company boards listed below, Mr. Parker is currently the Chairman of Street League (a U.K. charity) and until recently was the Chairman of Liverpool Vision (economic development and regeneration company). He is also a Trustee of the Royal Society for the Prevention of Accidents (ROSPA) and the Energy Institute as well as a member of the Manchester Business School Advisory Board.

Mr. Parker graduated from the University of Manchester in 1968 with a degree in Chemical Engineering and from Manchester Business School in 1972 with an MBA. He is a fellow of the Institute of Chemical Engineers since 2003 and a Fellow of the Energy Institute since 2009.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)	
Board (Member)	21 of 23		
Audit Committee (Member until November 2, 2012)	7 of 7		
HSS&E Committee (Member)	3 of 3	33 of 35	94.3%
Project Review Committee (Member since November 2, 2012)	2 of 2		

Public Board Memberships During the Last 5 Years	Year
PV Crystalox Solar plc (Chairman of the Audit Committee and of the Remuneration Committee, and member of the Nomination Committee)	2010 – Present
Invensys plc (senior independent director and member of the Audit Committee, the Nominating Committee and the Remuneration Committee)	2006 – Present
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	9,100	7,195	16,295	$657,014	Yes
2011	9,100	3,471	12,571	$642,127	Yes

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	$184,895
2011	$153,181

Alain Rhéaume
Independent

Lac-Delage (Quebec), Canada

Director since: N/A

Latest date of retirement: N/A

Areas of Expertise:

Manufacturing and Processing

Retail Business

Public Sector

Administration

Age: 61

Mr. Rhéaume is the Co-Founder and Managing Partner of Trio Capital Inc. (a private investment management company) and has over 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 from 1988 to 1992 as Associate Deputy Minister, Financial Policies and Operations, and from 1992 to 1996 as Deputy Minister. In 1996, Mr. Rhéaume joined Microcell Telecommunication 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.

In addition to the public company boards listed below, Mr. Rhéaume is a public director of the Canadian Investor Protection Fund and the Canadian Public Accountability Board.

Mr. Rhéaume graduated from Université Laval in 1973 with a License in Business Administration (Finance and Economics).

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)
N/A	N/A	N/A

Public Board Memberships During the Last 5 Years	Year
Redline Communications Group Inc. (Chairman of the Corporate Governance Committee and member of the Audit Committee)	2011 – Present
Boralex Inc. (member of the Corporate Governance Committee)	2010 – Present
Resolute Forest Products Inc. (Chairman of the Audit Committee and member of the Finance Committee)	2010 – Present
Boralex Power Income Fund	2007 – 2010
DiagnoCure Inc.	2005 – 2010
Kangaroo Media Inc.	2007 – 2009
Quebecor World Inc.	1997 – 2009
Groupe CVTech Inc.	2005 – 2007
ACS Media Income Fund	2003 – 2007
Board Interlocks	**Yes**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	N/A
2011	N/A

Chakib Sbiti
Independent
Dubai, United Arab Emirates

Director since: November 2, 2012

Latest date of retirement: May 2026

Areas of Expertise:

Natural Resources and Energy

Manufacturing and Processing

Age: 59

Mr. Sbiti is currently Executive Advisor to the CEO of Schlumberger, an international oilfield services company with over 115,000 employees in approximately 85 countries.

Mr. Sbiti has been with Schlumberger for over 30 years. 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. Mr. Sbiti has been a member of the Society of Petroleum engineers since 1981. In April 2012, he was appointed a Director of Genel Energy (exploration and production of oil and gas).

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)	
Board (Member since November 2, 2012)	5 of 5	8 of 8	100%
HSS&E Committee (Member since November 2, 2012)	1 of 1		
Project Review Committee (Member since November 2, 2012)	2 of 2		

Public Board Memberships During the Last 5 Years	Year
Genel Energy (independent non-executive director and member of the Health, Safety, Security and Environment Committee and the Political Risk Committee)	2012– Present
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	0	646	646	$26,047	in process
2011	N/A	N/A	N/A	N/A	N/A

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	$40,020
2011	N/A

Eric D. Siegel, ICD.D
Independent
Ottawa (Ontario), Canada

Director since: January 1, 2012

Latest date of retirement: May 2026

Areas of Expertise:

Public Sector Administration

Financial Services

Age: 59

Mr. Siegel joined Export Development Canada (EDC), a Crown corporation and Canada's export credit agency, in 1979. In 1997, he was appointed Executive Vice-President and in 2005, Chief Operating Officer, assuming overall leadership for EDC's business development and transacting groups. In 2007, he was appointed President and CEO until his retirement in December 2010. He is currently a director of Citibank Canada (financial services), is 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).

Mr. Siegel graduated from the University of Toronto in 1976 with a Bachelor of Arts in history and economics and from York University in 1979 with a Master's of Business Administration. He completed the Senior Executive Program at Columbia University in 2012 and the Director Education Program in 2010.

On January 21, 2011, Mr. Siegel was honoured with a Lifetime Achievement Award by the Chinese Business Chamber of Canada (CBCC).

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)	
Board (Member)	23 of 23	35 of 35	100%
Audit Committee (Member until November 2, 2012)	7 of 7		
HSS&E Committee (Member)	3 of 3		
Project Review Committee (Member since November 2, 2012)	2 of 2		

Public Board Memberships During the Last 5 Years	Year
N/A	N/A
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	0	2,934	2,934	$118,299	in process
2011	N/A	N/A	N/A	N/A	N/A

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	$187,668
2011	N/A

Note: As Mr. Sbiti was appointed to the Board on November 2, 2012, he only attended meetings scheduled in the last quarter of 2012.

Lawrence N. Stevenson
Independent
Toronto (Ontario), Canada

Director since: August 6, 1999

Latest date of retirement: May 2015

Areas of Expertise:

Retail Business
Financial Services

Age: 56

Mr. Stevenson is the Managing Director of Callisto Capital LP, a private equity firm based in Toronto. He served as Chief Executive and director of Pep Boys Inc. (automotive aftermarket retail and service) from May 2003 until July 2006. He was also the founder and CEO of Chapters (Canadian book retailer) and a former managing director at Bain & Company (consulting services).

Mr. Stevenson graduated from the Royal Military College in Kingston (Ontario) in 1978 with an undergraduate degree (Honours) and from Harvard Business School in 1984 with a Master's degree in Business Administration. In 2010, he was presented with an Honorary Doctorate from the Royal Military College. Mr. Stevenson serves as the Honorary Colonel of the Queen's Own Rifles of Canada. He 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.

Board/Committee Membership as at December 31, 2012	Attendance	Attendance (Total)	
Board (Member)	23 of 23		
Governance Committee (Member)	6 of 6	39 of 39	100%
HR Committee (Chairman)	10 of 10		

Public Board Memberships During the Last 5 Years	Year
CAE Inc. (Chairman of the Human Resources Committee)	1998 – Present
Board Interlocks	**None**

Securities Held as at December 31, 2012 (Market Value of $40.32 per Common Share as at December 31, 2012)

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 Requirements ($300,000)
2012	30,750	13,590	44,340	$1,787,789	Yes
2011	30,750	10,418	41,168	$2,102,861	Yes

Value of Total Compensation Received (Details see Section 4)

Year	$
2012	$297,090
2011	$164,605

To the knowledge of the Corporation, in the last 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 (i) 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 30 consecutive days or (ii) 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 for:

i) Mr. Claude Mongeau, a Director of the Corporation, who became a director of Nortel Networks Corporation ("**NNC**") and Nortel Networks Limited ("**NNL**") on June 29, 2006 and resigned at the end of August 2009. On January 14, 2009, NNC, NNL and certain other Canadian subsidiaries initiated creditor protection proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**") in Canada. Certain U.S. subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code, and certain Europe, Middle East and Africa subsidiaries made consequential filings in Europe and the Middle East. These proceedings are ongoing. Mr. Mongeau resigned as a director of NNC and NNL effective at the end of August 2009.

ii) Dr. Patricia A. Hammick, a Director of the Corporation, who became a director of Dynegy Inc. ("**Dynegy**") in April 2003 and ceased to be a director of Dynegy on June 15, 2011. On December 1, 2011, Dynegy and its direct subsidiary Dynegy Holdings LLC ("**Dynegy Holdings**") filed, as co-plan proponents, a plan of reorganization in respect of Dynegy Holdings. On April 3, 2012, Dynegy announced that it had reached an agreement with key Dynegy Holdings creditors contemplating the resolution of all disputes with such creditors. On July 6, 2012, Dynegy filed a voluntary petition for relief pursuant to the U.S. Bankruptcy Code. On September 5, 2012, Dynegy announced that its Chapter 11 Plan of Reorganization under the U.S. Bankruptcy Code was confirmed and, on October 1, 2012, announced that it had consummated its reorganization under Chapter 11 of the U.S. Bankruptcy Code and had emerged from bankruptcy protection. Dr. Hammick ceased to be a director of Dynegy on June 15, 2011. Dr. Hammick was never a director of Dynegy Holdings.

iii) Mrs. Lise Lachapelle served as a director of AbitibiBowater Inc. ("**AbitibiBowater**") (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.) from 2002 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 Québec 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.

iv) Mr. Jacques Bougie also served as a director of AbitibiBowater from 2004 to December 2010. See the description of AbitibiBowater's U.S. bankruptcy and Canadian creditor protection proceedings above as described with respect to Mrs. Lachapelle. In addition, Mr. Bougie served as a director of Novelis Inc. ("**Novelis**") from 2005 until 2006. In his capacity as a director of Novelis, Mr. Bougie was subject to management cease trade orders issued by certain of the Canadian provincial securities administrators in 2005 against the directors, officers and insiders of Novelis due to Novelis' failure to duly file its interim unaudited financial statements for the interim period ended on September 30, 2005. Temporary management cease trade orders were issued in November 2005 and were replaced by permanent management cease trade orders in December 2005. Novelis filed its interim unaudited financial statements for the interim period ended on September 30, 2005 on May 17, 2006. As such, the permanent cease trade orders issued in December 2005 were revoked and/or allowed to lapse/expire, as the case may be, in October 2006.

v) Mr. Alain Rhéaume 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. Mr. Rhéaume was also an executive officer of Microcell Telecommunications Inc. ("**Microcell**") from 1996 until 2005. In 2003, Microcell reached an agreement on the terms of a recapitalization plan with its unsecured noteholders, and it obtained a court order under the CCAA as to the proper implementation of such plan. Mr. Rhéaume ceased to be an executive officer of Microcell in June 2005.

Furthermore, to the knowledge of the Corporation, in the last 10 years, no Director or officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation, 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.

3.2 Director Independence[1]

As a Canadian corporation listed on the TSX, the Corporation is subject to various guidelines, requirements and disclosure rules governing the independence of the members of its Board and Board Committees, including the independence requirements of the CBCA 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 Corporation's Directors, the Corporation's Board is satisfied that 11 of its 12 nominees are "independent" within the meaning of the Regulatory Independence Requirements.[2] The only non-independent nominee is Robert G. Card, who was appointed President and CEO of the Corporation on October 1, 2012.[3]

3.3 Board Organization, Structure and Composition

3.3.1 Organization

- 5 regularly scheduled Board meetings each year including a 2-day meeting to consider and approve the Corporation's strategy
- Each Board Committee has 4 regularly scheduled meetings per year
- Special Board and Special Board Committee meetings are held when deemed necessary, and
- Members of the Office of the President, management and certain key employees are called upon to give presentations at the Board and Board Committee meetings

The Board and the Board Committees[4] have a 1-year rolling plan of items for discussion, known as the forward agenda. These forward agendas are reviewed and adapted at least annually to ensure that all of the matters reserved to the Board and the Board Committees, as well as other key issues, are discussed at the appropriate time.

The Chairman and the Vice-Chairman of the Board set Board agendas with the President and CEO and work together with the Vice-President and Corporate Secretary to make sure that the information communicated to the Board and the Board Committees is accurate, timely and clear. This applies in advance of regular, scheduled meetings and, in exceptional circumstances, between these meetings. In addition, Directors are provided with Board and Board Committee materials electronically a week in advance of each meeting through a secured Internet site. Electronic versions of all corporate governance documentation set out in the Corporate Governance Handbook are also available through this site.

The services of the Vice-President and Corporate Secretary and her team are available to all Directors. Each Board Committee also receives support from management related to its specific Committee's mandate. The Board Committees may also seek independent professional advice to assist them in their duties, at the Corporation's expense.[5]

The Board reviews reports from each of the Board Committees and may also receive reports from members of management, other key employees, the Vice-President and Corporate Secretary as well as outside consultants if deemed necessary.

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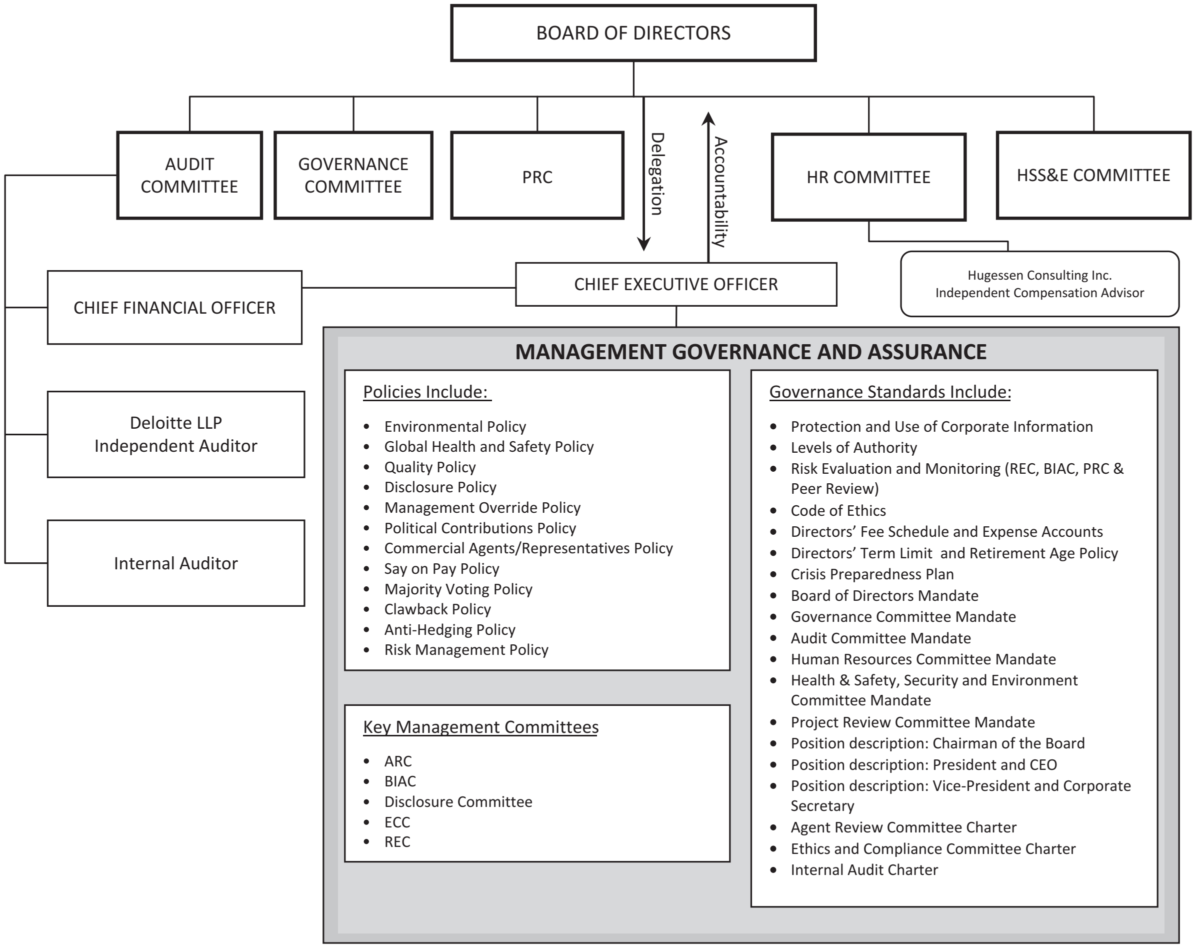
1 NI 58-101, Form 58-101F1, section 1(a), (b) and (c).
2 NI 58-101, Form 58-101F1, section 1(b) and (c).
3 NI 58-101, Form 58-101F1, section 1(a) and (b).
4 For a description of the Board Committees, see Section 3.3.2 "Structure" of this Management Proxy Circular.
5 Additional information on the Corporation's governance practices can be found on the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance".

3.3.2 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, 2012, there were 5 standing Board Committees in place. On November 2, 2012, the PRC was created.[1]

On March 23, 2012, an ad-hoc Special Transitional Committee was created to provide support to the Vice-Chairman and Interim CEO and senior management between March 25, 2012 and the commencement date of the new President and CEO. It was composed of Gwyn Morgan (Chairman of the Board), Ian A. Bourne (Vice-Chairman and Interim CEO at the time), David Goldman (Chairman of the Audit Committee at the time) and Lawrence N. Stevenson (Chairman of the HR Committee). This committee was terminated on October 1, 2012 upon the appointment of Mr. Card as President and CEO.

The Board Committees undertake detailed examinations of specific aspects of the Corporation as outlined in their mandates. They provide a smaller, more intimate forum than the Board meetings and are designed to be more conducive to exhaustive and forthright discussion. The Board Committees analyze in depth policies, strategies and associated risks which are developed and presented by management. They examine alternatives and where appropriate make recommendations to the Board. With the exception of the PRC, the Board Committees do not take actions or make decisions on behalf of the Board unless specifically mandated to do so. The Chairman of each Board Committee provides a report of the Committee's activities to the full Board after each of the Committee's regular meetings. The Board Committees have the power to submit recommendations to the Board and the Board has the power to approve them.

3.3.3 Board Composition

Based on the Articles of the Corporation, the Board of Directors consists of a minimum of 8 and a maximum of 20 Directors. As of March 11, 2013, the Board of Directors is composed of 12 members, 11 of which are independent. The only non-independent member of the Board is the President and CEO.

[1] For details on the PRC, see Section 3.3.5 "PRC" of this Management Proxy Circular.

The Governance 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 Corporation and to maintain and, if necessary, add critical competencies that may be required.

Following this review in 2011, the Board selected Mr. Eric D. Siegel[1] to join the Board effective January 1, 2012. Mr. Siegel's impressive financial services and public sector expertise developed through his various roles at Export Development Canada have added to the Board's existing competencies in these areas. In addition, in connection with this review in 2012, the Board selected Mr. Chakib Sbiti[2] to join the Board effective November 2, 2012. Mr. Sbiti's many years of international experience have enhanced the Board's diversity, competencies and skills, in particular with his knowledge of finance, international business development and risk management. The Board is also satisfied that Mr. Sbiti meets the independence criteria and that he has sufficient time and availability to devote himself to his duties as a Board member.

As announced on December 13, 2012, the Board of Directors, led by Mr. Ian A. Bourne, the Corporation's Vice-Chairman, initiated a process to recruit qualified, dedicated and independent candidates for nomination to the Board of Directors, to be put forward for election at the Meeting. The Corporation engaged an international executive search firm to assist with this process, and Mr. Bourne met with numerous qualified and experienced potential director candidates as part of a thorough and extensive vetting and selection process throughout this period. Mr. Bourne provided interim reports to the Governance Committee and the Board and consulted with the Chairman of the Board on many candidates before a final recommendation was made by both the Chairman of the Board and Mr. Bourne. This more recent process extended the Corporation's ongoing efforts to continuously renew and refresh the composition of its Board of Directors undertaken in 2011 and earlier in 2012.

Further to this Board renewal process, the Corporation is pleased to announce that Messrs. Bougie and Rhéaume and Mrs. Lachapelle are being proposed as candidates for election as Directors at the Meeting. The Corporation believes that each of these nominees has extensive experience, varied and specific industry expertise, exemplary reputations and diverse skill sets and will be strong additions to the Board of Directors.

The Corporation and its Board of Directors believe that Mr. Bougie's background as an accomplished executive will provide additional leadership to the Board, while his industry-specific and operational expertise will further enhance the Board's skill sets, and his experiences as a director of various prominent Canadian corporations will add depth and a wealth of business and operational knowledge to the Board. Likewise, the Corporation and its Board of Directors believe that Mr. Rhéaume's diverse professional experiences as Chief Financial Officer of a publicly listed company, as Deputy Minister of Finance for the Province of Quebec and his other executive roles and positions held within government as well as his other Board memberships, will reinforce the Board's existing expertise in finance, accounting and risk management. Finally, the Corporation and its Board of Directors believe that Mrs. Lachapelle's impressive background in public policy and global business, her significant industry-specific expertise and knowledge as well as her various public board memberships, will assist in the development of the Corporation's international operations and in maintaining and continuously improving its governance systems and practices.

Please see Section 3.1 of this Management Proxy Circular for additional information with respect to these nominees.

3.3.4 Board Committees' Composition

Board Committees are made up of not less than 3 and no more than 7 Directors. The members of a Committee must be Directors who are independent. On March 23, 2012, the Board passed a resolution to waive this provision with respect to Mr. Ian A. Bourne so as to allow him to sit on the ad-hoc Special Transitional Committee created on March 23, 2012 and terminated on October 1, 2012. Subject to the By-laws of the Corporation, the Chair and members of the Board Committees are recommended by the Governance Committee and appointed by the Board. Every 3 years, the Governance Committee must consider whether or not it should recommend the appointment of a new Chair for the Board Committees. Where the Governance Committee determines that any Board Committee requires a new Chair, the Board appoints such new Chair from among the Directors recommended by the Governance Committee.

Under the Corporation's policies, membership on the Board Committees is term limited. To the extent possible, taking into account the 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 issues such as the 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 Board Committees. This provides Directors exposure to all management issues and the opportunity to serve in several areas and allows the Board Committees to benefit from the expertise of a variety of Board members.

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1 For the details of Mr. Siegel's expertise and experience, see Section 3.1 "Directors Proposed for Election" of this Management Proxy Circular.

2 For the details of Mr. Sbiti's expertise and experience, see Section 3.1 "Directors Proposed for Election" of this Management Proxy Circular.

3.3.5 PRC

The PRC was created by the Board on November 2, 2012 following a review of the Levels of Authority Policy. It replaces the Expanded BIAC, which was a joint Board and management committee created in 1997 in the context of a set of policies and procedures implemented to ensure that risks associated with bids/proposals and investments/divestitures were identified, analyzed, mitigated and adequately addressed.

Management deemed it necessary to receive Board-level oversight in the approval and monitoring of projects above certain thresholds or with certain specifications. The PRC provides this oversight with a more targeted and detailed review of the risk levels involved in projects.

Furthermore, the PRC allows the Audit Committee to focus on accounting issues related to projects so as to leave the project review and monitoring to the PRC.[1] Interaction between the Committees is achieved through certain members who serve on both Committees.

3.3.6 Board Diversity

The Corporation has always taken Board diversity into consideration as it believes such diversity enriches Board discussions by providing for a variety of expertise and perspectives, particularly for companies such as the Corporation that do business globally. The Corporation is also convinced that diversity in all forms increases the efficiency and effectiveness of the Board and the Board Committees.

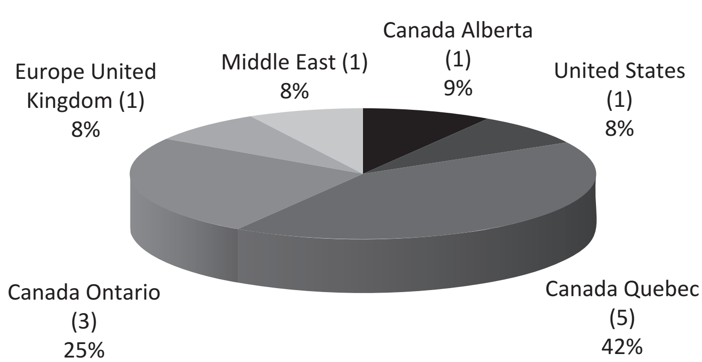
The Corporation is engaged in wide-ranging operations, does business in countries around the world with global partners and operates within complex political and economic environments. Add to this the fact that the engineering field is technically one of the most challenging and you have a combination that requires a great deal of expertise and skills from the Corporation's Directors. This situation also creates an environment in which finding and recruiting new Board members is complex and demanding.

Candidates are typically selected from a diverse group of individuals, including a number of women, identified by the members of the Board of Directors and the President and CEO with the assistance of an international executive search firm.

The Corporation continues with its ongoing succession planning process to actively search for potential Board candidates from diverse groups and backgrounds, including women, who have the needed expertise and skills to enhance the Board's membership and effectiveness. One of the new nominees being proposed for election as Director at the Meeting is Mrs. Lise Lachapelle.

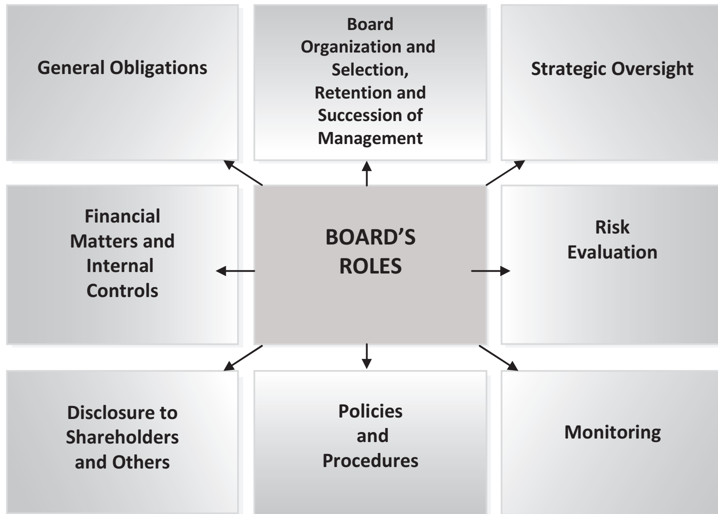
As the Corporation carries on business globally (while bearing in mind the fact that approximately 62% of the Corporation's revenues in 2012 were generated in Canada), the importance of geographic diversity, as mentioned above, is essential for Board effectiveness. The Corporation, therefore, attempts to recruit and select Board candidates that represent a global business understanding and experience. Mr. Chakib Sbiti, who joined the Board of Directors on November 2, 2012, is a good example of the Corporation's successful attempt in recruiting Directors with a diverse background. As well, many Directors have extensive international business experience.

The following chart illustrates the geographic distribution of the Board nominees.



1 For details regarding the composition and mandate of the PRC, see Schedule F "Report of the Project Review Committee" of this Management Proxy Circular.

3.4 Board Role and Mandate[1]



In general, the Board is responsible for managing the Corporation on behalf of its shareholders and each Director must act in a way that he or she considers promotes the long-term success of the Corporation for the benefit of the shareholders as a whole. The Board must also strive to make all decisions in the Corporation's best interest.

In addition to the strategic oversight and risk evaluation duties described below, the Board's mandate lists specific duties and key responsibilities of the Board of Directors as outlined in Schedule A.

The position descriptions of the Chairman and key officers are outlined in Schedule B to this Management Proxy Circular.

3.4.1 Strategic Oversight

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.

Management is responsible for developing the strategic plan, which it presents to the Board each year for approval. There is a 2-day meeting scheduled in the fourth quarter of each year to discuss strategic issues such as corporate opportunities, the main risks facing the Corporation's business and to consider and approve the Corporation's strategic plan for the next few years. The implementation of corporate strategy and discussion of important strategic issues are reviewed regularly at Board meetings; management presents any important changes to strategy to the Board as the need arises throughout the year. As publicly announced on March 8, 2013, the Corporation is actively reviewing and developing its strategic business plans and it expects to announce the main elements of that plan at the time of its first-quarter financial results and the Meeting.

In 2012, the Board requested that meeting agendas be reviewed to place issues of strategic importance at the forefront of items reviewed at the Board and Board Committee level.

1 NI 58-101, Form 58-101F1, section 1 "Board of Directors" as well as section 2 "Board Mandate". The mandate of the Board of Directors is found in Schedule "A" to this Management Proxy Circular, and is also posted on the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance". A paper copy may also be obtained on request from the Vice-President and Corporate Secretary.

3.4.2 Risk Evaluation

In general terms, the objective of the Board's oversight role with respect to the Corporation's risk management activities is to gain reasonable assurance that the strategic, operational, financial, legal, reporting and all other major risks[1] of the Corporation's business are identified in a timely manner by management and are effectively and appropriately assessed, monitored, managed and responded to, with the ultimate goal being to gain further strategic advantages by assisting management in managing these risks effectively.

