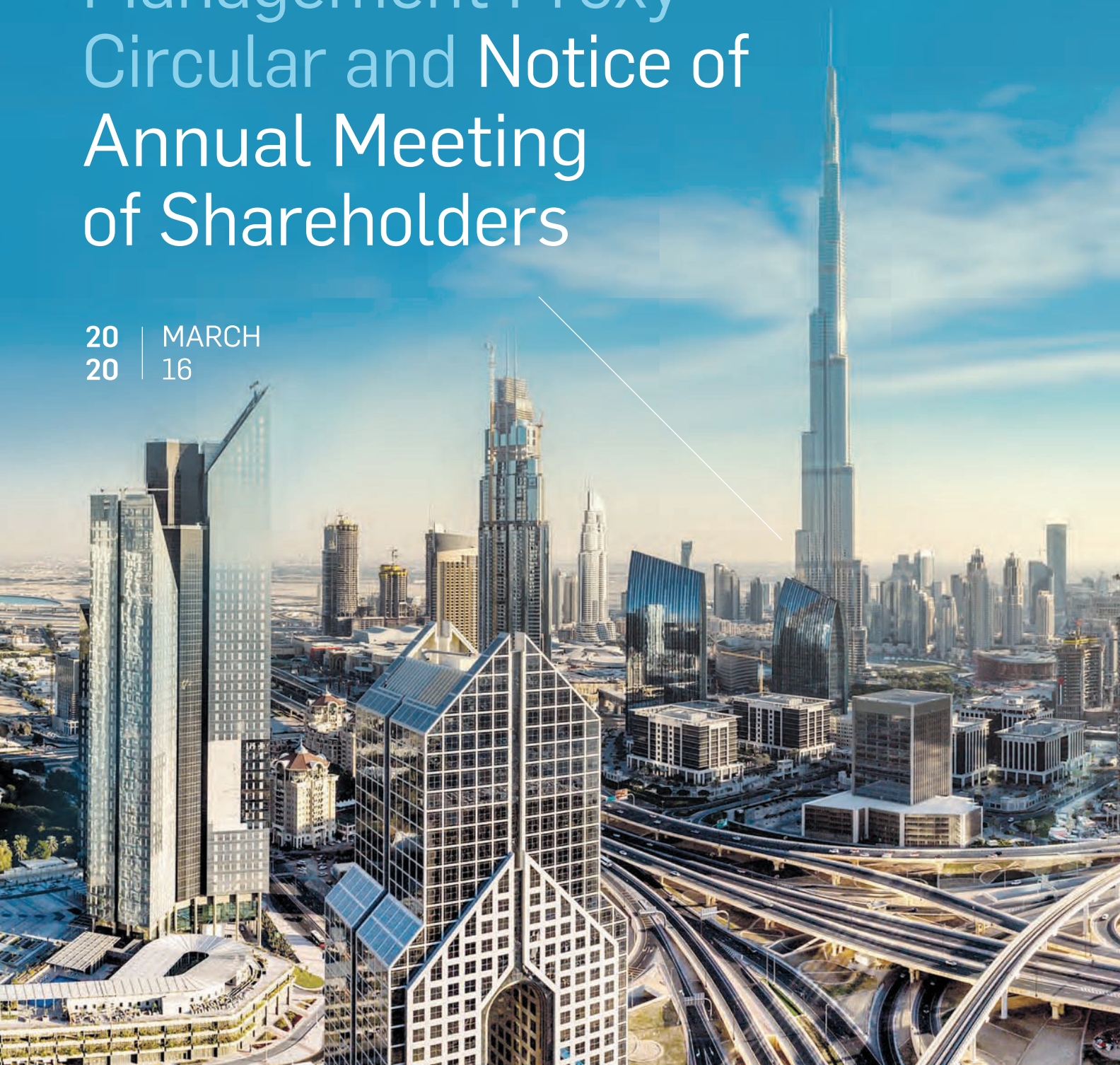




SNC • LAVALIN

# Management Proxy Circular and Notice of Annual Meeting of Shareholders

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## Glossary of Terms

**AIF** Annual Information Form

**AIP** Annual Incentive Plan

**Atkins** WS Atkins plc

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

**CD&A** Executive Compensation Discussion and Analysis

**CEO** Chief Executive Officer

**CFO** Chief Financial Officer

**CIO** Chief Integrity Officer

**COO** Chief Operating Officer

**CSA** Canadian Securities Administrators

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

**Circular** Management Proxy Circular dated March 16, 2020

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

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

**Company** SNC-Lavalin Group Inc.

**Computershare** Computershare Investor Services Inc.

**DCPP** Defined Contribution Pension Plan

**Directors** Members of the Board of Directors of the Company

**D-DSUs** Director Deferred Share Units

**D-DSUP** Director Deferred Share Unit Plan

**E&C** Engineering and Construction

**EBIT** Earnings before interest and taxes

**EBITDA** Earnings before interest, taxes, depreciation and amortization

**EDPM** Engineering, Design & Project Management

**E-DSUs** Executive Deferred Share Units

**E-DSUP** Executive Deferred Share Unit Plan

**Employment Agreements** Executive Employment Agreements

**EPS** Earnings per share

**ESOP** Employee Share Ownership Plan

**EVP** Executive Vice-President

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

**G&E Committee** Governance and Ethics Committee of the Board

**HR Committee** Human Resources Committee of the Board

**HSE** Health, Safety and Environment

**IFRS** International Financial Reporting Standards

**LSTK** Lump Sum Turnkey

**LTIP** Long-Term Incentive Plan

**MD&A** Management's Discussion and Analysis

**Meeting** SNC-Lavalin Group Inc.'s annual meeting of shareholders to be held on May 7, 2020

**MSOP** Management Share Ownership Program

**NEOs** Named Executive Officers

**PSUs** Performance Share Units

**PSUP** Performance Share Unit Plan

**RSUs** Restricted Share Units

**RSUP** Restricted Share Unit Plan

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

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

**SERP** Supplemental Executive Retirement Plan

**SNC-Lavalin** SNC-Lavalin Group Inc.

**Stock Option Plan** SNC-Lavalin Group Inc.'s Stock Option Plan established in 2013

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

**TDC** Total Direct Compensation

**TSR** Total Shareholder Return

**TSX** Toronto Stock Exchange



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# Letter from the Chairman

## INVITATION TO SHAREHOLDERS

Dear Fellow Shareholders:

On behalf of the Board of Directors, management and employees of SNC-Lavalin, we are pleased to invite you to this year's annual meeting of shareholders to be held on Thursday, May 7, 2020, at 11:00 a.m. (Eastern Time). This year, as a precautionary measure to proactively address the public health impact of coronavirus disease (COVID-19), to mitigate health and safety risks to our shareholders, employees and other stakeholders, and to abide by the Government of Québec's request that all indoor public events over 250 people be avoided until further notice, we will hold our annual meeting in a virtual-only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate in the annual meeting online, regardless of geographic location. At the annual meeting, shareholders will have the opportunity to ask questions and vote on a number of important topics.

## MESSAGE TO SHAREHOLDERS

For SNC-Lavalin, 2019 was both a challenging year for the Company and its stakeholders and a pivotal year for the changes made to our strategic direction, our leadership team, our legal circumstances and our Board of Directors. I would like to thank our shareholders and other stakeholders for their support and patience as we navigated through this unprecedented year and for remaining confident in SNC-Lavalin's long-term value and its importance to the economy as a Canadian engineering services company with operations spanning the globe.

As is evident in the financial results, the second half of 2019 demonstrated a very different company from the first half. SNC-Lavalin is a changed organization: a new and clear strategic direction focused on engineering services, a new leadership team led by a new President and CEO, a settlement of important legal issues that have hung over the Company and sapped its energies for years, and a renewed Board. I believe the Board has acted decisively in the interests of all stakeholders to put SNC-Lavalin on a new trajectory for long-term success.

### New Strategic Direction

In July 2019, we announced a new strategic direction for SNC-Lavalin aimed at focusing on the Company's core, high-value engineering services, and de-risking the business. Under Ian Edwards' leadership, SNC-Lavalin has been successfully reorganized into two (2) separate lines of business, SNC-Lavalin Engineering Services (which includes nuclear) and SNC-Lavalin Projects. We are no longer bidding on LSTK construction contracts and we are focusing on running off the remaining LSTK backlog as rapidly as possible. We are exploring all options with regards to the Resources sector, including possible divestitures. We will reduce leverage and improve cash generation, and we are reducing our geographic footprint, simplifying our operations, and reducing our overhead costs. In short, SNC-Lavalin now has a clear strategic path forward that is grounded in expanding our high-value engineering services, delivering predictable results, consistency in execution, and sustainable growth.

### Renewal of the Leadership Team

One of the most significant actions the Board undertook in 2019 was the appointment of Ian Edwards, first as Interim President and CEO in June and then permanently in October 2019. Ian impressed the Board with his outreach to investors, customers and employees as SNC-Lavalin was buffeted by significant challenges in 2019, and his ability to take these insights and formulate a new strategic direction for the Company that he and the management team are now implementing. To help guide this rapid transformation to the new strategic direction, Ian has also renewed the leadership team by appointing a new EVP and CFO (Jeff Bell), a new EVP and General Counsel (Charlene Ripley), a new EVP Capital (Stéphanie Vaillancourt), a Chief Project Oversight Officer (Nigel White), a newly created role, and a Chief Transformation Officer (Louis Veronneau), also a newly created role.

### Settlement of the Federal Charges

The settlement of the federal charges in December 2019 was a crucial step in the renewal of the Company's prospects. Resolving legacy legal challenges, which had been overhanging the Company for many years, allows SNC-Lavalin to focus entirely on implementing the new strategic direction. The settlement was fair for all concerned, with a construction subsidiary pleading guilty to a single charge of fraud and paying a \$280 million fine over five (5) years, while all charges were dropped against SNC-Lavalin Group Inc. and SNC-Lavalin International Inc. The Company deeply regrets this past behaviour, which was contrary to our values and ethical standards. SNC-Lavalin has changed a great deal, has embraced a world-class integrity regime and culture, and is going forward with renewed confidence in the future.

### Renewal of the Board

The ongoing process of Board renewal is also a priority, and with the retirement of four (4) Directors, we will continue to ensure we align the Board with the transformation of SNC-Lavalin into a global engineering services company and away from LSTK construction projects. In this regard we anticipate renewing nearly half of the independent Directors, with four (4) new Board nominees standing for election by shareholders at the Meeting. This is a pivotal time in SNC-Lavalin's evolution and these new nominees bring a wealth of expertise in global operations, financial services and corporate restructuring.

On behalf of the Board of Directors and SNC-Lavalin management, I would like to thank the retiring Board members – Mr. Jacques Bougie, Ms. Catherine J. Hughes, Mr. Alain Rhéaume and Mr. Eric D. Siegel – for their steady leadership, sound counsel and especially their unwavering commitment to SNC-Lavalin and its stakeholders through challenging times.

The Board of Directors had established a non-standing Board Committee in December 2018 to explore a range of alternatives to protect and enhance value for SNC-Lavalin given the extent of the challenges the Company was encountering. The Company has now chartered a new strategic direction and resolved legacy legal matters. Having now fulfilled its mandate, the Committee has been disbanded and the Board thanks the Directors who served on it for their dedicated service.

### Looking to the Future

The coming year will be one of transformation for SNC-Lavalin as we fully implement our new strategic direction, reduce our backlog of LSTK projects and consider possible divestitures in our Resources sector in a volatile global economy beset with coronavirus uncertainties. Going forward, we will expand our technology capabilities as we believe this creates competitive advantage in an era of innovation and technological disruption. We will invest in attracting and developing superb talent as it will differentiate SNC-Lavalin as a global engineering services company. We will make greater use of our unique engineering design center to complement our global operations. And we will make strong governance and accountability a hallmark of how we do business globally.

Moving beyond the issues of the past, we are now focused on the future. I believe SNC-Lavalin is a changed organization, a renewed Company, with a new and clear sense of direction and the management team to deliver on it.

In closing, on behalf of the Board of Directors, I want to express our appreciation to our investors, who believe in the potential of SNC-Lavalin as a Canadian global engineering champion headquartered in Montreal, and to our dedicated employees, who are such a key part of unleashing the future potential of this great Company.

Yours truly,

**Kevin G. Lynch** *(signed)*  
Chairman





# Notice of 2020 Annual Meeting of Shareholders and Notice of Availability of Meeting Materials

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

## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN THAT** the 2020 annual meeting of the shareholders (the “**Meeting**”) of the Company will be held via live audio webcast online at [www.virtualshareholdermeeting.com/SNCAF2020](http://www.virtualshareholdermeeting.com/SNCAF2020) on Thursday, May 7, 2020, commencing at 11:00 a.m., Eastern Time, for the following purposes:

1. **to receive the consolidated financial statements of the Company for the year ended December 31, 2019 and the auditor’s report thereon** (for details, see subsection 1 under the “Business of the 2020 Annual Meeting of Shareholders” section of the Management Proxy Circular dated March 16, 2020 (the “**Circular**”));
2. **to elect the Directors for the ensuing year** (for details, see subsection 2 under the “Business of the 2020 Annual Meeting of Shareholders” section of the Circular);
3. **to appoint the auditor for the ensuing year and to authorize the Directors of the Company to fix the auditor’s remuneration** (for details, see subsection 3 under the “Business of the 2020 Annual Meeting of Shareholders” section of the Circular);
4. **to consider and, if deemed appropriate, to adopt a resolution reconfirming the Amended and Restated Shareholder Rights Plan Agreement until the close of business on the date on which the annual meeting of the shareholders of the Corporation is held in 2023** (the full text of the resolution is reproduced in subsection 4 under the “Business of the 2020 Annual Meeting of Shareholders” section of the Circular);
5. **to consider and, if deemed appropriate, to adopt a resolution providing for a non-binding advisory vote on the Company’s approach to executive compensation** (the full text of the resolution is reproduced in subsection 5 under the “Business of the 2020 Annual Meeting of Shareholders” section of the Circular);
6. **to consider two (2) shareholder proposals** set forth in Schedule B of the Circular;
7. **to consider and, if deemed appropriate, to adopt a resolution ratifying, confirming and approving certain amendments to By-Law Number 2005-1 of the Company** (the full text of the resolution is reproduced in subsection 7 under the “Business of the 2020 Annual Meeting of Shareholders” section of the Circular); and
8. **to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.** Information respecting the use of discretionary authority to vote on any such other business may be found in the “Voting Information” section of the Circular.