BOARD RISK EVALUATION ROLE

- **Reviewing the Corporation's risk philosophy** (the amount of risk, on a broad level, the Corporation is willing to accept in pursuit of stakeholder value). This is done through active discussion between management and the Board at the Corporation's annual strategic planning meeting where a mutual understanding of the Corporation's overall appetite for risk is reviewed and discussed
- **Overseeing the extent to which management is establishing an effective enterprise-wide risk management process**. This oversight is completed by obtaining reports from management on existing and developing risk management processes and requiring that management demonstrate the effectiveness of these systems in identifying, assessing and managing the Corporation's most significant risk exposures
- **Reviewing the Corporation's major risks.** The Board's understanding of the risk exposure faced by the Corporation in both its present operations and strategic planning initiatives is essential to its risk oversight role. This understanding is also 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 development in the business environment has resulted in changes in the critical assumptions and inherent risks underlying the Corporation's strategy and the effects such changes have on the Corporation's Strategic Plan
- **Keeping informed on an ongoing basis of the most significant risks faced by the Corporation and whether management is responding appropriately to these risks.** As risks are constantly evolving, the need for the Board to obtain ongoing updates and continued robust information on risks affecting the Corporation is essential. This is done by integrating into Board's and Board Committees' agendas and packages information on ongoing risks

From a risk governance perspective, while the Corporation considers that risk oversight, like strategy, is a full Board responsibility, each of the Corporation's Board Committees is responsible for addressing risk oversight in their areas of expertise as provided for in the mandate of each Board Committee, while strategic issues are dealt with, for the most part, at the full Board level. This system allows the Board to gain valuable support and more focused attention on risks inherent in the scope of each Board Committee's activities as set forth in their respective Committee Mandates.

1 For a detailed review of the major risks facing the Corporation, see the Corporation's Annual Information Form, audited financial statements and Management's Discussion and Analysis for the year ended December 31, 2012 available on the Corporation's website (**www.snclavalin.com**) and on SEDAR (**www.sedar.com**).

3.5 Director Attendance[1]

The tables below provide the record of attendance by each Director at regular and special meetings of the Board and the Board Committees during the 12 months ended December 31, 2012.

RECORD OF ATTENDANCE BY DIRECTORS AT REGULAR BOARD AND BOARD COMMITTEE MEETINGS FOR THE 12 MONTHS ENDED DECEMBER 31, 2012						
Directors	**Regular Board Meetings Attended**		**Regular Committee Meetings Attended**		**Total**	
	(#)	**(%)**	**(#)**	**(%)**	**(#)**	**(%)**
I.A. Bourne[2]	6 of 6	100%	2 of 2 Audit (Chair) 1 of 1 Governance 2 of 2 PRC	100% 100% 100%	11 of 11	100%
R.G. Card[3]	3 of 3	100%	N/A	N/A	3 of 3	100%
D. Goldman	6 of 6	100%	4 of 4 Audit 4 of 4 Governance 2 of 2 HSS&E 2 of 2 PRC (Chair)	100% 100% 100% 100%	18 of 18	100%
P.A. Hammick	6 of 6	100%	4 of 4 Audit 5 of 5 HR	100% 100%	15 of 15	100%
P.H. Lessard	6 of 6	100%	3 of 3 Governance 4 of 5 HR	100% 80%	13 of 14	92.9%
E.A. Marcoux	5 of 6	83.3%	4 of 4 Audit 3 of 4 Governance 3 of 3 HSS&E (Chair)	100% 75% 100%	15 of 17	88.2%
L.R. Marsden	6 of 6	100%	3 of 3 HSS&E 4 of 5 HR	100% 80%	13 of 14	92.9%
C. Mongeau	6 of 6	100%	4 of 4 Audit 4 of 4 HR	100% 100%	14 of 14	100%
G. Morgan[4]	6 of 6	100%	4 of 4 Governance (Chair)	100%	10 of 10	100%
M.D. Parker	6 of 6	100%	3 of 3 Audit 3 of 3 HSS&E 2 of 2 PRC	100% 100% 100%	14 of 14	100%
C. Sbiti[5]	3 of 3	100%	1 of 1 HSS&E 2 of 2 PRC	100% 100%	6 of 6	100%
H.D. Segal[6]	2 of 2	100%	1 of 1 HSS&E 2 of 2 HR	100% 100%	5 of 5	100%
E.D. Siegel	6 of 6	100%	3 of 3 Audit 3 of 3 HSS&E 2 of 2 PRC	100% 100% 100%	14 of 14	100%
L.N. Stevenson	6 of 6	100%	5 of 5 Governance 5 of 5 HR (Chair)	100% 100%	16 of 16	100%
Total Attendance	**73 of 74**	**98.7%**	**24 of 24 Audit 20 of 21 Governance 16 of 16 HSS&E 24 of 26 HR 10 of 10 PRC**	**100% 95.2% 100% 92.3% 100%**	**167 of 171**	**97.7%**

1 NI 58-101, Form 58-101 F1, section 1(g).
2 During his role as Interim CEO, Mr. Bourne attended Board Committee meetings as an observer.
3 Mr. Card became President and CEO on October 1, 2012 and therefore only attended Board Committee meetings held in the last quarter as an observer.
4 Mr. Morgan, as Chairman of the Board, attended Board Committee meetings as an observer.
5 Mr. Sbiti was appointed to the Board on November 2, 2012, and therefore only attended meetings held in the last quarter.
6 The Hon. Hugh D. Segal was not up for re-election in 2012, and therefore only attended meetings held until May 3, 2012.

RECORD OF ATTENDANCE BY DIRECTORS AT SPECIAL BOARD AND BOARD COMMITTEE MEETINGS FOR THE 12 MONTHS ENDED DECEMBER 31, 2012						
	Special Board Meetings Attended		Special Committee Meetings Attended		Total	
Directors	(#)	(%)	(#)	(%)	(#)	(%)
I.A. Bourne[1]	17 of 17	100%	6 of 6 Audit (Chair)	100%	23 of 23	100%
R.G. Card[2]	3 of 3	100%	N/A	N/A	3 of 3	100%
D. Goldman	17 of 17	100%	5 of 5 Audit 1 of 1 Governance	100% 100%	23 of 23	100%
P.A. Hammick	17 of 17	100%	5 of 5 Audit 5 of 5 HR	100% 100%	27 of 27	100%
P.H. Lessard	12 of 17	70.6%	1 of 1 Governance 4 of 5 HR	100% 80%	17 of 22	77.3%
E.A. Marcoux	16 of 17	94.1%	5 of 5 Audit 1 of 1 Governance	100% 100%	22 of 23	95.7%
L.R. Marsden	15 of 17	88.2%	5 of 5 HR	100%	20 of 22	90.9%
C. Mongeau	14 of 17	82.4%	5 of 5 Audit 2 of 2 HR	100% 100%	21 of 24	87.5%
G. Morgan[3]	17 of 17	100%	1 of 1 Governance (Chair)	100%	18 of 18	100%
M.D. Parker	15 of 17	88.2%	4 of 4 Audit	100%	19 of 21	90.5%
C. Sbiti[4]	2 of 2	100%	N/A	N/A	2 of 2	100%
H.D. Segal[5]	6 of 8	75%	2 of 2 HR	100%	8 of 10	80%
E.D. Siegel	17 of 17	100%	4 of 4 Audit	100%	21 of 21	100%
L.N. Stevenson	17 of 17	100%	1 of 1 Governance 5 of 5 HR (Chair)	100% 100%	23 of 23	100%
Total Attendance	**185 of 200**	**92.5%**	**34 of 34 Audit** **5 of 5 Governance** **23 of 24 HR**	**100%** **100%** **95.8%**	**247 of 262**	**94.3%**

In 2012, given exceptional circumstances, there were numerous special Board and Board Committee meetings scheduled throughout the year.

All Directors must have a total combined attendance rate of 75% or more for Board and Board Committee meetings to stand for re-election unless exceptional circumstances arise such as illness, death in the family or other like circumstances.

Non-attendance at Board and Board Committee meetings is rare, usually when either an unexpected commitment arises, 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 Board Committee materials a week in advance of the meetings, Directors who are unable to attend may provide comments and feedback to either the Chairman, Vice-Chairman, Chairman of the Committee or the Vice-President and Corporate Secretary, all of whom ensure those comments and views are raised at the meeting.

1 During his role as Interim CEO, Mr. Bourne attended Board Committee meetings as an observer.

2 Mr. Card became President and CEO on October 1, 2012, and therefore only attended Board Committee meetings held in the last quarter as an observer.

3 Mr. Morgan, as Chairman of the Board, attended Board Committee meetings as an observer.

4 Mr. Sbiti was appointed to the Board on November 2, 2012, and therefore only attended meetings held in the last quarter.

5 The Hon. Hugh D. Segal was not up for re-election in 2012, and therefore only attended meetings held until May 3, 2012.

52 BOARD AND BOARD COMMITTEE MEETINGS HELD IN 2012

- 23 regular Board meetings (including 17 special Board meetings)
- 10 HR Committee meetings (including 5 special meetings)
- 5 Governance Committee meetings (including 1 special meeting)
- 9 Audit Committee meetings (including 5 special meetings)
- 3 HSS&E Committee meetings[1]
- 2 special Project Review Committee meetings

3.6 In Camera Sessions[2]

The mandate of the Board of Directors[3] requires that, at each of the regularly scheduled meetings of the Board of Directors during a year, the independent Directors hold In Camera sessions (sessions at which non-independent Directors and members of management are not in attendance). Directors are also obliged to hold such In Camera sessions when executive compensation issues are discussed. In 2005, the Board instituted the practice of holding such In Camera sessions not only at the beginning but also at the conclusion of each regularly scheduled Board meeting.

In addition, at each of the regularly scheduled meetings of each of the Corporation's 5 standing Board Committees (Audit Committee, Governance Committee, HSS&E Committee, HR Committee and PRC), the members of these Committees (all of whom are required to be independent) may also hold In Camera sessions, at which non-independent Directors and members of management are not in attendance.[4]

In 2012, In Camera sessions were held at all regular Board and Board Committee meetings. In Camera sessions were also held at most of the special Board and Board Committee meetings.

3.7 Director Availability[5]

The Governance Committee's mandate requires that the members of the Committee consider candidates who have sufficient time and energy to devote to his or her duties as a Director. One of the general criteria considered with respect to availability is the number of public companies nominees are already committed to as directors.

To further clarify Director availability, the Board of Directors, upon recommendation of the Governance Committee, has set the following Director availability requirements for its Directors:

- No Director of the Corporation may sit on more than 4 other outside public company boards, unless otherwise approved by the Board of Directors

- No Director who is also a CEO in office may sit on more than 1 outside public board other than his/her company's and the Corporation's unless otherwise approved by the Board of Directors

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1 Due to exceptional circumstances, the first quarter HSS&E Committee meeting was cancelled.

2 NI 58-101, Form 58-101F1 "Board of Directors", section 1(e).

3 The mandate of the Board of Directors is found in Schedule "A" to this Management Proxy Circular, and is also posted on the Corporation's website (**www.snclavalin.com**), under "About Us"/ "Corporate Governance". Paper copies of the mandate of the Board may be obtained on request from the Vice-President and Corporate Secretary.

4 The mandates of all 5 standing Board Committees are posted on the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance". Paper copies of the Board Committees' mandates may be obtained on request from the Vice-President and Corporate Secretary.

5 NI 58-101, Form 58-101F1, section 1(d).

As of December 31, 2012, all of the Corporation's Directors complied with this policy.[1]

The Governance Committee carried out its customary review for 2012 and was satisfied that the independent Directors were able to commit the requisite time for the proper performance of their duties. For complete details on all outside public directorships held by the Director nominees, see Section 3.1 "Directors Proposed for Election" of this Management Proxy Circular.

3.8 Interlocking Outside Boards

The Corporation has established an additional requirement that no more than 2 of the Corporation's Directors may serve on 1 outside board together. In 2012, none of the Corporation's Directors served together on any other board of directors. However, one Board nominee, Mr. Alain Rhéaume, currently sits on the Canadian Public Accountability Board with Mr. Ian A. Bourne, Vice-Chairman of the Board of Directors.

3.9 Conflict of Interest[2]

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 Board Committee meeting. A Director who is in a potential situation of conflict of interest in a matter before the Board or a Board Committee must not attend any part of a meeting during which the matter is discussed or participate in a vote on the matter. The Governance Committee performs an annual review of Directors' interests (the "**Credential Reviews**") in which all potential or perceived conflicts, including time commitments, length of service and other issues relevant to their independence, are considered.

3.10 Ethical Business Conduct[3]

3.10.1 Code of Ethics

In 2012, the Corporation adopted its revised Code of Ethics.[4] The revised Code of Ethics is applicable to the employees, officers and Directors of the Corporation and its subsidiaries and affiliates, all of whom are required to complete training and certification on an annual basis demonstrating that they have received, read and understood the Code of Ethics and will comply with its terms. Third parties, such as representatives and agents who do business on behalf of the Corporation, are also required to abide by the Code of Ethics. The Code of Ethics is available in 12 languages and a training and certification plan is being implemented around the world. The training and certification process is carried out electronically, in classroom and by face-to-face training.

The Corporation monitors compliance with the Code of Ethics through its ECC, a management committee established by the President and CEO. The specific monitoring of compliance with the Code of Ethics by the ECC is reflected in the charter of the ECC, which is required to report quarterly to the Audit and Governance Committees on its activities.[5]

The ECC, among its other duties, monitors compliance with the Code of Ethics, ensures training of employees on ethics and compliance matters, administers complaints reported, ensures that those who report matters in good faith are not subjected to retaliatory measures, increases awareness of ethics and compliance with our third-party partners and promptly responds to any issues reported.

Additionally, the Board monitors compliance with the Code of Ethics through its Audit and Governance Committees, which have the mandate of reviewing compliance with the Code of Ethics and reporting to the full Board any issues relating to the Code of Ethics.

A material change report was filed on March 29, 2012, relating to departures from the Code of Ethics by former executive officers of the Corporation.

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1 On March 25, 2012, the Board passed a resolution allowing Mr. Ian A. Bourne to continue to sit on the outside public boards of which he was already a member at the time of his appointment as Interim CEO of the Corporation.

2 NI 58-101, Form 58-101F1, section 5(b).

3 NI 58-101, Form 58-101F1, section 5 "Ethical Business Conduct".

4 The Corporation's Code of Ethics is posted on the Corporation's website (**www.snclavalin.com/ethics**) and on SEDAR. (**www.sedar.com**) under the name of SNC-Lavalin Group Inc., a paper copy of which may also be obtained on request from the Vice-President and Corporate Secretary.

5 On March 8, 2013, the Board of Directors approved the transfer of the responsibility for reviewing the ECC quarterly report from the HR Committee to the Governance Committee.

3.10.2 Reporting Mechanism[1]

Within the framework of the revised Code of Ethics, the scope of the complaints and reporting process was expanded to include all violations of the Code of Ethics including those relating to accounting irregularities, internal accounting controls and auditing matters. Individuals with an issue, concern or complaint regarding an actual or potential violation of the Code of Ethics may report the matter via multiple lines of reporting as established by the Code of Ethics. Issues, violations or complaints may be reported directly through line managers and named corporate and business unit contacts or anonymously via a toll-free phone number or reporting website operated by EthicsPoint, a third-party service provider.[2] The reporting mechanism established by the Code of Ethics applies to the Corporation and all of its subsidiaries and affiliates and all employees, officers and Directors of the Corporation and its subsidiaries and affiliates.

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

3.10.3 Protection of Reports and Confidentiality

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

The Corporation and its subsidiaries and affiliates are 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[3] and is only disclosed to those persons who have a need to know and only to the extent to which they need to know such information to properly carry out an investigation of the issue, violation or complaint, in accordance with the Code of Ethics. No record of such a report is placed in the Human Resources file of anyone who has made such a report and who is an employee of the Corporation, its subsidiaries and affiliates. Instead, any such record is kept in a separate and confidential file, for a period of no less than 3 years.

3.11 Shareholder Engagement

As a part of its efforts to encourage regular and constructive engagement directly with its shareholders so as to allow and encourage shareholders to express their views on governance matters directly to the Board, the Corporation makes available various forms of communication to its shareholders.

3.11.1 Continuous Disclosure

Sound disclosure practices are the most valuable means of communicating with our shareholders and the Corporation believes that through this Management Proxy Circular along with, among others, financial statements and accompanying Management's Discussion & Analysis, Annual Information Form, Annual Report, quarterly interim reports and conference calls, periodic press releases, as well as the Corporation's website, it effectively communicates its commitment to not only meet but exceed governance standards, be they imposed by legislation or encouraged as best practices. Our shareholders are informed therein of our ongoing efforts to improve governance across the Corporation by regularly reviewing our governance policies, practices and processes.

3.11.2 Annual General Meeting

The annual general meetings also provide a forum for our shareholders to express their views directly to Board members, who systematically attend these meetings. Under the CBCA, shareholders may also raise any concerns they may have through the shareholder proposal system. For the past few years no shareholder proposals have been made at the Corporation's annual general meeting, which is indicative of the fact that issues that may be of concern to our shareholders are dealt with through ongoing engagement efforts by the Corporation throughout the year.

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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 reporting procedure forms part of the Audit and Governance Committees' responsibilities as set out in section 2.3 (7) of NI 52-110.

2 For details, see the Corporation's website (**www.snclavalin.com**) under "About Us"/ "Corporate Policy"/ "Ethics and Compliance".

3 Unless otherwise expressly permitted by this person or as required by applicable law.

3.11.3 Say on Pay Policy

As a further initiative to increase Board engagement with the Corporation's shareholders, in 2011 the Board adopted a Say on Pay policy that provides for holding a yearly advisory vote on the Corporation's approach to executive compensation as well as disclosure of the results of the vote as part of the Corporation's report on voting results. This decision was taken so as to allow a formal opportunity to shareholders to provide feedback on the disclosed objectives of the executive compensation plans. Under this policy, the Board undertakes to consider the result of the vote, as appropriate, when reviewing its compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with shareholders on compensation matters. If a significant number of shareholders vote against the Say on Pay annual resolution, the Board will consult with the Corporation'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 Corporation's approach to compensation in light of these concerns. Shareholders who have voted against the resolution are encouraged to discuss these issues with the Board.

3.11.4 Majority Voting Policy

The Corporation's Board of Directors has adopted a policy to the effect that, in an uncontested election of Directors, any nominee who receives a greater number of "withheld" votes than "for" votes will tender his/her resignation to the Chairman of the Board promptly following the annual meeting of shareholders of the Corporation. The Governance Committee will then consider the offer of resignation and, except in special circumstances, will recommend that the Board accepts it. The Board will make its decision and announce it in a press release within 90 days following the annual meeting of shareholders, including the reasons for rejecting the resignation, if applicable. A Director who tenders his/her resignation pursuant to this policy will not participate in any meeting of the Board or of the Governance Committee at which the resignation is being considered.

3.11.5 Further Engagement Initiatives

The Corporation's no slate voting system, the fact that the Board is up for election each year, the majority voting policy and the filing of the Corporation's voting results promptly within 5 days of the annual meeting enhance the Board's accountability and communication with the Corporation's shareholders.

In 2012, Directors met with representatives from governance organizations to discuss various governance matters of interest.

Furthermore, meetings with shareholders on Board governance-related matters were held by certain Directors during the course of 2012. These meetings were very useful to the Board as they permitted constructive feedback for the ongoing improvements to governance practices at the Corporation.

The Board and Board Committees are continuously reviewing engagement activities which they believe will further enhance the Corporation's long-term commitment to allowing and facilitating the processes by which our shareholders may express their views on governance and compensation matters, as the Corporation believes this engagement assists it in growing a sustainable business, thereby enhancing value creation for all our shareholders.

3.12 Awards and Distinctions

The Corporation's efforts to improve governance were recognized in 2012 by the following organizations:

Canadian Institute of Chartered Accountants Corporate Reporting Awards 2012: Diversified Industries	1st place
Globe & Mail Board Games	7th position out of 244 companies
Best 50 Corporate Citizens in Canada by Corporate Knights	11th position out of 50 companies

Section 4 DIRECTORS' COMPENSATION DISCLOSURE

Section 4 DIRECTORS' COMPENSATION DISCLOSURE[1]

4.1 Philosophy and Objectives of Directors' Compensation

- Recruit and retain qualified individuals to serve as Directors of the Corporation and contribute to the Corporation's overall success
- Align the interests of the Directors with those of the shareholders by requiring Directors to hold a multiple of their annual retainer in D-DSUs even after they have met the requirements for ownership
- Compensate fairly based on market standards

4.2 Directors' Compensation Policy

Designed to:

- Attract and retain highly qualified individuals to serve as Directors
- Position Directors' compensation at the median of Director compensation paid by the Comparator Group[2] (companies that are comparable in size and in similar businesses)
- Provide compensation in line with the risks and responsibilities inherent to the role of Director
- Provide compensation to the Corporation's Directors to recognize the increasing complexity of the Corporation's business

4.3 Directors' Compensation Program

3 components:

- An annual retainer paid partly in cash and/or partly as at-risk compensation in the form of D-DSUs[3]
- Attendance fees paid in cash
- Additional at-risk compensation in the form of D-DSUs

The Corporation also pays for any reasonable travel and other out-of-pocket expenses relating to their duties as Directors.

The Chairman of the Board may attend all Board Committee meetings as an observer but receives Committee meeting attendance fees only for his attendance at meetings as a member of the Governance Committee. Note that he is not remunerated for his role as Chairman of the Governance Committee.

4.4 Directors' Compensation Review and Approval Process

The amount and form of the Corporation's non-employee Directors' and the Chairman of the Board's compensation is ultimately determined by the Board. The Governance Committee reviews Directors' compensation every year and makes recommendations to the Board.[4] The last review of Director compensation was carried out in 2011. The Governance Committee decided to defer this review of Director compensation until 2013.

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[1] NI 58-101, Form 58-101F1, section 7. For details on required disclosure for executive compensation, see Section 8 "Executive Compensation Disclosure" of this Management Proxy Circular.

[2] For details on the Corporation's "Comparator Group", see Section 4.6 "Directors' Comparator Group" of this Management Proxy Circular.

[3] See Section 4.8 "D-DSUP - At-Risk Compensation" of this Management Proxy Circular for details on the D-DSUP.

[4] NI 58-101, Form 58-101F1, section 7(b). This responsibility, as well as the powers and operations of the Governance Committee are set out in the Committee's mandate. For a copy of the Governance Committee mandate see the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance" and of which paper copies may be obtained on request from the Vice-President and Corporate Secretary.

4.5 Directors' Compensation Advice[1]

Nature of Work	Consultant	2012	2011
Non-employee Directors' and Chairman of the Board's Compensation	Towers Watson	Nil	$23,109
Other	Nil	Nil	Nil

4.6 Directors' Comparator Group[2]

Typically, the Directors' Comparator Group is composed of publicly traded Canadian and U.S. companies with a large percentage of professionals and a diverse global client base. This same Comparator Group is used for executive compensation as well. In 2012, a decision was taken not to review Director compensation. Therefore, the Directors' Comparator Group was not used to benchmark Director compensation. Note that there was, however, a decision to raise fees paid for meetings held by telephone. For details, see Section 4.7 of this Management Proxy Circular.

4.7 Annual Retainer and Attendance Fees

The following table outlines the type of compensation received by non-employee Directors in 2012.[3]

A. ANNUAL RETAINER payable in cash and D-DSUs	**COMPENSATION STRUCTURE[4]**
Non-employee Directors (excluding Chairman of the Board)	An annual retainer consisting of: 1. an award of $55,000 allocated as follows: • a percentage of the award credited in D-DSUs; and • the balance in cash plus 2. a lump sum of $86,000 credited in D-DSUs plus 3. dividends credited in D-DSUs, derived from D-DSUs accumulated
Chairman of the Board	An annual retainer consisting of: 1. an award of $225,000 allocated as follows: • a percentage of the award credited in D-DSUs; and • the balance in cash plus 2. a lump sum of $86,000 credited in D-DSUs plus 3. dividends credited in D-DSUs, derived from D-DSUs accumulated
Additional Annual Retainer for the Committee Chairs (excluding the Chairman of the Board)	Audit Committee: $16,000 paid in cash All Other Committees: $8,000 paid in cash
B. ATTENDANCE FEES (per meeting)	**COMPENSATION STRUCTURE**
Board Meetings	$1,500 (in person) paid in cash $625 (by telephone) paid in cash[5]
Committee Meetings	Audit Committee:
	$2,250 (in person) paid in cash $925 (by telephone) paid in cash
	All Other Committees:
	$1,500 (in person) paid in cash $625 (by telephone) paid in cash[5]
C. TRAVEL FEES	**COMPENSATION STRUCTURE**
	$1,500 (in person) paid in cash[6]

1 NI 51-102, Form 51-102F6, section 2.4(3).

2 For details on the Comparator Group, see Section 7.5.2 of this Management Proxy Circular.

3 For details on individual non-employee Director compensation, see Section 4.12 of this Management Proxy Circular.

4 In addition to his annual retainer of $55,000, the Board approved on November 2, 2012, an additional retainer of $80,000 for Mr. Bourne's role as Vice-Chairman of the Board, payable in 2013. For details on Mr. Ian A. Bourne's compensation during the period where he acted as Interim CEO, see Section 4.12 of this Management Proxy Circular.

5 On November 2, 2012, the Board of Directors approved the increase of this amount to $925 effective November 2, 2012.

6 This is a lump sum amount paid to Directors when travelling to Board and Board Committee meetings requires more than 3 hours.

4.8 D-DSUP – At-Risk Compensation

D-DSUs are an "at-risk" component of our Directors' compensation program designed to encourage the Chairman of the Board and non-employee Directors to better align their interests with those of the shareholders. Under the D-DSUP, the Chairman of the Board and the non-employee Directors are credited D-DSUs as part of their annual retainer. D-DSUs track the value of the Corporation's Common Shares. They accumulate during the Chairman's or non-employee Director's term in office and are redeemed in cash when the Chairman or non-employee 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 TSX for the 5 trading days immediately prior to such date. D-DSUs do not carry any voting rights. All D-DSUs are credited on a quarterly basis.

4.8.1 Characteristics of D-DSUs

The following components of the annual retainer are credited in D-DSUs:

- **A percentage of the cash award:**
  - Cash award for the Chairman of the Board: $225,000
  - Cash award for all other non-employee Directors: $55,000

  The percentage of the cash award credited in D-DSUs is elected by each Director in accordance with the following table, while the remaining amount of the award is paid in cash

Percentage of Cash Awards Credited in D-DSUs	
% before reaching minimum shareholding requirement • 50% minimum • 75% • 100%	% after reaching minimum shareholding requirement • 25% minimum • 50% • 75% • 100%

- **A lump sum:**
  - Lump sum for all non-employee Directors (including the Chairman of the Board): $86,000

Percentage of Lump Sum Credited in D-DSUs
100%

- **Dividends credited in D-DSUs:**
  - Whenever cash dividends are paid on Common Shares, D-DSUs receive dividends in the form of D-DSUs, at the same rate as the dividends paid on the Common Shares

4.9 Directors' Share Ownership Requirements[1]

MINIMUM SHAREHOLDING		
TITLE	3-YEAR TARGET	5-YEAR TARGET
Chairman	$600,000	$1,200,000
Non-Employee Directors	$150,000	$300,000

1 Note that the President and CEO does not have a separate minimum shareholding requirement as a Director. For his minimum shareholding requirement as President and CEO, see Section 7.2 of this Management Proxy Circular.

The Board believes it is important that Directors demonstrate their commitment to the Corporation's growth through share ownership. Ownership can be achieved by purchasing Common Shares and by participating in the Corporation's D-DSUP. All non-employee Directors, including the Chairman of the Board, are required to continue to hold their Common Shares and/or D-DSUs throughout the remainder of their tenure as Directors.

In the case where a non-employee Director no longer meets the above Director Share Ownership Requirements, including, but not limited to, when a fluctuation in the fair market value of the Corporation's Common Shares occurs, any Director who does not yet have a sufficient number of Common Shares or has not yet been credited a sufficient number of D-DSUs must acquire a sufficient number of D-DSUs or Common Shares so as to reach the Director Share Ownership Requirements within a 2-year delay.

As of December 31, 2012, all of the Corporation's non-employee Directors in office at that time met the Director Share Ownership Requirements, except for Mr. Chakib Sbiti who joined the Board of Directors on November 2, 2012, and Mr. Eric D. Siegel who joined the Board of Directors on January 1, 2012.

4.10 Prohibition on Hedging and Trading in Derivatives by Directors

The Board of Directors has adopted a policy prohibiting hedging and trading in derivatives applicable to the Corporation's insiders (which include, among others, the Corporation's Directors and NEOs).

4.11 Directors' Share Ownership and D-DSUs Credited as at December 31, 2012

Director	Director since	Year	Number of Common Shares Held	Number of D-DSUs Held	Market Value of D-DSUs Not Paid Out or Distributed	Total Number of Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs[1]	Amount at Risk (Common Shares and D-DSUs) as a Multiple of Annual Retainer[2]	Director Shareholding Requirements $[3]	Shareholding Requirements Met	Date at which Director Shareholding Requirements Is/Was to Be Met (mm/dd/yyyy)
Ian A. Bourne	2009	2012	5,000	6,992	$281,917	11,992	$483,517	3.4	$300,000	yes	11/05/2014
		2011	5,000	3,965	$202,532	8,965	$457,932	3.7	$300,000	yes	
		Change	0	3,027	$79,385	3,027	$25,585	-0.3	None	—	
Robert G. Card [4]	2012	2012	27,300	N/A	N/A	27,300	$1,100,736	7.8	$4,500,000	in process	10/01/2017
		2011	0	N/A	N/A	0	0	0	N/A	N/A	
		Change	27,300	N/A	N/A	27,300	$1,100,736	7.8	N/A	—	
David Goldman	2002	2012	21,000	15,278	$616,009	36,278	$1,462,729	10.4	$300,000	yes	03/01/2007
		2011	21,000	12,415	$634,158	33,415	$1,706,838	13.7	$300,000	yes	
		Change	0	2,863	-$18,149	2,863	-$244,109	-3.3	None	—	
Patricia A. Hammick	2007	2012	0	9,313	$375,500	9,313	$375,500	2.7	$300,000	yes	01/01/2012
		2011	0	6,582	$336,209	6,582	$336,209	2.7	$300,000	yes	
		Change	0	2,731	$39,291	2,731	$39,291	0.0	None	—	
Pierre H. Lessard	1998	2012	37,000	18,306	$738,098	55,306	$2,229,938	15.8	$300,000	yes	10/30/2003
		2011	37,000	15,027	$767,579	52,027	$2,657,539	21.3	$300,000	yes	
		Change	0	3,279	-$29,481	3,279	-$427,601	-5.5	None	—	
Edythe (Dee) A. Marcoux	1998	2012	14,500	12,968	$522,870	27,468	$1,107,510	7.9	$300,000	yes	10/30/2003
		2011	14,500	10,156	$518,768	24,656	$1,259,428	10.1	$300,000	yes	
		Change	0	2,812	$4,102	2,812	-$151,918	-2.2	None	—	
Lorna R. Marsden	2006	2012	2,000	12,627	$509,121	14,627	$589,761	4.2	$300,000	yes	05/04/2011
		2011	2,000	9,475	$483,983	11,475	$586,143	4.7	$300,000	yes	
		Change	0	3,152	$25,138	3,152	$3,618	-0.5	None	—	
Claude Mongeau	2003	2012	15,000	24,945	$1,005,782	39,945	$1,610,582	11.4	$300,000	yes	08/08/2008
		2011	15,000	20,826	$1,063,792	35,826	$1,829,992	14.6	$300,000	yes	
		Change	0	4,119	-$58,010	4,119	-$219,410	-3.2	None	—	
Gwyn Morgan	2005	2012	31,000	41,174	$1,660,136	72,174	$2,910,056	9.4	$1,200,000	yes	03/04/2010
		2011	31,000	32,403	$1,655,145	63,403	$3,238,625	11.6	$1,200,000	yes	
		Change	0	8,771	$4,991	8,771	-$328,569	-2.2	None	—	
Michael D. Parker	2010	2012	9,100	7,195	$290,102	16,295	$657,014	4.7	$300,000	yes	07/07/2015
		2011	9,100	3,471	$177,299	12,571	$642,127	5.1	$300,000	yes	
		Change	0	3,724	$112,803	3,724	$14,887	-0.4	None	—	
Chakib Sbiti	2012	2012	0	646	$26,047	646	$26,047	0.2	$300,000	in process	11/02/2017
		2011	0	0	0	0	0	0	N/A	N/A	
		Change	0	646	$26,047	646	$26,047	0.2	N/A	—	
Hugh D. Segal	1999	2012	6,093	9,404	$379,169	15,497	$624,839	4.4	$300,000	yes	08/06/2004
		2011	6,093	8,000	$408,640	14,093	$719,870	5.8	$300,000	yes	
		Change	0	1,404	-$29,471	1,404	-$95,031	-1.4	None	—	
Eric D. Siegel	2012	2012	0	2,934	$118,299	2,934	$118,299	0.8	$300,000	in process	01/01/2017
		2011	0	0	0	0	0	0	N/A	N/A	
		Change	0	2,934	$118,299	2,934	$118,299	0.8	N/A	—	
Lawrence N. Stevenson	1999	2012	30,750	13,590	$547,949	44,340	$1,787,789	12.7	$300,000	yes	08/06/2004
		2011	30,750	10,418	$532,151	41,168	$2,102,861	16.8	$300,000	yes	
		Change	0	3,172	$15,798	3,172	-$315,072	-4.1	None	—	
Total Board 2012		2012	302,484	175,372	$7,070,999	477,856	$19,267,154				
Total Board 2011		2011	275,184	132,738	$6,780,256	407,922	$20,836,654				
Change from 2011		Change	27,300	42,634	$290,743	69,934	-$1,569,500				

Notes:

(1) The price of a Common Share of the Corporation as at December 31, 2011 was $51.08 and as at December 31, 2012 was $40.32, and the value of a D-DSU at such date is equivalent to the average of the closing price for a Common Share on the TSX on the 5 trading days immediately prior to such date calculated at the end of each quarter.

(2) For a breakdown of the various components of the Annual Retainer, see Section 4.7 "Annual Retainer and Attendance Fees".

(3) The minimum shareholding requirement for the President and CEO is equal to 5 times his annual base salary and, therefore, will fluctuate yearly based on salary changes.

(4) As an employee Director, Mr. Card does not participate in the D-DSUP. For further details regarding the securities held by Mr. Card, including Common Shares, E-DSUs, PSUs, and total compensation, as well as his minimum shareholding requirement as President and CEO, see Sections 7 and 8 of this Management Proxy Circular.

4.12 Total Directors' Compensation – Detailed Review of Total Direct Compensation of Non-Employee Directors in 2011 and 2012

DIRECTOR DETAILED COMPENSATION TABLE

Name	Year	ANNUAL RETAINER: Award Directors: $55,000 Chairman of the Board: $225,000 – Paid in cash ($) a	Award – Credited in D-DSUs (#) b	Award – Credited in D-DSUs ($) value c	Lump Sum $86,000 for all Directors, including the Chairman and Vice-Chairman of the Board – Credited in D-DSUs (#) d	Lump Sum – Credited in D-DSUs ($) value e	Dividends – Credited in D-DSUs (#) f	Dividends – Credited in D-DSUs ($) value g	Additional Annual Retainer - Committee Chairs (excl. Board Chairman) – Paid in cash ($) h	ATTENDANCE FEES: Committee Meetings Attendance Fees[1] – Paid in cash ($) i	Board Meetings Attendance Fees[1] – Paid in cash ($) j	Special fees paid from March 23, 2012 to October 1, 2012[2] – Paid in cash ($) k	Total Fees Earned (Paid in Cash) ($) a+h+i+j+k	TOTAL: Total D-DSUs Credited ("At Risk Compensation") (#) b+d+f	Total D-DSUs Credited ($) c+e+g	Value of Total Compensation[3] ($) a+c+e+g+h+i+j+k
I.A. Bourne	2012	$27,500	705	$27,500	2,199	$86,000	123	$4,638	$4,000	$17,550	$17,600	$439,269	$945,188	3,027	$118,138	$1,063,326
	2011	$27,500	543	$27,500	1,380	$70,000	47	$2,357	–	$15,000	$11,500	–	$54,000	1,970	$99,857	$153,857
D. Goldman	2012	$41,250	353	$13,750	2,199	$86,000	311	$12,002	$14,000	$27,750	$24,600	$93,750	$201,350	2,863	$111,752	$313,102
	2011	$41,250	272	$13,750	1,380	$70,000	182	$9,516	$16,000	$15,000	$13,625	–	$85,875	1,834	$93,266	$179,141
P.A. Hammick	2012	$41,250	353	$13,750	2,199	$86,000	179	$6,825	–	$27,775	$24,600	–	$93,625	2,731	$106,575	$200,200
	2011	$27,500	543	$27,500	1,380	$70,000	88	$4,533	–	$14,300	$10,625	–	$52,425	2,011	$102,033	$154,458
P.H. Lessard	2012	$27,500	705	$27,500	2,199	$86,000	375	$14,455	–	$14,250	$18,550	–	$60,300	3,279	$127,955	$188,255
	2011	$27,500	543	$27,500	1,380	$70,000	221	$11,555	–	$12,000	$10,875	–	$50,375	2,144	$109,055	$159,430
E.A. Marcoux	2012	$41,250	353	$13,750	2,199	$86,000	260	$9,997	$6,000	$25,900	$22,475	–	$95,625	2,812	$109,747	$205,372
	2011	$41,250	272	$13,750	1,380	$70,000	147	$7,637	$8,000	$21,000	$11,500	–	$81,750	1,799	$91,387	$173,137
L.R. Marsden	2012	$27,500	705	$27,500	2,199	$86,000	248	$9,528	–	$18,125	$23,350	–	$68,975	3,152	$123,028	$192,003
	2011	$27,500	543	$27,500	1,380	$70,000	133	$6,939	–	$11,750	$9,375	–	$48,625	2,056	$104,439	$153,064
C. Mongeau	2012	–	1,407	$55,000	2,199	$86,000	513	$19,872	–	$27,675	$24,475	$9,000	$70,150	4,119	$160,872	$231,022
	2011	–	1,085	$55,000	1,380	$70,000	307	$16,112	–	$6,750	$9,375	–	$16,125	2,772	$141,112	$157,237
G. Morgan	2012	–	5,750	$225,000	2,199	$86,000	822	$31,819	–	$7,925	$14,725	–	$22,650	8,771	$342,819	$365,469
	2011	–	4,434	$225,000	1,085	$55,000	461	$24,250	–	$6,000	$4,625	–	$10,625	5,980	$304,250	$314,875
M.D. Parker	2012	–	1,407	$55,000	2,199	$86,000	118	$4,470	–	$18,125	$21,300	–	$39,425	3,724	$145,470	$184,895
	2011	–	1,085	$55,000	1,380	$70,000	34	$1,681	–	$15,000	$11,500	–	$26,500	2,499	$126,681	$153,181
C. Sbiti[4]	2012	$4,410	110	$4,410	536	$21,500	–	–	–	$3,350	$6,350	–	$14,110	646	$25,910	$40,020
	2011	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
H.D. Segal	2012	$14,053	119	$4,684	1,102	$43,000	183	$7,900	–	$7,875	$7,625	–	$29,553	1,404	$55,584	$85,137
	2011	$41,250	272	$13,750	1,380	$70,000	113	$5,844	–	$8,500	$9,375	–	$59,125	1,765	$89,594	$148,719
E.D. Siegel	2012	$27,500	705	$27,500	2,199	$86,000	30	$1,118	–	$20,950	$24,600	–	$73,050	2,934	$114,618	$187,668
	2011	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
L.N. Stevenson	2012	$27,500	705	$27,500	2,199	$86,000	268	$10,365	$8,000	$20,250	$23,725	$93,750	$173,225	3,172	$123,865	$297,090
	2011	$41,250	272	$13,750	1,380	$70,000	151	$7,855	$8,000	$13,500	$10,250	–	$73,000	1,803	$91,605	$164,605
TOTAL	2012	$279,713	13,377	$522,844	25,827	$1,010,500	3,430	$132,989	$32,000	$237,500	$253,975	$635,769	$1,887,226	42,634	$1,666,333	$3,553,559
	2011	$275,000	9,864	$500,000	14,885	$755,000	1,884	$98,279	$32,000	$138,800	$112,625	–	$558,425	26,633	$1,353,279	$1,911,704

Notes:

(1) Includes fees paid for special meetings.

(2) Includes: Mr. Bourne's additional compensation for acting as Vice-Chairman and Interim CEO; Mr. Mongeau's remuneration for special meetings with potential President and CEO candidates; and remuneration paid to Mr. Goldman and Mr. Stevenson as members of the ad-hoc Special Transitional Committee.

(3) Directors who are required to travel more than 3 hours to attend Board and Board Committee meetings are paid $1,500 per meeting, totalling $64,000.

(4) The 2012 value of total compensation includes Mr. Sbiti's compensation since November 1, 2012 as he joined the Board as a Director on November 2, 2012 and attended all meetings held that week.

Section 5 SELECTION, ASSESSMENT, ORIENTATION AND ONGOING EDUCATION OF DIRECTORS

45 Director Selection

- Board succession planning is provided in a detailed chart
- Skills Matrix is used in the selection process and succession planning
- Evergreen List of suitable candidates for appointment as Directors is kept and updated
- Election of Directors on an annual basis
- External consultants may be used by Directors in this process
- Average tenure of Board members is 6 years
- Mandatory retirement policy for Directors is the earlier of: the date on which he/she achieves age 72 or the 15th anniversary of his/her initial election to the Board

47 Director Assessment

- Assessment tools and processes are outlined in a detailed chart
- 4 separate evaluation tools are available
- Assessments are performed regularly

48 Director Orientation

- Program in place includes extensive orientation documentation supplied upon appointment

49 Ongoing Director Education

Section 5 SELECTION, ASSESSMENT, ORIENTATION AND CONTINUING EDUCATION OF DIRECTORS

5.1 Director Selection

On the basis of the general criteria for Director selection set out in Section 3.3.3 “Board Composition” of this Management Proxy Circular, and of the more specific criteria in Section 3 “Board Succession Planning” of the mandate of the Governance Committee, the Governance Committee exercises independent judgment and recommends to the Board suitable candidates for appointment.

The Governance Committee is responsible for developing, reviewing and monitoring the Evergreen List (criteria and procedures for selecting members of the Board, for keeping track of the Board’s needs as well as maintaining a list of suitable candidates for appointment).

5.1.1 Annual Process

The process listed below sets out the steps followed annually in determining whether the Directors presently in office continue to hold the qualifications necessary to qualify as nominees.[1]

DETERMINATION OF QUALIFICATIONS OF INCUMBENT DIRECTORS AS NOMINEES

- Perform annual credential review of Board nominees (including, among others, validity of the credentials underlying the appointment of each Director including availability to meet attendance expectations, and change in principal occupation)
- Assess continuing qualifications under the CBCA
- Review Directors’ performance through assessment tools (for details, see Section 5.2.1 “Assessment Tools and Process” of this Management Proxy Circular)
- Review Skills Matrix to identify the required and/or missing areas of expertise determined to be essential to ensure appropriate strategic direction and oversight (for details, see Section 5.1.3 “Skill Requirements” of this Management Proxy Circular)
- Assess qualifications of nominees under applicable securities and corporate law provisions
- Assess independence of each nominee and address concerns, if any
- Select nominees
- Recommend the election of nominees to the shareholders

5.1.2 Board Succession Planning

The Board Succession Planning process, more fully described below, takes into account the challenges and opportunities facing the Corporation and aims to maintain an appropriate balance of skills and experience on the Board. It also assists the Board with a smooth transition when a Director leaves the Board or when new skills or expertise 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). This process was used in 2012 in the Board’s decision to add an additional member to the Board. The candidate chosen as a result of the succession planning that ensued was Mr. Chakib Sbiti. This succession planning and the selection process outlined in Section 3.3.3 “Board Composition” of this Management Proxy Circular was also used to select Messrs. Bougie and Rhéaume and Mrs. Lachapelle as candidates for election to the Board of Directors at the Meeting.

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1 NI 58-101-From 58-101F1, section 6(a), (b) and (c).

1. REVIEW

Governance Committee reviews the skills, knowledge and experience necessary to allow the Board to meet the business strategy.

2. ASSESS

Assesses the balance of skills, knowledge and experience already existing on the Board.

3. IDENTIFY

Identifies any skills, knowledge and experience not adequately represented on the Board.

4. DETERMINE

Determines how Board performance might be enhanced, both at an individual Director level and for the Board as a whole.

5. RECOMMEND

Recommends to the Board the appropriate skills and expertise mix needed for the Board and whether new members need to be added to the Board.

5.1.3 Skill Requirements

The Governance Committee's mandate provides for the establishment and update of a Skills Matrix, which is a table of industry-specific experience, business expertise and individual qualifications of Directors in relation to the Board's specific skill requirements, so as to identify any eventual skill gaps on the Board. The Corporation has adopted such a matrix. The skills identified for each Director are set forth in the individual biographies included in Section 3.1 of this Management Proxy Circular and in the table below.

SKILLS MATRIX												
1. INDUSTRY-SPECIFIC EXPERIENCE												
	Jacques Bougie	**Ian A. Bourne**	**Robert G. Card**	**Patricia A. Hammick**	**Lise Lachapelle**	**Lorna R. Marsden**	**Claude Mongeau**	**Michael D. Parker**	**Alain Rhéaume**	**Chakib Sbiti**	**Eric D. Siegel**	**Lawrence Stevenson**
Natural Resources and Energy	✓	✓	✓	✓	✓			✓		✓		
Manufacturing and Processing	✓	✓	✓	✓	✓			✓	✓	✓		
Engineering and Construction			✓					✓				
Retail Business									✓			✓
Transportation	✓						✓					
Public Sector Administration	✓	✓	✓		✓	✓			✓		✓	
Financial Services	✓	✓			✓	✓	✓				✓	✓
2. BUSINESS EXPERTISE												
Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management		✓	✓		✓			✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓
International Experience	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓
Health, Safety and Sustainability	✓	✓	✓		✓			✓		✓		
Public Policy	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
Accounting		✓		✓			✓		✓		✓	✓
Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Operations	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
CEO / Senior Executive Role	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Human Resources and Industrial Relations	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
Technology / I.T.	✓		✓							✓		
Project Management			✓									
3. INDIVIDUAL QUALIFICATIONS REQUIRED FOR ALL NOMINEES												
Integrity, honesty and the ability to generate public confidence and maintain the goodwill and confidence of the Corporation's shareholders												
Sound business judgment												
Independence of mind												
Capability and willingness to travel, to attend and contribute to Board functions on a regular basis												
Any other eligibility criteria deemed applicable by the Governance Committee in relation to independence, affiliation and conflict of interest												

5.1.4 External Consultant

The Governance Committee's mandate also specifies that it may engage outside independent advisors to, among others, identify candidates for membership to the Board and establish the terms for retaining such advisors and determine the appropriate compensation.

5.1.5 Director Tenure, Term and Retirement

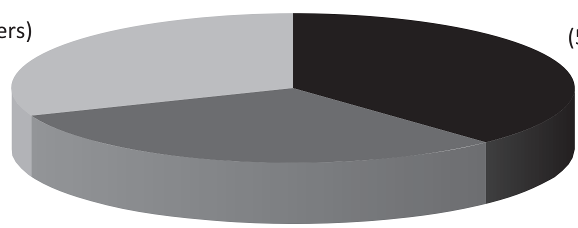
The Board has set the following term and retirement requirements for its Directors:

INDEPENDENT DIRECTOR TERM AND RETIREMENT REQUIREMENTS

- 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
- Under these requirements, a Director is eligible for re-election until the next annual general meeting of shareholders following the earlier of:
  - The date on which he/she reaches age 72, or
  - The 15th anniversary of his/her initial election to the Board

The above requirements do not apply to the President and CEO of the Corporation, who shall leave the Board upon his/her retirement. In the case where an incoming President and CEO has been recruited from outside the Corporation, 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. Note, however, that the Board has adopted a Majority Voting Policy[1] under which, in an uncontested election of Directors, any nominee who receives a greater number of "withheld" votes than "for" votes will tender his/her resignation to the Chairman of the Board promptly following the Annual Meeting of Shareholders of the Corporation.

The following chart indicates the number of years the Directors have dedicated to the Corporation's Board as at March 11, 2013:



The Corporation's average Board tenure is 6 years.

5.2 Director Assessment[2]

The Board has a formal process of rigorous performance evaluation of the Board, its Committees, individual Directors and the Chairman of the Board. The Board believes that there is value in conducting the process internally without using external resources. This allows the Board to develop an appropriately tailored approach and benefit first hand from direct input from individual Directors and management.

The areas covered include, among others, the effectiveness of the Board and its Committees, preparation for and the performance against objectives, preparation for and performance at meetings and overall corporate governance matters and questions related to integrity. The assessment tools at the Board's disposal include discussions and cross-evaluations (360° evaluations) and open-ended questions, which allow Board members to suggest changes so that the results of the various assessments become an integral part of the Board's efforts to bring improvement and enhance governance practices and procedures within the Corporation.

For 2012, rather than completing the standardized forms, the performance evaluation was based on individual and collective discussions including assessment of Directors and Chairs. The discussions were extensive and focused on lessons learned and engaged the Directors in dialogue on improvement opportunities and Board governance matters.

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1 For details on this Policy, see Section 3.11.4 of this Management Proxy Circular.

2 NI 58-101 Form 58-101F1, section 9 "Assessments".

5.2.1 Assessment Tools and Process

The following chart outlines the assessment tools and processes at the Board's disposal for Board assessment purposes:

1. TOOL	2. PURPOSE	3. COMPLETION PROCEDURE	4. COMPILATION & ANALYSIS	5. TREATMENT	6. RECOMMEN-DATION	7. FOLLOW-UP
ANNUAL BOARD EFFECTIVENESS SURVEY ("ABES")	Individual Directors assess entire Board	Vice-President and Corporate Secretary forwards the ABES to each Director and each Director completes the ABES	Each Director returns the ABES to Vice-President and Corporate Secretary who compiles, analyzes and prepares summary for Governance Committee	Governance Committee reviews ABES summary table	Governance Committee recommends to the Board changes to the Board pursuant to the ABES summary table	Follow-up by Board
ANNUAL DIRECTOR PEER FEEDBACK SURVEY ("ADPFS")	Individual Directors assess each other	Vice-President and Corporate Secretary forwards the ADPFS to each Director, excluding the Chairman of the Board, and each Director completes the ADPFS	Each Director returns ADPFS to the Chairman of the Board who compiles and comments	Chairman contacts individual Directors	Chairman and individual Director agree upon follow-up when necessary	Follow-up by Chairman with individual Director
QUESTIONNAIRE FOR THE ANNUAL REVIEW OF THE PERFORMANCE OF THE CHAIRMAN OF THE BOARD ("QUESTION-NAIRE")	Individual Directors assess Chairman of the Board	Vice-President and Corporate Secretary forwards the Questionnaire to each Director, excluding the Chairman of the Board, and each Director completes the Questionnaire	Each Director returns the Questionnaire to the Chairman of the HR Committee who compiles and analyzes comments	Chairman of HR Committee meets with Chairman of the Board to discuss results	Chairman of HR Committee and Chairman of the Board agree upon follow-up when necessary	Follow-up by Chairman of the Board
GUIDELINES TO EVALUATE THE BOARD COMMITTEES' PERFORMANCE ("GUIDELINES")	Board Committees assess themselves	Vice-President and Corporate Secretary forwards the Guidelines to the members of each Committee	Each Committee forwards its summary report and recommends changes, if deemed necessary, to the Governance Committee	Governance Committee reviews summary reports from Committees	Governance Committee recommends changes if any to the Board based on the summary reports from the Committees	Follow-up by Board Committees with the Board

5.2.2 Assessment Report and Follow Through

In its ongoing efforts toward Board renewal and efficiency, during 2012 a number of Directors indicated their wish to step down from their role and allow new nominees to join the Board. The Board agreed with such decision.

5.3 Director Orientation[1]

The Board ensures that prospective candidates for Board membership understand the roles of the Board and Board Committees and the contribution that individual Directors are expected to make. It is the Board's Governance Committee that is entrusted with approving an appropriate orientation and education program for new Directors. Upon becoming a member of the Board, each new Director is provided with a substantial package of documents relating to the Corporation's corporate governance system and to its business, and meets with members of senior management to better familiarize himself/herself with the Corporation.

As part of the Director orientation program, new Board members are invited to attend, during their first year as a Director, 2 meetings of the Audit Committee and 1 meeting of the other Board Committees, regardless of which Committee they are appointed to.

[1] NI 58-101, Form 58-101F1, section 4(a).

5.4 Ongoing Director Education[1]

The Corporation and its Board of Directors recognize the importance of ensuring ongoing education and the need for the Corporation and each Director to take responsibility for this process. Through its assessment and evaluation tools, the Corporation canvasses the Directors to determine their training and education needs and interests. Regular presentations on the Corporation's markets, competitors, targeted investments and acquisitions as well as the regulatory environment and specialized aspects of the business are provided to Board members.

Ongoing site visits by the Directors of the Corporation's facilities and operations are also used as an efficient educational tool for Directors. Directors are encouraged to attend at least 1 site visit over an 18-month period and at least 1 of the Corporation's international symposiums over a 36-month period. Site visits provide Directors with direct access to construction site personnel, both employees and contractor employees of the Corporation's subsidiaries and affiliates, and enable Directors to ask questions regarding health, safety, security and environmental management. Visits by Directors also reinforce the Corporation's health, safety, security and environmental WE CARE message to field employees and also assist Directors in grasping the nature and complexity of the Corporation's business and operations.

The Vice-President and Corporate Secretary also provides Directors with up-to-date information on conferences and seminars of interest and all Directors have access to and have had the opportunity to view the complete bank of past conference presentations and web cast presentations from Deloitte LLP's Directors' Series.

In addition to the ongoing development of the Corporation's Directors, procedures are also in place to ensure that the Board is kept up to date and facilitate timely and efficient access to all information necessary to carry out its duties.

PROCEDURES IN PLACE TO ASSIST THE DIRECTORS IN THEIR DEVELOPMENT

- Directors receive a comprehensive package of documentation 1 week in advance in preparation for Board and Board Committee meetings, including access to the Corporation's electronic board book website
- Attend the annual strategic planning meeting
- Receive regular updates between Board meetings on matters that affect the Corporation's operations
- Obtain reports from each of the Board Committees on their work at their previous Committee meeting
- Receive reports from the President and CEO, as well as the members of the Office of the President on important projects and issues related to the business unit and sectors they are responsible for, and
- Have full access to the Corporation's senior management

For a list of the ongoing training, courses, conferences and education followed by the Board members in 2012, see Schedule E to this Management Proxy Circular.

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[1] NI 58-101, Form 58-101F1, section 4(b).

Section 6

EXECUTIVE COMPENSATION – LETTER TO SHAREHOLDERS AND REPORT OF THE HR COMMITTEE

Section 6 EXECUTIVE COMPENSATION – LETTER TO SHAREHOLDERS AND REPORT OF THE HR COMMITTEE

6.1 Letter to Shareholders

To our Shareholders:

The HR Committee and the Board of Directors of the Corporation believe in providing the shareholders of the Corporation with the information required to fully understand the compensation paid to our executives and the rationale behind the Board's compensation decisions. Consistent with our approach in prior years, the compensation decisions made in 2012 are in line with our ongoing commitment to paying for performance. The detailed description of our compensation programs and decisions can be found in the Executive Compensation Discussion and Analysis that follows this section of the Management Proxy Circular. We invite you once again to cast your advisory vote on our approach to executive compensation and encourage you to engage with the Board should you have any outstanding concerns.

2012 LEADERSHIP TRANSITIONS

2012 was a year of significant change for the Corporation. The Board's focus was directed towards rebuilding the Corporation's momentum and leadership team following the challenging events of 2011 and 2012. Throughout this process, the Board aimed to reinforce the Corporation's commitment to integrity, and to regain trust among shareholders and the broader stakeholder community.