Shareholders may register and log into the live audio webcast platform from 10:45 a.m. We would appreciate your early registration so that the Meeting may start promptly at 11:00 a.m.

## NOTICE-AND-ACCESS

As permitted by Canadian securities regulators, you are receiving this notification as the Company has decided to use the “notice-and-access” mechanism for delivery of its Circular and its 2019 annual financial documents to its shareholders (the “**Meeting materials**”). Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials online, via SEDAR and one other website, rather than mailing paper copies of such materials to shareholders. Under notice-and-access, shareholders still receive a proxy form or voting instruction form enabling them to vote at the Company’s Meeting. However, instead of a paper copy of the Meeting materials, shareholders receive this notice which contains information on how they may access the Meeting materials online and how to request a paper copy. The use of

notice-and-access directly benefits the Company by substantially reducing its printing and mailing costs and is more environmentally friendly as it reduces paper use.

## HOW TO ACCESS THE MEETING MATERIALS

On our website: [www.snclavalin.com](http://www.snclavalin.com) under “Investors”/“Investor’s Briefcase”

On SEDAR: [www.sedar.com](http://www.sedar.com)

**Shareholders are reminded to read the Circular and other Meeting materials carefully before voting their shares.**

## HOW TO REQUEST A PAPER COPY OF THE MEETING MATERIALS

You may request paper copies of the Meeting materials from Broadridge at no cost to you up to one (1) year from the date the Circular was filed on SEDAR. The request can be made on-line at [www.proxyvote.com](http://www.proxyvote.com) by entering the 16-digit control number located on your proxy form or voting instruction form and following the instructions provided. Alternatively, you may submit a request by calling 1-877-907-7643 (toll free within North America) or 905-507-5450 (outside of North America), or by email to [noticeandaccess@broadridge.com](mailto:noticeandaccess@broadridge.com).

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

In any case, requests should be received at least ten (10) business days prior to the Meeting date in order to receive the Meeting materials in advance of the Meeting date. To ensure receipt of the paper copy in advance of the voting deadline and Meeting date, we estimate that your request must be received no later than Thursday, April 23, 2020.

### After the Meeting

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

## VOTING

If you are a registered shareholder, you may vote your Common Shares on the Internet, by phone or by mail. Please refer to the instructions on your separate form of proxy on how to vote using these methods. You may also vote by online ballot at the Meeting. If you wish to vote by online ballot at the Meeting, you do not complete or return the form of proxy. However, even if you plan to participate in the Meeting, you may vote your Common Shares in advance, so that your vote will be counted if you later decide not to participate in the Meeting.

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

The deadline for receiving duly completed forms of proxy is 11:00 a.m. (Eastern Time) on Tuesday, May 5, 2020.

## QUESTIONS

If you have any questions regarding this notice, the notice-and-access mechanism or the Meeting, please call Broadridge Investor Communication Solutions at 1-855-887-2244.

Alternatively, registered and non-registered shareholders may contact our proxy solicitation agent, Laurel Hill Advisory Group at 1-877-452-7184 within North America, 416-304-0211 outside of North America or by email at [assistance@laurehill.com](mailto:assistance@laurehill.com).

Montreal, Quebec, March 16, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Arden R. Furlotte (signed)**

Vice-President, Legal and Corporate Secretary

# Voting Information

This Circular is being sent to shareholders in connection with the solicitation of proxies, by and on behalf of the management of the Company, for use at the virtual Meeting to be held on Thursday, May 7, 2020, at the web address, commencing at the time and for the purposes set forth in the foregoing notice of said Meeting and at any and all adjournments or postponements thereof. Information in this Circular is given as of March 16, 2020.

This year, as a precautionary measure to proactively address the public health impact of coronavirus disease (COVID-19), to mitigate health and safety risks to our shareholders, employees and other stakeholders, and to abide by the Government of Québec's request that all indoor public events over 250 people be avoided until further notice, we will hold our annual meeting in a virtual-only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate in the Meeting online, regardless of geographic location.

Registered shareholders and duly appointed proxyholders will be able to participate in the Meeting, ask questions and vote, all in real time, provided they are connected to the Internet and comply with all of the requirements set out in the Circular. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to participate in the Meeting and also ask questions, but will not be able to vote at the Meeting. Guests may also participate in the Meeting, but will not be able to ask questions or vote at the Meeting.

## Who can vote?

Each holder of Common Shares is entitled to one (1) 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 16, 2020.

As of March 16, 2020, the Company had 175,554,252 Common Shares outstanding. As of March 16, 2020, to the knowledge of the Directors and officers of the Company based on shareholders' public filings, the persons or companies who beneficially own, or control or direct, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all shares of the Company are:

- (i) the Caisse de dépôt et placement du Québec (the "**Caisse**"), an institutional fund manager. As of March 16, 2020, based on public filings, the Caisse beneficially owned, or controlled or directed, directly or indirectly, 34,935,200 Common Shares representing 19.9% of the outstanding Common Shares of the Company.
- (ii) RBC Global Asset Management Inc. ("**RBC**"), a global investment management firm. As of March 16, 2020, based on public filings, RBC beneficially owned, or controlled or directed, directly or indirectly, 29,151,903 Common Shares representing 16.61% of the outstanding Common Shares of the Company.

- (iii) Jarislowsky Fraser Limited ("**Jarislowsky**"), a global investment management firm. As of March 16, 2020, based on public filings, Jarislowsky beneficially owned, or controlled or directed, directly or indirectly, 18,970,640 Common Shares representing 10.81% of the outstanding Common Shares of the Company.

On July 3, 2017, the Company completed its previously-announced acquisition of the entire share capital of Atkins (the "**Atkins Acquisition**"). The Atkins Acquisition was financed through a combination of equity and debt issuance, including, *inter alia*, a \$400 million private placement of subscription receipts (the "**Concurrent Private Placement**") with the Caisse and a \$1,500 million loan (the "**CDPQ Loan**") made by CDPQ Revenu Fixe Inc. (a wholly-owned subsidiary of the Caisse) to SNC-Lavalin Highway Holdings Inc. ("**Highway Holdings**"), an indirect wholly-owned subsidiary of the Company.

Concurrently with the closing of the Atkins Acquisition, the Company and the Caisse entered into an investor's rights agreement (the "**Investor's Rights Agreement**"). Among other things, the Investor's Rights Agreement provides the Caisse with the right, as long as it beneficially owns or exercises control or direction over, directly or indirectly, 10% or more of the Company's outstanding Common Shares, to recommend to SNC-Lavalin one (1) nominee for election or appointment as a Director, provided that the Caisse nominee shall have no material relationship with SNC-Lavalin or the Caisse, and that his or her nomination shall be subject to a favourable recommendation of SNC-Lavalin's G&E Committee. In addition, the Company has agreed that it will consult with the Caisse prior to the appointment of any new Chairman.

Note that the Caisse has not recommended a nominee for election or appointment as a Director at this time.

The Investor's Rights Agreement also contains the following provisions:

- As long as the Caisse holds, directly or indirectly, at least 12% of the Company's issued and outstanding Common Shares, it has a pre-emptive right to participate in new issuances of Common Shares and convertible securities, subject to customary exceptions;
- Subject to applicable securities laws and the rules of the TSX, the Caisse has the right to request that the Company repurchase its Common Shares directly or indirectly held by the Caisse representing up to 25% of any purchase to be made by the Company under any normal course issuer bid; and
- The Caisse has been granted "piggyback" (but not demand) qualification rights allowing it, as long as it directly or indirectly holds more than 12% of the Company's issued and outstanding Common Shares, to include its *pro rata* share of Common Shares sold in

certain public offerings of Common Shares, subject to customary underwriter cutback demands and provisions.

Reference is made to the Investor's Rights Agreement for a complete description and the full text of its provisions, which was filed with the Canadian securities regulatory authorities on July 7, 2017 and is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

In addition, in connection with the Concurrent Private Placement and the CDPQ Loan, the Company has undertaken that, for a period of seven (7) years:

- The head office of the Company will remain in Montreal and will remain the focus of the Company's strategic decision-making;
- A significant portion of the Company's management team, including its CEO, will be resident in the Province of Quebec; and
- The Company will propose nominees to ensure a strong representation of Quebec and Canadian residents on its Board of Directors (beyond statutory requirements).

#### What will I be voting on?

Shareholders will be voting to (i) elect Directors; (ii) appoint the auditor of the Company for the ensuing year and authorize the Directors to fix its remuneration; (iii) adopt a resolution reconfirming the Amended and Restated Shareholder Rights Plan Agreement until the close of business on the date on which the annual meeting of the shareholders of the Company is held in 2023, the full text of which is reproduced in subsection 4 under the "Business of the 2020 Annual Meeting of Shareholders" section of this Circular; (iv) adopt a resolution providing for a Say on Pay vote, the full text of which is reproduced in subsection 5 under the "Business of the 2020 Annual Meeting of Shareholders" section of this Circular; (v) consider two (2) shareholder proposals set forth in Schedule B of this Circular; and (vi) adopt a resolution ratifying, confirming and approving certain amendments to By-Law Number 2005-1 of the Company, the full text of which is reproduced in subsection 7 under the "Business of the 2020 Annual Meeting of Shareholders" section of this Circular.

**The Board of Directors and management of the Company recommend that shareholders vote FOR the resolutions described in items (i), (ii), (iii), (iv) and (vi). The Board of Directors recommends that the shareholders vote AGAINST the two (2) proposals described in item (v).**

#### How will these matters be decided at the Meeting?

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

#### How do I vote?

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

If your Common Shares are not registered in your name and are held in the name of a nominee, you are considered as a "non-registered shareholder" (for example, your Common Shares are listed in an account statement provided to you by your securities broker or the SNC-Lavalin employee share

ownership plan administrator). If this is the case, see the "Non-Registered Shareholder Voting" subsection below.

## REGISTERED SHAREHOLDER VOTING

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

#### Can I vote by proxy and how?

You may appoint someone else to vote for you as your proxy holder at the Meeting by using the form of proxy sent to you by Broadridge. The persons named in the form of proxy are Directors or officers of the Company. **As a shareholder, you have the right to appoint as proxy holder a person other than those whose names are printed as proxy holders in the form of proxy, by inserting the name of your chosen proxy holder in the blank space provided for that purpose in the form of proxy.** In either case, the completed form of proxy must be delivered to Broadridge following one (1) of the methods below, prior to the Meeting at which it is to be used. A person acting as proxy holder need not be a shareholder of the Company. Make sure that the person you appoint is aware that he or she is appointed and participates in the Meeting, otherwise your vote will not be taken into account.

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



#### By telephone

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

If you choose to vote by 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 [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions on the screen.

If you choose to vote 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. Make sure that the person you appoint is aware that he or she has been appointed and participates in the Meeting, otherwise your vote will not be taken into account.



#### By mail

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

If you return your proxy by mail, you can appoint a person other than the Directors or officers named in the form of proxy as your proxy holder. This person does not have to be a shareholder. Fill in the name of the person you are appointing in the blank space provided on the form of proxy. Complete your voting instructions on the form of proxy, and date and sign the form. Make sure that the person you

appoint is aware that he or she has been appointed and participates in the Meeting, otherwise your vote will not be taken into account.

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

The deadline for receiving duly completed forms of proxy or a vote by telephone or over the Internet is 11:00 a.m. (Eastern Time) on Tuesday, May 5, 2020, or if the Meeting is adjourned or postponed, by no later than 48 hours (excluding weekends and statutory holidays) prior to the day fixed for the adjourned or postponed Meeting. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

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

Common Shares represented by proxies will be voted in accordance with the instructions indicated thereon. If no contrary instruction is indicated, Common Shares represented by proxies will be voted **IN FAVOUR** of the election as Directors of the persons named under the heading "Election of Directors", the appointment as auditor of the firm named under the heading "Appointment of Auditor" and the authorization to the Directors to fix the auditor's remuneration, the reconfirmation of the Amended and Restated Shareholder Rights Plan Agreement, the Say on Pay resolution and the ratification, confirmation and approval of certain amendments to By-Law Number 2005-1 of the Company, and will be voted **AGAINST** the two (2) shareholder proposals set forth in Schedule B of this Circular.

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

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

A registered shareholder who has given a proxy may revoke the proxy by completing and signing a form of proxy bearing a later date and depositing it with Broadridge (Data Processing Centre, P.O. Box 3700 STN Industrial Park, Markham, Ontario, L3R 9Z9) no later than 11:00 a.m. (Eastern Time) on Tuesday, May 5, 2020, or no later than 11:00 a.m. (Eastern Time) on the business day before the Meeting is reconvened if it was postponed or adjourned, or in any other manner permitted by law.

If you have followed the process for participating and voting at the Meeting online, voting at the Meeting online will revoke your previous proxy.

#### How do I attend, participate and vote at the Meeting?

The Company is holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person.

Participating to the Meeting online enables registered shareholders to participate in the Meeting and ask questions, all in real time. Registered shareholders can vote at the appropriate times by completing a ballot online during the Meeting. **If you wish to vote at the Meeting, you do not need to complete or return the form of proxy.** However, even if you plan to participate in the Meeting, you may vote your Common Shares in advance, so that your vote will be counted if you later decide not to participate in the Meeting.

Shareholders and proxyholders can access the Meeting by visiting [www.virtualshareholdermeeting.com/SNCAF2020](http://www.virtualshareholdermeeting.com/SNCAF2020). To participate in the Meeting, you will need the 16-digit control number included on your proxy or voting instruction form or on the instructions that accompany your proxy materials.

The control number located on the form of proxy or voting instruction form or in the email notification you received is your control number.

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

#### Who can I call with questions?

If you have questions about the information contained in this Circular or require assistance in completing your form of proxy, please contact our proxy solicitation agent, Laurel Hill Advisory Group at 1-877-452-7184 within North America, 416-304-0211 outside of North America or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

### NON-REGISTERED SHAREHOLDER VOTING

If your Common Shares are not registered in your name and are held in the name of a nominee, you are considered as a "non-registered shareholder". For example, if your Common Shares are listed in an account statement provided to you by your securities broker or the SNC-Lavalin employee share ownership plan administrator, those Common Shares will, in all likelihood, not be registered in your name. Such Common Shares will more likely be registered in the name of a depository or of your broker or an agent of that broker. Without specific instructions, brokers and their agents or nominees are prohibited from voting shares for their clients. Non-registered shareholders are either "objecting beneficial owners" or "OBOs", who object that intermediaries disclose information about their identity and ownership in the Company or "non-objecting beneficial owners" or "NOBOs", who do not object to such disclosure. The Company does not send proxy-related materials directly to OBOs or NOBOs and intends to pay for an intermediary to deliver to OBOs and NOBOs the proxy-related materials. If you are a non-registered shareholder, there are two (2) ways, listed below, that you can vote your Common Shares.

#### How do I give my voting instructions?

Applicable securities laws require your nominee to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received from



your nominee a request for voting instructions for the number of Common Shares you hold. Every nominee has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by non-registered shareholders to ensure that their Common Shares are voted at the Meeting.

#### **How do I attend, participate and vote at the Meeting?**

The Company is holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person.

Participating to the Meeting online enables non-registered shareholders to participate in the Meeting and ask questions, all in real time. Non-registered shareholders who have duly appointed themselves as proxyholders can vote at the appropriate times by completing a ballot online during the Meeting. If you wish to vote 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 have not duly appointed themselves as proxyholder will be able to participate in the Meeting and also ask questions, but will not be able to vote at the Meeting.

Shareholders and proxyholders can access the Meeting by visiting [www.virtualshareholdermeeting.com/SNCAF2020](http://www.virtualshareholdermeeting.com/SNCAF2020). To participate in the Meeting, you will need the 16-digit control number included on your proxy or voting instruction form or on the instructions that accompany your proxy materials

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

#### **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 Company. The Company has also hired Laurel Hill Advisory Group ("**Laurel Hill**") to act as the Company's proxy solicitation agent and shareholder communications advisor in connection with the Meeting. Additionally, Laurel Hill will provide the following services in connection with the Meeting: review and analysis of this Circular, recommend corporate governance best practices and liaising with proxy advisory firms, as applicable, and assist the Company in connection with its communication with shareholders. In connection with these services, the Company will pay Laurel Hill a fee of \$45,000 in connection with their engagement, plus additional costs relating to out-of-pocket expenses. Shareholders can contact Laurel Hill at 1-877-452-7184 within North America, 416-304-0211 outside of North America or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

# Business of the 2020 Annual Meeting of Shareholders

## 1 CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The consolidated financial statements of the Company for the fiscal year ended December 31, 2019, and the independent auditor's report thereon, as well as the MD&A, are contained in the Company's 2019 Financial Report which is available on

our website ([www.sncclavalin.com](http://www.sncclavalin.com)) under "Investors"/ "Investor's Briefcase" and on the SEDAR website ([www.sedar.com](http://www.sedar.com)) under the name of SNC-Lavalin Group Inc.

## 2 ELECTION OF DIRECTORS

Given the upcoming retirement of the four (4) Directors mentioned below and in order to better align the Board with SNC-Lavalin's new strategy, the Company has made a priority of renewing its Board with nominees bringing expertise in global operations, financial services and corporate restructuring.

### ELEVEN (11) NOMINEES FOR 2020

Gary C. Baughman	Steven L. Newman
Mary-Ann Bell	Michael B. Pedersen
Christie J.B. Clark	Jean Raby
Isabelle Courville	Zin Smati
Ian L. Edwards	Benita M. Warmbold
Kevin G. Lynch	

The Board of Directors has fixed at eleven (11) the number of Directors to be elected for the current year. The term of office of each Director so elected will expire upon the election of his/her successor unless he/she shall resign his/her office or his/her office becomes vacant through death, removal or other cause. The management of the Company does not contemplate that any of the nominees will be unable, or for any reason will become unwilling, to serve as a Director. Should this occur for any reason prior to the election, the persons named in the form of proxy reserve the right to vote for another nominee, at their discretion, unless the shareholder has specified in the form of proxy or the

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

Jacques Bougie, an independent Director who has served as a Director of the Company since May 2, 2013, will not be standing for re-election at the Meeting.

Catherine J. Hughes, an independent Director who has served as a Director of the Company since November 3, 2016, will not be standing for re-election at the Meeting.

Alain Rhéaume, an independent Director who has served as a Director of the Company since May 2, 2013, will not be standing for re-election at the Meeting.

Eric D. Siegel, an independent Director who has served as a Director of the Company since January 1, 2012, will not be standing for re-election at the Meeting.

The "Information on our Director Nominees" section of this Circular sets out detailed information on each of these nominees.

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

## 3 APPOINTMENT OF AUDITOR

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

Management and the Board of Directors recommend that Deloitte LLP be appointed to serve as auditor of the Company to hold office until the next annual meeting of shareholders, at a remuneration to be fixed by the Directors.

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

## Auditor's Fees

The aggregate fees paid, including the Company's pro-rata share of the fees paid by its joint ventures and other investees, for professional services rendered by Deloitte LLP and its affiliates, for the year ended December 31, 2019, and

the year ended December 31, 2018, can be found in the Company's AIF available on SEDAR's website ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.snc-lavalin.com](http://www.snc-lavalin.com)) under "Investors"/"Investor's Briefcase".

## 4 RECONFIRMATION OF THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

The Company originally implemented a shareholder rights plan by entering into a shareholder rights plan agreement on March 8, 1996, which agreement was subsequently amended and restated as of May 8, 1996, February 26, 1999, March 1, 2002, March 4, 2005, March 6, 2008, March 4, 2011 and March 2, 2017 (as so amended and restated, the "Rights Plan").

Under the terms of the Rights Plan, its continued existence must be reconfirmed by the Company's shareholders at the Meeting. Accordingly, at the Meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the resolution reproduced below (the "Rights Plan Resolution"), to approve the continuation of the Rights Plan for another three (3) years. **If the Rights Plan Resolution is not adopted, the Rights Plan will terminate on the date of the Meeting.** If the Rights Plan Resolution is adopted at the Meeting, the Rights Plan will remain in place until the close of business on the date of the annual meeting of shareholders of the Company to be held in 2023, unless terminated earlier in accordance with the terms of the Rights Plan.

A summary of the Rights Plan is set forth in Schedule A to this Circular.

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

### "BE IT RESOLVED:

**THAT** the Shareholder Rights Plan evidenced by the Amended and Restated Shareholder Rights Plan Agreement dated as of March 2, 2017 between the Company and Computershare Investor Services Inc., as Rights Agent, be and is hereby ratified, reconfirmed and approved for a period ending on the close of business on the date on which the annual meeting of the shareholders of the Company is held in 2023, as substantially described in the Company's Management Proxy Circular dated March 16, 2020;

**THAT** any Director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to do all acts and things, as such Director or officer may determine necessary or advisable to give effect to this resolution."

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

## 5 ADOPTION OF A SAY ON PAY RESOLUTION

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

The Board took note of the Say on Pay vote and the 91.50% of favourable votes obtained at the 2019 Annual Meeting of the Shareholders of the Company held on May 2, 2019.

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

### "BE IT RESOLVED:

**THAT**, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the Company's Management Proxy Circular delivered in advance of the 2020 annual meeting of shareholders of the Company."

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

## 6 SHAREHOLDER PROPOSALS

Schedule B to this Circular sets forth two (2) proposals from one (1) shareholder that have been submitted for consideration at the Meeting, along with the Board of Directors' reasons for opposing said proposals.

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

## 7 RATIFICATION, CONFIRMATION AND APPROVAL OF CERTAIN AMENDMENTS TO BY-LAW NUMBER 2005-1 OF THE COMPANY

By-Law Number 2005-1, which regulates the business and affairs of the Company, was adopted in 2005. However, the technological landscape has evolved since then and the Directors of the Company have resolved to amend By-Law Number 2005-1 to allow the Company to hold annual meetings entirely by telephonic, electronic or other communication facility. The proposed changes are reflected in Schedule E to this Circular.

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

**"BE IT RESOLVED:**

**THAT** the amendments to By-Law Number 2005-1 of the Company, as set forth in "Schedule E – Amendments to

By-Law Number 2005-1 of the Company" and as described in the Company's Management Proxy Circular dated March 16, 2020, be and are hereby ratified, confirmed and approved;

**THAT** any Director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to do all acts and things, as such Director or officer may determine necessary or advisable to give effect to this resolution."

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



# Information on Our Director Nominees

## DIRECTOR NOMINEES

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



### Gary C. Baughman

Charlotte (North Carolina), United States  
**Independent**

Mr. Baughman is a corporate director and brings more than 35 years of international engineering, construction, operations, maintenance and environmental industry experience. From 2017 to 2019, he was Chairman and CEO of Texas-based APTIM Corp (global design, construction, environmental remediation and maintenance services supplier). He previously worked at M+W Group GmbH (global high-technology engineering company), where he first served as COO, Americas in 2015 until he was appointed CEO, Americas in 2017. Prior to that, Mr. Baughman served as Executive Vice-President at AECOM (Engineering and Construction) from 2012 to 2015, where he was responsible for leading growth for the industrial end market in the Americas as well as globally for the chemical/pharmaceutical market. He began his career at Fluor Corporation, where he spent 15 years in a number of sales, marketing and finance roles.

Mr. Baughman is a member of the executive management team for Elixsys Inc., a specialty chemical company, President of Back Tee Sports, LLC a global event management company and a partner in an organizational development consultancy firm that delivers a platform called The Collaborative Way.

Mr. Baughman holds a Bachelor of Science degree in Accounting from Clemson University and a Master of Business Administration from the University of North Carolina Charlotte.

#### Areas of Expertise:

- Engineering Industry Knowledge
- Strategic Planning
- Risk Management
- Operations
- HR/Compensation
- Mergers & Acquisitions, Divestitures, Restructuring, etc.

**Director since:** N/A

**Age:** 57

**Latest date of retirement:** N/A

Board/Committee Membership as at December 31, 2019		Overall Attendance N/A		Public Board Memberships During the Last Five (5) Years
		Regular	Special	
N/A		N/A	N/A	None

Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	N/A	N/A	N/A	N/A	N/A
As at Dec. 31, 2018	N/A	N/A	N/A	N/A	N/A

Voting Results of 2019 Annual Meeting of Shareholders				
Votes For	% For		Votes Withheld	% Withheld
N/A	N/A		N/A	N/A



### Mary-Ann Bell

Montreal (Quebec), Canada  
**Independent**

Ms. Bell is an engineer and a corporate director and brings more than 30 years of experience in the telecommunications sector. Prior to her retirement in 2014, she was Senior Vice-President, Quebec and Ontario at Bell Aliant Regional Communications Inc. from 2009 to 2014, and from 2005 to 2009, Chief Operating Officer, Quebec, where she led different operational functions, including engineering, field services and customer services. She previously worked at Bell Canada from 1982 to 2005, where she held various management positions, including Senior Vice-President, Contract Centres and Vice-President, Operations.

In addition to the public company boards listed below, Ms. Bell is a director of the Institute for Governance of Private and Public Organizations (IGOPP) and chairs its audit committee. Ms. Bell has been actively involved in the community. She is a former director of the Théâtre du Nouveau Monde, the International Women's Forum of Canada, the Y of Montreal Foundation, the Quebec Council on Science and Technology, Centraide du Grand Montréal and Women's Y of Montreal.

Ms. Bell holds a Bachelor's degree in Industrial Engineering from École Polytechnique de Montréal and a Master of Science degree from the Institut National de la Recherche Scientifique (INRS), for which she also served as chair of the board from 2012 to 2014 and director from 2002 to 2017.

#### Areas of Expertise:

- Strategic Planning
- Risk Management
- Operations
- HR/Compensation
- Technology
- Public Company Leadership

**Director since:** N/A

**Age:** 60

**Latest date of retirement:** N/A

Board/Committee Membership as at December 31, 2019		Overall Attendance N/A		Public Board Memberships During the Last Five (5) Years
		Regular	Special	
N/A		N/A	N/A	<ul style="list-style-type: none"> <li>• Cogeco Inc. (2016 – Present)</li> <li>• NAV Canada (2014 – Present)</li> <li>• Energir Inc./Valener Inc. (2014 – 2019)</li> <li>• Cominar Real Estate Investment Trust (2012 – 2018)</li> </ul>

Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Total Market Value of Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	N/A	N/A	N/A	N/A	N/A
As at Dec. 31, 2018	N/A	N/A	N/A	N/A	N/A

Voting Results of 2019 Annual Meeting of Shareholders				
Votes For	% For		Votes Withheld	% Withheld
N/A	N/A		N/A	N/A



## Christie J.B. Clark

Toronto (Ontario), Canada  
Independent

Mr. Clark is a corporate director and brings more than 30 years of experience in the accounting, finance and professional services industries. From 2005 to 2011, he was CEO and Senior Partner of PricewaterhouseCoopers LLP (professional services). Prior to being elected as CEO, Mr. Clark served as National Managing Partner and member of the firm's executive committee from 2001 to 2005.

In addition to the public company boards listed below, Mr. Clark is also a director of the Canadian Olympic Committee, the Canadian Olympic Foundation, Own The Podium and the Sunnybrook Hospital Foundation. He is a member of the advisory council of the Stephen J.R. Smith School of Business at Queen's University and a former board member of Brookfield Office Properties Inc., IGM Financial Inc., Hydro One Limited and Hydro One Inc.