In 2012, the Governance Committee approved and recommended approval by the Board of Directors of an ad-hoc Special Transitional Committee whose mandate was to provide support to the Vice-Chairman and Interim CEO and Senior Management between March 25, 2012 and the commencement date of the new President and CEO. The purpose of this ad-hoc Special Transitional Committee was to stabilize the Corporation and to assist the Governance Committee in the search, interviewing, assessment, and selection of President and CEO candidates. On August 10, 2012, the Corporation announced that Mr. Robert G. Card would become the Corporation's new President and CEO, and member of the Board of Directors, effective October 1, 2012. Prior to October 1, Mr. Ian A. Bourne acted as Director, Vice-Chairman and Interim CEO, commencing from Mr. Pierre Duhaime's departure from the Corporation on March 25, 2012. Mr. Bourne remained Director and Vice-Chairman of the Board following October 1, 2012.

HIGHLIGHTS OF 2012 PERFORMANCE AND NEO COMPENSATION

The Corporation's net income attributable to shareholders for 2012 was $309.1 million or $2.04 per share on a diluted basis, representing approximately an 18% decline from 2011 levels. The Corporation's share price went from $51.08 to $40.32 over the course of 2012, representing a 21% decline. While 2012 was a challenging year from a net income standpoint and for our shareholders, it was also a year of consolidation and establishing a base for growth in 2013 and beyond.

Reflecting the Board's commitment to paying for performance, and given that the Corporation's 2012 net income fell short of the threshold performance level of $354.9 million, the Board approved the financial performance component of the Management Incentive Plan at 0 for the purpose of calculating the 2012 awards. Similarly, the Board approved no payouts of the PSU awards with respect to the performance period ended on December 31, 2012 (i.e. awards granted in 2010) as the Corporation failed to meet the threshold EPS growth for the three-year period. In addition, the value of outstanding equity awards for the NEOs declined from $4.3 to $3.1 million (excluding the initial equity grants that Mr. Card received upon joining the Corporation), as a result of the decline in share price.

CEO COMPENSATION FOR 2012

Mr. Card's annual compensation package as President and CEO includes a base salary of $900,000, a target MIP award of 100% of his salary, and target PSUs and E-DSUs of 75% of salary each, as well as stock option awards at 110% of salary. As part of Mr. Card's employment agreement, he received a $2,981,450 RSU grant and a $1,551,550 E-DSU grant to offset the loss of benefits upon resignation from his former employer and as a partial award in respect of 2012. Furthermore, it was agreed that he would receive an option grant of 220% of salary in 2013 and no option grant in 2014.

For the 3 months of service during 2012, Mr. Card received a prorated salary of $225,000 and a guaranteed MIP award of $225,000.

Prior to his departure Mr. Duhaime was paid a salary of $256,045 for his services as President and CEO up to March 25, 2012. On December 13, 2012, the Board of Directors suspended severance payments until the facts surrounding Mr. Duhaime's situation are clarified or resolved.

CONTINUED COMMITMENT TO HIGH STANDARDS OF GOVERNANCE AND RISK MANAGEMENT

The Board continues to monitor its governance standards against industry best practices and ensures compliance to its existing provisions. Consistent with the recommendations of the Independent Review, the Board is committed to further lifting its standards in a number of key areas, including the continued firm implementation of the Corporation's Code of Ethics. In addition, the HR Committee has requested that Management adopt a 360-degree feedback mechanism, specifically regarding teamwork and maintaining high ethical standards, as part of the Executive Vice-Presidents' individual performance assessment in 2013.

Notwithstanding the challenges encountered in 2011 and 2012, the Corporation and the Board continued to ensure its compensation programs are in line with the interests of shareholders and to provide an appropriate balance between fixed and variable compensation and risk and reward.

We are confident the following Executive Compensation Discussion and Analysis demonstrates the Board and the Corporation's continuing commitment to these principles.

Lawrence N. Stevenson *(signed)*
Chairman of the HR Committee

Gwyn Morgan *(signed)*
Chairman of the Board

6.2 Report of the HR Committee

Members

The members of the HR Committee are: Lawrence N. Stevenson (Chairman), Patricia A. Hammick, Pierre H. Lessard, Lorna R. Marsden and Claude Mongeau. All members of the HR Committee are independent.

Mandate[1]

The HR Committee is responsible for overseeing the recruitment, succession, and compensation of the Corporation's executives and associated compensation policies, in particular:

- Reviewing and advising the Board on policies and plans relating to employment;
- Succession planning for senior executives;
- Compensation, benefit and retirement plans for employees, including officers of the Corporation;
- Overseeing the limitation of compensation-related risk;
- Reviewing and reporting to the full Board, in conjunction with the Governance Committee, recommendations, prior to each annual shareholders' meeting, with respect to the following:
    - the ethical standards of the Corporation to ensure that management has identified the values that determine acceptable behaviour in the Corporation and has put in place a process that ensures these values are reflected in actions that are taken within the Corporation;
    - the periodic review of the Corporation's Code of Ethics;
    - compliance with the Corporation's Code of Ethics (including receiving signed declarations of the senior executives confirming their own compliance);
    - the policies and practices concerning the regular examination of officers' expenses and perquisites, including the use of corporate assets; and
    - issues regarding corporate values and ethics and corporate ethical conduct domestically and internationally;
- Reviewing recommendations regarding any other topics related to diversity and major aspects of management of human resources, including organizational arrangements and review of general employee information, within the Corporation and its subsidiaries; and
- Ensuring the proper measures are in place to identify and mitigate compensation-related risks.

The HR Committee is authorized to:

- Engage, at its sole discretion, legal counsel and other advisors to help it fulfill its mandate; and
- Oversee the appointment, compensation and oversight of the work of such legal counsel and advisors.

Given the increased complexity of compensation, the Committee ensures it has a clear understanding of the link between financial performance and compensation and has the necessary degree of financial literacy to apply this knowledge to the review of executive compensation plans. In 2012, in order to comply with continuous disclosure obligations, members of the HR Committee were asked to complete a questionnaire regarding their experience, level of education and skill in the fields of human resources and executive compensation. This review confirmed that Committee members possess a broad range of skills related to human resource management and executive compensation, as detailed below.

- **Dr. Patricia A. Hammick** has experience in overseeing executive human resources aspects. She is a former Senior Vice-President of Columbia Energy Group and Vice-President of Natural Gas Supply Association. Dr. Hammick has extensive experience in hiring, retention plans, performance reviews, compensation and benefits programs. She also attended various executive education programs, was a 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. Dr. Hammick was also Chairman of the Dynegy Board of Directors in 2011.

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1 For a complete copy of the HR Committee mandate, see the Corporation's website at **www.snclavalin.com**, under "About Us"/"Corporate Governance".

- **Mr. Pierre H. Lessard** served as President and CEO of Metro Inc. for 18 years. Throughout his career, he acquired extensive experience in human resources and compensation matters. He is also a former member of the Human Resources Committee of TD Bank Financial Group.
- **Dr. Lorna R. Marsden** was President and Vice-Chancellor of York University and Wilfrid Laurier University and has held a senior executive position at the University of Toronto where she dealt with various human resources matters. She also acted as director in charge of the labour relations academic program at the University of Toronto and worked in employment equity fields at both the federal and provincial level. Dr. Marsden currently sits on the Management Resources and Compensation Committee of Manulife Financial Corporation. She is also a former member of the Human Resources Committee of Gore Mutual Insurance Company.
- **Mr. Claude Mongeau** has experience in overseeing executive human resources aspects. He is presently the President and CEO of Canadian National Railway Company ("**CN**"), a publicly traded company with over 21,000 employees in Canada and in the U.S. Prior to that, he held the position of Executive Vice-President and CFO of CN from 2000 until his appointment as President and CEO on January 1, 2010. Before joining CN, Mr. Mongeau was a partner with Groupe SECOR, a Montreal-based management-consulting firm providing strategic advice to large Canadian corporations.
- **Mr. Lawrence N. Stevenson** has extensive experience in human resources and compensation matters acquired during his career as President and CEO of 3 publicly traded companies. He sat on the Human Resources Committee of 3 publicly traded companies and acted as Chairman of the Human Resources Committee for 2 of such companies. Mr. Stevenson is also the Chairman of the HR Committee of CAE Inc. and sat on the HR Committee of Sobeys Inc. He has served and continues to serve as the Chairman of the Board of a number of Callisto Capital's private portfolio companies.

In addition, the mandate of the HR Committee provides for at least 1 member to sit on both the HR Committee and the Audit Committee in order to maintain the link between pay and performance, both financial and individual, and thus mitigate risks. Dr. Patricia A. Hammick and Mr. Claude Mongeau are currently sitting on both the HR and Audit Committees.

Advice on Compensation

In 2012, the HR Committee again retained the services of Hugessen Consulting Inc. ("**Hugessen**"), a consulting firm which has been providing the Corporation with independent advice on executive compensation and related governance issues since 2008. In addition, management retained the services of Towers Watson to generally advise on executive compensation benchmarking and related matters. Hugessen provided advice on compensation programs for the President and CEO, and key officers. The HR Committee reviewed and considered the information and advice provided by Hugessen and information prepared by Towers Watson for the Corporation, among other factors, in making its executive compensation recommendations. The Board, however, made its final decisions with respect to executive compensation after consideration of the HR Committee's recommendations.

Hugessen does not provide any services to the Corporation directly and the work conducted by Hugessen raised no conflicts of interest. Any services that Hugessen would provide to the Corporation would require approval by the HR Committee. The total amount of fees paid by the Corporation to Hugessen for its services for the year 2012 (and comparable information for 2011) is provided in the following table:

Fees paid to Hugessen Consulting Inc. for the years ended December 31, 2012 and December 31, 2011		
Nature of work	**2012**	**2011**
Executive Compensation – Annual Review	$74,200	$72,825
All other fees:		
• Other requested HR Committee mandates outside the scope of the 2012 annual work plan	$89,000	-
• Special non-recurring mandates relating to CEO departure and hiring	$148,400	-
Total	$311,600	$72,825

In 2012, Towers Watson continued to be retained by Management to benchmark compensation and to provide advice on the appropriateness and competitiveness of compensation programs for the Corporation's executives. In addition, Towers Watson provided other services, the fees for which are shown in the table that follows.

Fees paid to Towers Watson for the years ended December 31, 2012 and December 31, 2011		
Nature of work	**2012**	**2011**
Executive Compensation – Related Fees	$123,443	$129,991
All other fees: • Benefits • Total Rewards Audit – Follow up • Global Job Classification • Human Resources Management System – Support	$550,495	$696,135
Total	**$673,938**	**$826,126**

Overview of Key Accomplishments during the Year

The HR Committee met 10 times in 2012, and held In Camera sessions during each regular meeting. The Committee addressed the following key matters throughout the course of 2012:

- Following the departure of Mr. Duhaime, the Board Chair, along with the Chair of the HR Committee, the Vice-Chairman and Interim CEO and Mr. Mongeau collaborated on the search for a permanent President and CEO. They engaged a leading executive search firm, reviewed the qualifications of many potential candidates, interviewed a number of candidates and recommended the candidacy of Mr. Card to the Board. The Board approved the appointment of Mr. Card as well as the terms of his employment agreement.
- At the year-end HR Committee meeting, reviewed and approved salary increases and MIP awards for 2012, long-term incentive awards that paid out in 2012, size of long-term incentive plan awards to be granted in 2012.
- Approved special retention award program for employees below the Executive Vice-President level (high potential and key project employees).
- Supported the Board in the attraction, retention and determination of the compensation of a new President and CEO.
- Reviewed and changed the Comparator Group used in positioning the Corporation's executive compensation plans.
- Amended the share ownership requirements for members of the Office of the President and for members of the Management Committee to be more in line with market practices.
- Amended the Management Incentive Plan for members in corporate roles. The operational performance weighting factor was adjusted to ensure greater consistency of treatment between corporate executives and business unit executives.
- Amended the 2009 PSUP, E-DSUP and RSUP to become aligned with U.S. deferred compensation rules.
- Approved the re-vamp and implementation of the new Code of Ethics.
- Supported the launch of numerous training and development programs such as: Executive Potential Program, Senior Management Potential Program, HR Business Partner Program, and People Leaders Development Program.
- Approved a Global Job Classification System to rank all positions in relation to other positions in the company.
- Reviewed the results of the first global Employee Engagement Survey.
- Approved the vendor for the Human Resources Management System.
- Extended the Performance Management process to include an additional 15,000 employees in the process.
- Launched a Relocation Policy and Handbooks for temporary and permanent relocations in Canada.
- Discussed the Long-Term Incentive Plans and their simplification for 2014.

Section 7 EXECUTIVE CD&A

Section 7 EXECUTIVE CD&A

INTRODUCTION

This section outlines the compensation programs provided to the Named Executive Officers. For 2012, the NEOs were Pierre Duhaime, former President and CEO, Ian A. Bourne, Director, Vice-Chairman and former Interim CEO, Robert G. Card, President and CEO, Gilles Laramée, Executive Vice-President and CFO, James Burke, Executive Vice-President, Darleen Caron, Executive Vice-President, and Patrick Lamarre, former Executive Vice-President.

The compensation plans provided under the Executive Compensation Policy also apply to employees other than the NEOs (as defined below). The following key employee groups participate in some or all of the Corporation's compensation plans:

- **Members of the Office of the President**

  The members of the Office of the President are responsible for one or several operating sectors. As at December 31, 2012, the Office of the President comprised 13 members, including the President and CEO and the other NEOs.

- **Members of the Management Committee**

  The Management Committee is composed of executives responsible for the administrative and operational units of the Corporation. As at December 31, 2012, the Management Committee consisted of 123 executives from across the Corporation's business units and functions worldwide.

7.1 Executive Compensation Policy

The Executive Compensation Policy supports the Corporation's vision, mission and values and reinforces corporate and business unit strategies by:

- Aligning the business unit goals with those of the Corporation to strengthen the relationship between individual business units and the company as a whole;
- Promoting stock ownership by key executives;
- Facilitating the recruitment and retention of high-performing talent for key positions;
- Motivating executives to achieve and to exceed the Corporation's financial objectives;
- Providing excellent rewards for superior performance through both individual and corporate results over the short and long term; and
- Applying discretion in determining the size of formula-driven performance awards in circumstances where the Committee believes that the results produced by the formulas do not truly reflect the actual performance of an executive. In 2012, the HR Committee applied its discretion to award certain members of the Office of the President for their outstanding contribution to the Corporation during challenging times.

The Executive Compensation Policy links pay with the Corporation's performance and increased shareholder value, taking into account roles, responsibilities and performance. This Policy establishes the remuneration levels, which reflect the role of the incumbent and the responsibilities of the job and which are in line with market practices for equivalent positions in industry.

The Corporation has a pay-for-performance philosophy, which is reflected in the Corporation's Executive Compensation Policy. Total compensation is designed to reward the achievement of individual and business unit performance for which executive employees are responsible, and over which they have control. However, to strengthen relationships among business units, total compensation also rewards corporate performance.

The Corporation's executive compensation components are designed in such a way that executives and other key employees are compensated below market when the Corporation's financial performance does not compare favourably with that of the Comparator Group and above market when this comparison is favourable.

7.2 Alignment of Executive Compensation and Risk

The HR Committee annually reviews the application of the Executive Compensation Policy to ensure it is still appropriately aligned to support its stated objectives. Past reviews have allowed the HR Committee to make adjustments to the Executive Compensation Policy to strengthen the link between pay and performance and introduce measures to mitigate risk. There were no new risk mitigation measures introduced in 2012.

Moreover, the nature of the business and the competitive environment in which the Corporation operates require some level of risk-taking to achieve growth and desired outcomes in the best interest of shareholders. Therefore, the intrinsic objective of the Executive Compensation Policy is to encourage behaviour directed to increase long-term value while limiting or eliminating incentives that promote excessive risk taking.

The risk management oversight of the Executive Compensation Policy is linked with the philosophy that guides the HR Committee in the design and review of the policy which seeks to:

- Strengthen and maintain the link between pay and performance, both financial and individual
- Defer a significant portion of variable compensation to keep executives focused on sustained long-term performance
- Provide a significant portion of total compensation that is variable and at risk, and
- Provide total compensation that is competitive to attract and retain talented executives while discouraging excessive risk taking

The Corporation's compensation programs include safeguards to mitigate risk as follows:

- **Independent Advisor -** The HR Committee uses the services of an executive compensation advisor independent from the compensation advisors hired by management.
- **Balanced Compensation Mix -** The Corporation offers multiple incentive programs to its executives which have a blend of both short- and long-term incentives. In addition, the incentive programs use different financial metrics or are simply time based.
- **Equity-Based Awards -** The Corporation offers a balanced mix of security awards in the form of stock options, PSUs and E-DSUs.
- **Succession Planning -** Succession planning sessions are held twice a year to review the succession plans for all key executive positions and adjust the strategy to develop talent, as required.
- **MIP -** Awards under the MIP are capped at 2 times target to provide upper payout boundaries. The components of the program include both a financial performance factor and an individual performance factor that are cumulative, allowing for cash bonus payments under special circumstances if financial targets are not met.
- **PSUP -** The multiplier used to determine the payout under the PSUP is based on 3-year cumulative growth in earnings per share. Payments under the PSUP are capped at 2 times target.
- **Anti-Monetization and Anti-Hedging Policy** (a prohibition on hedging and trading in derivatives) **-** Anti-monetization and anti-hedging provisions exist for all insiders of the Corporation, including Directors and NEOs of the Corporation.
- **One-Year Hold of Shares for President and CEO Post-Employment -** The President and CEO is subject to a minimum share ownership requirement for 1 year following retirement.
- **Clawback Policy -** Performance-based incentive compensation awarded to executive officers is subject to the Clawback Policy. The policy provides that the Board may, in its sole discretion, to the extent it determines that it is in the Corporation's best interest to do so, require the reimbursement of all or a portion of any performance-based incentive compensation awarded after May 7, 2009, if:

  – The performance-based incentive 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 Corporation'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.

  The President and CEO's employment agreement provides that, in certain circumstances, the Corporation may demand the return of any performance-based compensation awarded, if it is later found that such compensation was in fact accorded, in whole or in part, on the basis of factual or financial information which turns out to be false or substantially inaccurate due to the officer's wilfully misleading conduct or through his negligence.

- **Share Ownership Guidelines -** The Corporation believes that share ownership by key employees contributes to the Corporation's success. Accordingly, the Corporation requires that its key executive officers hold, within 5 years of appointment to the position of President and CEO or to the Office of the President, Common Shares of the Corporation having a minimum total value as presented in the following table and continue to hold such Common Shares throughout their tenure as President and CEO or as a member of the Office of the President. In 2012, the Board of Directors approved changes to the share ownership requirements. The new share ownership requirements are indicated in the table below:

Share Ownership Requirements (1)		
Executive	**During employment**	**Post-employment**
President and CEO	5 times annual base salary	1 year
Executive Vice-Presidents (Office of the President)	2 times annual base salary	n/a

Note:
(1) Holdings can be in Common Shares, E-DSUs or PSUs under the former PSUP.

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

- The actual cost incurred of buying Common Shares of the Corporation plus the market value of all Common Shares represented by vested share units not redeemed under the E-DSUP and former PSUP; and
- The market value of all Common Shares of the Corporation then held and all Common Shares of the Corporation then represented by all the then vested share units under the E-DSUP and former PSUP.

In 2012, the share ownership requirement decreased from 6 to 5 times the annual base salary for the President and CEO, and from 3 to 2 times the annual base salary for the Executive Vice-Presidents (Office of the President). This change was introduced to reflect compensation practices of other global companies.

For the 2013 Plan and future Stock Options Plans, if the share ownership requirement is not met at the time of exercising the options, there will be a requirement to hold (and prohibition to sell) underlying shares equivalent to at least 25% of the after- tax gain resulting from such exercise until the requirement is met.

The following table summarizes the required ownership levels of each NEO as at December 31, 2012. Each one satisfies the applicable share ownership requirement with the exception of Mr. Card and Mrs. Caron. In the case of Mr. Lamarre, he resigned as an officer of the Corporation on January 18, 2013 and as such, is not presented in the table below.

Name	Required Ownership Levels	Ownership Requirement	Shares Held(1)	Value as at December 31, 2012 (2)	Meets Requirements
Robert G. Card	5 x annual base salary	$4,500,000	27,300	$1,100,736	In process
Gilles Laramée	2 x annual base salary	$980,000	387,976	$15,643,192	Yes
James Burke	2 x annual base salary	$745,798	37,800	$1,524,096	Yes
Darleen Caron	2 x annual base salary	$769,548	3,462	$139,588	In process

Notes:
(1) Shares held include Common Shares privately held, ESOP, MSOP and vested share units not redeemed under the E-DSUP and former PSUP.
(2) The value as at December 31, 2012 was based on a closing share price of $40.32.

7.3 President and CEO Succession Planning

In the course of its work, the Governance Committee gives full consideration to President and CEO succession planning. This process, takes into consideration the challenges and opportunities facing the Corporation and the evolving skills and expertise needed from the President and CEO. In 2012, the President and CEO of the Corporation stepped down and retired from the Corporation. In light of the exceptional circumstances surrounding the departure of Mr. Duhaime, the process followed for hiring a new President and CEO differed from the usual policy set out below.

1. REVIEW

Review by the Governance Committee of the qualifications required for President and CEO's position

Review of the capabilities of the Corporation's executive officers

Review of Evergreen List for potential outside successor candidates

2. ASSESS

Assess whether there is a readiness to fill potential vacancies with qualified people

3. MEET

Chairman & President and CEO meet with short-listed candidates

4. RECOMMEND

Governance Committee reconvenes to finalize a recommendation to the Board as to the selected candidates

Board approves one candidate amongst the ones proposed by the Governance Committee

Moreover, as part of its mandate, the HR Committee holds succession planning sessions twice a year for all key executive positions and adjusts its strategy to develop talent as required.

7.4 Year-end Executive Compensation Decision-Making Process

Each year, the HR Committee follows the formal process illustrated below, which culminates in the recommendation of compensation for the President and CEO and other executives that is then presented to the Board of Directors for its approval.

1. CONSULT

HR Committee consults with Hugessen Consulting Inc. on executive compensation

2. BENCHMARK & REPORT

Towers Watson benchmarks compensation against the Comparator Group, which has been reviewed and approved by the HR Committee with the advice from Hugessen Consulting Inc.

3. REVIEW & ANALYZE

HR Committee reviews Towers Watson's report, and with input from Hugessen Consulting Inc., develops recommendations for the CEO and other executive officers' compensation

4. RECOMMEND

HR Committee recommends CEO and other executives' compensation to the Board

5. APPROVE

Board approves CEO and other executives' compensation

7.5 Executive Compensation Benchmarking

7.5.1 Executive Compensation Positioning

The following table presents the positioning for 2012 of each compensation component under the Executive Compensation Policy versus the Comparator Group:

Fixed Compensation Component	**Positioning vs. Comparator Group**
Base Salary	100% of Median
Benefits and Perquisites	Competitive with similar sized Canadian companies
Retirement Programs	Competitive with similar sized Canadian companies
Performance-Based (Variable) Compensation Component	
Annual Incentive Program (MIP)	Level required to position total cash compensation at the Median
Long-Term Incentives (Stock Options, RSUP, MSOP, E-DSUP, PSUP)	100% of Median
Target Cash Compensation	100% of Median
Total Compensation	100% of Median (or higher in the case of superior performance)

7.5.2 Comparator Group

The Comparator Group is reviewed annually by the HR Committee to ensure it represents the most appropriate and reliable sample possible. During these reviews, the HR Committee verifies that companies already included in the Comparator Group continue to meet the selection criteria and may remove and/or select new companies, as required, following changes in data. Thus, in 2012, the HR Committee decided to modify the Comparator Group for the annual compensation benchmarking of the members of the Office of the President. The revised Comparator Group reflects companies whose market capitalization and total enterprise value are closer to those of the Corporation. There were 10 Canadian companies and 17 U.S. companies used to complete the 2012 compensation benchmarking exercise. The weighting used to position executive compensation for the President and CEO and the members of the Office of the President is 50% Canadian / 50% U.S.

The selection criteria for inclusion in the Comparator Group were as follows:

- Publicly traded company
- Annual revenues greater than $2.75 billion
- Market capitalization between $4 billion and $16 billion
- Total enterprise value between $4.5 billion and $18 billion
- Industrial sectors where the Corporation competes for talent

In setting the selection criteria, the HR Committee's objective is to achieve a comparator group comprised of companies that are as similar in nature to the Corporation as possible, given that there are few global engineering and construction companies in the world.

Publicly traded companies are sought as their annual filings would be similar to those of the Corporation and information on their NEOs can be obtained through publicly available documents. It should be noted that there are few "publicly traded" engineering & construction companies, but there are many private companies. Revenues, market capitalization and total enterprise value are used to find companies similar in size to the Corporation in order to compare with NEOs with a similar scope and accountability. Companies chosen are in industrial sectors from which the Corporation recruits or to whom it loses employees.

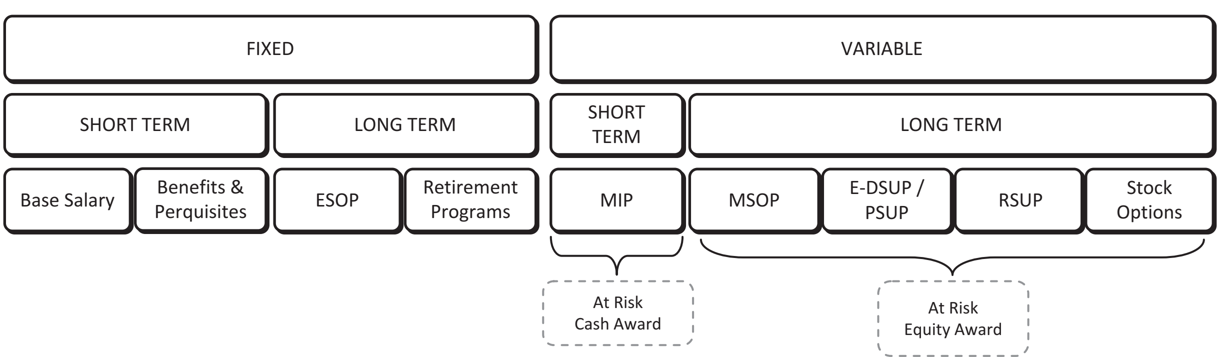
In 2012, the following companies were included in the Canadian and U.S. Comparator Groups. The information presented in the tables below is provided by Capital IQ as at January 11, 2012, and reported in local currency.