Mr. Clark graduated from Queen's University with a Bachelor of Commerce degree and from the University of Toronto with a Master of Business Administration. He is a Fellow Chartered Accountant and currently the National Academic Director for the Institute of Corporate Director's course entitled "Audit Committee Effectiveness".

### Areas of Expertise:

- Strategic Planning
- Risk Management
- Accounting/Finance
- HR/Compensation
- Capital Markets
- Mergers & Acquisitions, Divestitures, Restructuring, etc.
- Public Company Leadership

Director since: N/A

Age: 66

Latest date of retirement: N/A

Board/Committee Membership as at December 31, 2019	Overall Attendance N/A		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
N/A	N/A	N/A	<ul style="list-style-type: none"> <li>• Air Canada (2013 – Present)</li> <li>• Choice Properties Real Estate Investment Trust (2013 – Present)</li> <li>• Loblaw Companies Limited (2011 – Present)</li> <li>• Hydro One Limited (2015 – 2018)</li> </ul>

Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	N/A	N/A	N/A	N/A	N/A
As at Dec. 31, 2018	N/A	N/A	N/A	N/A	N/A

Voting Results of 2019 Annual Meeting of Shareholders			
Votes For	% For	Votes Withheld	% Withheld
N/A	N/A	N/A	N/A



## Isabelle Courville

Rosemère (Quebec), Canada  
Independent

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

In addition to the public company boards listed below, Ms. Courville is a director of the Institute for Governance of Private and Public Organizations (IGOPP) and of the Quebec Chapter of the Institute of Corporate Directors. She is a former director of the Montreal Heart Institute Foundation, École Polytechnique de Montréal and the Chamber of Commerce of Metropolitan Montreal. She is also a former member of the APEC (Asia-Pacific Economic Cooperation) Business Advisory Council. Ms. Courville graduated with a degree in Engineering Physics from the École Polytechnique de Montréal and holds a civil law degree from McGill University. In 2012, Ms. Courville was selected amongst Fortune Magazine's 50 Most Powerful Women in Business. In 2007, she received the McGill Management Achievement Award for her contribution to the business world and community involvement. In 2010, the Ordre des ingénieurs du Québec awarded her the Prix Hommage for her exceptional contribution to the engineering profession. In 2017, she received an honorary doctorate from the Université de Montréal.

Board/Committee Membership as at December 31, 2019	Overall Attendance 94%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	17 of 19	<ul style="list-style-type: none"> <li>• Veolia Environnement S.A. (2016 – Present)</li> <li>• Canadian Pacific Railway Limited (2013 – Present)</li> <li>• Laurentian Bank of Canada (2007 – 2019)</li> <li>• Gecina S.A. (2016 – 2018)</li> <li>• TVA Group Inc. (2013 – 2016)</li> </ul>
G&E Committee	5 of 5	–	
HR Committee (Chair since Aug. 2, 2018)	5 of 5	2 of 2	

Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	3,205	13,851	17,056	\$722,224	Yes (133.75%)
As at Dec. 31, 2018	1,655	6,942	10,147	\$539,994	Yes (100.00%)

Voting Results of 2019 Annual Meeting of Shareholders			
Votes For	% For	Votes Withheld	% Withheld
117,709,249	94.97%	6,232,497	5.03%



## Ian L. Edwards

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

Mr. Edwards was appointed Interim President and CEO on June 11, 2019 and later appointed President and CEO of the Company on October 31, 2019. He has over 30 years of global experience in delivering complex infrastructure and resources projects and leading businesses in many sectors and across numerous geographies including North America, Europe, the Middle East and Asia Pacific.

Mr. Edwards joined the Company in 2014 as Executive Vice-President, Infrastructure Construction, and was appointed President, Infrastructure sector in 2015. As President, Infrastructure sector, he led employees within the Company's global Infrastructure business and oversaw the turnaround and transformation of the sector. He served as COO from January 2019 to June 2019 when he was appointed Interim President and CEO. As COO, he led the initiative to simplify, focus and grow the business and implemented measures to improve the operational performance of the Company. Prior to joining the Company, Mr. Edwards spent six (6) years in senior roles with the Leighton Group (General Contractors), where, as Managing Director, Leighton Asia, India and Offshore, he led a diverse business of 20,000 employees spanning the construction, infrastructure, oil and gas and mining sectors in 14 countries.

Mr. Edwards holds Higher and Ordinary Certificates in Civil Engineering from Lancashire University in the U.K. He is an incorporated Member of the Chartered Institute of Building, a Fellow of the Institution of Civil Engineers, and Fellow of the Hong Kong Institution of Engineers.

### Areas of Expertise:

- Engineering Industry Knowledge
- Strategic Planning
- Risk Management
- Project Management
- Operations

**Director since:** June 11, 2019  
**Age:** 57

Board/Committee Membership as at December 31, 2019 <sup>(1)</sup>	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	3 of 3	9 of 9	None

### Securities Held

Year	Common Shares	Vested Deferred Share Units (E-DSUs)	Unvested Restricted Share Units (RSUs)	Total Common Shares, Vested E-DSUs and Unvested RSUs	Total Value of Common Shares, Vested E-DSUs and Unvested RSUs <sup>(2)</sup>	Meets Minimum Shareholding Requirement of 5 X Base Salary <sup>(3)</sup> i.e. \$5,250,000 (5-year target)
As at Dec. 31, 2019	8,354	21,703	40,711	70,768	\$2,599,870	In process (53.12%)
As at Dec. 31, 2018 <sup>(4)</sup>	3,486	13,964	N/A <sup>(5)</sup>	17,450	\$831,842	In process (37.12%)

### Voting Results of 2019 Annual Meeting of Shareholders

Votes For	% For	Votes Withheld	% Withheld
N/A	N/A	N/A	N/A

<sup>(1)</sup> Mr. Edwards, as President and CEO and previously, as Interim President and CEO, attended Committee meetings as a non-voting participant. He does not receive compensation as a member of the Board of Directors of the Company. For details on Mr. Edwards's compensation as President and CEO and in his former roles, see the "Executive Compensation Discussion and Analysis" section of this Circular.

<sup>(2)</sup> For details on the calculation of the total value of Mr. Edwards' Common Shares, vested E-DSUs and unvested RSUs, see the "Executive Share Ownership Guidelines" subsection under the "Executive Compensation Discussion and Analysis" section of this Circular.

<sup>(3)</sup> Note that the President and CEO does not have a minimum shareholding requirement as a Director. For details on Mr. Edwards' share ownership requirement as President and CEO, see the "Executive Share Ownership Guidelines" subsection under the "Executive Compensation Discussion and Analysis" section of this Circular.

<sup>(4)</sup> Note that Mr. Edwards was President, Infrastructure sector as at December 31, 2018. His share ownership requirement was three times his base salary.

<sup>(5)</sup> Note that prior to 2019, RSUs did not count towards achievement of the Executive Share Ownership Guidelines.



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

Ottawa (Ontario), Canada  
Independent

Dr. Lynch has been Chairman since January 1, 2018 and has served as Vice-Chairman of the Board from May 4, 2017 to December 31, 2017. Dr. Lynch has been Vice-Chairman of BMO Financial Group (financial institution) since 2010. Prior to that, Dr. Lynch built a distinguished 33-year career in the Government of Canada until his retirement in 2009, serving as Clerk of the Privy Council, Secretary to the Cabinet and Head of the Public Service of Canada. He also served as Deputy Minister of Industry from 1995 to 2000 and Deputy Minister of Finance from 2000 to 2004. From 2004 to 2006, he served as Executive Director for Canada at the International Monetary Fund.

In addition to the public company boards listed below, Dr. Lynch is a senior Fellow of Massey College, a Trustee of the Killam Trusts and a director of Communitech Corporation and the Asia Pacific Foundation of Canada. Dr. Lynch is a former director of the Governor General of Canada's Rideau Hall Foundation, the former Chancellor of the University of King's College and the past chair of the Board of Governors of the University of Waterloo.

He also served on the boards of the Ditchley Foundation of Canada (chair), the Accounting Standards Oversight Council (AcOC), the Ontario Rhodes Scholarship Selection Committee, the Princess Margaret Hospital Foundation, the Gairdner Foundation, the Perimeter Institute, the Bank of Canada, Canadian Deposit Insurance Corporation (CDIC), the Business Development Bank of Canada (BDC), BMO China Co Ltd. and the Cape Breton Development Corporation. Dr. Lynch holds a Bachelor of Arts degree in Economics from Mount Allison University, a Master's degree in Economics from the University of Manchester and a doctorate in Economics from McMaster University. He was made a Member of the Queen's Privy Council for Canada in 2009, was appointed an Officer of the Order of Canada in 2011, has received eleven (11) honorary doctorates from Canadian Universities and was awarded the Queen's Golden and Diamond Jubilee Medals for public service.

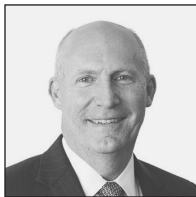
Board/Committee Membership as at December 31, 2019	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	19 of 19	<ul style="list-style-type: none"> <li>• Canadian National Railway Company (2014 – Present)</li> <li>• CNOOC Limited (2014 – 2019)</li> <li>• Empire Company Limited (2013 – 2017)</li> </ul>

### Securities Held

Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$1,200,000 (5-year target)
As at Dec. 31, 2019	–	29,038	29,038	\$1,071,784	In process (89.32%)
As at Dec. 31, 2018	–	11,372	11,372	\$611,594	In process (50.97%)

### Voting Results of 2019 Annual Meeting of Shareholders

Votes For	% For	Votes Withheld	% Withheld
109,922,967	88.69%	14,018,779	11.31%



## Steven L. Newman

Holladay (Utah), United States  
**Independent**

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

In addition to the public company boards listed below, Mr. Newman is an independent non-executive director of Rubicon Oilfield International Holdings GP, Ltd. as well as a limited partner of Rubicon Oilfield International Holdings, L.P. Mr. Newman holds a Bachelor of Science degree in Petroleum Engineering from the Colorado School of Mines and a Master of Business Administration from Harvard Graduate School of Business. He is a member of the Society of Petroleum Engineers and the National Association of Corporate Directors.

### Areas of Expertise:

- Strategic Planning
- Operations
- HR/Compensation
- Mergers & Acquisitions, Divestitures, Restructuring, etc.
- Public Company Leadership

**Director since:** November 5, 2015

**Age:** 55

**Latest date of retirement:** May, 2031

Board/Committee Membership as at December 31, 2019	Overall Attendance 95%		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
Board	5 of 5	17 of 19	<ul style="list-style-type: none"> <li>• Dril-Quip, Inc. (2015 – Present)</li> <li>• Tidewater, Inc. (2017 – 2019)</li> <li>• Bumi Armada Berhad (2015 – 2017)</li> <li>• Transocean, Ltd. (2010 – 2015)</li> </ul>
G&E Committee (Chair since Jan. 1, 2019)	5 of 5	–	
HR Committee	5 of 5	2 of 2	
SWPR Committee	4 of 4	–	

### Securities Held

Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	4,917	24,703	29,620	\$1,199,583	Yes (222.14%)
As at Dec. 31, 2018	4,917	12,735	17,652	\$889,034	Yes (164.64%)

### Voting Results of 2019 Annual Meeting of Shareholders

Votes For	% For	Votes Withheld	% Withheld
118,863,252	95.90%	5,078,494	4.10%



## Michael B. Pedersen

Toronto (Ontario), Canada  
**Independent**

Mr. Pedersen is a corporate director and brings more than 30 years of experience in the banking and finance sectors. Prior to his retirement in 2018, he was Special Advisor to the CEO of The Toronto-Dominion Bank (financial institution) and, from 2013 to 2017, President and CEO of TD Bank US Holding Company's retail and commercial banking business. From 2007 to 2013, he served as Group Head for The Toronto-Dominion Bank's corporate operations and global wealth and insurance businesses. Before joining The Toronto-Dominion Bank in 2007, Mr. Pedersen worked at Barclays plc (financial institution) in the U.K. where he was responsible for three (3) global businesses and at CIBC where he held senior executive roles in retail and business banking.

In addition to the public company board listed below, Mr. Pedersen is the chairman of the board of the Business Development Bank of Canada, the vice-chairman of the board of Nature Conservancy of Canada, the co-chair of the Personal Philanthropy Project as well as a member of the board of the advisory committee of the Intact Centre on Climate Adaptation of the University of Waterloo.

Mr. Pedersen holds a Bachelor of Commerce degree from the University of British Columbia and a Master of Industrial Relations degree from the University of Toronto.