Canadian Comparator Group	Publicly traded "common stock" parent company ticker	GICS Subindustry Description	Market Capitalization ($M)	Total Enterprise Value ($M)	Revenue ($M)	Market Cap to Revenue Ratio
Energy						
Nexen Inc.	TSX:NXY	Oil and Gas Exploration and Production	9,713	13,167	5,882	1.7
Canadian Oil Sands Limited	TSX:COS	Oil and Gas Exploration and Production	11,497	11,883	3,460	3.3
Talisman Energy Inc.	TSX:TLM	Oil and Gas Exploration and Production	12,880	16,763	6,901	1.9
Materials						
Agrium Inc.	TSX:AGU	Fertilizers and Agricultural Chemicals	11,862	13,751	10,463	1.1
Kinross Gold Corporation	TSX:K	Gold	14,825	14,462	2,994	5.0
Industrials						
Bombardier Inc.	TSX:BBD.B	Aerospace and Defense	7,178	9,319	17,739	0.4
Canadian Pacific Railway Limited	TSX:CP	Railroads	11,662	15,912	4,982	2.3
Telecommunication Services						
Bell Aliant Inc.	TSX:BA	Integrated Telecommunication Services	6,369	9,702	2,785	2.3
Utilities						
Fortis Inc.	TSX:FTS	Electric Utilities	6,239	13,129	3,664	1.7
TransAlta Corp.	TSX:TA	Independent Power Producers and Energy Traders	4,701	9,223	2,819	1.7
SNC-Lavalin Group Inc.	**TSX:SNC**	**Construction and Engineering**	**8,073**	**8,812**	**6,315**	**1.3**
25th percentile	—	—	6,571	10,247	3,110	1.7
Median	**—**	**—**	**10,605**	**13,148**	**4,323**	**1.8**
75th percentile	—	—	11,812	14,285	6,646	2.3

U.S. Comparator Group	Publicly-traded "common stock" parent company ticker	GICS Subindustry Description	Market Capitalization ($M)	Total Enterprise Value ($M)	Revenue ($M)	Market Cap to Revenue Ratio
Energy						
FMC Technologies, Inc.	NYSE:FMC	Oil and Gas Equipment and Services	12,759	12,970	4,103	3.1
Cameron International Corporation	NYSE:CAM	Oil and Gas Equipment and Services	13,037	13,089	6,102	2.1
Murphy Oil Corporation	NYSE:OIL	Integrated Oil and Gas	11,656	11,221	23,275	0.5
Materials						
FMC Corp.	NYSE:FMC	Diversified Chemicals	6,380	6,911	3,100	2.1
Eastman Chemical Co.	NYSE:EMN	Diversified Chemicals	6,055	7,022	5,811	1.0
Ashland Inc.	NYSE:ASH	Diversified Chemicals	4,689	7,855	6,754	0.7
PPG Industries Inc.	NYSE:PPG	Diversified Chemicals	13,533	16,176	13,351	1.0
CF Industries Holdings, Inc.	NYSE:CF	Fertilizers and Agricultural Chemicals	11,057	11,748	3,944	2.8
Airgas Inc.	NYSE:ARG	Industrial Gases	6,155	8,435	4,129	1.5
Industrials						
Jacobs Engineering Group Inc.	NYSE:JEC	Construction and Engineering	5,436	5,104	10,785	0.5
Fluor Corporation	NYSE:FLR	Construction and Engineering	9,150	7,260	20,737	0.4
25th percentile	—	—	6,105	7,141	4,116	0.6
Median	**—**	**—**	**9,150**	**8,435**	**6,102**	**1.0**
75th percentile	—	—	12,207	12,359	12,068	2.1
Additional Direct Competitors that do not fit Market Cap and TEV screens						
AECOM Technology Corporation	NYSE:ACM	Construction and Engineering	2,404	3,191	8,037	0.3
EMCOR Group Inc.	NYSE:EME	Construction and Engineering	1,818	1,514	5,121	0.4
Foster Wheeler	NASDAQ: FWLT	Construction and Engineering	2,277	1,552	4,068	0.6
KBR Inc.	NYSE:KBR	Construction and Engineering	4,450	3,794	9,908	0.4
The Shaw Group Inc.	NYSE:SHAW	Construction and Engineering	1,791	1,610	5,938	0.3
URS Corporation	NYSE:URS	Construction and Engineering	3,025	3,476	9,128	0.3
25th percentile	—	—	3,025	3,476	4,129	0.4
Median	**—**	**—**	**6,055**	**7,022**	**6,102**	**0.6**
75th percentile	—	—	11,057	11,221	9,908	1.5
SNC-Lavalin Group Inc.	TSX:SNC	Construction and Engineering	8,073	8,812	6,315	1.3

7.6 Components of the Executive Compensation Program

The Corporation's executive compensation components are classified under 2 categories: fixed and variable (or at risk). The fixed component includes base salary, benefits and perquisites, the ESOP and retirement programs. The variable (at risk) component is related to the financial performance of the Corporation and individual performance and includes the MIP and long-term incentives in the form of stock options, the RSUP, a Corporation-matched MSOP, the E-DSUP and the PSUP.



The following table lists the plans under each of the fixed and variable (at risk) compensation components and is followed by a description of each component:

Component	Compensation Period	Plan Determination	Short-Term	Long-Term	Objectives
FIXED					
Base salary	1 year	Based on market competitiveness. Reflects level of responsibility, skills and experience.	X		Retention.
Benefits (group life and health insurance program) and Perquisites	1 year	Based on market competitiveness.	X		Retention.
ESOP	3 years	Based on market competitiveness.		X	Encourage share ownership and align interests with shareholders.
Retirement Programs: ➢ EMRIP has been closed to new entrants since 2002 OR ➢ Harvest Plus	Benefit accrues annually	Based on market competitiveness.		X X	Retention.

Component	Compensation Period	Plan Determination	Short-Term	Long-Term	Objectives
VARIABLE (at risk)					
MIP (non-equity incentive plan)	1 year	Cash bonus based on combination of operational and individual performance.	X		Rewards the individual's contribution to the performance of the business unit and the Corporation.
Stock options: ➢ 2007, 2009 and 2011 Stock Option Plans No future options available to be granted under these Stock Option Plans ➢ 2013 Stock Option Plan	5-year term with options vesting 1/3 after 2 years from date of grant, 1/3 after 3 years and 1/3 after 4 years	Awarded annually, based on individual performance and responsibilities.		X X	Rewards contribution to long-term performance of the Corporation. Retention. Creates incentive to enhance shareholder value.

Component	Compensation Period	Plan Determination	Short-Term	Long-Term	Objectives
RSUP	Vests over 3 years	Awarded annually, based on individual performance and responsibilities.		X	Rewards contribution to long-term performance of the Corporation. Retention. Creates incentive to enhance shareholder value.
MSOP	Vests over 5 years	Awarded annually, based on MIP award.		X	Rewards performance and promotes share ownership. Retention.
E-DSUP	Vests over 5 years	Awarded annually, based on a percentage of annual base salary.		X	Retention.
PSUP ➢ Up to 2009	Vests over 5 years	Awarded annually, based on a percentage of annual base salary subject to the attainment of individual objectives.		X	Rewards performance and creates incentive to enhance shareholder value.
➢ Since 2010	Vests over 3 years	Units awarded annually, based on a percentage of annual base salary. Actual number of units at vesting date adjusted to reflect EPS growth since date of grant.		X	Increased incentive to enhance shareholder value. Retention.

7.6.1 Base Salary

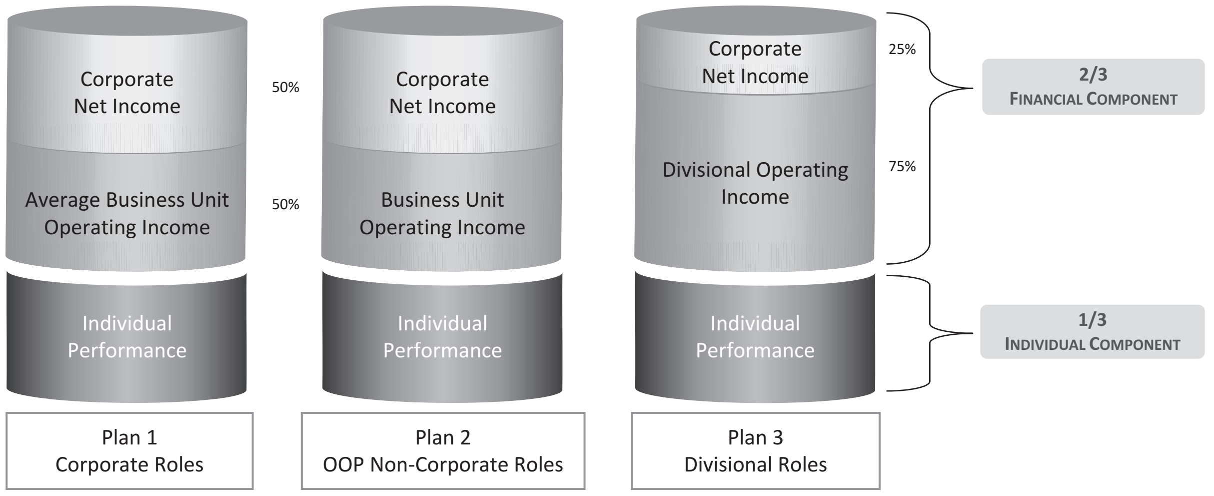
Executive salaries are targeted to align with the median of the Comparator Group. These salaries are established by comparing competitive benchmark positions within the Comparator Group. Individual base salaries take into account experience, responsibilities and skills. The NEOs are compensated in accordance with the Executive Compensation Policy. The total compensation for executives and the President and CEO is reviewed by the HR Committee during the first quarter of each calendar year.

7.6.2 MIP

The objective of the MIP is designed to provide performance-related rewards to key employees who make a significant contribution to the success of the Corporation. It also rewards those participants who reach strategic milestones and short-term operational goals. The MIP is linked to the Corporation, Business Unit (BU), and/or Divisional operational performance as well as individual performance. All awards made under the MIP are paid in cash.

In 2012, the HR Committee changed the operational performance weighting for members in corporate roles. The new operational performance factor for these members is calculated using the overall corporate income results and the average business unit operating income weighted 50% each.

The MIP is comprised of 3 plans designed to recognize different contributions to results:



In any given year, depending on performance, the calculated award paid varies from zero to twice the target bonus as outlined in the following table:

	Below Threshold	Target MIP Award as a % of Base Salary	Maximum Bonus[1] as a % of Base Salary (twice the target bonus)
President and CEO	0%	100%	200%
Executive Vice-President and CFO, NEOs responsible for certain corporate services	0%	60%	120%
NEOs (other than the Executive Vice-President and CFO and NEOs responsible for certain corporate services) and other members of the Office of the President	0%	60%	120%
Members of the Management Committee and other executives and key employees	0%	15% to 35%	30% to 70%

Note:

(1) The calculated award may be increased or decreased to take into consideration special circumstances based on recommendations by the President and CEO and subject to approval by the HR Committee and the Board.

Assuming target performance is achieved, target MIP awards are positioned to provide key employees with median target total cash compensation when compared to the Comparator Group. MIP awards also affect the value of payments under the MSOP.

On an annual basis, the Board approves financial objectives and thresholds at which no bonus, target bonus (i.e. between 15% and 100% of base salary), and maximum bonus (twice the target bonus) will be paid under the MIP.

7.6.2.1 Retention Measures

In light of all the changes that took place in 2012, the Corporation granted the following awards to members participating in the MIP and selected key employees as retention measures. These measures do not apply to the members of the Office of the President.

- The Corporation guaranteed 50% of the financial results factor for members participating in the MIP. This meant that should the budgeted financial targets not be met, 1/3 of the target bonus (representing 50% of the financial component) will be guaranteed. If employees met expectations on their individual performance, they also received 1/3 of their target bonus for 2012. Therefore, with the guarantee of 50% of the financial component, they received a minimum of 2/3 of their target bonus for 2012, provided that the individual performance met expectations.
- In addition, MIP-eligible employees also received a special cash bonus equivalent to one-half of their 2012 MIP target representing a value of $15.3 million for the Corporation. This special cash bonus was paid in mid-December 2012.
- Certain measures were put in place for key employees in the form of cash awards and RSU grants. A total of 47 key employees received RSU grants at a value of 50% of their annual base salary, and 8 key employees received a cash award equal to 50% of their annual base salary. These measures were considered successful as no key employees left the Corporation since receiving the cash awards or RSU grants.

7.6.2.2 2012 MIP Objectives

Financial Component

For 2012, the overall corporate financial objectives and results were as follows:

	Threshold	Target	Maximum	2012 Actual Results
Corporate Net Income (in '000s)	$354,935	$417,570	$480,206	$309,530

Financial objectives of the divisions have not been disclosed as the Corporation has over 50 divisions. By disclosing the threshold, target and maximum financial objectives of each division, the Corporation would be divulging sensitive information to its competitors. Such information would highlight the Corporation's detailed business strategy and would reveal in which markets the Corporation has chosen to focus.

The Corporation's reward philosophy rests substantially on the achievement of an adequate return to shareholders. As such, the operational performance factor carries more weight.

The Corporation's net income for 2012 was $309.5 million, falling short of the overall company threshold of $354.9 million. As a result, the overall company results factor was 0 for the purpose of calculating the 2012 MIP awards.

If minimum financial targets of the overall Corporation and/or the specific business unit for which the executive is responsible are not achieved, no bonuses are paid for operational performance. Bonuses are paid at up to twice the target percentage when all performance measures corresponding to the maximum targets are achieved or surpassed. Proportionate bonus amounts are paid for intermediate results.

Individual Component

The individual performance of each NEO is determined based on the achievement of personal objectives. Each NEO is assessed on 5 competencies and has personal objectives that support the Corporation's strategic pillars.

Strategic Pillars	Competencies
• Operational Excellence • Stronger Relationships with Customers • Geographical Diversification and Growth of Markets and Services • Attract and Retain Talent • Financial Strength • Corporate Social Responsibility	• Business Excellence • Client Focus • People Focus • Growth and Change • Social Responsibility

The HR Committee assesses the individual performance of the President and CEO, while the President and CEO evaluates the individual performance of the other NEOs and other members of the Office of the President based on the above criteria. An overall score ranging from 1 to 5 is assigned and then used to determine the individual performance multiplier to calculate the MIP award.

Mr. Robert Card received a guaranteed MIP for 2012 of $225,000.

Mr. Gilles Laramée received a MIP award of $161,300 representing 55% of target. The overall corporate results were not attained. However, as mentioned above, the average business unit results are factored in at a 50% weighting, resulting in an operational multiplier of 0.32.

Mr. James Burke received a MIP award of $74,600 representing 33% of target. The amount represents the individual performance, as the overall Corporation results and his business unit results were not attained. In addition to this amount, he received a special incentive payment of $185,000 in December 2012 for retention purposes.

Mrs. Darleen Caron received a MIP award of $203,600 representing 89% of target. The overall corporate results were not attained. However, as mentioned above, the average business unit results are factored in at a 50% weighting, resulting in an operational multiplier of 0.32.

Mr. Patrick Lamarre received a guaranteed MIP for 2012 of $341,000 as the financial objectives for his business unit were exceeded, and $116,250 for the transition period in 2013.

7.6.3 Long-term Incentive Compensation

7.6.3.1 PSUP

The purpose of the PSUP is to align executive compensation with the long-term objectives of the Corporation. The value of units paid out is a function of the Corporation's share price and the number of units granted is adjusted on the vesting date by a multiplier that is based on 3-year cumulative EPS growth. No cash payment is made before the vesting date, which increases the level of compensation directly linked to long-term (3-year) performance.

Grant date value	• 25% - 37.5% of annual base salary; 75% of annual base salary for the President and CEO • For the purposes of determining the number of PSUs granted, each PSU is attributed a notional value equivalent to the greater of either the average closing price of the Corporation's shares for the 5 business days following the date of grant, or the closing price of the Corporation's shares on the 5th business day following the date of grant. This methodology is consistent with the approach used when granting E-DSUs
Vesting date	• PSUs fully vest at the end of the 3rd calendar year following the date of grant
Value of vested units	• At the vesting date, the number of units granted shall be adjusted by a payout multiplier based on the 3-year cumulative growth of EPS • The redemption price is based on the average closing price per share at the vesting date and the 4 trading days preceding such date
Termination provisions	• In the event of death, retirement (defined as age 55 with 10 years of service), long-term disability, or termination without cause by the Corporation, all granted PSUs vest immediately. However, no payment shall be made until the vesting date • In the event of voluntary termination of employment by the participant, or in the event of termination with cause, PSUs will expire immediately on the date of termination • In the event of termination of employment by the Corporation or resignation by the participant related to a change of control, PSUs fully vest and the maximum payout multiplier shall apply

For 2012, the Board approved the granting of PSUs to 11 members of the Office of the President, including the NEOs, who received PSUs valued at 37.5% of base salary.

The following table illustrates the minimum required 3-year cumulative EPS value needed to reach the multiplier of 0.5, 1.5 or 2.0:

	3-year cumulative EPS required to attain			
Year of Grant	Threshold (0.50 Multiplier)	Target (1.5 Multiplier)	Maximum (2.00 Multiplier)	Cumulative as at December 31, 2012
	0% Annualized EPS Growth	7.5% Annualized EPS Growth	15% Annualized EPS Growth	
2010	$7.83	$9.07	$10.42	$7.54
2011	$8.94	$10.34	$11.90	$4.56
2012	$7.54	$8.72	$10.03	$2.05

The first possible payout under the PSUP occurs in March 2013. The payment is based on 3-year cumulative EPS growth as at December 31, 2012. The 3-year cumulative EPS value as at December 31, 2012 was $7.54, falling short of the threshold of EPS $7.83. As a result, no payments were made to the members of the Office of the President under the 2010 PSUP grant and all units that vested in 2012 will be cancelled.

7.6.3.2 RSUP

RSUs were introduced in 2010. RSUs are typically granted on an annual basis to key employees, and vest over a 3-year period. They are granted to reward contribution to long-term performance of the Corporation and create an incentive to enhance shareholder value. On an annual basis, each member of the Office of the President makes recommendations for the granting of RSUs to key employees in his/her business unit(s). These recommendations are then reviewed by the President and CEO and submitted to the Board of Directors for approval.

In 2012, RSUs were granted to members of the Office of the President due to an insufficient stock option pool. RSUs were granted to maintain long-term incentives in line with the Executive Compensation Policy. In the case of Mr. Card, the RSUs were granted as part of his employment agreement.

A total of 5 NEOs received RSUs in 2012. For more information regarding RSUs granted in 2012 refer to Section 8.6 – "Compensation of NEOs" of this Management Proxy Circular.

7.6.3.3 Stock Options

Stock options are granted on an annual basis to key employees, including the NEOs. They are granted to reward contribution to the long-term performance of the Corporation and create an incentive to enhance shareholder value. As part of its review of the total compensation of the President and CEO and other executives of the Corporation, the Board of Directors approves stock option grants for the President and CEO and members of the Office of the President. On an annual basis, each member of the Office of the President makes recommendations for the granting of stock options to key employees in his/her business unit(s). These recommendations are then reviewed by the President and CEO and submitted to the Board of Directors for approval.

On March 8, 2013, subject to the approval required from certain regulatory authorities and from the Corporation's shareholders, the Board of Directors of the Corporation adopted the 2013 Plan. The 2013 Plan is outlined in Section 2.5 of this Management Proxy Circular. For more information regarding the 2007, 2009 and 2011 Stock Option Plans, refer to Schedule D of this Management Proxy Circular.

The following table presents information concerning stock options granted over the last 5 years, totalling 6,212,895.

	2008	2009	2010	2011	2012
Number of Stock Options Granted	1,382,500	1,426,795	1,110,500	1,119,200	1,173,900
Number of Employees who were Granted Stock Options	537	566	279	300	198
Number of Stock Options Outstanding as at Year End	4,319,100	5,073,954	5,126,117	5,357,515	5,363,600
Average Weighted Exercise Price of Stock Options Outstanding	$34.48	$35.57	$40.61	$44.57	$44.19
Number of Stock Options Granted as a % of Outstanding Shares	0.92%	0.94%	0.74%	0.74%	0.78%
Number of Stock Options Exercised	827,920	538,393	902,465	820,216	210,140

In 2012, a total of 1,090 employees received either stock options or RSUs. These plans reflect the Corporation's desire to reward the contribution of key employees to the long-term performance of the Corporation and create an incentive to enhance shareholder value. The Stock Option Plan is reserved for employees at the executive level.

Specifically, the number of options granted by the Board of Directors in 2012 under the 2011 Stock Option Plan can be broken down as follows:

Date of Grant	Number of Employees Granted Options	Number of Options Granted	Exercise Price at which Options were Granted
May 11, 2012 (2011 Stock Option Plan)	198	1,173,900	$37.04 per Common Share
TOTAL:	**198**	**1,173,900**	

The total number of options exercised in 2012 under the 2009, 2007 and 2004 Stock Option Plans is as follows:

Number of Optionees Having Exercised Options	Number of Stock Options Exercised	Exercise Price
2009 Stock Option Plan		
36 employees	8,534	$37.53
2007 Stock Option Plan		
59 employees	45,565	$31.59
1 employee	2,500	$37.17
29 employees	43,874	$37.64
8 employees	5,167	$46.29
Total	**97,106**	
2004 Stock Option Plan		
22 employees	64,500	$29.20
1 employee	5,000	$32.05
33 employees	35,000	$32.50
Total	**104,500**	
GRAND TOTAL	**210,140**	

The following table presents information concerning securities authorized for issuance under the Corporation's equity compensation plans as at March 11, 2013.

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
Equity compensation plans approved by Security holders (1)	4,981,152	$44.41	191,400 (2)
Equity compensation plans not approved by Security holders	-	-	-
Total	4,981,152	$44.41	191,400

Notes:

(1) Stock options remain outstanding pursuant to the 2007, 2009 and 2011 Stock Option Plans. At the Meeting, shareholders will be asked to adopt a resolution (the full text of which is reproduced in Section 2.5 of this Management Proxy Circular) to approve the 2013 Plan. No stock options have been issued pursuant to the 2013 Plan. For additional information regarding the 2013 Plan, please refer to Section 2.5 of this Management Proxy Circular.

(2) All securities remaining available for future issuance under the 2007 and 2009 Stock Option Plans were transferred to the 2011 Stock Option Plan upon the adoption thereof. Should the 2013 Plan be approved at the Meeting, all securities remaining available for future issuance under the 2011 Stock Option Plan (including those transferred from the 2007 and 2009 Stock Option Plans) will be transferred to the 2013 Plan.

7.6.3.4 E-DSUP

Grant date value	• 25%-37.5% of annual base salary; 75% of annual base salary for the President and CEO • For the purposes of determining the number of E-DSUs granted, each E-DSU is attributed a notional value equivalent to the greater of either the average closing price of the Corporation's shares over the 5 business days following the E-DSU grant date, or the closing price of the Corporation's shares on the 5th business day following the E-DSU grant date. This methodology is consistent with the approach used when granting PSUs
Vesting schedule	• E-DSUs vest at a rate of 20% per year in respect of each grant and on each anniversary of such grant
Value of vested units	• For the purpose of redemption, the value of an E-DSU is equivalent to the average of the closing price per share on the date 1 year following the participant's last day of employment, and on the last trading day of each of the 12 weeks preceding 1 year following the participant's last day of employment. A 12-week average is used to lessen the impact of potential share price fluctuations
Termination provisions	• In the event of death, retirement, voluntary termination due to long-term disability, or termination without cause by the Corporation, all E-DSUs vest immediately • In the event of voluntary termination of employment, unvested E-DSUs expire on the date of termination. In the event of termination of employment with cause, vested and unvested E-DSUs expire on the date of termination • Vested E-DSUs will be redeemed for cash within 30 days after 1 year following the participant's last day of employment. In the event the participant's last day of employment was in December, the deemed date of termination of employment shall be December 1st • In the event of termination of employment by the Corporation or resignation by the participant due to a change of control, all E-DSUs vest immediately

The Corporation's E-DSUP is intended to increase the alignment between the interests of participants and shareholders as the redemption price for vested units is based on the Corporation's share price. The plan also includes a retention component as units granted do not fully vest until 5 years from the date of grant.

For 2012, the Board approved the granting of E-DSUs to 11 members of the Office of the President, including the NEOs who received E-DSUs valued at 37.5% of base salary.

7.6.3.5 MSOP

The MSOP offers key executives an additional opportunity to increase their participation in the shareholding of the Corporation and thereby align their interests with those of shareholders. Through the MSOP, the Board encourages its executives to develop and implement business strategies that will increase shareholder value. In addition, the MSOP aims to retain those executives who make an important contribution to the success of the Corporation.

In a calendar year, the MSOP allows selected participants to contribute 25% of their gross bonus payment under the MIP towards the purchase of Common Shares of the Corporation. The Corporation will make, in equal instalments over a period of 5 years, a total contribution equal to the participant's contribution, which will be used to purchase Common Shares of the Corporation, provided that during this time, the participant remains an employee of the Corporation and does not sell the underlying Common Shares. Subject to the foregoing limitation, a participant can sell shares in the MSOP at any time; however, if this occurs prior to the 5 equal instalments having been made by the Corporation, these future employer contributions are forfeited.

In 2012, 10 members of the Office of the President, including the NEOs, participated in the MSOP.

7.6.3.6 ESOP

The ESOP is a voluntary share purchase plan available to the vast majority of Canadian employees, as well as to employees in a number of business units outside Canada. It provides for a matching contribution by the Corporation of 35% (paid in 2 instalments over a 2-year period), on employee contributions of up to 10% of base salary. As at December 31, 2012, approximately 7,500 employees were participants in the ESOP compared to 6,600 as at December 31, 2011. Through this plan, these employees held

5,414,978 shares representing approximately 3.6% of all Common Shares outstanding as at December 31, 2012. This plan emphasizes the Corporation's belief that share ownership by employees contributes to the Corporation's success.

7.6.4 Retirement Programs

The NEOs participate in either the EMRIP, which provides benefits on a defined benefit basis, or the Harvest Plus, which provides benefits on a defined contribution basis.

7.6.4.1 EMRIP

The EMRIP was closed to new entrants, effective January 1, 2002. At that time, and from time to time thereafter, existing members had the opportunity to transfer the value of their accrued benefits to the Harvest Plus.

As at December 31, 2012, the EMRIP had 6 active members and 49 retirees. The EMRIP provides for retirement benefits of up to 2% for each year of service (to a maximum of 60%) multiplied by final average earnings (average of the annual base salary over the 3 consecutive years of highest earnings in the last 10 years of employment). The plan is a registered defined benefit pension plan and provides retirement benefits up to the allowable limit under the Income Tax Act (Canada). Retirement benefits in excess of the allowable limit are provided through a supplemental arrangement. As at December 31, 2012, 2 of the NEOs were members of the EMRIP.

The retirement pension is payable at normal retirement age (65). Should the executive retire between the ages of 62 and 65, no early retirement reduction applies; for retirement between the ages of 60 and 62, the retirement pension is reduced by 0.5% per month prior to age 62; for retirement between the ages of 55 and 60, an actuarial reduction is applied to the retirement pension for the periods before age 60 and 0.5% per month prior to age 62.

The credited years of service under the EMRIP as at December 31, 2012 (and projected to age 65) for Mr. Laramée were 21.8 (34.8). As for Mr. Duhaime, the credited years of service as at December 31, 2012 (and projected to age 60 as per his departure arrangements) were 13.8 (15.3). Certain NEOs also have credited years of service in prior plans.

DEFINED BENEFIT PLAN TABLE[1]

		Annual Benefits Payable[2] $ (c)					
Name (a)	Number of Years of Credited Service (#) (b)	At Year End (c1)	At Age 65 (c2)	Opening present value of defined benefit obligation[3] $ (d)	Compensatory Change[4] $ (e)	Non-compensatory Change[5] $ (f)	Closing present value of defined benefit obligation [6] $ (g)
Pierre Duhaime [7]	13.8	$219,600	$245,700	$3,865,200	$207,000	-$374,900	$3,697,300
Gilles Laramée	21.8	$175,900	$294,000	$3,812,300	$30,900	-$464,600	$3,378,600

Notes:

(1) The amounts shown include pension benefits payable under the EMRIP and the Supplemental Arrangement.
(2) The amounts shown are based on current compensation and credited service to date or age 65.
(3) The accrued obligation is the value of the projected pension earned for the service up to December 31, 2011.
(4) The compensatory change is the value of the projected pension earned for the period from January 1, 2012 to December 31, 2012 including any differences between actual and estimated earnings.
(5) Non-compensatory changes in the obligation in 2012 include all items that are not compensatory such as interest on the accrued obligation at the start of the year, changes in assumptions, and other experienced gains and losses. In 2012, the salary increase assumption has been revised from 6.0% to 3.5%, resulting in a significant reduction of the accrued benefit obligation (i.e. the value of the projected pension estimated is reduced according to lower future salaries). As mentioned above, other elements are included in the "non-compensatory change", but the major negative impact is essentially explained by the salary increase assumption.
(6) The accrued obligation is the value of the projected pension earned for service up to December 31, 2012. This amount increases with age and is significantly impacted by changes in the discount interest rate.
(7) As per the termination of employment and the terms of the departure arrangement with Mr. Duhaime, all results in this table are as at December 31, 2012 and reflect the following assumptions:
  - credited service until the end of his severance period on June 27, 2014; and
  - retirement at age 60 (at the end of his severance).

  The impact of those assumption changes is included in the non-compensatory change element, as a consequence of his departure.

7.6.4.2 Harvest Plus

The Harvest Plus was implemented January 1, 2002 as a result of the closing of the EMRIP. It provides benefits on a defined contribution basis in excess of the maximum contributions permitted under the Income Tax Act (Canada) made in respect of participating NEOs under the Harvest, which is a group registered retirement savings plan/deferred profit-sharing plan available to all employees. As at December 31, 2012, 4 of the NEOs participated in the Harvest Plus.

The Corporation contributes 20% of the participating NEO's annual base salary to the Harvest. Contributions in excess of the maximum allowed under the *Income Tax Act* (Canada) are credited to a notional account under the Harvest Plus, 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 instalments paid over a period of 5 or 10 years, at the participant's option.

The following NEOs currently participate in the Harvest Plus:

Name (a)	Accumulated Value at Start of Year $ (b)	Compensatory[1] $ (c)	Accumulated Value at Year End $ (d)
Robert G. Card [2]	$0	$41,500	$41,500
James Burke	$536,100	$74,000	$659,700
Darleen Caron	$73,200	$75,800	$158,100
Patrick Lamarre	$458,200	$83,600	$582,200

Notes:
(1) Includes the Corporation's contributions to Mr. Card, Mr. Burke and Mrs. Caron's notional accounts under the Harvest Plus and contributions to their Harvest accounts, except for Mr. Card who does not participate in the Harvest.
(2) The amount that appears in column (c) was paid as a taxable allowance.

7.6.5 Benefits and Perquisites

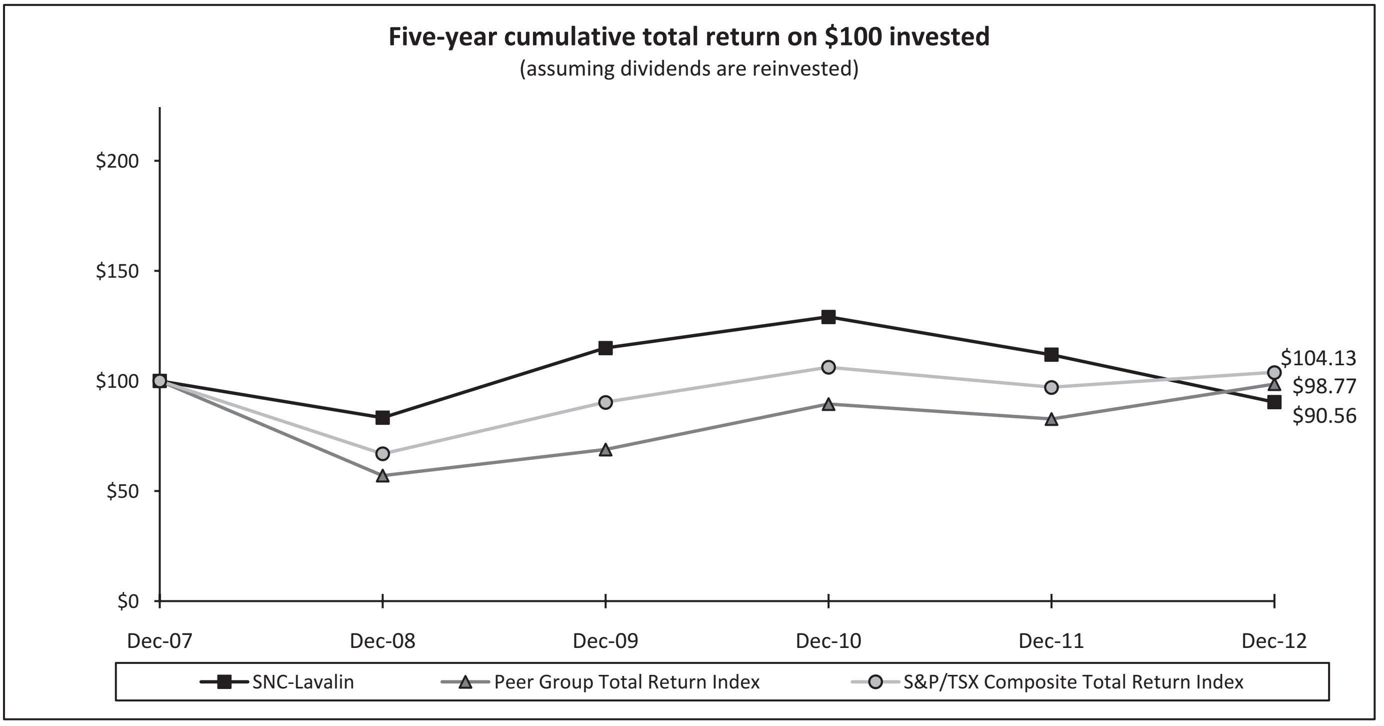
The Corporation's executive employee benefit program includes life, medical, dental and disability insurance. Perquisites consist of an automobile allowance and reimbursement for club memberships and medical and financial services. Such benefits and perquisites are designed to be competitive overall with equivalent positions in comparable Canadian organizations and are reviewed periodically by the HR Committee. The Corporation does not have a corporate aircraft and tax gross-ups are not provided to executives.

7.7 Executive Employment Agreement

Mr. Card entered into an Executive Employment Agreement with the Corporation when he became President and CEO on October 1, 2012. The Agreement covers the various aspects of his duties, including interaction with the Board. More specifically, it covers subjects such as compensation components, termination of employment, non-solicitation, and confidentiality. The other NEOs are not covered by a written employment agreement.

7.8 Performance Graphs

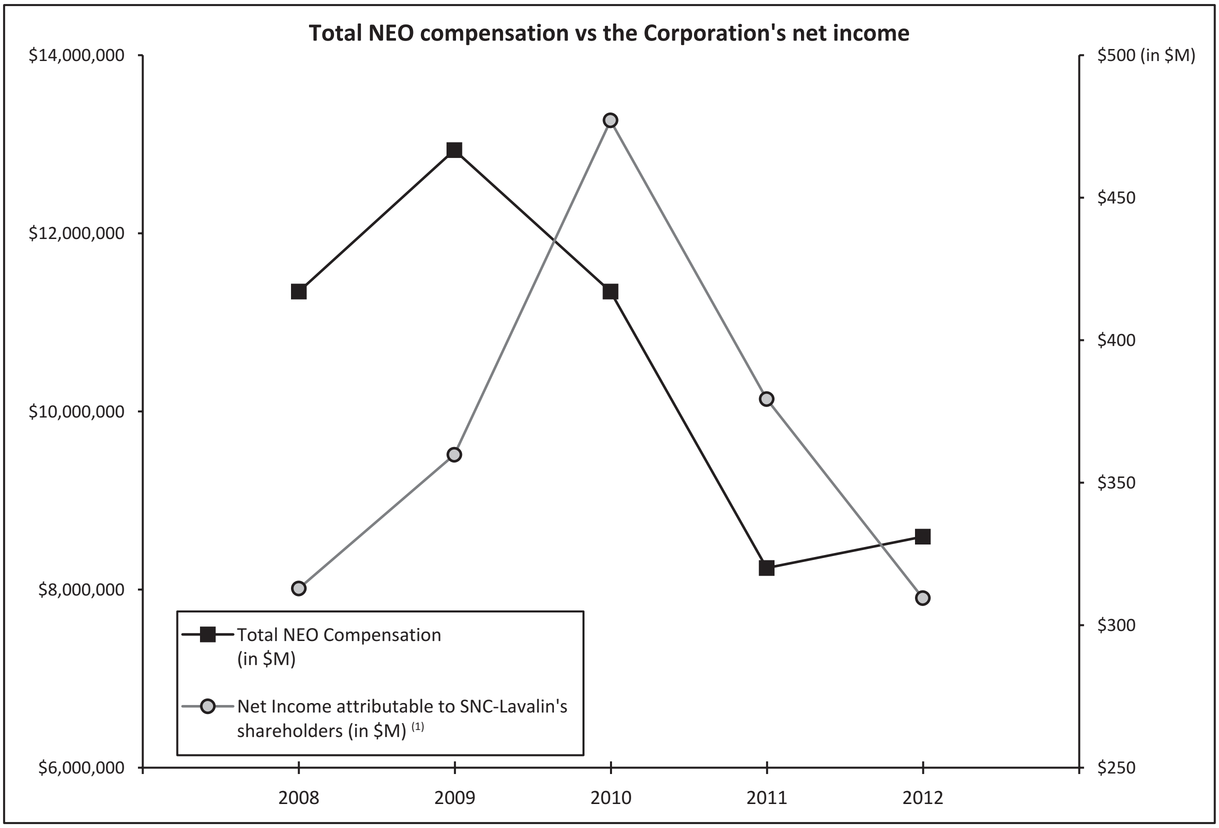
The graph indicates a $100 investment at December 31, 2007 in the Corporation's shares, in the S&P/TSX Composite Total Return Index and in an index composed of a peer group of engineering-construction companies, which includes: AECOM Technology Corp., AMEC plc, Fluor Corporation, Foster Wheeler Corporation, Jacobs Engineering Group Inc., Technip S.A., URS Corporation and WorleyParsons Limited. For calculation purposes, a weighted-average based on market capitalization of each company in the peer group was used.



Financial Years	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12
SNC-Lavalin	100.00	83.32	115.02	129.09	112.06	90.56
Peer Group Total Return Index	100.00	57.17	69.02	89.55	82.95	98.77
S&P/TSX Composite Total Return Index	100.00	67.00	90.48	106.41	97.14	104.13
Value of $100 invested on December 31, 2007 (assumes dividends are reinvested)						

The next performance graph illustrates the trend in the total compensation of the NEOs over the same 5-year period as the preceding graph.

In 2012, NEO compensation increased while the Corporation's net income decreased. The increase in the NEO compensation was significant due to initial equity grants that Mr. Card received upon joining the Corporation. The graph below indicates a slight increase in the total NEO compensation as the initial equity grants that the President and CEO received upon joining the Corporation were excluded to normalize NEO compensation.



Financial Years	2008	2009	2010	2011	2012
Total NEO Compensation (in $M)	$11,330,395	$12,917,436	$11,332,592	$8,229,087	$8,581,283[2]
Net Income attributable to SNC-Lavalin's shareholders (in $M) [1]	$313	$359	$477	$379	$309

Note:

(1) 2008 and 2009 net income was prepared in accordance with prevailing Canadian Generally Accepted Accounting Principles (''**GAAP**''), while 2010 to 2012 net income was prepared in accordance with International Financial Reporting Standards (''**IFRS**'') which have been adopted in Canada.

(2) The total NEO Compensation for 2012 excludes the initial equity grant that the President and CEO received upon joining the corporation.

This graph illustrates how in 2008 and 2009, the Corporation's pay-for-performance philosophy was implemented as the Corporation's net income increased as did NEO compensation. In 2010, although the Corporation's net income continued to increase, NEO compensation decreased due to the transition of President and CEO, which took place in May 2009. In 2011, the Corporation's net income decreased as did the total NEO compensation.

The total NEO compensation for 2012 includes: the compensation for the previous President and CEO from January 1, 2012 to March 25, 2012, the Director, Vice-Chairman and Interim CEO from March 25, 2012 to October 1, 2012 and the President and CEO from October 1, 2012 to December 31, 2012, as well as the other NEOs as indicated in Section 7 – "Introduction" of this Management Proxy Circular. As illustrated in the graph above, the Corporation's net income for 2012 decreased and NEO compensation slightly increased from 2011. In 2011, the decrease in total NEO Compensation was significant because the President and CEO did not receive PSUs and E-DSUs, and did not receive a MIP award.

For each year shown, total NEO compensation is based on the compensation of the NEOs as reported in the Corporation's Management Proxy Circulars filed with the Canadian securities commissions across Canada and available on SEDAR (**www.sedar.com**).

Section 8 EXECUTIVE COMPENSATION DISCLOSURE

The Named Executive Officers are:

Robert G. Card, President and CEO
Ian A. Bourne, Director, Vice-Chairman and Former Interim CEO
Pierre Duhaime, Former President and CEO
Gilles Laramée, Executive Vice-President and CFO
James Burke, Executive Vice-President
Darleen Caron, Executive Vice-President
Patrick Lamarre, Executive Vice-President

The NEOs are members of the Office of the President. In 2012, the following appointments were made to the Office of the President:

- On February 9, 2012, Charles Chebl was appointed Executive Vice-President of the Infrastructure and Construction business unit.
- On March 25, 2012, Ian A. Bourne was appointed Vice-Chairman and Interim CEO.
- On May 3, 2012, Réjean Goulet was appointed Executive Vice-President and General Counsel.
- On October 1, 2012, Robert G. Card was appointed President and CEO.
- On October 1, 2012, Dale Clarke was appointed Executive Vice-President of the Global Mining and Metallurgy business unit.
- On December 4, 2012, Ric Sorbo was appointed acting Executive Vice-President of the Hydrocarbons and Chemicals business unit

8.1 Summary Compensation Table

For Summary Compensation Tables related to previous years, please refer to the Corporation's Management Proxy Circulars filed with the Canadian securities commissions and available on SEDAR (**www.sedar.com**).

The following table sets forth, for the fiscal years ended December 31, 2012, December 31, 2011 and December 31, 2010, the compensation paid by the Corporation to the NEOs for services rendered in all capacities:

2012 SUMMARY COMPENSATION TABLE(1)

Name and principal position	Year	Salary ($)	Share-based Awards ($)	Option-based Awards(2) ($)	Non-equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compensation(4) ($)	Total Compensation ($)
					Annual Incentive Plans(3)	Long-term Incentive Plans			
(a)	(b)	(c)	(d)	(e)	(f1)	(f2)	(g)	(h)	(i)
Robert G. Card(5) President and CEO	2012	$225,000	$5,883,000	-	$ 225,000	-	$ 41,500	$ 56,258	$6,430,758
	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
Ian A. Bourne(6) Director, Vice-Chairman and Former Interim CEO	2012	-	-	-	-	-	-	-	-
	2011	-	-	-	-	-	-	-	-
	2010	-	-	-	-	-	-	-	-
Pierre Duhaime(7) Former President and CEO	2012	$511,815	$ 119,900	$ 0	$ 0	-	$207,000	$870,069(8)	$1,708,784
	2011	$950,000	$ 146,600	$ 880,000	$ 0	-	$631,600	$ 86,621	$2,694,821
	2010	$800,000	$1,295,350	$1,161,750	$1,116,000	-	$329,400	$ 85,695	$4,788,195
Gilles Laramée Executive Vice-President and CFO	2012	$490,000	$ 442,200	$ 294,000	$ 161,300	-	$ 30,900	$ 15,679	$1,434,079
	2011	$490,000	$ 448,440	$ 294,000	$ 0	-	$456,400	$ 13,896	$1,702,736
	2010	$420,000	$ 388,250	$ 371,760	$ 473,800	-	$171,700	$ 13,299	$1,838,809
James Burke(9) Executive Vice-President	2012	$370,151	$ 340,270	$ 215,622	$ 259,600	-	$ 74,000	$ 8,796	$1,268,439
	2011	$359,370	$ 335,215	$ 266,200	$ 36,700	-	$ 71,700	$ 4,988	$1,074,173
	2010	$332,750	$ 298,787	$ 371,760	$ 299,500	-	$ 66,300	$ 4,128	$1,373,225
Darleen Caron Executive Vice-President	2012	$379,800	$ 303,760	$ 288,000	$ 203,600	-	$ 75,800	$ 3,115	$1,254,075
	2011	$360,009	$ 270,000	$ 136,920	$ 90,000	-	$ 72,000	-	$ 928,929
	2010	-	$ 700,000	$ 147,241	-	-	-	$250,000	$1,097,241
Patrick Lamarre(10) Executive Vice-President	2012	$421,759	$ 66,820	$ 290,400	$ 341,000	-	$ 83,600	$400,153	$1,603,732
	2011	$363,000	$ 432,834	$ 264,000	$ 254,900	-	$ 72,300	$ 3,263	$1,390,297
	2010	$330,000	$ 281,900	$ 371,760	$ 368,300	-	$ 65,700	$ 3,034	$1,420,694

Notes:
(1) Reconciliation Table

Column	Terms Used In Security Legislation and in Table Above	Terms Used in this Management Proxy Circular
(c)	Salary	Base Salary
(d)	Share-based Awards	E-DSUs, PSUs, RSUs and MSOP
(e)	Option-based Awards	Stock Options
(f1)	Annual Incentive Plans	MIP
(f2)	Long-term Incentive Plans	Not applicable
(g)	Pension Value	Compensatory Change as defined in section 7.6.4.1 ''EMRIP'' and section 7.6.4.2 "Harvest Plus'' of this Management Proxy Circular
(h)	All Other Compensation	Benefits and perquisites (where the aggregate value exceeds the lower of $50,000 or 10% of base salary); employer contribution to the ESOP; total value of amounts paid in 2012 pursuant to the departure arrangement for Mr. Duhaime and the total value of the departure arrangement for Mr. Lamarre; and make-whole payment

(2) At the time of grant, the value of stock options awarded to each NEO was based on a percentage of salary. This value is the amount presented in the Summary Compensation Table. The number of stock options awarded was determined using the binomial lattice valuation model with a $7.85 option value. The HR Committee uses this methodology since it is applied consistently in its consultants' competitive market benchmarking. The accounting value for the purposes of financial statements is calculated using the Black-Scholes model (non-amortized). A weighted average fair value of stock options granted under the 2011 Stock Option Plan of the Corporation (described in Section 7.6.3.3 "Stock Options" of this Management Proxy Circular), in the amount of $9.39 is used. The main assumptions that were used in determining such value are described in the following table:

	Binomial Lattice	Black-Scholes
Expected dividend yield ratio	2.35%	1.5%
Expected stock price volatility	29.13%	33.62%
Expected option life	4 years	4 years
Risk-free interest rate	1.3%	1.61%

The accounting value is therefore 19.6% higher than the fair value presented in the Summary Compensation Table.

(3) Bonus amounts earned in 2012 and paid in 2013 under the MIP.

(4) This amount reflects the amounts received as executive benefits and perquisites in 2012. Each of the NEOs received benefits and perquisites of which the aggregate value was less than the lower of $50,000 or 10% of his/her respective base salary. This column also includes employer contributions to the ESOP (described in Section 7.6.3.6 "ESOP").

(5) Mr. Card is President and CEO since October 1, 2012.

- The salary of $225,000 is what he earned in 2012, and represents one-quarter of his annual base salary of $900,000.
- Share-based awards breakdown:

	E-DSU	PSU	RSU	Total
Initial Equity Award	$1,351,550	—	$2,581,450	$3,933,000
Partial Equity Award	$200,000	—	$400,000	$600,000
75% of his annual base salary (as per plan)	$675,000	$675,000	—	$1,350,000
Total	$2,226,550	$675,000	$2,981,450	$5,883,000

(6) Mr. Bourne was a Director and Vice-Chairman and also acted as Interim CEO from March 25, 2012 to October 1, 2012. The amount of $439,269 is what he earned from March 25 to October 1, 2012, and represents an annual base salary of $950,000. While Mr. Bourne qualifies as an NEO due to his temporary role as acting Interim CEO, given an agreement, he was remunerated in his capacity as Vice-Chairman and Director. For further details on his remuneration, please refer to table 4.12 of this Management Proxy Circular.

(7) Mr. Duhaime was President and CEO from January 1, 2012 to March 25, 2012, and remained on the payroll as an employee of the Corporation until June 27, 2012. The salary of $511,815 represents the amount Mr. Duhaime earned from January 1, 2012 to March 25, 2012 during which he was President and CEO as well as the amount Mr. Duhaime earned as a non-officer employee from March 26, 2012 to June 27, 2012.

(8) This amount reflects all other compensation paid to Mr. Duhaime in 2012, of which an amount of $30,086 was paid to Mr. Duhaime in June 2012 as part of the Corporation's ESOP. For additional information relating to Mr. Duhaime's departure arrangements, please refer to Section 8.6.1 of this Management Proxy Circular. In addition, as announced on December 13, 2012, the Board of Directors decided to suspend the payments provided for under Mr. Duhaime's departure arrangements. Until the facts surrounding Mr. Duhaime's situation are clarified or resolved, the payments under these arrangements will be held separately. For additional information regarding these payments, please refer to Section 8.6.1 of this Management Proxy Circular.

(9) Mr. Burke received a special incentive paid in December 2012 in the amount of $185,000, in addition to the MIP paid in March 2013 for 2012 in the amount of $74,600.

(10) Mr. Lamarre resigned as an officer of the Corporation effective January 18, 2013. The 2012 amount in column (h) includes the ESOP portion of $3,600 and the total value of his departure arrangement less the guaranteed MIP of $341,000 for 2012 found in column F1 of the Summary Compensation table. For more details regarding his departure arrangement, please refer to the table below.

Transition Arrangement Components	**Value**
Salary Continuance (from January 17, 2013 to June 1, 2013)	$174,823
Benefits and Perquisites	$15,655
MIP	$116,250
MSOP	$50,810
ESOP	$4,050
Harvest Plus	$34,965
Total Value	**$396,553**

8.2 Equity-based Incentives Granted

8.2.1 E-DSUs and PSUs for 2012

On March 8, 2013, E-DSUs and PSUs were granted to 4 of the NEOs for the 2012 fiscal year under the Corporation's E-DSUP and PSUP. In addition, E-DSUs were granted in November 2012 to the President and CEO as part of his employment agreement:

Name	Value(1)(2)	
	E-DSUs	PSUs
Robert G. Card (3)	$2,226,550	$675,000
Gilles Laramée	$183,750	$183,750
James Burke	$140,000	$140,000
Darleen Caron	$144,500	$144,500
Patrick Lamarre (4)	-	-

Notes:

(1) For the purposes of determining the number of E-DSUs and PSUs granted, each E-DSU and PSU is attributed a notional value equivalent to the greater of either the average closing price of the Corporation's Common Shares over the 5 business days following the E-DSU and PSU grant date or the closing price of the Corporation's Common Shares on the 5th business day following the E-DSU and PSU grant date.

(2) The value of the E-DSUs and PSUs granted is calculated based on a maximum of up to 37.5% of the participant's annual base salary.

(3) Mr. Card received E-DSUs with a value of 2,226,550. This amount includes:

- an initial equity award of E-DSUs with a value of 1,351,550;
- a partial year equity award of E-DSUs with a value of $200,000;
- E-DSUs with a value of $675,000, representing 75% of his annual base salary granted in March 2013 for year 2012.

(4) Mr. Lamarre resigned as an officer of the Corporation on January 18, 2013 and, as such, he did not receive any E-DSUs or PSUs.

8.2.2 Option-based and Share-based Awards

The following table contains information concerning stock options granted under the Corporation's 2011 Stock Option Plan to the NEOs during the 2012 fiscal year.

Name	Number of Securities Under Options Granted	Date of Grant	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Security)	Expiration Date
Robert G. Card	-	-	-	-	-
Gilles Laramée	35,200	May 3, 2012	3.0%	$37.04	May 11, 2017
James Burke	25,800	May 3, 2012	2.2%	$37.04	May 11, 2017
Darleen Caron	34,400	May 3, 2012	2.9%	$37.04	May 11, 2017
Patrick Lamarre	34,700	May 3, 2012	3.0%	$37.04	May 11, 2017

8.3 Outstanding Share-based Awards and Option-based Awards

The following table sets forth information with respect to the NEOs concerning unexercised stock options, PSUs and E-DSUs held as at December 31, 2012.

	Option-based Awards					Share-based Awards		
Name	**Date of Grant**	**Number of securities Underlying unexercised options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In-the-money Options (1) ($)**	**Number of PSUs, E-DSUs and RSUs that have not vested (#)**	**Market or payout value of share-based awards that have not vested (2) ($)**	**Market or payout value of vested share-based awards not paid out or distributed (2) ($)**
Robert G. Card						98,204	$3,959,586	$0
Total		**0**			**$0**	**98,204**	**$3,959,586**	**$0**
Gilles Laramée	March 6, 2008	24,000	$46.29	March 15, 2013	$0	17,135	$690,884	$3,835,561
	March 6, 2009	18,000	$31.59	March 16, 2014	$157,140			
	May 7, 2009	6,000	$37.53	May 15, 2014	$16,740			
	March 5, 2010	24,000	$52.40	March 15, 2015	$0			
	May 5, 2011	25,800	$54.07	May 13, 2016	$0			
	May 3, 2012	35,200	$37.04	May 11, 2017	$115,456			
Total		**133,000**			**$289,336**	**17,135**	**$690,884**	**$3,835,561**
James Burke	March 6, 2008	24,000	$46.29	March 15, 2013	$0	13,956	$562,706	$278,691
	March 6, 2009	18,000	$31.59	March 16, 2014	$157,140			
	May 7, 2009	6,000	$37.53	May 15, 2014	$16,740			
	March 5, 2010	24,000	$52.40	March 15, 2015	$0			
	May 5, 2011	23,300	$54.07	May 13, 2016	$0			
	May 3, 2012	25,800	$37.04	May 11, 2017	$84,624			
Total		**121,100**			**$258,504**	**13,956**	**$562,706**	**$278,691**
Darleen Caron	December 13, 2010	12,000	$57.07	December 21, 2015	$0	14,883	$600,082	$68,988
	May 5, 2011	12,000	$54.07	May 13, 2016	$0			
	May 3, 2012	34,400	$37.04	May 11, 2017	$112,832			
Total		**58,400**			**$112,832**	**14,883**	**$600,082**	**$68,988**
Patrick Lamarre(3)	March 6, 2008	24,000	$46.29	March 15, 2013	$0	16,177	$652,256	$297,441
	March 6, 2009	18,000	$31.59	March 16, 2014	$157,140			
	May 7, 2009	6,000	$37.53	May 15, 2014	$16,740			
	March 5, 2010	24,000	$52.40	March 15, 2015	$0			
	May 5, 2011	23,100	$54.07	May 13, 2016	$0			
	May 3, 2012	34,700	$37.04	May 11, 2017	$113,816			
Total		**129,800**			**$287,696**	**16,177**	**$652,256**	**$297,441**

Notes:

(1) This amount is calculated based on the difference between the closing share price of $40.32 on December 31, 2012 and the option exercise price.

(2) This amount is calculated based on the closing share price of $40.32 on December 31, 2012 for the RSUs, and PSUs granted prior to 2010. For PSUs granted since 2010, the vested value was calculated based on to the 3-year cumulative EPS as described in Section 7.6.3.1.

(3) Upon his resignation as an Officer of the Corporation, Mr. Lamarre was able to exercise stock options that vested in accordance with the plan.

8.4 Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides the dollar value which would have been realized had stock options granted to NEOs on May 4, 2007, March 6, 2008, March 6, 2009, under the 2007 Stock Option Plan and May 7, 2009 under the 2009 Stock Option Plan, and which vested during the 2012 fiscal year been exercised on the vesting date. It also provides the dollar value of the portion of E-DSUs and PSUs as at the date they vested during the 2012 fiscal year and the MIP award paid relative to 2012 performance.

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) ($)
Robert G. Card(4)	-	$0	$225,000
Pierre Duhaime	$46,260	$356,860	$0
Gilles Laramée	$46,260	$245,475	$161,300
James Burke(5)	$46,260	$118,566	$259,600
Darleen Caron	$0	$49,190	$203,600
Patrick Lamarre(6)	$46,260	$139,581	$341,000

Notes:

(1) Based on a closing share price of $39.60 for options that vested on March 15, 2012, $39.30 for options that vested on March 16, 2012 and $36.54 for options that vested on May 15, 2012.

(2) Based on a closing share price, on the vesting date, of $40.00 for PSUs that vested on March 2, 2012 and $40.32 for E-DSUs that vested on December 31, 2012. For PSUs granted since 2010, the vested value was calculated based on the 3-year cumulative EPS as described in Section 7.6.3.1.
(3) Bonus earned in the year under the MIP.
(4) Mr. Card received a guaranteed MIP payout of $225,000 as per his employment agreement.
(5) Mr. Burke received a special incentive paid in December 2012 of $185,000. This amount is in addition to the MIP paid in 2013 for 2012 of $74,600.
(6) Mr. Lamarre received a guaranteed MIP payout of $341,000 as part of his departure arrangement.

The following table shows the value of gains realized following the exercise of stock options in 2012 and 2011 for the NEOs.

Name	Stock Option Gains Realized Upon Exercise	
	2012	2011
Robert G. Card	$0	$0
Pierre Duhaime	$0	$464,321
Gilles Laramée	$0	$514,160
James Burke	$0	$145,600
Darleen Caron	$0	$0
Patrick Lamarre	$0	$535,000

8.5 Termination, Change of Control and Retirement

8.5.1 Termination of Employment

An individual employment agreement is in place for the President and CEO (see Section 7.7 of this Management Proxy Circular). In the event of termination of employment initiated by the Corporation for reasons other than cause, the agreement stipulates that any amounts payable would be determined in accordance with the President and CEO's employment agreement. The amounts payable are as follows:

(i) A severance allowance of 24 months of the President and CEO's Annual Base Salary at the rate in effect at the time of termination.
(ii) Two (2) times his annual target bonus under the Management Incentive Plan.
(iii) The target annual bonus under the Management Incentive Plan for the year of termination, prorated for the period of employment in that year.
(iv) Two (2) years accrual of benefits under the Harvest Plus Retirement Savings Program.