### Areas of Expertise:

- Strategic Planning
- Risk Management
- Extensive Knowledge/Experience U.S. and U.K. Markets
- Government/Regulatory Affairs
- HR/Compensation
- Mergers & Acquisitions, Divestitures, Restructuring, etc.
- Public Company Leadership

**Director since:** N/A

**Age:** 59

**Latest date of retirement:** N/A

Board/Committee Membership as at December 31, 2019	Overall Attendance N/A		Public Board Memberships During the Last Five (5) Years
	Regular	Special	
N/A	N/A	N/A	<ul style="list-style-type: none"> <li>• CGI Inc. (2017 – Present)</li> </ul>

### Securities Held

Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	N/A	N/A	N/A	N/A	N/A
As at Dec. 31, 2018	N/A	N/A	N/A	N/A	N/A

### Voting Results of 2019 Annual Meeting of Shareholders

Votes For	% For	Votes Withheld	% Withheld
N/A	N/A	N/A	N/A





## Jean Raby

Paris, France  
Independent

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

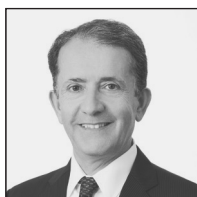
**Director since:** November 5, 2015

**Age:** 55

**Latest date of retirement:** May, 2031

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

Board/Committee Membership as at December 31, 2019		Overall Attendance 97%		Public Board Memberships During the Last Five (5) Years	
		Regular	Special		
Board		5 of 5	18 of 19	• Fiera Capital Corporation (2019 – Present)	
Audit Committee		4 of 4	2 of 2		
SWPR Committee		4 of 4	–		
Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	2,000	11,308	13,308	\$593,255	Yes (109.86%)
As at Dec. 31, 2018	2,000	7,060	9,060	\$481,155	In process (89.10%)
Voting Results of 2019 Annual Meeting of Shareholders					
Votes For		% For		Votes Withheld	% Withheld
112,562,021		90.82%		11,373,200	9.18%



## Zin Smati, Ph.D.

Houston (Texas), United States  
Independent

Mr. Smati is a corporate director and brings 35 years of U.S. and international experience in the energy sector. Mr. Smati is a former chairman and CEO of LifeEnergy LLC (delivery of energy products) (March 2016-September 2019) and a former Senior Advisor at LS Power (power generation, transmission and investment group) (January 2016-December 2018). He is also the former President and CEO of GDF SUEZ Energy North America, Inc. (power generation, liquefied natural gas, gas distribution and transmission, marketing and trading and retail energy), part of ENGIE, one of the world's leading energy groups. Mr. Smati joined GDF SUEZ Energy North America in 2001 as its Executive Vice-President of Strategy and M&A and became President and CEO of GDF SUEZ Energy Resources NA in 2002. In May 2006, he was appointed President and CEO of all energy activities of GDF SUEZ in the U.S., Canada and Mexico, a position he held until his retirement on December 31, 2015. Prior to that, Mr. Smati held various executive positions in a number of energy companies in the U.S. and the U.K., including President and CEO of BP Amoco Global Power, Senior Vice-President of Business Development and Marketing of Amoco Power, Vice-President of Worldwide Power Development of Arco and Manager of Business Development of National Power International of the U.K.

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

**Director since:** May 5, 2016

**Age:** 62

**Latest date of retirement:** May, 2031

Board/Committee Membership as at December 31, 2019		Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years	
		Regular	Special		
Board		5 of 5	19 of 19	None	
G&E Committee		5 of 5	–		
SWPR Committee		4 of 4	–		
Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	1,150	14,251	15,401	\$715,912	Yes (132.58%)
As at Dec. 31, 2018	1,150	9,977	11,127	\$603,081	Yes (111.68%)
Voting Results of 2019 Annual Meeting of Shareholders					
Votes For		% For		Votes Withheld	% Withheld
118,717,040		95.79%		5,218,181	4.21%



## Benita M. Warmbold, FCPA, FCA, ICD.D

Toronto (Ontario), Canada  
Independent

Ms. Warmbold is a corporate director and brings more than 30 years of experience in the finance industry. She is the former Senior Managing Director and CFO of the Canada Pension Plan Investment Board ("CPPIB"), a position she held from December 2013 to July 2017. Prior to that, she was Senior Vice-President and COO of CPPIB from 2008 to 2013. CPPIB is a professional investment management organization responsible for investing funds on behalf of the Canada Pension Plan. Before joining CPPIB, she served as Managing Director and CFO for Northwater Capital Management Inc. from 1997 to 2008. She previously held senior positions with Canada Development Investment Corporation and KPMG.

In addition to the public company boards listed below, Ms. Warmbold is chair of the Canadian Public Accountability Board, a director of Crestone Peak Resources and a member of Queen's University Board of Trustees. She holds an Honours Bachelor of Commerce degree from Queen's University, is a Fellow of CPA-Ontario and has been granted the ICD.D designation by the Institute of Corporate Directors. Ms. Warmbold was recognized as a Top 100 Most Powerful Women in 2009, 2010 and 2015 and in 2016 was inducted into the WXN Hall of Fame. She was also selected by the Canadian Board Diversity Council for its first-ever Diversity 50, which recognizes qualified, diverse candidates for board of director appointments.

### Areas of Expertise:

- Risk Management
- Operations
- Accounting/Finance
- Capital Markets
- Mergers & Acquisitions, Divestitures, Restructuring, etc.

Director since: May 4, 2017

Age: 61

Latest date of retirement: May, 2032

Board/Committee Membership as at December 31, 2019	Overall Attendance 100%		Public Board Memberships During the Last Five (5) Years		
	Regular	Special			
Board	5 of 5	19 of 19	• The Bank of Nova Scotia (2018 – Present) • Methanex Corporation (2016 – Present)		
Audit Committee (Chair)	4 of 4	2 of 2			
HR Committee	5 of 5	2 of 2			
Securities Held					
Year	Common Shares	Deferred Share Units (D-DSUs)	Total Common Shares and D-DSUs	Actual Cost Incurred in Buying Common Shares and D-DSUs	Meets Minimum Shareholding Requirement of 3 X Annual Retainer i.e. \$540,000 (5-year target)
As at Dec. 31, 2019	3,000	9,849	12,849	\$585,596	Yes (108.44%)
As at Dec. 31, 2018	3,000	5,613	8,613	\$473,841	In process (87.75%)
Voting Results of 2019 Annual Meeting of Shareholders					
Votes For		% For	Votes Withheld		% Withheld
119,682,211		95.56%	4,259,535		3.44%

## ADDITIONAL INFORMATION ON OUR DIRECTOR NOMINEES

As of the date hereof, to the knowledge of the Company, in the last ten (10) years, none of the above-named nominees is or has been a director or officer of any company that, while that person was acting in that capacity, was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation (each, an "order"), for a period of more than thirty (30) consecutive days. To the knowledge of the Company, in the last ten (10) years, none of the above-named nominees is or has been a director or officer of any company that was subject to an order that was issued after that person ceased to act in that capacity and which resulted from an event that occurred while that person was acting in that capacity.

In addition, to the knowledge of the Company, in the last ten (10) years, none of the above-named nominees is or has been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets. Furthermore, to the knowledge of the Company, in the last ten (10) years, none of the above-named nominees has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets.

# Directors' Compensation Discussion and Analysis

DIRECTORS' COMPENSATION PHILOSOPHY, REVIEW AND PROCESS **19** / DIRECTORS' COMPENSATION PACKAGE **20** / D-DSUs **20** / ANTI-HEDGING AND ANTI-MONETIZATION **20** / DIRECTORS' COMPENSATION CONSULTANTS **20** / DIRECTORS' SHARE OWNERSHIP REQUIREMENT **20** / TOTAL DIRECTORS' COMPENSATION **21** / OUTSTANDING SHARE-BASED AWARDS **22**

## DIRECTORS' COMPENSATION PHILOSOPHY, REVIEW AND PROCESS

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

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

The G&E Committee is responsible for reviewing Directors' compensation every year and recommending changes to the

The following Director Comparator Group was used by Willis Towers Watson in 2017 to assess our Chairman's and non-employee Directors' compensation:

Company Name	Country	Industry
AECOM	United States	Engineering and Construction
Baker Hughes Incorporated	United States	Oil and Gas Equipment and Services
Balfour Beatty plc	United Kingdom	Engineering and Construction
Cenovus Energy Inc.	Canada	Integrated Oil and Gas
Edison International	United States	Electric Utilities
Fluor Corporation	United States	Engineering and Construction
Fortis Inc.	Canada	Electric Utilities
Husky Energy Inc.	Canada	Integrated Oil and Gas
Jacobs Engineering Group Inc.	United States	Engineering and Construction
John Wood Group PLC	United Kingdom	Oil and Gas Equipment and Services
KBR, Inc.	United States	Engineering and Construction
McDermott International, Inc.	United States	Oil and Gas Equipment and Services
Teck Resources Limited	Canada	Diversified Metals and Mining
TransCanada Corporation	Canada	Oil and Gas Storage and Transportation
WSP Global Inc.	Canada	Engineering and Construction

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

The last review with respect to the compensation of our Chairman and non-employee Directors was carried out by the G&E Committee in October 2018, following a recommendation made by the G&E Committee in 2017 to defer the decision to change the compensation of our Chairman and non-employee Directors. To assist in its review, the G&E Committee used the 2017 compensation review reports prepared by Willis Towers Watson, which services were retained in 2017 to assess if the level and structure of our Chairman and non-employee Directors' compensation were aligned with market practices.<sup>(1)</sup>

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

The Director Comparator Group is representative of global companies located in North America and the United Kingdom. The selection criteria include: (a) listed companies; (b) SNC-Lavalin's direct competitors and companies operating in the main sector of activities; (c) majority of revenue generated outside of Canada; and (d) comparable revenue scope falling within or close to 0.5x and 2x of SNC-Lavalin revenues. Pursuant to this review, the G&E Committee recommended to the Board that the decision to change the compensation of our Chairman and non-employee Directors be deferred. Accordingly, there has been no change to the compensation of the Chairman and non-employee Directors since 2015.

## DIRECTORS' COMPENSATION PACKAGE

The following table outlines the compensation received by our Chairman and non-employee Directors in 2019. Note that our President and CEO does not receive compensation as a member of the Board of Directors of the Company. For details on our President and CEO's compensation, see the "Executive Compensation Discussion and Analysis" section of this Circular.

	AMOUNT (\$)
<b>ANNUAL RETAINER</b>	<b>2019</b>
<b>Director Retainer</b>	
Annual retainer consisting of:	
i) a cash award <sup>(1)</sup>	70,000
ii) a lump sum credited in D-DSUs	110,000
Total:	<b>180,000</b>
<b>Chairman Retainer</b>	
Annual retainer consisting of:	
i) a cash award <sup>(1)</sup>	182,500
ii) a lump sum credited in D-DSUs	217,500
Total:	<b>400,000</b>
<b>Committee Chair Retainer<sup>(1)</sup></b>	
Audit Committee and Special Committee	16,000
G&E, HR and SWPR Committees	12,000
<b>MEETING FEES<sup>(1)(2)(3)</sup></b>	
Board or Committee meeting	
– in person	2,250
– by telephone	925
<b>TRAVEL FEES<sup>(1)(4)</sup></b>	
For travel requiring more than three (3) hours but less than five (5) hours (one way)	1,500
For travel requiring five (5) hours or more (one way)	3,000

<sup>(1)</sup> The Chairman and other non-employee Directors may elect to receive 100% of their compensation payable in cash, in either cash or D-DSUs (i.e. cash award portion of annual retainer, meeting fees, travel fees and Committee Chair retainer (if applicable)).

<sup>(2)</sup> Meeting fees are paid for attendance at Board meetings as well as standing and non-standing Committee meetings. Non-employee Directors who attended meetings of Committees on which they did not sit did not receive meeting fees for these meetings.

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

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

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

## D-DSUs

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

Under the D-DSUP, Directors are credited D-DSUs as part of their annual retainer (i.e. lump sum credited in D-DSUs). They can also elect to receive 100% of their compensation payable in cash in D-DSUs (i.e. cash award portion of their annual retainer, meeting fees, travel fees and Committee Chair retainer, if applicable). In 2019, four (4) Directors elected to receive all of their compensation in D-DSUs, including our Chairman.

D-DSUs track the value of our Common Shares. They accumulate during the Director's term in office and are redeemed in cash when the Director leaves the Board. For the purposes of redeeming D-DSUs, the value of a D-DSU on any given date is equivalent to the average of the closing price for a Common Share on the Toronto Stock Exchange for the five (5) trading days immediately prior to such date. D-DSUs are credited on a quarterly basis and do not carry voting rights. Furthermore, additional D-DSUs accumulate as dividend equivalents whenever cash dividends are paid on Common Shares.

## ANTI-HEDGING AND ANTI-MONETIZATION

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

## DIRECTORS' COMPENSATION CONSULTANTS

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

Nature of Work	Consultant	2019	2018
Compensation of the Chairman and non-employee Directors	Willis Towers Watson	\$0	\$0
Other		–	–

## DIRECTORS' SHARE OWNERSHIP REQUIREMENT

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



The last review with respect to the Directors' share ownership requirement was carried out by the G&E Committee in October 2018. To assist in its review, the G&E Committee used the 2017 compensation review reports prepared by Willis Towers Watson, which had carried out a review of the share ownership requirement for our Chairman and non-employee Directors. Willis Towers Watson prepared a benchmarking study using the Director Comparator Group that was used for benchmarking our Chairman's and non-employee Directors' compensation. Following this review, Willis Towers Watson concluded that our practice with respect to share ownership by our Chairman and non-employee Directors was slightly above market median and therefore, the G&E Committee did not recommend any changes to the Board in this respect.

#### Directors' Share Ownership Requirement<sup>(1)</sup> 5-Year Target = 3 X Annual Retainer

Position	2019 (approx.)
Chairman	\$1,200,000
Non-employee Directors	\$ 540,000

<sup>(1)</sup> The value of the share ownership requirement is determined as the greater of:

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

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

For further details on each Director's share ownership requirement, see the "Securities Held" section of each nominee Director's biographical and compensation information located under the "Information on Our Director Nominees" section of this Circular.

Note that the President and CEO does not have a minimum shareholding requirement as a Director but rather as President and CEO. For his minimum shareholding requirement as President and CEO, see the "Executive Share Ownership Guidelines" subsection under the "Executive Compensation Discussion and Analysis" section of this Circular.

## TOTAL DIRECTORS' COMPENSATION

DIRECTOR COMPENSATION TABLE										
Director	Fees Earned			Share-based Awards <sup>(4)</sup>	Option-based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation <sup>(5)</sup>	TOTAL	Percentage of Total Fees Received in D-DSUs <sup>(6)</sup>
	Non-Employee Director Retainer and Chairman Retainer <sup>(1)</sup>	Committee Chair Retainer <sup>(2)</sup>	Board and Committee Meeting Fees <sup>(3)</sup>							
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(%)
J. Bougie	–	–	–	247,650	–	–	–	5,029	252,679	100%
I. Courville	–	12,000	85,725	180,000	–	–	–	26,719	304,444	60%
C. Hughes	–	–	–	242,975	–	–	–	2,335	245,310	100%
K.G. Lynch	–	–	–	458,475	–	–	–	3,527	462,002	100%
S.L. Newman	–	–	–	309,750	–	–	–	3,530	313,280	100%
J. Raby	70,000	–	89,950	110,000	–	–	–	1,882	271,832	41%
A. Rhéaume	70,000	–	53,000	110,000	–	–	–	7,953	240,953	47%
E.D. Siegel	–	–	81,750	180,000	–	–	–	10,059	271,809	68%
Z. Smati	70,000	12,000	67,475	110,000	–	–	–	9,334	268,809	42%
B.M. Warmbold	70,000	32,000	97,775	110,000	–	–	–	8,284	318,059	36%
<b>TOTAL</b>	<b>280,000</b>	<b>56,000</b>	<b>475,675</b>	<b>2,058,850</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>78,652</b>	<b>2,949,177</b>	<b>70%</b>

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

<sup>(2)</sup> Such amounts represent fees elected to be received in cash by Committee Chairs.

<sup>(3)</sup> Such amounts represent fees elected to be received in cash by the Chairman and non-employee Directors and include (i) fees paid to members of non-standing Board Committees, (ii) fees paid to our Chairman and non-employee Directors for attendance at special Board and special Committee meetings, and (iii) travel fees paid to our non-employee Directors (totaling \$84,000 in 2019). Note that for the December Board meeting held over two (2) days, the Company pays its non-employee Directors for attendance at two (2) meetings.

<sup>(4)</sup> Such amounts represent (i) the cash award portion of the annual retainer elected to be received in D-DSUs by the Chairman and each non-employee Director, and (ii) the lump sum portion of the annual retainer payable in D-DSUs. Such amounts also represent fees elected to be received in D-DSUs by the Chairman and non-employee Directors and include (i) meeting fees, travel fees and Committee Chair retainers (if applicable), (ii) fees paid to members of non-standing Board Committees, (iii) fees paid to our Chairman and non-employee Directors for attendance at special Board and special Committee meetings, and (iv) fees paid to Committee Chairs and other non-employee Directors for meetings with stakeholders.

<sup>(5)</sup> Such amounts represent (i) D-DSUs from dividend equivalents, and (ii) fees elected to be received in cash paid to Committee Chairs and other non-employee Directors for meetings with stakeholders.

<sup>(6)</sup> Such percentage is calculated by dividing the aggregate of the value provided under the share-based awards column and the dividend equivalents included in the all other compensation column, by the value provided under the total column.

## OUTSTANDING SHARE-BASED AWARDS

The following table reflects all awards outstanding as at December 31, 2019 with respect to our non-employee Directors.

Director	Share-based Awards <sup>(1)</sup>	
	Number of shares or units of shares that have not vested (#)	Market or payout value of Share-based Awards that have not vested <sup>(2)</sup> (\$)
J. Bougie	28,873	864,746
I. Courville	13,851	414,838
C. Hughes	17,466	523,107
K.G. Lynch	29,038	869,688
S.L. Newman	24,703	739,855
J. Raby	11,308	338,675
A. Rhéaume	17,897	536,015
E.D. Siegel	28,899	865,525
Z. Smati	14,251	426,818
B.M. Warmbold	9,849	294,978

<sup>(1)</sup> This table represents information with respect to D-DSUs held by our non-employee Directors as at December 31, 2019.

<sup>(2)</sup> The value of outstanding D-DSUs is based on the closing price for a Common Share on the TSX on December 31, 2019 (\$29.95).

# Board Committee Reports

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## AUDIT COMMITTEE REPORT

### Mandate

The Audit Committee is primarily responsible for assisting the Board in overseeing the Company's financial reporting, compliance with legal and regulatory requirements, internal controls, financial risk matters and the Company's relationship with its independent auditor.

### Composition

The members of the Audit Committee are:

Benita M. Warmbold (Chair)  
Catherine J. Hughes  
Jean Raby  
Alain Rhéaume  
Eric D. Siegel

Each of the members of the Audit Committee is independent.

### Audit and Related Experience and Financial Literacy of Audit Committee Members

For the purposes of determining whether a Director is suitably qualified to become a member of the Company's Audit Committee, the Board has adopted the definition of "financial literacy" set out in Section 1.6 of Regulation 52-110 – Audit Committees ("Regulation 52-110")<sup>1</sup>.

The definition of "financial literacy" has been incorporated in the terms of the second paragraph of Section 1 of the mandate of the Audit Committee. All of the Audit Committee members are financially literate. For details on the relevant professional qualifications/business experience of each Audit Committee member, see the Company's AIF available on SEDAR's website ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.snclavalin.com](http://www.snclavalin.com)) under "Investors"/"Investor's Briefcase".

### Cross membership

The mandate of the Audit Committee provides for at least one (1) member to sit on the HR Committee and vice versa in order to monitor and maintain the link between pay and performance, both financial and individual, and thus mitigate risks. Eric D. Siegel and Benita M. Warmbold are currently members of both the Audit and HR Committees. The mandate of the Audit Committee also provides for at least one (1) member to sit on the SWPR Committee and vice versa in order to understand the operational issues which may have a negative impact on the financial outcome of a project, and thus mitigate risks. Catherine J. Hughes and Jean Raby

are currently members of both the Audit and SWPR Committees. For further details on the mandate of the Audit Committee, see the Company's AIF available on SEDAR's website ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.snclavalin.com](http://www.snclavalin.com)) under "Investors"/"Investor's Briefcase".

### 2019 Highlights

#### Financial Disclosure

A major part of the Committee's activities is to review the Company's annual financial disclosure documents listed below. This includes reviewing any reports or materials prepared by management, the independent auditor or the internal auditor outlining any significant financial reporting issues; and all critical judgments made in connection with the preparation of the financial statements. This review is to provide reasonable assurance that the accounting principles used to prepare our financial statements are appropriate, in particular where judgments, estimates, risks and uncertainties are involved, and that adequate disclosure of material issues is provided. In 2019, the Committee:

- Reviewed and recommended for approval by the Board the quarterly and annual financial statements, MD&A, press releases, AIF and other disclosure documents;
- Reviewed the quarterly CEO and CFO certification;
- Reviewed the annual CEO/CFO certification testing;
- Reviewed significant judgments relating to a number of accounting matters;
- Reviewed the results of impairment testing;
- Reviewed and ensured appropriateness of accounting policies;
- Oversaw the impact of IFRS 16 and continued implications for IFRS 15;
- Reviewed the Disclosure and Insider Trading Policy and Disclosure Committee charter;
- Reviewed the minutes from the Disclosure Committee; and
- Reviewed the operating cashflow performance as well as the current and forecasted liquidity of the Company.

The Committee also met *in camera* with the CFO at each regular meeting.

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

### Independent Auditor

The Committee retains an independent auditor to conduct the annual audit of the financial statements. In 2019, the Committee retained Deloitte LLP as its independent auditor to undertake the 2019 audit. The Committee discussed with its independent auditor its responsibilities, its determination of areas of significant audit risk and its related mitigation procedures. The Committee:

- Reviewed the work of the independent auditor;
- Reviewed the independent auditor's annual audit report and quarterly review reports;
- Reviewed the independent auditor's audit plan and fees;
- As per the Company's written policy for pre-approving audit and non-audit services to be provided by the independent auditor, approved the independent auditor's fees pre-approved by the Chair of the Audit Committee and those that were either pre-approved internally by management or that required direct approval by the Committee;
- Reviewed with the independent auditor and management the quality, appropriateness and disclosure of the Company's critical accounting principles and policies, underlying assumptions and reporting practices, and any changes thereto;
- Discussed with the independent auditor the process for how the independent auditor ensures the quality of the audit;
- Reviewed the results of impairment testing;
- Reviewed the independence of the independent auditor; and
- Reviewed the mandate, organization, staffing, qualifications and performance of the independent auditor.

The Committee also met *in camera* with the independent auditor at each regular meeting.

### Internal Auditor

The Committee oversaw the work completed by the Company's internal auditor and:

- Reviewed the internal audit charter;
- Reviewed and approved the annual internal audit plan; and
- Reviewed the internal audit reports and reviewed the status of corrective actions with management at regular quarterly meetings.

The Committee also met *in camera* with the internal auditor at each regular meeting.

### Internal Controls & Other

The Committee also:

- Reviewed the quarterly report on financial controls and governance which is performed in-house by the Company's Internal Audit team in collaboration with the Finance team so as to support ongoing improvements in the internal controls process and the timely remediation of any deficiencies;

- Reviewed the report on financial controls and governance including the remediation of previously identified material weaknesses that no longer exist;
- Reviewed insurance programs and overall insurance coverage;
- Reviewed tax filing compliance;
- Reviewed all legal and regulatory matters that could have a material impact on financial position;
- Reviewed reports from the CIO with respect to progress on the results of financially relevant investigations conducted by the Integrity team;
- Reviewed the Committee's mandate;
- Reviewed the Treasury Policy and portfolio;
- Reviewed the performance of the internal auditor;
- Reviewed the performance of the CFO; and
- Reviewed the performance of the Audit Committee and its Chair.

Submitted by the members of the Audit Committee

## GOVERNANCE AND ETHICS COMMITTEE REPORT

### Mandate

The G&E Committee assists the Board in developing and overseeing the Company's approach to corporate governance and integrity issues, proposing new Board nominees and assessing the effectiveness of the Board and its Committees, their respective chairs and individual Directors. The G&E Committee also provides its statement of corporate governance practices in the "Statement of Corporate Governance Practices" section of this Circular. For a complete copy of the G&E Committee mandate, see the Company's website ([www.snclavalin.com](http://www.snclavalin.com)), under "About Us"/"Leadership & Governance"/"Governance".

### Composition

The members of the G&E Committee are:

Steven L. Newman (Chair)  
Jacques Bougie  
Isabelle Courville  
Zin Smati

Each of the members of the G&E Committee is independent.

### 2019 Highlights

In 2019, the G&E Committee:

### Integrity Function

- Reviewed quarterly reports by the CIO and the Integrity team so as to provide them with timely and constructive feedback and oversight on the Integrity framework and programs;
- Continued to oversee the simplification of the Company's policies and standard operating procedures;
- Conducted, via the Chair of the G&E Committee and the EVP and General Counsel, the performance evaluation of



the CIO and the review of his compensation and his objectives for the coming year; and

- Met *in camera* with the CIO at each meeting.

#### *Board and Committee Composition*

- Reviewed the size and composition of the Board;
- Assisted the Board in renewing Committee memberships by recommending for appointment by the Board Mr. Siegel as a member of the HR Committee effective May 1, 2019;
- Reviewed and adapted the Director Selection Criteria to better reflect the evolving skills required on the Board;
- Reviewed qualifications of incumbent Directors and potential candidates as Board nominees, including independence, board interlocks, availability and the skills and experience required to assist the Board with its mandate; and
- Recommended Director nominees for election at the next Meeting.

#### *Director Succession and Board Renewal*

With the assistance of external resources and considerable engagement with our shareholders, the Committee spent a significant amount of time in 2019 on Board renewal and on the Board succession planning process. Following this exercise, four (4) new Board nominees were invited to stand for election at the Meeting, namely Mr. Gary Baughman, Ms. Mary-Ann Bell, Mr. Chris Clarke and Mr. Mike Pederson. All are highly experienced senior executives with considerable international experience. Mr. Baughman has extensive experience in the infrastructure and resources sector in both the Canadian and U.S. markets, Ms. Bell is an industrial engineer by background with extensive experience in the telecommunications sector, Mr. Clarke is an experienced professional in the advisory services and restructuring sectors and Mr. Pederson has considerable expertise in the banking and technology sectors. Further information on their background is set out in the "Information on our Board Nominees" section of this Circular.

#### *Director Performance Assessment*

- Reviewed 2019 Director performance assessment process; and
- Recommended to the Board the process for the 2019 Director performance assessment, which included the performance assessment of the Board, the individual Directors, the Chairman, the Committee Chairs and peer reviews.

#### *Ongoing Director Education*

- Ensured that ongoing development and education opportunities were made available to Directors during 2019, such as project site visits and presentations on various topics to the Board.

#### *Director Compensation*

- Reviewed Chairman and non-employee Directors' compensation.

#### *Corporate Governance Matters*

- Reviewed and recommended amendments to mandates of the G&E Committee, the Audit Committee and the HR Committee;
- Reviewed and recommended amendments to the Company's Code of Conduct (the "**Code**"); reviewed, monitored and oversaw compliance with the Code;
- Recommended amendments to the Modern Slavery and Human Trafficking Statement and to the Ethics & Compliance Committee Charter;
- Reviewed the Notice of Annual Meeting and Circular, including Meeting date, record date and proposed amendments to By-Law Number 2005-1 of the Company;
- Reviewed the Political Action Committee Compliance Review for the Company's Atkins affiliate;
- Reviewed Board and Committee meeting schedules for 2020 and 2021;
- Monitored developments in corporate and securities laws and regulations, legal and regulatory requirements and best practices; and
- Reviewed the performance of the G&E Committee and its Chair.

#### *Other Matters*

- Oversaw review of certain legal proceedings and compliance-related matters.

We would like to join with our Chairman in thanking Jacques Bougie, Catherine J. Hughes, Alain Rhéaume and Eric D. Siegel who will be leaving the Board following the Meeting, for their valued contribution to the Board as a whole over the years.

#### **Submitted by the members of the G&E Committee**

### **SAFETY, WORKPLACE AND PROJECT RISK COMMITTEE REPORT**

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#### **Mandate**

The SWPR Committee assists the Board in discharging its responsibilities with regard to the overall framework for managing project risks and health, safety, security, environmental, sustainability, business continuity and emergency preparedness risks arising from the Company's operations and business it undertakes with clients.

#### **Composition**

The members of the SWPR Committee are:

Zin Smati (Chair)  
Catherine J. Hughes  
Steven L. Newman  
Jean Raby

Each of the members of the SWPR Committee is independent.

#### **Cross membership**

The mandate of the SWPR Committee provides for at least one (1) member to sit on the Audit Committee and vice versa in order to understand the operational issues which may

have a negative impact on the financial outcome of a project, and thus mitigate risks. Catherine J. Hughes and Jean Raby are currently members of both the SWPR and Audit Committees. For a complete copy of the SWPR Committee mandate, see the Company's website ([www.snclavalin.com](http://www.snclavalin.com)), under "About Us"/"Leadership & Governance"/"Governance".