No individual written employment agreements were entered into with the other NEOs. In the event of termination of their employment initiated by the Corporation for reasons other than cause, any amounts payable would be determined in accordance with applicable law.

8.5.2 Change of Control

The Corporation has a double-trigger change of control agreement in place for the President and CEO and members of the Office of the President. In the event of involuntary termination of employment within the 24-month period following a change of control of the Corporation, the following conditions will apply to the President and CEO and the other NEOs.

Severance	Benefits and Perquisites	MIP	Stock Options	MSOP	ESOP	PSUP (Former Plan)	PSUP and E-DSUP	RSUP
2 times the sum of the annual base salary plus the average of the last 2 bonuses paid under the MIP.	Pension benefits continue to accrue for 2 years plus a lump-sum payment representing the value of perquisites for a 2-year severance period.	The target annual bonus for the year will be paid as a lump sum, prorated for the period of employment in that year.	All granted, unvested options fully vest and can be exercised in accordance with the terms of the respective stock option plan. Any stock ownership requirements are suspended.	Future contributions required to be made under the terms of the Program, but not yet made, are accelerated in order for all outstanding matching contributions to be paid by the Corporation.	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 Corporation.	All granted PSUs fully vest and are redeemable for cash within 3 months at the redemption price in accordance with the Plan provisions. Any stock ownership requirements are suspended.	All granted PSUs and E-DSUs fully vest and are redeemable for cash in accordance with the Plan provisions. For purpose of the PSUP, the maximum payout multiplier is used.	All granted RSUs are redeemable for cash in accordance with the plan provisions.

The following table describes and sets out the incremental amounts which would have been payable had a change of control of the Corporation occurred on December 31, 2012 and resulted in involuntary termination of employment initiated by the Corporation.

Change of Control(1)	Robert G. Card	Gilles Laramée	James Burke	Darleen Caron
Severance	$3,600,000	$1,453,800	$1,081,998	$859,548
Benefits and Perquisites	$500,183	$409,800	$207,082	$212,082
MIP	$900,000	$294,000	$223,739	$230,864
Non-vested Stock Options(2)	$0	$173,416	$142,584	$112,832
MSOP	$0	$127,070	$96,765	$18,000
ESOP	$0	$26,897	$20,110	$12,114
Value of Non-vested RSUs	$2,607,535	$11,088	$8,467	$177,166
Value of Non-vested PSUs	$0	$406,668	$343,527	$245,952
Value of Non-vested E-DSUs	$1,352,051	$273,128	$210,712	$176,964
Total Incremental Payment	$8,959,769	$3,175,867	$2,334,985	$2,045,523

Notes:

(1) Mr. Lamarre resigned as an Officer of the Corporation effective January 18, 2013 and, as such, is not presented in the Change of Control table.

(2) This amount is calculated based on the difference between the closing share price of $40.32 on December 31, 2012 and the option exercise price ($46.29 in the case of stock options granted in 2008; $31.59 in the case of stock options granted in March 2009; $37.53 in the case of stock options granted in May 2009; $52.40 in the case of stock options granted in March 2010; and $54.07 in the case of stock options granted in May 2011).

8.5.3 Retirement

In the event of retirement (as defined in the Corporation's policies), all granted PSUs and E-DSUs vest and are redeemable for cash in accordance with the provisions of the plans. The following table sets out the incremental amounts which would have been payable under the plans had retirement occurred on December 31, 2012.

Retirement	Value of Non-vested PSUs	Value of Non-vested E-DSUs	Value of Non-vested RSUs	Total Incremental Payment
Robert G. Card (1)	$0	$1,352,051	$2,607,535	$3,959,586
Pierre Duhaime	$534,522	$425,497	$0	$960,019
Gilles Laramée	$406,668	$273,128	$11,088	$690,884
James Burke	$343,527	$210,712	$8,467	$562,706
Darleen Caron	$245,952	$176,964	$177,166	$600,082
Patrick Lamarre	$342,316	$298,852	$11,088	$652,256

Notes:

(1) For Mr. Card, as per his employment agreement, retirement means the termination of the President and CEO's employment upon attaining the age of 65 and completing 5 consecutive years of service with the Corporation.

8.6 Compensation of NEOs

8.6.1 President and CEO Compensation

Mr. Pierre Duhaime was President and CEO from January 1, 2012 to March 25, 2012. The terms of Mr. Duhaime's departure arrangements were disclosed in detail in the Management Proxy Circular of the Corporation dated March 26, 2012 at Section 8.1.1 thereof. The aggregate financial terms of the arrangement represent approximately $5 million. Mr. Duhaime remained on the payroll until June 27, 2012. On December 13, 2012, the Board of Directors decided to suspend the payments provided for under Mr. Duhaime's departure arrangements. Until the facts surrounding Mr. Duhaime's situation are clarified or resolved, the payments under these arrangements will be held separately. The amounts not paid were transferred into an escrow account on December 24, 2012.

The payments made to Mr. Duhaime in 2012 were as follows:

	Payments made in 2012				
	January 1 to March 25, 2012	March 26 to June 27, 2012	June 28 to December 12, 2012	December 13 to December 31, 2012(1)	Total
Base Salary	$256,045	$255,770	$401,924	$36,539	$950,277
Perquisites	$17,390	$16,511	$10,559	$3,388	$47,849
MIP			$427,500		$427,500
MSOP		$119,900			$119,900
ESOP		$30,086			$30,086
Total	$273,435	$422,267	$839,983	$39,927	$1,575,612

Note:
(1) Payments made in an escrow account.

Mr. Ian Bourne, Director and Vice-Chairman of the Board of Directors, served as acting Interim CEO from March 25, 2012 to October 1, 2012. For details on his total remuneration earned, see Section 4.12 of this Management Proxy Circular.

Mr. Robert G. Card joined the Corporation as President and CEO on October 1, 2012. Mr. Card's compensation package as President and CEO was established in accordance with the Executive Compensation Policy of the Corporation as described in Section 7.1 of this Management Proxy Circular and approved by the Board of Directors.

Mr. Card's annual base salary was established at $900,000. The maximum payout under the MIP is 200% of his annual base salary. For 2012, Mr. Card received a MIP payout of $225,000 representing his target bonus for 3 months. This amount was guaranteed as per his employment agreement.

As per Mr. Card's employment agreement, he received special RSU and E-DSU grants to compensate for the loss of benefits upon resignation from his former employment. The value of the special RSU grant is $2,581,450 which shall vest at the end of a 3-year period, and the value of the special E-DSU grant is $1,351,550 which will vest over a 5-year period. In addition, for the 3 months worked in 2012, Mr. Card received partial-year RSU and E-DSU grants representing a value of $400,000 and $200,000, respectively.

As part of his employment agreement, Mr. Card is also allowed an annual budget of $50,000 for perquisites, which includes a fixed annual car allowance of $20,500.

8.6.2 Other NEOs Compensation

Gilles Laramée

Executive Vice-President and CFO

Age: 52
Joined SNC-Lavalin in 1986

Gilles Laramée is a chartered accountant with more than 25 years of experience in business acquisitions, corporate and project financing, financial reporting and controls, independent auditing, investment, and asset management and taxation. He has a Bachelor of Business Administration, with a major in Public Accounting from the University of Montreal's School of Business Administration (HEC), and has completed the Advanced Management Program at Harvard University. He is also a Fellow of the Order of Chartered Accountants of Quebec.

In his 25 years with SNC-Lavalin, Mr. Laramée has occupied increasingly senior positions including Senior Accountant; Analyst, Reporting and Control; Chief Accountant; Assistant Treasurer; Treasurer; Senior Vice-President; Controller; and since 1999, Executive Vice-President and CFO. As such, he has played a key role in many aspects of the Company's financial operations. Included under Mr. Laramée's responsibilities are Infrastructure Concession Investments under SNC-Lavalin Capital, Administration, Finance, Investor Relations, Mergers & Acquisitions, Risk & Insurance, Taxation and Treasury.

As announced on December 13, 2012, Mr. Laramée has assumed responsibility for a new business unit as Executive Vice-President Infrastructure, Concessions, and Investments, and will continue as CFO until his replacement has been recruited.

Three-Year Compensation 2010 - 2012

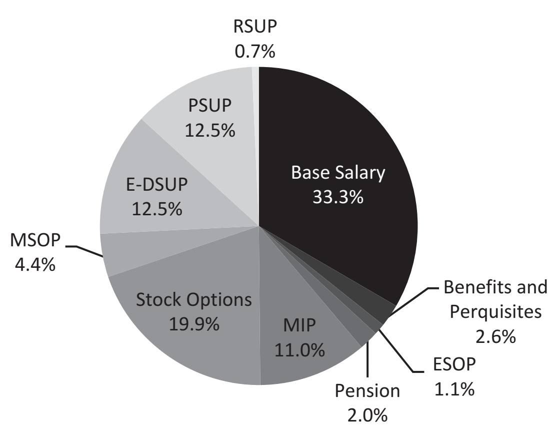
		Proportion	Salary Components	2012	2011	2010
Fixed Compensation						
	Short Term	33.3%	Base Salary	$490,000	$490,000	$420,000
		2.6%	Benefits and Perquisites (1)	$37,894	$33,573	$31,324
	Long Term	1.1%	ESOP	$15,679	$13,896	$13,299
		2.0%	Pension Value (2)	$30,900	$456,400	$171,700
	Total Fixed	**39.0%**		**$574,473**	**$993,869**	**$636,323**
Variable Compensation						
At Risk – Cash Award	**Short Term**	11.0%	Incentive Plan Compensation (3)	$161,300	$0	$473,800
		0.0%	PSUP (Cash Award) (4)	N/A	N/A	N/A
At Risk – Equity Award	**Long Term**	19.9%	Stock Options (5)	$294,000	$294,000	$371,760
		4.4%	MSOP (6)	$64,440	$80,940	$73,250
		12.5%	E-DSUP (7)	$183,750	$183,750	$157,500
		12.5%	PSUP (Value of Granted Units) (4)	$183,750	$183,750	$157,500
		0.7%	RSUP(8)	$10,260	-	-
	Total Variable	**61.0%**		**$897,500**	**$742,440**	**$1,233,810**
	Total Compensation	**100.0%**		**$1,471,973**	**$1,736,309**	**$1,870,133**

Aggregate Holding of E-DSUs, PSUs, RSUs and Stock Options

	E-DSUs (9)		PSUs (Prior to 2010) (10)		PSUs (Since 2010) (11)		RSUs (12)	
	Vested	Non-Vested	Vested	Non-Vested	Vested	Non-Vested	Vested	Non-Vested
Number (#)	3,771	6,774	91,357	2,261	2,720	7,825	0	275
Value ($)	$152,047	$273,128	$3,683,514	$91,164	$0	$315,504	$0	$11,088

	Stock Options (13)	
	Exercisable	Unexercisable
Number (#)	48,000	85,000
Value ($)	115,920	$173,416

2012 Salary Components Proportion



James Burke

Executive Vice-President, Airports, Mass Transit, Railways, Ports and Marine

Age: 57
Joined SNC-Lavalin in 1995

James Burke is Executive Vice-President of the Infrastructure Business Unit. He has global responsibility for all mass transit, railway, ports and marine, airport projects, and directs all infrastructure, road/highway, and bridge projects for SNC-Lavalin in Central and Western North America.

Mr. Burke was appointed Senior Vice-President and General Manager of Transportation and General Engineering in 2002, and was promoted to the Office of the President in 2008. In his 18 years with SNC-Lavalin, Mr. Burke has played a key role in building up and establishing SNC-Lavalin's reputation in Canada, with high-profile projects such as the Canada Line, the William R. Bennett Bridge, the Calgary West LRT, and the South East Stoney Trail.

Mr. Burke has a Bachelor of Science in Electrical Engineering from the University of Calgary, and is a member of the Association of Professional Engineers and Geoscientists of British Columbia. He is also a member of the Board of Directors of the Canadian Council of Public-Private-Partnerships, and AltaLink Management.

Three-Year Compensation 2010 - 2012

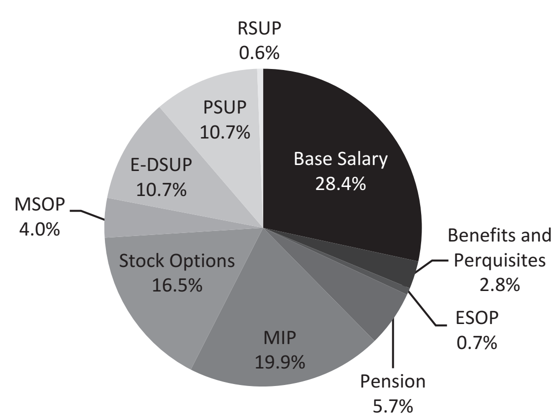
		Proportion	Salary Components	2012	2011	2010
Fixed Compensation						
	Short Term	28.4%	Base Salary	$370,151	$359,370	$332,750
		2.8%	Benefits and Perquisites [1]	$36,830	$27,648	$13,846
	Long Term	0.7%	ESOP	$8,796	$4,988	$4,128
		5.7%	Pension Value [2]	$74,000	$71,700	$66,300
	Total Fixed	**37.5%**		**$489,777**	**$463,706**	**$417,024**
Variable Compensation						
At Risk – Cash Award	**Short Term**	19.9%	Incentive Plan Compensation [3]	$259,600	$36,700	$299,500
		0.0%	PSUP (Cash Award) [4]	N/A	N/A	N/A
At Risk – Equity Award	**Long Term**	16.5%	Stock Options [5]	$215,622	$266,200	$371,760
		4.0%	MSOP [6]	$52,435	$57,700	$49,225
		10.7%	E-DSUP [7]	$140,000	$142,751	$124,781
		10.7%	PSUP (Value of Granted Units) [4]	$140,000	$134,764	$124,781
		0.6%	RSUP[8]	$7,835	-	-
	Total Variable	**62.5%**		**$815,492**	**$638,115**	**$970,047**
	Total Compensation	**100.0%**		**$1,305,269**	**$1,101,821**	**$1,387,071**

Aggregate Holding of E-DSUs, PSUs, RSUs and Stock Options

	E-DSUs [9]		PSUs (Prior to 2010) [10]		PSUs (Since 2010) [11]		RSUs [12]	
	Vested	Non-Vested	Vested	Non-Vested	Vested	Non-Vested	Vested	Non-Vested
Number (#)	2,995	5,226	3,917	2,612	2,165	5,908	0	210
Value ($)	$120,758	$210,712	$157,933	$105,316	$0	$238,211	$0	$8,467

	Stock Options [13]	
	Exercisable	Unexercisable
Number (#)	48,000	73,100
Value ($)	$115,920	$142,584

2012 Salary Components Proportion



Darleen Caron was appointed to the new position of Executive Vice-President, Global Human Resources, and named a member of the Office of the President in December 2010. Prior to SNC-Lavalin, Mrs. Caron was employed at Dow Chemical, a US-based multinational company, where she was Vice-President, Human Capital Planning and Development. Previously at Dow, she was responsible for all operational Human Resources matters for the firm's five geographic regions.

Darleen brings more than 24 years of experience in Human Resources from multinational companies such as ABB and Alcan. Over the course of her career, she has been the Vice-President, Human Resources in various business units and geographic regions, and at the corporate level in North America and Europe. She has expertise in talent and leadership development, strategic workforce planning, acquisitions and health, safety and environment.

Mrs. Caron has a Bachelor, Business Administration from UQÀM.

Darleen Caron

Executive Vice-President

Global Human Resources

Age: 48
Joined SNC-Lavalin in 2010

Three-Year Compensation 2010 - 2012

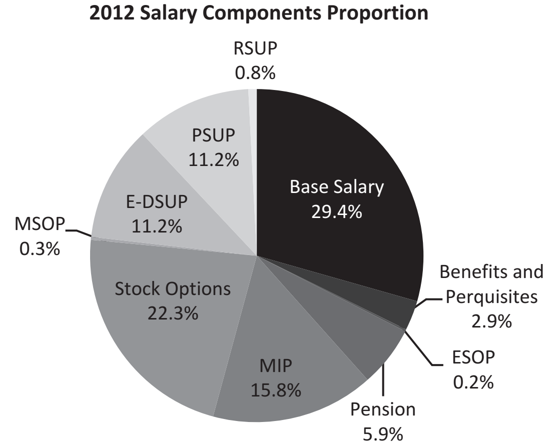
		Proportion	Salary Components	2012	2011	2010
Fixed Compensation						
	Short Term	29.4%	Base Salary	\$379,800	\$360,009	-
		2.9%	Benefits and Perquisites (1)	\$37,581	\$28,733	-
	Long Term	0.2%	ESOP	\$3,115	-	-
		5.9%	Pension Value (2)	\$75,800	\$72,000	-
	Total Fixed	**38.4%**		**\$496,296**	**\$460,742**	**-**
Variable Compensation						
At Risk – Cash Award	**Short Term**	15.8%	Incentive Plan Compensation (3)	\$203,600	\$90,000	\$250,000 (3a)
		0.0%	PSUP (Cash Award) (4)	N/A	N/A	N/A
At Risk – Equity Award	**Long Term**	22.3%	Stock Options (5)	\$288,000	\$136,920	\$147,241
		0.3%	MSOP (6)	\$4,500	-	-
		11.2%	E-DSUP (7)	\$144,500	\$135,000	-
		11.2%	PSUP (Value of Granted Units) (4)	\$144,500	\$135,000	-
		0.8%	RSUP(8)	\$10,260	-	\$700,000
	Total Variable	**61.6%**		**\$795,360**	**\$496,920**	**\$1,097,241**
	Total Compensation	**100.0%**		**\$1,291,656**	**\$957,662**	**\$1,097,241**

Aggregate Holding of E-DSUs, PSUs, RSUs and Stock Options

	E-DSUs (9)		PSUs (Prior to 2010)(10)		PSUs (Since 2010)(11)		RSUs (12)	
	Vested	Non-Vested	Vested	Non-Vested	Vested	Non-Vested	Vested	Non-Vested
Number (#)	1,711	4,389	-	-	0	6,100	0	4,394
Value (\$)	\$68,988	\$176,964	-	-	\$0	\$245,952	\$0	\$177,166

	Stock Options (13)	
	Exercisable	Unexercisable
Number (#)	4,000	54,400
Value (\$)	\$0	\$112,832

2012 Salary Components Proportion



Notes:

(1) This amount represents the employer contribution with respect to executive benefit programs and perquisites.

(2) This amount represents the compensatory change as calculated for the purpose of the Summary Compensation Table in Section 8.1 of this Management Proxy Circular.

(3) The MIP is described in Section 7.6.2.

(3a) Represents a make-whole payment as part of Mrs. Caron's employment agreement in 2010.

(4) The PSUP is described in Section 7.6.3.1.

(5) This amount represents the value of the stock options at the time of grant, using the Black-Scholes option-pricing model (non-amortized) in accordance with the accounting treatment.

(6) The MSOP is described in Section 7.6.3.5.

(7) The E-DSUP is described in Section 7.6.3.4.

(8) The RSUP is described in Section 7.6.3.2.

(9) The E-DSUs were valued using the price of $40.32 for a Common Share of the Corporation as at December 31, 2012.

(10) The PSUs granted prior to 2010 were valued using the price of $40.32 for a Common Share of the Corporation as at December 31, 2012.

(11) The PSUs granted since 2010 were valued using the price of $40.32 for a Common Share of the Corporation as at December 31, 2012 for non-vested PSUs. For vested PSUs they were valued according to the 3-year cumulative EPS as described in Section 7.6.3.1. The units that vested in 2012 will be cancelled.

(12) The RSUs granted in 2012 were valued using the price of $40.32 for a Common Share of the Corporation as at December 31, 2012.

(13) The stock options were valued using the difference between the closing share price of $40.32 on December 31, 2012 and the option exercise price.

The following table indicates the total compensation for the NEOs including Mr. Duhaime, Mr. Bourne and Mr. Card, as well as the total compensation as a percentage of operating income before taxes and as a percentage of shareholder equity:

	Total Compensation[1] for Named Executive Officers[2]	**Total Compensation for Named Executive Officers as a % of Operating Income Before Taxes**	**Total Compensation for Named Executive Officers as a % of Shareholder Equity**
2012	$8,581,283	2.3%	0.4%
2011	$8,229,087	1.7%	0.4%
Change	$352,196	0.6%	0.0%

Notes:

(1) Total compensation consists of fixed and variable compensation of the NEOs and excludes the initial equity grants that the President and CEO received upon joining the Corporation and only includes compensation paid to Mr. Duhaime from January 1, 2012 to March 25, 2012.

(2) For each year shown, compensation for NEOs is based on the compensation of the NEOs as reported in the Corporation's Management Proxy Circular filed with the Canadian Securities Commissions and available on SEDAR (**www.sedar.com**).

8.7 Approval of the Report on Executive Compensation

It is the responsibility and duty of the HR Committee to determine, in accordance with the Executive Compensation Policy noted above, the principles for establishing specific compensation levels for the NEOs and other key executives. In carrying out these duties, the Committee reviews the compensation plans, programs and policies, approves objectives for the President and CEO and members of the Office of the President, monitors their performance and compensation and makes appropriate recommendations to the Board of Directors.

The HR Committee has reviewed and approved the remuneration of executive officers as described under Sections 7 and 8 of this Management Proxy Circular. The HR Committee was appointed by the Board of Directors and is composed of Directors who meet the legislative and regulatory standards governing independence, and none of whom have any indebtedness towards the Corporation.

Section 9 GENERAL AND ADDITIONAL INFORMATION

9.1 Indebtedness of Directors and Officers

As of December 31, 2012, there was no indebtedness of current or former Directors, officers or employees of the Corporation or its subsidiaries, whether entered into in connection with the purchase of Common Shares of the Corporation or otherwise.

9.2 Additional Information

Financial information is provided in the Corporation's annual and quarterly financial statements and annual and quarterly MD&A. The Corporation 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 AIF with the various securities commissions in such provinces. The Corporation's most recent AIF, audited financial statements, MD&A, quarterly financial statements and quarterly MD&A subsequent to the audited financial statements, and Management Proxy Circular may be viewed on the Corporation's website (**www.snclavalin.com**) and on SEDAR (**www.sedar.com**) under the name of SNC-Lavalin Group Inc., and paper copies may be obtained on request from the Vice-President and Corporate Secretary of the Corporation. The Corporation 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 Corporation, unless the Corporation 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.

9.3 Approval of Directors

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

9.4 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.

ARDEN R. FURLOTTE (*signed*)
Vice-President and Corporate Secretary

Montreal, Quebec, March 11, 2013

Schedule A

BOARD OF DIRECTORS' MANDATE

The Board of Directors is responsible for supervising the management of the Corporation's business and its affairs. It has the statutory authority and obligation to protect and enhance the assets of the Corporation in the interest of all of its shareholders.

Although Directors may be elected by the shareholders to bring a special expertise 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.

The involvement and commitment of Directors is evidenced by regular Board and Committee attendance, preparation and active participation in setting goals, and requiring performance in the interest of shareholders.

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

The Board may establish, seek the advice of, and delegate responsibilities to Committees of the Board. Committees undertake detailed examination of specific aspects of the Corporation as outlined in their mandates. They provide a smaller, more intimate forum than full Board meetings and are designed to be more conducive to exhaustive and forthright discussion. Committees analyze in depth 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 reserves the right to oversee, review and approve Committee activity.

The Board has established the following standing Committees:

- Audit Committee;
- Governance Committee;
- Health & Safety, Security and Environment Committee;
- Human Resources Committee; and
- Project Review Committee.

The members of the above-mentioned standing Committees must be Directors who are "independent" (as this word is defined in the Corporate Governance Handbook at Tab 3, Section 1).

The Board may delegate certain tasks to its Committees. The Board's principal duties fall into the following 8 categories.

1. BOARD ORGANIZATION AND SELECTION, RETENTION AND SUCCESSION OF MANAGEMENT

a) Subject to the Articles and By-Laws of the Corporation, the Board manages its own affairs, including planning its size and composition, 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 and duties of its Committees, determining Board compensation, assessing the performance of the Board, Board Committees, Chairman of the Board and individual Directors and monitoring Board succession planning process.

b) The Board has responsibility for the appointment and replacement of the CEO, for monitoring and assessing CEO performance, and for approving CEO compensation.

c) The Board has the responsibility for approving the appointment and replacement of the members of the Office of the President as well as all corporate officers, acting upon the advice of the CEO, and for monitoring management succession planning process.

d) The Board has responsibility for monitoring and assessing the performance of the members of the Office of the President and approving their compensation.

e) The Board shall provide an orientation and induction program for new Directors and shall encourage and provide opportunities for all Directors to continually update their skills as well as their knowledge of the Corporation, its business and its senior management.

2. STRATEGIC OVERSIGHT

a) The Board has the responsibility to participate 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 shall, among other assessment processes, evaluate 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 has the responsibility to ensure congruence between shareholders' expectations, the Corporation's plans and management performance.

c) The Board holds a special meeting with management to review the Corporation's annual strategic plan with senior management prior to the commencement of each year and to approve the plan. The plan shall take into account, among other things, the opportunities and risks of the Corporation's business.

3. RISK EVALUATION

The Board shall ensure that the principal risks of the Corporation are identified and that the measures to mitigate and manage such risks are implemented. The Board shall discuss the measures management has taken to mitigate or manage such risks.

4. MONITORING AND ACTING

a) The Board has the responsibility to monitor the Corporation's progress towards its goals, and to revise and alter its direction in light of changing circumstances. At every regularly scheduled meeting, the Board shall review recent developments, if any, that impact upon 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 constraints on the Corporation's business.

b) The Board has the responsibility to provide advice and counsel to the CEO, and to take action when performance falls short of its goals or other special circumstances warrant.

c) The Board monitors the general application of the corporate governance practices described in the Corporation's Corporate Governance Handbook and reviews the updates that may be required to be made from time to time to the main mandates, policies and procedures contained in such Handbook.

5. POLICIES AND PROCEDURES

a) The Board has the responsibility to approve and monitor compliance with all significant policies and procedures by which the Corporation is operated, including the Environmental Policy and the Global Health and Safety Policy. In particular, the Environmental Committee and the Health and Safety Committee, which have been established by management, shall report to the HSS&E Committee of the Board of Directors on their respective activities once a year.

b) The Board has the particular responsibility to ensure that the Corporation operates at all times within applicable laws and regulations, and ethical and moral standards.

c) The Board has responsibility for updating and monitoring compliance with the Corporation's written Code of Ethics, granting any waivers from compliance for Directors and officers and causing disclosure of any such waivers to be made in the Corporation's next quarterly report, including the circumstances and rationale for granting the waiver.

6. DISCLOSURE TO SHAREHOLDERS AND OTHERS

a) The Board has responsibility for ensuring 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.

b) The Board has responsibility for ensuring 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.

c) The Board is responsible for reviewing and approving the Corporation's annual information forms and management proxy circulars as well as prospectuses and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities.

d) In relation to communications with shareholders, the Board is responsible for approving resolutions to call meetings of shareholders, renewing the normal course issuer bid, and reviewing and approving the general content of the documents disclosed or filed by the Corporation in relation to such meetings of shareholders.

e) The Board reviews the Corporation's communication policy governing the Corporation's communications with analysts, investors and the public.

7. FINANCIAL MATTERS AND INTERNAL CONTROLS

a) The Board is responsible for (i) reviewing and approving the Corporation's unaudited quarterly financial statements and accompanying notes, together with the related management's discussion and analysis and press release, and (ii) ensuring that the Corporation's audited annual financial statements are presented fairly and in accordance with generally accepted accounting standards and reviewing and approving such financial statements and accompanying notes, together with the related management's discussion and analysis and press release.

b) The Board approves the annual budget and the issuance of securities.

c) The Board approves the declaration of dividends.

d) The Board monitors the Corporation's internal control and management information systems.

8. GENERAL LEGAL OBLIGATIONS

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 interest of the Corporation.

c) To exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

d) To act in accordance with the *Canada Business Corporations Act*, securities, environmental and other relevant legislation and the Corporation's Articles and By-Laws.

e) 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;

   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 take-over 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.

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Schedule B

POSITION DESCRIPTIONS

Position Descriptions[1]

The Corporation's Board is led by an independent, non-management Chairman and is made up of experienced Directors, whose authority is exercised in accordance with the Corporation's Articles of Incorporation, By-Laws and Corporate Governance Handbook, the *Canada Business Corporations Act* as well as other applicable laws, regulations and rules, including those adopted by the CSA and those of the TSX, on which the Corporation's Common Shares are listed.

1. Mandate of the Chairman of the Board[2]

The Chairman of the Board's main responsibility is to lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully. The Board has adopted a formal mandate for the Chairman of the Board, which states that he is responsible for the management, development and effective performance of the Board of Directors and for providing leadership to the Board for all aspects of the Board's work. The Chairman of the Board acts as a liaison between the Board and management, which involves maintaining open communication with the Corporation's President and CEO. In consultation with the Corporation's HR Committee and the Board, the Chairman of the Board ensures that succession plans are in place at senior executive levels.

2. Mandate of the Chairmen of the Board Committees[3]

The Board has adopted general terms describing the responsibilities of the Chairmen of the Board Committees, namely those of presiding Committee meetings, and overseeing the way in which each Board Committee carries out its mandate. The Chairman of a Board Committee is required, following a meeting of such Committee, to report to the Board at the next regularly scheduled meeting of the Board.

3. Mandate of the President and CEO[4]

The Board appoints the President and CEO of the Corporation who is responsible for the management of the Corporation's business and affairs. His key responsibilities involve articulating the vision of the Corporation, focusing on creating value for shareholders, and developing and implementing a plan that is consistent with the Corporation's vision and its long-term strategy. The President and CEO is supported by the Executive Vice-Presidents of the Office of the President and a number of members of management.

The President and CEO is accountable to the Board and Board Committees and his performance is reviewed once a year by the Board. The Board has also established clear levels of authority for the President and CEO and senior management that are outlined in the Corporate Governance Handbook's Policy "Levels of Authority". The last update of this Policy took place in 2012.

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1 NI 58-101, Form 58-101F1, section 3.

2 A copy of the mandate of the Chairman of the Board is posted on the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance", a paper copy of which may also be obtained on request from the Vice-President and Corporate Secretary.

3 The general terms concerning the responsibilities of the Chairmen of the Board Committees are set out in the mandate of each Board Committee, which are posted on the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance" , a paper copy of which may be obtained on request from the Vice-President and Corporate Secretary.

4 The Board has adopted a description of the role of the President and CEO that lists his specific duties and responsibilities. A copy of the mandate of the President and CEO is posted on the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance", a paper copy of which may also be obtained on request from the Vice-President and Corporate Secretary.

Schedule C

ADVANCE NOTICE BY-LAW

BY-LAW NO. 2013-1

A BY-LAW RELATING GENERALLY TO THE ADVANCE NOTICE REQUIREMENTS FOR THE NOMINATION OF DIRECTORS OF SNC-LAVALIN GROUP INC. (the "Corporation")

INTRODUCTION

The purpose of this advance notice by-law (the "**Advance Notice By-Law**") is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper form.

It is the position of the Corporation that this Advance Notice By-Law is beneficial to shareholders and other stakeholders of the Corporation.

NOMINATIONS OF DIRECTORS

1. Subject only to the *Canada Business Corporations Act* (the "**Act**") and the articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors. Such nominations may be made in the following manner:

    a. by or at the direction of the Board, including pursuant to a notice of meeting;

    b. by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of meeting of the shareholders of the Corporation made in accordance with the provisions of the Act; or

    c. by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided below in this Advance Notice By-Law and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Advance Notice By-Law.

2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.

3. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:

    a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the "**Notice Date**") of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and

    b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

c. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:

   a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

   b. as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

   The Corporation may require any proposed director nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed director nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder of the Corporation's understanding of the independence, or lack thereof, of such proposed director nominee.

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Advance Notice By-Law; provided, however, that nothing in this Advance Notice By-Law shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of the Corporation of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

6. For purposes of this Advance Notice By-Law:

   a. "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

   b. "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province of Canada.

7. Notwithstanding any other provision of this Advance Notice By-Law, notice given to the Corporate Secretary of the Corporation may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary of the Corporation at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montreal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Advance Notice By-Law.

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Schedule D

SUMMARY OF 2007, 2009 AND 2011 STOCK OPTION PLANS

SUMMARY OF 2007 STOCK OPTION PLAN

On February 23, 2007, subject to the approval of the TSX and the Corporation's shareholders, which approvals were subsequently obtained, the Board of Directors of the Corporation adopted the 2007 Stock Option Plan (the "**2007 Plan**") in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest.

The 2007 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 2007 Plan is equal to 3,500,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 5, 2007 under previous stock option plans, totaled less than 5% of the Common Shares of the Corporation outstanding as at the same date. The Board of Directors of the Corporation shall select the optionees (the "**Optionees**") and shall establish the number of Common Shares under each option. The grant of options under the 2007 Plan shall take effect on the 6th 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 2007 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 5 trading days immediately preceding the Date of Effect; and (ii) the closing price per Common Share on the 1st trading day immediately preceding the Date of Effect. Each option may be exercised only during a period commencing on the 1st day of the 3rd year following the Date of Effect of the option and expiring on the last day of the 5th 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 1st 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 2nd 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 1st year of the Option Period; and (iii) during the 3rd 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 2007 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 of a cash dividend other than in the ordinary course of business, or a subdivision, consolidation, reclassification or other change with respect to 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.

An Optionee who is a member of the Management Committee when he/she receives options is required, in order to exercise his/her options, to have owned, throughout the 1-year period immediately preceding such exercise, Common Shares having a value at least equal to his/her annual base salary at the time of such exercise. In the case of a member of the Office of the President, the required value is at least 3 times his/her annual base salary and, in the case of the President and/or CEO, the required value is at least 6 times his/her annual base salary. The value of the Common Shares is calculated by multiplying the number of Common Shares held by the Optionee by the closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX, on the trading day immediately preceding the date on which such option is exercised.

Under the 2007 Plan, the Optionees can exercise their options before having fulfilled the above-mentioned shareholding requirements provided, however, that the following conditions are met: the after-tax benefit of the exercise (as determined by the Corporation on the basis of the difference between the sale price and the exercise price, less applicable taxes) must immediately be remitted to a custodian, who will use the amount of the benefit to purchase shares on behalf of the Optionee; these shares must be held in a separate account for the Optionee and cannot be sold or transferred until the Optionee's shareholding requirements are met.

The 2007 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2007 Plan and all other share compensation arrangements of the Corporation must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2007 and all other share compensation arrangements of the Corporation (a) to insiders, within any 1-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 1-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 2007 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 10 years of continuous service with the Corporation. 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 Corporation, as more fully described in the 2007 Plan, his/her options will terminate, effective upon his/her last day of work as a full-time regular employee of the Corporation.

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 2007 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 2007 Plan, an Optionee may exercise all or any portion of his/her options at any time after 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 Corporation; (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 Corporation; or (iii) the persons who are directors of the Corporation cease at any time to constitute a majority of the members of the Board, except in certain limited circumstances.

The 2007 Plan includes an amendment procedure pursuant to which the Board may amend the 2007 Plan or amend the terms of any then-outstanding award of options under the 2007 Plan, provided, however, that the Corporation shall obtain shareholder approval for: (i) any amendment to the number of Common Shares issuable under the 2007 Plan, except for certain adjustments in the case of changes affecting the Common Shares (“**Shares Adjustment**”); (ii) any change which would allow non-employee directors to participate under the 2007 Plan; (iii) any amendment which would permit any option granted under the 2007 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 2007 Plan reserve; (v) the addition of provisions which results in employees receiving Common Shares while no cash consideration is received by the Corporation; (vi) any reduction in the exercise price of an option after the option has been granted, except in the case of a Shares Adjustment; (vii) any extension to the term of an option beyond the original expiry date; (viii) any increase to the number of Common Shares that may be granted to insiders under the 2007 Plan and other share compensation arrangements of the Corporation, except in the case of a Shares Adjustment; (ix) the addition of any form of financial assistance for Optionees in the 2007 Plan; and (x) a change to the vesting provisions of an option or of the 2007 Plan.

On March 11, 2013, there were 1,573,158 options outstanding under the 2007 Plan, representing 1.04% of the total number of Common Shares of the Corporation outstanding (i.e. 151,349,071) on that date.

The Board may, in its sole discretion, make all other amendments to the 2007 Plan, including: (i) amendments of a “housekeeping” or clerical nature as well as any amendment clarifying any provision of the 2007 Plan; (ii) a change to the termination provisions of an option or the 2007 Plan which does not entail an extension beyond the original expiry date; (iii) any Shares Adjustment; and (iv) suspending or terminating the 2007 Plan.

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(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.

SUMMARY OF 2009 STOCK OPTION PLAN

On March 6, 2009, subject to the approval of the TSX and the Corporation's shareholders, which approvals were subsequently obtained, the Board of Directors of the Corporation adopted the 2009 Stock Option Plan (the "**2009 Plan**") in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation has an equity interest.

The 2009 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 2009 Plan is equal to 2,000,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 6, 2009 under previous stock option plans, totaled less than 5% of the Common Shares of the Corporation outstanding as at the same date. The Board of Directors of the Corporation shall select the optionees (the "**Optionees**") and shall establish the number of Common Shares under each option. The grant of options under the 2009 Plan shall take effect on the 6th 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 2009 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 5 trading days immediately preceding the Date of Effect; and (ii) the closing price per Common Share on the 1st trading day immediately preceding the Date of Effect. Each option may be exercised only during a period commencing on the 1st day of the 3rd year following the Date of Effect of the option and expiring on the last day of the 5th 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 1st 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 2nd 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 1st year of the Option Period; and (iii) during the 3rd 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 2009 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.

An Optionee who is a member of the Management Committee when he/she receives options is required, in order to exercise his/her options, to have owned, throughout the 1-year period immediately preceding such exercise, Common Shares having a value at least equal to his/her annual base salary at the time of such exercise. In the case of a member of the Office of the President, the required value is at least 3 times his/her annual base salary and, in the case of the President and/or CEO, the required value is at least 6 times his/her annual base salary. The value of the Common Shares is calculated by multiplying the number of Common Shares held by the Optionee by the closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX, on the trading day immediately preceding the date on which such option is exercised.

Under the 2009 Plan, the Optionees are precluded from exercising any options until their minimum shareholding requirements have been met.

The 2009 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2009 Plan and all other share compensation arrangements of the Corporation must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2009 and other share compensation arrangements of the Corporation (a) to insiders, within any 1-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 1-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 2009 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 10 years of continuous service with the Corporation 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 Corporation, as more fully described in the 2009 Plan, his/her options will terminate, effective upon his/her last day of work as a full-time regular employee of the Corporation.

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(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.

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 2009 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 2009 Plan, an Optionee may exercise all or any portion of his/her options at any time after 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 Corporation; (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 Corporation; or (iii) the persons who are directors of the Corporation cease at any time to constitute a majority of the members of the Board, except in certain limited circumstances.

The 2009 Plan includes an amendment procedure pursuant to which the Board may amend any of the provisions of the 2009 Plan or amend the terms of any then-outstanding award of options under the 2009 Plan, provided, however, that the Corporation shall obtain shareholder approval for: (i) any amendment to the number of Common Shares issuable under the 2009 Plan, except for adjustments in the case of a declaration of dividend, a subdivision, consolidation, reclassification, issue of rights or changes affecting the Common Shares (“**Shares Adjustment**”); (ii) any change which would allow non-employee directors to participate under the 2009 Plan; (iii) any amendment which would permit any option granted under the 2009 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 2009 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 Corporation; (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 10 trading days following the end of the period during which insiders are prohibited from trading. However, such 10 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 Corporation 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 2009 Plan and other share compensation arrangements of the Corporation 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 2009 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 2009 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 2009 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 2009 Plan.

On March 11, 2013, there were 1,300,394 options outstanding under the 2009 Plan, representing 0.86% of the total number of Common Shares of the Corporation outstanding (i.e. 151,349,071) on that date.

The Board may, subject to receipt of TSX approval, where required, in its sole discretion, make all other amendments to the 2009 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 2009 Plan; (ii) a change to the termination provisions of an option or the 2009 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 2009 Plan.

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SUMMARY OF 2011 STOCK OPTION PLAN

On March 4, 2011, subject to the approvals of the TSX and the Corporation's shareholders, which approvals were subsequently obtained, the Board of Directors of the Corporation adopted the 2011 Stock Option Plan (the "**2011 Plan**") in favour of key employees of the Corporation and its subsidiaries and other corporations in which the Corporation 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 Corporation outstanding as at the same date. The Board of Directors of the Corporation 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 6th 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 5 trading days immediately preceding the Date of Effect; and (ii) the closing price per Common Share on the 1st trading day immediately preceding the Date of Effect. Each option may be exercised only during a period commencing on the 1st day of the 3rd year following the Date of Effect of the option and expiring on the last day of the 5th 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 1st 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 2nd 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 1st year of the Option Period; and (iii) during the 3rd 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.

An Optionee who is a member of the Management Committee when he/she receives options is required, in order to exercise his/her options, to have owned, throughout the 1- year period immediately preceding such exercise, Common Shares having a value at least equal to his/her annual base salary at the time of such exercise. In the case of a member of the Office of the President, the required value is at least 3 times his/her annual base salary and, in the case of the President and/or CEO, the required value is at least 6 times his/her annual base salary. The value of the Common Shares is calculated by multiplying the number of Common Shares held by the Optionee by the closing price per Common Share for a board lot (100 Shares) of the Common Shares traded on the TSX, on the trading day immediately preceding the date on which such option is exercised.

Under the 2011 Plan, the Optionees are precluded from exercising any options until their minimum shareholding requirements have been met.

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 Corporation 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 Corporation (a) to insiders, within any 1-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 1-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 10 years of continuous service with the Corporation 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 Corporation, 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 Corporation.

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.

(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.

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 Corporation; (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 Corporation; or (iii) the persons who are directors of the Corporation 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 Corporation 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, reclassification, issue of rights or changes affecting the Common Shares (“Shares Adjustment”); (ii) any change which would allow non-employee directors to participate under the 2011 Plan; (iii) 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 Corporation; (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 10 trading days following the end of the period during which insiders are prohibited from trading. However, such 10 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 Corporation 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 Corporation 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 11, 2013, there were 2,108,600 options outstanding under the 2011 Plan, representing 1.39% of the total number of Common Shares of the Corporation outstanding (i.e. 151,349,071) 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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Schedule E

ONGOING DIRECTOR EDUCATION AND SITE VISITS

The following table provides details on the ongoing training initiatives for 2012.

TOPIC	PRESENTATION BY:	PRESENTATION Internal = I External = E	DIRECTORS PRESENT
Various Projects: Board members were provided with presentations on various global projects	Management To: Board of Directors	I	Robert G. Card Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Lorna R. Marsden Claude Mongeau Michael D. Parker Hon. Hugh D. Segal Eric D. Siegel Lawrence N. Stevenson
Global Issues and Acquisition Strategies	Management To: Board of Directors	I	Robert G. Card Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Lorna R. Marsden Claude Mongeau Michael D. Parker Hon. Hugh D. Segal Eric D. Siegel Lawrence N. Stevenson
Ethics and Compliance	Management To: Board of Directors	I	Robert G. Card Gwyn Morgan Ian A. Bourne Pierre Duhaime David Goldman Patricia A. Hammick Pierre H. Lessard Edythe A. Marcoux Lorna R. Marsden Claude Mongeau Michael D. Parker Hon. Hugh D. Segal Eric D. Siegel Lawrence N. Stevenson
Health and Safety	Senior Vice President, Global Health & Safety	I	Robert G. Card
Environmental issues and Finance	The Environmental Financial Consulting Group, New York	E	Robert G. Card
Corporation Orientation Program	Management	I	Chakib Sbiti
Corporation Orientation Program	Management	I	Eric D. Siegel
4 seminars: Audit Committee Effectiveness Strategic Talent Management Human Resource Governance Fraud and Risk Integrity	Institute of Corporate Directors	E	Eric D. Siegel
Training Session on "Say on Pay" and Compensation	Hugessen Consulting Inc.	E	Lawrence N. Stevenson
Online Training	Conference Board HR	E	Lawrence N. Stevenson
Annual Conference	Institute of Corporate Directors	E	Lawrence N. Stevenson
3 seminars: Health and Safety, Executive Compensation and Governance	Institute of Corporate Directors	E	Ian A. Bourne

Mrs. Edythe A. Marcoux is also working with the University of Alberta where she has been a keynote speaker on effective governance as well as a speaker and participant at the University's Annual Conference on Corporate Governance for Women. She has also been a part of a group of directors working with PricewaterhouseCoopers to organize specific topics of interest and education for directors.

The Board of Directors also had access to a series of conferences, webcasts and documentation provided by Deloitte LLP on the following subjects:

- The Board's role in growth and strategy
- The people side of risk intelligence
- Malfeasance, culture and tone-at-the-top
- Preparing for year-end Audit committee meetings

2012 SITE VISITS BY BOARD MEMBERS

The following site visits were organized in 2012.

Site	Director	Date
Ambatovy Project, Madagascar	David Goldman	June, 2012
Puy-de-Dôme, France	Edythe A. Marcoux	May, 2012
Spain	Edythe A. Marcoux	October, 2012
McGill University Health Centre (MUHC), Montreal, Quebec	Robert G. Card Eric D. Siegel Michael D. Parker	October, 2012

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Schedule F

BOARD COMMITTEES' REPORTS

REPORT OF THE AUDIT COMMITTEE[1]

Members

The members of the Audit Committee are: Ian A. Bourne (Chairman), David Goldman, Patricia A. Hammick, Edythe A. Marcoux and Claude Mongeau. All members of the Audit Committee are independent.

Mandate[2]

The Audit Committee:

- Oversees financial and accounting reporting risks and certain compliance-related risks that can have financial reporting implications
- Serves the important role of assisting the Board with overseeing ethical business conduct through its review of the ECC reports with respect to matters relating to anti-competition, bribery or corruption, boycotts or violations of trade controls, insider trading, accounting, internal accounting controls, auditing or fraud matters and all instances where management overrode or departed from the prescribed policies and procedures relating to the above-mentioned matters[3], and
- Of all the Board Committees, the Audit Committee consistently has the most involvement in the Board's risk oversight process, at times dealing with overall risks faced by the Corporation as well as systematically overseeing all specific risks related to the Committee's activities

The mandate of the Audit Committee also provides for at least 1 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 (Ms. Patricia A. Hammick and Mr. Claude Mongeau are currently sitting on both the Audit and HR Committees).

On October 1, 2012, Mr. Goldman stepped down as Chairman of the Audit Committee and was replaced by Mr. Bourne. Mr. Goldman remained a member.

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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 Corporation complies with NI 52-110 and appropriate disclosure of such compliance is made in the following Report of the Audit Committee.

2 For further details on the Committee's mandate, see the Corporation's Annual Information Form ("AIF") available on SEDAR's website (**www.sedar.com**) and on the Corporation's website (**www.snclavalin.com**) under "Investors"/"Financial Reporting"/"Annual Information Form", a paper copy of which may also be obtained on request from the Vice-President and Corporate Secretary.

3 For further details, see Section 3.10 of this Management Proxy Circular.

Key Matters Addressed

The Committee addressed the following key matters throughout the course of 2012:

- Independent review of facts and circumstances surrounding certain payments and contracts which was initiated by the Board in February 2012 and carried out by the Audit Committee with the assistance of external independent counsel under its discretion and oversight (the "**Independent Review**")[1]
- Recommended to the Board of Directors the approval of remedial measures resulting from the Independent Review
- Engaged independent external resources to provide advice on the structure of the organization, guidelines and controls, and communication and training and to assess the performance of the Corporation in implementing the above measures
- Reviewed Deloitte's opinion with respect to Internal Control over Financial Reporting ("**ICFR**")

Audit and Related Experience and Financial Literacy of Audit Committee Members[2]

For the purposes of determining whether a Director is suitably qualified to become a member of the Corporation's Audit Committee, the Board has adopted the definition of "financial literacy" set out in Section 1.6 of the CSA Audit Committee Requirements, 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 Corporation'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. Furthermore, the terms of Section 3(h) of this mandate also expressly provide that the members of the Committee shall, on an annual basis, meet with the Corporation's CFO to enhance their financial literacy with respect to the Corporation's financial statements.

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.

1 For details on the remedial measures adopted by the Board of Directors, see the Corporation's Management's Discussion and Analysis for the year ended December 31, 2012, available on the Corporation's website (**www.snclavalin.com**) and on SEDAR (**www.sedar.com**).

2 NI 52-110, section 3.1 (4).

Audit-Related Experience of Committee Members

Mr. Bourne

- with his many years as Executive Vice-President and CFO of TransAlta Corporation and as President and director of TransAlta Power LP and prior to that as CFO of Canada Post Corporation and of General Electric Canada, has extensive financial expertise. Furthermore, Mr. Bourne is Chairman of the Audit Committee of Wajax Corporation and the Canada Pension Plan Investment Board and is a member of the Audit Committee of Ballard Power Systems Inc. and Canadian Oil Sands Limited

Mr. Goldman

- is or has been a member of the board and audit committee of several issuers listed on NASDAQ or on the TSX and has experience such as that gained when he was Executive Vice-President and Chief Operating Officer of Noranda Inc. (now known as Xstrata)

Dr. Hammick

- is a director and member of the Finance Committee of Consol Energy Inc. and was until recently lead director and ex officio member of the Audit & Compliance Committee of Dynegy Inc. She also has financial expertise acquired through her experience as part of the management team at Columbia Energy Group

Mrs. Marcoux

- has extensive experience in financial matters from her many years as a director for a number of large public issuers such as the National Bank of Canada, Sherritt International Corporation and Placer Dome Inc. She is also a former member of the Audit Committee of OPTI Canada Inc.

Mr. Mongeau

- is presently the CEO of Canadian National Railway Company, was that company's Executive Vice-President and CFO from 2000 until his appointment as CEO on January 1, 2010 and was named Canada's CFO of the Year in 2005

REPORT OF THE GOVERNANCE COMMITTEE

Members

The members of the Governance Committee are: Gwyn Morgan (Chairman), Ian A. Bourne, David Goldman, Edythe A. Marcoux and Lawrence Stevenson. All members of the Governance Committee are independent.

Mandate[1]

The Board has delegated the responsibility for corporate governance to the Governance Committee. This Committee defines the Corporation's approach to corporate governance issues, reviews the governance practices and amends them as regulations change and expectations of corporate governance and best practices continue to evolve.

The Governance Committee also provides the Statement of Corporate Governance Practices required under the CSA disclosure requirements which is found throughout Sections 2, 3, 5, 6, and 7 and Schedules A, B, E and F, of this Management Proxy Circular.

[1] For a complete copy of the Governance Committee mandate, see the Corporation's website (**www.snclavalin.com**), under "About Us"/"Corporate Governance".

Key Matters Addressed

In 2012 and in the first 2 months of 2013, the Governance Committee reviewed many of the Corporation's practices to enhance its governance processes so as to reflect best practices and spent a considerable amount of time on Board succession including the recruitment and selection of new Board members.

The Committee also addressed the following key matters:

- Recommended to the Board of Directors the approval of, among others, a new Management Override Policy and a new Political Contributions Policy as well as amendments to the Levels of Authority Policy, the Agents Policy and the Code of Ethics, the creation of the ARC and the ECC and the adoption of an Internal Audit charter
- Reviewed the mandates of all Board Committees to include new responsibilities delegated to certain Board Committees following the adoption by the Board of the recommendations of the Audit Committee further to the Independent Review[1]
- Recommended to the Board the creation of the PRC, a new standing Board Committee
- Reviewed various shareholder engagement possibilities for 2013, as well as best practices recommendations with respect to corporate governance reporting
- Reviewed the reports provided by the Board of Directors relating to the process undertaken to recruit candidates for the Board of Directors, as announced on December 13, 2012

Governance and Related Experience and Knowledge

- Mr. Gwyn Morgan, Chair of the Committee, has extensive experience in governance matters as do the 4 other members of the Committee
- All other Committee members are also knowledgeable about the Corporation's governance programs and policies

REPORT OF THE HSS&E COMMITTEE[2]

Members

The members of the HSS&E Committee are: Edythe A. Marcoux (Chair), David Goldman, Lorna R. Marsden, Michael D. Parker, Chakib Sbiti and Eric D. Siegel. All members of the HSS&E Committee are independent.

Mandate[3]

The HSS&E Committee is responsible for reviewing the response by the Corporation to health and safety, security and environmental matters, including compliance to legal requirements and industry standards.

1 For details on the remedial measures adopted by the Board of Directors, see the Corporation's Management's Discussion and Analysis for the year ended December 31, 2012, available on the Corporation's website (**www.snclavalin.com**) and on SEDAR (**www.sedar.com**).

2 NI 58-101, Form 58-101F1, section 8.

3 For a complete copy of the HSS&E Committee mandate, see the Corporation's website (**www.snclavalin.com**), under "About Us"/ "Corporate Governance".

More specifically, the Committee is responsible for:

- Reviewing the Corporation's health and safety, security and environmental policies and programs
- Assessing the performance and effectiveness of the Corporation's health and safety, security and environmental policies and programs
- Monitoring current and future regulatory issues relating to health and safety, security and environmental matters
- Reviewing the Corporation's Health and Safety reports
- Reviewing the Corporation's Security reports
- Reviewing the Corporation's Environmental reports
- Examining the findings of significant external and internal health and safety, security and environmental investigations, assessments, reviews and audits, and
- Reporting to the Board and making recommendations, where appropriate, on significant matters relating to health and safety, security and environmental matters

Key Matters Addressed

In 2012, the HSS&E Committee was responsible for overseeing numerous corporate initiatives.

The following are among the corporate initiatives the Committee was responsible for overseeing:

- The establishment and tracking of health and safety, security and environmental leading indicators of performance
- The review of the Corporation's health and safety, security and environmental performance indicators
- Health and safety leadership training delivered to employees of the Corporation in 2012
- Various health and safety, security and environmental awareness raising initiatives worldwide, including a week-long campaign during Canada's Environment Week
- Construction site visit and audit programs, and
- The measurement of the Corporation's carbon and energy footprint and its report to the Carbon Disclosure Project, resulting in recognition, in October 2012, by the Carbon Disclosure Project of the Corporation for excellence in disclosure of its Greenhouse Gas emissions and strategies to address climate risk and opportunity

Health & Safety, Security and Environmental Related Experience and Knowledge

- Mrs. E. A. Marcoux, Chair of the Committee, has extensive experience in the field of Health and Safety, Security and Environmental matters acquired during her career as an executive officer in the oil and mining industries
- All other Committee members also have experience in the oversight of Health and Safety, Security and Environmental matters

REPORT OF THE PROJECT REVIEW COMMITTEE

Members

The members of the PRC are: David Goldman (Chairman), Ian A. Bourne, Michael D. Parker, Chakib Sbiti and Eric D. Siegel. All members of the PRC are independent.

Mandate[1]

The PRC was created in late 2012 following the review of the Levels of Authority Policy and replaces the Expanded BIAC. The PRC allows for a more in-depth review by a Board Committee of the following:

- Contracts with clients involving budgeted revenues between $500 million up to $1 billion[2]
- Contracts with clients identified as "high risk" by the BIAC
- Capital cost estimates, feasibility studies and any estimate leading to a client's decision to invest in a project equal to or higher than $4 billion
- Investments in concession infrastructures having aggregate value between $50 million and $200 million[2]
- Investments in project-related non wholly owned entities having aggregate value between $50 million and $200 million,[2] and
- Contracts with clients considered by management or the Board of Directors to be significant, high risk or where there is significant volatility expected in the profitability

Project Review Related Experience and Knowledge

- Mr. D. Goldman, the Chair of the Committee, has extensive experience in project-related and investment matters having held several management positions during his 35 years at Noranda Inc. (now known as Xstrata), a mining and metallurgy company, until his appointment as Executive Vice-President and Chief Operating Officer. He also held the position of Chief Executive Officer of Copernic Inc. (formally Mamma.com Inc.), a company specializing in web search technology
- All other Committee members also have experience in project-related matters and investment

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1 For details regarding the PRC, see Section 3.3.5 "PRC" of this Management Proxy Circular.
2 Board approval is required for revenues or value above this threshold.

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