## 2019 Highlights

In 2019, the SWPR Committee:

### *Health, Safety and Environment ("HSE")*

- Reviewed and oversaw the Company-wide HSE processes and mandatory training initiative for all employees with respect to HSE;
- Oversaw continued progress on the "Perfect Days" initiative, an account of the days where the Company projects and operations were incident free. In 2019, the Company recorded 65 Perfect Days, exceeding the target set for 2019 at 55; and
- Oversaw safety performance by sector.

### *Security*

- Reviewed and oversaw the Company-wide security processes;
- Received quarterly cyber security reporting from management;
- Oversaw the cyber security risk management framework;
- Reviewed the update to the Business Resilience and Recovery Program;
- Reviewed the update to the Travel Security Program; and
- Reviewed the update on major world event monitoring.

### *Risk Management*

- Oversaw the ERM framework;
- Oversaw the top enterprise risks, mitigation plans, progress by quarter and post mitigation impact and probability;
- Oversaw the top enterprise risks assigned to Board Committees; and
- Realigned the Committee's review of risk in the context of the change in the Company's strategy to do a deeper review into the processes surrounding LSTK project run off and high-risk projects.

### *Processes*

- Oversaw the creation of the Global Projects Support function with a view to supporting projects across the Company;
- Oversaw the project review and approval process including the early risk assessment and review process; and
- Oversaw the implementation of the new risk dashboard by sector.

### *Sustainability*

- Reviewed and approved the Sustainability Policy Statement.

### *Projects*

- Endorsed the Company's potential involvement in new major projects for approval by the Board including the review of key success factors, potential partners, key competitors, risks associated with the project and mitigation factors, estimated costs, and project timeline;
- Reviewed reports from management on gross margin backlog by country, contract type and client;
- Reviewed key findings from peer reviews;
- Reviewed the Projects Report which includes a pre-award summary of projects and investment approvals as well as the top contributors depicted as a percentage of gross margin backlog by sector; and
- Reviewed the analysis of the LSTK project run off and delivery risks.

### *Other*

- Reviewed the performance of the SWPR Committee and its Chair.

## Submitted by the members of the SWPR Committee

## HUMAN RESOURCES COMMITTEE REPORT

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### *Mandate*

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

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

### *Composition*

The members of the HR Committee are:

Isabelle Courville (Chair)  
Jacques Bougie  
Steven L. Newman  
Eric D. Siegel (member since May 2, 2019)  
Benita M. Warmbold

Each of the members of the HR Committee is independent.

These Directors possess a range of skills and experience related to human resources, public company leadership, corporate governance, and risk assessment which enhance

the HR Committee's ability to make effective decisions regarding the Company's compensation practices. The following is a brief description of the relevant experience of each HR Committee member:

- **Isabelle Courville** has extensive experience in human resources and compensation matters. She served as President of Hydro-Québec Distribution from March 2011 to January 2013 and as President of Hydro-Québec TransÉnergie from 2007 to 2011. Prior to that, she was President of Bell Canada's Enterprise business segment from 2003 to 2006 and President and CEO of Bell Nrdiq Group from 2001 to 2003. Ms. Courville is a member of the human resources committee of the Institute for Governance of Private and Public Organizations (IGOPP). She is the former chair of the management resources and compensation committee of Canadian Pacific Railway Limited (2016-2019), the former chair (2009-2013) and member (2008-2019) of the Laurentian Bank of Canada's human resources and corporate governance committee, the former chair of the human resources and corporate governance committee of Miranda Technologies Inc. (2006-2012) and a former member of the compensation committee of TVA Group Inc. (2013-2016).
- **Jacques Bougie** has extensive experience in human resources and compensation matters acquired during his career as President and CEO of Alcan Inc. from 1993 to 2001. Mr. Bougie is currently a member of the human resources committee of CSL Group Inc. and McCain Foods Limited. He is also a former member of the human resources committee of Atrium Innovations Inc. He has sat on the human resources committee of seven (7) companies over the past 30 years, including that of AbitibiBowater Inc. (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.) from 2004 to 2010.
- **Steven L. Newman** has many years of experience in overseeing various executive human resources matters. He is the former President and CEO and director of Transocean, Ltd. Mr. Newman joined this company in 1994 and held various management and operational positions. He notably served as Senior Vice-President, Human Resources, Treasury and Information Technology. As such, he had direct responsibility for liaising with the compensation committee's chair as well as with the compensation consultant. During this time, Mr. Newman was also a member of the Society for Human Resources Management. From 2008 to 2015, as COO and as President and CEO, he was responsible for engaging with the compensation committee on establishing the compensation policy and was directly accountable for implementing said policy for Transocean, Ltd.'s executives. Mr. Newman is currently the chair of the compensation committee of Rubicon Oilfield International Holdings GP, Ltd. and is a member of the compensation committee of Dril-Quip, Inc.
- **Eric D. Siegel (member since May 2, 2019)** has extensive experience in human resources and compensation matters acquired during his career as President and CEO of Export Development Canada (EDC), a position he

held from 2007 until his retirement in December 2010. Mr. Siegel joined EDC in 1979. In 1997, he was appointed Executive Vice-President and in 2005, COO, assuming overall leadership for EDC's business development and transacting groups until his appointment as President and CEO in 2007. He is currently a director of Citibank Canada and a member of its audit committee as well as a member of the Dean's Advisory Council of York University's Schulich School of Business. Mr. Siegel graduated from the University of Toronto with a Bachelor of Arts degree in history and economics and from York University with a Master of Business Administration.

- **Benita M. Warmbold** has extensive experience in overseeing various human resources and compensation matters. She served as Senior Managing Director and CFO of Canada Pension Plan Investment Board ("CPPIB") from December 2013 to July 2017. Prior to that, she was Senior Vice-President and COO of CPPIB from 2008 to 2013. As a member of the senior management team, she worked through the complete revamp of CPPIB's compensation structure. Before joining CPPIB, she served as Managing Director and CFO for Northwater Capital Management Inc. from 1997 to 2008. She previously held senior positions with Canada Development Investment Corporation and KPMG. Ms. Warmbold is currently a director of The Bank of Nova Scotia and a member of its human resources committee, a director of Crestone Peak Resources and a member of its human resources and compensation committee, the chair of the Canadian Public Accountability Board and a former chair of its human resources and governance committee and a member of the Board of Trustees of Queen's University. She has been granted the ICD.D designation by the Institute of Corporate Directors.

#### Cross membership

The HR Committee mandate requires at least one (1) member to sit on both the HR Committee and the Audit Committee in order to monitor and maintain the link between pay and performance and to further ensure the mitigation of compensation-related risks. Eric D. Siegel and Benita M. Warmbold are currently members of both Committees. For a complete copy of the HR Committee mandate, see the Company's website at [www.snc-lavalin.com](http://www.snc-lavalin.com), under "About Us"/"Leadership & Governance"/"Governance".

#### Human Resources Achievements

In 2019, the Company delivered against the following human resources initiatives:

- Updated the people strategy for the Company and rolled it out across all business sectors and geographic regions;
- Restructured the Company's Human Resources function into a regional shared service operating model, providing a standardized service to all of the businesses present in each geography;
- Right-sized the HR functional footprint to provide a more cost-efficient and standardized service;

- Facilitated the Company's people and succession planning processes throughout the year, to ensure that the appropriate talent is available and trained to deliver on the Company's strategic plans and its long-term performance and growth agenda;
- Implemented the Human Resources Workday platform across the U.K., Middle East and India;
- Delivered a global careers website and developed regional social media attraction campaigns and assets to improve our engagement with external candidates and attract top talent into the Company;
- Introduced technology to assist with global expatriate assignment management and project costing;
- Continued to deploy a regionalized Diversity and Inclusion Program to enhance the Company's talent pool and empower employees to realize their full potential;
- Completed the harmonization of regional compensation and benefits schemes; where this was necessary following the acquisition of Atkins; and
- Continued to support the Perfect Days initiative as an important part of the HSE program.

#### Key Activities Undertaken

During 2019, the HR Committee undertook the following key activities:

#### Annual Activities

- Reviewed and recommended for Board approval:
  - AIP payouts for 2018 (paid in 2019);
  - The performance payout multiplier and settlement of the PSU awards granted in 2016 (paid in 2019) as well as awards granted in 2017 and 2018 for payments on a prorated basis to employees that left the Company in 2018 following retirement or termination without cause (also paid in 2019);
  - Long-term incentive awards granted during 2019 under the 2019 PSUP and 2019 RSUP;
  - The Performance Comparator Group for the 2018-2020 PSUP performance period;
  - The AIP structure, financial and non-financial performance metrics and targets for 2020;
  - The introduction of an additional limitation on AIP payout (underpin) in circumstances where Company profit falls below a defined level of performance;
  - The financial target setting methodology for AIP 2020;
  - The 2019 circular CD&A section;
  - The succession plan for the President and CEO;
  - Change to Global Mobility Policy for spouse support;
  - Change of the vesting schedule in the E-DSUP to allow for alternative vesting periods;
  - Status and projections of the share ownership requirements for Senior Officers and other EVPs not

reporting to President and CEO subject to the guidelines; and revision to the share ownership requirements; and

- Changes to the HR Committee mandate.
- Reviewed:
  - 2020 salary increase budgets by country;
  - Integrity performance reports;
  - Participation of Senior Officers in for-profit company boards as non-executive directors;
  - Results of the Glass Lewis and ISS reports (proxy advisory firms);
  - Measures and targets in the LTIP and scenarios relating to LTI payout compared to Company performance;
  - The Company's retirement plans' investment performance, funding status and overall administration and governance;
  - Results of the Company-wide talent review process and associated development activities, including the Executive Committee succession plan;
  - Update on the Company's diversity and inclusion activities;
  - Presentation of executive compensation and governance best practices;
  - Results of the employee engagement survey;
  - People Strategy update;
  - Introduction of the newly created Operational Leadership Group, comprised principally of the members of the Executive Committee and the senior business and finance leaders from each sector; and
  - Presentation of the executive leadership development program.

#### Event-Driven Activities

- Reviewed and recommended for Board approval:
  - The appointment, compensation and employment terms for Senior Officers (including the position of COO) hired or promoted in 2019 and selective retention provisions;
  - The leaving arrangements for the departing President and CEO;
  - The promotional arrangements for the Interim and new President and CEO;
  - The introduction of an incentive scheme to address the LSTK rundown; and
  - The attrition and retention of key talent.

#### Other

- Reviewed the performance of the HR Committee and its Chair.

## Executive Compensation Consultants

Since 2008, the HR Committee has retained Hugessen Consulting Inc. to provide it with independent advice on executive compensation and related performance assessment and governance matters. The nature and scope of services provided by this consultant to the HR Committee during 2019 included:

- Review and advice on:
  - President and CEO compensation;
  - Corporate performance as it relates to determining President and CEO and other NEOs' compensation;
  - The 2019 circular CD&A section; and
  - Management-prepared materials and recommendations in advance of HR Committee meetings as requested.
- Attendance at HR Committee meetings as requested.

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

The table below outlines the fees paid by the Company to Hugessen Consulting Inc. in 2018 and 2019:

Nature of work	2019 Fees	2018 Fees
Executive Compensation Fees – Annual Work Plan	\$ 78,088	\$ 77,640
Executive Compensation Fees – Mandates outside of Annual Work Plan scope <sup>(1)</sup>	\$ 94,675	\$ 47,856
<b>Total</b>	<b>\$172,763</b>	<b>\$125,496</b>

<sup>(1)</sup> Increase in 2019 is primarily due to additional advice on various executive matters, including those relating to the change in President and CEO.

Management of the Company spent \$4,832 on executive compensation-related matters with Willis Towers Watson in 2019 and \$190,180 in 2018, as shown in the table below:

Nature of work	2019 Fees	2018 Fees
Executive Compensation <sup>(1)</sup>	\$ 4,832	\$ 190,180
All other fees:		
• Benefits plan management and ongoing consulting for various countries <sup>(2)</sup>	\$ 872,717	\$ 1,127,185
• Accounting	\$ 39,603	\$ 93,617
• Global job classification, compensation surveys and communication <sup>(3)</sup>	\$ 46,887	\$ 102,757
• Risk management consulting	\$ 576,861	\$ 295,369
<b>Total</b>	<b>\$1,540,900</b>	<b>\$1,809,108</b>

<sup>(1)</sup> Includes fees for the benchmarking of several positions within the former Atkins business, the Executive Committee benchmarking

exercise and *ad hoc* Senior Officers' compensation market comparisons.

<sup>(2)</sup> Includes benefits brokerage services and benefits-related projects.

<sup>(3)</sup> Continued assistance with job leveling across the new combined Atkins/SNC-Lavalin organization.

The nature of the work performed by Willis Towers Watson raises no conflict of interest. Its "Professional Excellence" policies and consulting protocols ensure their objectivity.

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

## Letter to Shareholders

Dear Fellow Shareholders:

On behalf of the Board of Directors, I am pleased to provide an overview of our executive compensation program during 2019.

We believe in providing clear and comprehensive information to help you fully understand and evaluate our compensation programs and we are committed to engaging with our shareholders, listening to your feedback and ensuring that our approach to executive compensation remains aligned with your interests.

## Compensation Philosophy

The Company has experienced a significant amount of challenge and change in 2019, and as a result, the financial performance of the Company fell well below our expectations.

Despite the difficulties this year, our philosophy for executive compensation is unchanged. We pay for performance and seek to ensure that executive compensation is directly linked to the achievement of our business objectives. We have not therefore made changes to our executive programs in 2019. We are not expecting to make any material changes to the overall executive compensation design in 2020 as we believe that the current structure is appropriately aligned with the Company's strategic objectives.

Our NEOs, as well as Senior Officers and other EVPs continue to be subject to a minimum shareholding requirement, which reinforces the positive alignment between management and shareholders.

## 2019 Financial Performance and Key Compensation decisions

In 2019, the Company faced several challenges, mainly in the SNC-Lavalin Projects business line comprised of the Resources and Infrastructure, Engineering, Procurement and Construction ("EPC") Projects segments which resulted in a disappointing full year result. The Company's consolidated Adjusted EBITDA was \$495.5 million slightly down from \$582.4 million in 2018. The consolidated IFRS EPS was \$1.87 per diluted share compared to a loss of \$7.50 per diluted



share in 2018, reflecting mainly a gain in 2019 on the sale of 10.01% of the shares of Highway 407 ETR, partially offset by a higher amount of impairment of goodwill in 2019 compared to 2018, while the 2018 results included an operating loss in the Mining & Metallurgy segment at that time, driven by a significant loss on a single project. The net proceeds from the Highway 407 ETR transaction were used (i) for the repayment of \$600 million under the CDPQ Loan; and (ii) for the execution of the Company's deleveraging plans, including paying down the revolving credit facility and a bridge loan. On the positive side, the financial contribution and performance of the SNC-Lavalin Engineering Services business line which is comprised of the EDPM, Nuclear, Infrastructure Services and Capital segments, was strong generating \$802.1 million of segment EBIT compared to \$776.5 million in 2018. Cash flow from operations and Free Cash Flow suffered from the lower profitability, timing of milestones and delays in the settlement of claims within the SNC-Lavalin Projects business line which were partially offset by a strong performance within the SNC-Lavalin Engineering Services business line.

#### Short term Incentive – AIP

As a result of the financial performance of the Company, the financial elements of our AIP did not generate a bonus for our NEOs, other members of the Executive Committee and all participants in corporate roles in 2019. The structure of the AIP does however, mean that participants in the business sectors which have performed successfully, such as Nuclear and EDPM, were rewarded for the financial performance of their sector.

To reinforce the linkage between financial performance and bonus payout, the HR Committee introduced an additional financial underpin into the AIP to limit bonus pay-outs in circumstances where company profit falls below a threshold level of performance.

#### Long-term Incentive

PSUs constitute 60% of the LTIP for NEOs. There was no payment made for the PSUs vested on December 31, 2019, as a result of the Company's TSR performance relative to its peer group from 2017 to 2019.

During the year, the HR Committee considered the performance measures applied under the LTIP, including the correlation between potential measures and financial metrics over three (3) to five (5) years. We remain of the view that a single relative TSR metric continues to be the most effective and appropriate measure to incentivize stretching performance and create long term value for our shareholders.

While the Board has been reassured that our executive compensation program achieved its objective of linking company performance to compensation in 2019, we are also cognizant of the need for our executive compensation program to help us to attract, retain and incentivize senior staff on a global level who are critical to leading our transformation.

In 2019, base salary increases for NEOs were awarded in line with the relevant country inflation data, where the roles are based, unless the NEO had a change in responsibilities. For 2020, our AIP will continue to incentivize profit (measured by

EBITDA) and cash (measured by Free Cash Flow) in equal measure, and our LTIP grants will continue to incentivize improvements to SNC-Lavalin's share price and TSR three (3) years from now.

#### Executive Appointments

In March 2019, the Company announced a revised operating structure, to simplify and de-risk the business. The new structure created four (4) operational sectors and also created a new project oversight function, reporting to the President and CEO, responsible for ensuring project delivery and execution across all operations. In August 2019, the Company appointed Nigel W.M. White, who is based in the U.K., to lead the Project Oversight function globally.

Other executive appointments during the year included: Philip Hoare, who was promoted to lead the EDPM sector, based in the U.K.; Jonathan Wilkinson who was promoted to lead the Infrastructure sector, based in Montreal (following the appointment of Ian Edwards to the role of COO); and Craig Muir, who was appointed to lead the newly created Resources sector based in the United Arab Emirates, having recently joined the Company in April 2019.

In June 2019, the Company announced the promotion of Ian Edwards into the role of President and CEO, initially on an interim basis. This was subsequently confirmed on a permanent basis in October 2019. Mr. Edwards is based in Montreal and replaced Neil Bruce, who retired from his role as President and CEO and relocated to the U.K. in June 2019, ultimately leaving the organization in December 2019. Details of Mr. Edwards' compensation on appointment is provided in the following CD&A and summarized below.

Following Mr. Edwards' appointment, the Company also made several other key senior appointments to strengthen the leadership team and ensure succession for key roles. In October 2019, Charlene Ripley joined the Company, in the role of EVP and General Counsel. Ms. Ripley replaced Hartland Paterson who retired in December 2019. After year-end, Mr. Wilkinson transferred into a newly created role to lead our LSTK run-off projects, as President, Infrastructure Projects sector, Louis G. Véronneau joined the Company as Chief Transformation Officer, Stéphanie Vaillancourt was appointed EVP, Capital and was also confirmed as a member of the Executive Committee, and Jeffrey (Jeff) Bell joined the Company to transition into the role of CFO effective April 14, 2020. All of the above executives are based in Montreal, Canada.

#### 2019 President and CEO Compensation

Upon his interim appointment as President and CEO, Mr. Edwards' base salary was set at \$1,050,000, his AIP target at 125% of annual base salary and his LTIP target at 350% of annual base salary, with 60% in the form of PSUs and 40% in the form of RSUs.

In addition to the regular annual grant under the LTIP, Mr. Edwards was awarded a one-time E-DSU grant of \$1.8M on appointment into the Interim President and CEO role. This award will vest in three (3) equal tranches over a three-year period from the date of grant. The E-DSU award could not be granted in 2019, due to trading restrictions pursuant to the

Company's Disclosure and Insider Trading Policy and will therefore be granted when trading restrictions has ended. It will therefore be reported alongside his regular annual LTI grant in next year's circular. Mr. Edwards' compensation package did not change when he was appointed into the President and CEO role on a permanent basis.

#### Compensation paid to retiring President and CEO

The Board approved an increase in Mr. Bruce's base salary and AIP target to \$1,300,000 and 125% respectively, effective January 1, 2019.

Mr. Bruce received his annual salary, perquisite allowance and pension allowance until his retirement date of December 31, 2019. From June 2019 when Mr. Bruce relocated to the U.K., this was converted to a GB pound sterling value at an exchange rate of 1.7 CAD to GBP.

Mr. Bruce did not receive any severance payments as a result of his retirement and all payments were made in line with his contract of employment and the rules of the applicable schemes. Following his departure, Mr. Bruce received the following payments:

- A payment of \$669,744 relating to the 2019 AIP; and
- A payment of \$1,542,555 relating to RSUs which vested on his retirement.

Mr. Bruce will also receive a payment relating to 76,550 units of E-DSUs, which fully vested on his retirement plus a further payment for the additional units that he will receive as a Company-matching grant equivalent to CAD \$250,000. The Company-matching grant is due to Mr. Bruce having

elected to receive \$500,000 of his 2019 AIP Payout as E-DSUs, as per his Employment Agreement. All payments relating to E-DSUs will be paid one (1) year after Mr. Bruce's retirement date based on the actual share price on that date.

Mr. Bruce will also receive a Company-matching contribution into the ESOP of \$70,435, resulting from personal contributions made in 2018 and 2019. This will be paid in two (2) tranches in June 2020 and June 2021.

No payments were made to Mr. Bruce relating to PSUs that vested on his retirement date, due to the Company's TSR performance relative to its peer group. Mr. Bruce also received no payments relating to stock options on retirement, as all options granted to him expired on or before May 13, 2019.

#### Conclusion

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

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

Should you have any outstanding concerns, we invite you to contact the Chair of the HR Committee.

Yours truly,

**Isabelle Courville (signed)**

Chair of the HR Committee

# Executive Compensation Discussion and Analysis

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## INTRODUCTION

The following section outlines the compensation programs in which the NEOs participate. For 2019, the NEOs are:

- Ian Edwards – President and CEO, formerly Interim President and CEO and COO;
- Neil Bruce – Former President and CEO;
- Sylvain Girard – EVP and CFO;
- Craig Muir – President, Resources sector;
- Alexander (Sandy) Taylor – President, Nuclear sector; and
- Jonathan Wilkinson – President, Infrastructure Projects sector, formerly President, Infrastructure sector and EVP, Infrastructure Construction.

### Executive Committee

Our NEOs are part of our Executive Committee, a team composed in 2019 of Senior Officers led by the President and CEO. Our Executive Committee is responsible for delivering on commitments made to shareholders, setting the strategic direction for the Company, monitoring performance against targets, and setting policies and common operating procedures.

## ANNUAL OVERSIGHT OF EXECUTIVE COMPENSATION

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

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

### At the Outset of the Year:

#### *Establish Target Compensation Levels and Mix*

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

The HR Committee recommends to the Board the target compensation level and mix for the President and CEO, considering the executive compensation policy, market practices, and advice from its independent advisor. The

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

#### *Establish Performance Objectives and Targets*

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

The HR Committee annually evaluates financial and operational objectives under our short-term and long-term incentive plans to ensure alignment with our strategic plan. We believe that key financial results, including Company profit and cash management, measure the sustainability of our core operations and drive long-term value creation. Our non-financial goals reflect our strong commitment to ethical business practices and the health and safety of our employees, over and above their individual performance. Our LTIP incorporates relative TSR targets, thereby strengthening the alignment of our executive compensation with shareholder return.

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

### During the Year and Following Year-End:

#### *Assess the Executive Compensation Policy and Programs*

The HR Committee reviews the Company's executive compensation policy and programs on an as-needed basis against the Company's compensation philosophy and strategy, evolving best practices, market trends and

shareholder expectations. As appropriate, adjustments to compensation programs are considered and implemented.

### *Assess Performance Against Objectives*

The President and CEO shares and reviews performance results with the HR Committee, and discusses how the Company, Senior Officers and other EVPs not reporting directly to the President and CEO are tracking against the performance targets and objectives established at the beginning of the year. Adjustments to performance goals are considered, on an as-needed basis, in light of any acquisitions and/or divestitures or other types of transactions by the Company during the year. In 2019, the Board did not make any adjustments that affected achievement of performance targets.

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

### *Recommend Pay Outcomes for Board Approval*

All incentive plan payouts are put forward by the HR Committee to the Board for final approval. The Board, in its sole discretion and considering recommendations from the HR Committee, may exercise discretion to adjust incentive plan payouts in order to achieve the appropriate outcomes in light of unanticipated internal or external developments. In 2019, the Board did not exercise discretion when approving payouts.

## **OUR COMPENSATION PHILOSOPHY**

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

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

### **Risk Management Measures**

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

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

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

What we do
<ul style="list-style-type: none"> <li>• Operate a clawback policy which provides the Board with discretion to seek reimbursement of all or part of paid incentives under specific circumstances.<sup>(1)</sup></li> <li>• Maintain an anti-monetization and anti-hedging policy for all insiders of the Company that prohibits hedging Company equity exposure and trading in derivatives of the Company.<sup>(1)</sup></li> <li>• Require Senior Officers and other EVPs to comply with Executive Share Ownership Guidelines. The President and CEO is also subject to a minimum share ownership requirement for one year following retirement.<sup>(1)</sup></li> <li>• Hold an annual Say on Pay vote to facilitate engagement between shareholders and the Company.</li> <li>• Engage external executive compensation consultants to provide independent advice on market best practices and pay levels.</li> <li>• Perform an executive market compensation review every two (2) years to ensure that compensation packages are aligned with our target positioning for Senior Officers.</li> <li>• Maintain double-trigger change in control provisions for Senior Officers.</li> <li>• Review the AIP structure, objectives and financial and non-financial targets annually to ensure alignment with shareholder value creation and the Company's values.</li> <li>• Limit incentive awards under the AIP and PSUP, including the possibility of a zero payout.</li> <li>• Limit on bonus payouts in circumstances where the Company profit falls below a threshold level of performance to further reinforce linkage between financial performance and bonus payout, starting with the 2020 performance year.</li> <li>• Limit the Performance Payout Multiplier at 100% if the TSR is negative over the performance period for the PSUP.</li> </ul>
What we don't do
<ul style="list-style-type: none"> <li>• Provide guaranteed, multi-year cash bonuses.</li> <li>• Grant, renew or extend loans to employees.</li> <li>• Set performance targets for incentives without appropriate stress testing.</li> <li>• Offer compensation changes to Senior Officers without appropriate Board approval.</li> <li>• Re-price or replace underwater units in the stock option plan.</li> </ul>

<sup>(1)</sup> Described in greater detail in the "Risk Management" section of this CD&A.

### **Executive Pay Comparator Group**

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

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

- Canadian and U.S. publicly-traded companies;
- Companies with annual revenues, market capitalization, and total enterprise value of between approximately half to two times that of the Company;
- Companies evolving in industrial sectors where we compete for talent, including, but not limited to, E&C, oil and gas, utilities and chemicals; and
- Direct competitors that do not meet the scoping criteria (annual revenues, market capitalization, or total enterprise value).

The HR Committee reviews the North American Executive Pay Comparator Group periodically with the Company's executive compensation consultants to ensure that it represents the most appropriate and reliable sample possible, verifying that the companies included continue to meet the selection criteria and determining whether additional companies should be included. The last review was undertaken in September 2018, when the most recent executive compensation benchmarking exercise was completed. The next review will be undertaken in 2020.

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

*Canadian group of companies (n=14)*

Company	Market Capitalization <sup>(1)(2)</sup>	Total Enterprise Value <sup>(1)(2)</sup>	Last 12 Months Total Revenues <sup>(1)(3)</sup>	Primary Industry
Air Canada	\$ 12,846	\$ 16,337	\$ 19,009	Airlines
ATCO Ltd.	\$ 5,692	\$ 18,064	\$ 4,888	Multi-Utilities
Bombardier Inc.	\$ 4,587	\$ 17,721	\$ 21,087	Aerospace and Defense
Cenovus Energy Inc.	\$ 16,219	\$ 24,700	\$ 20,844	Integrated Oil and Gas
CGI Group Inc.	\$ 29,149	\$ 31,276	\$ 12,111	IT Consulting and Other Services
Encana Corporation	\$ 7,899	\$ 18,713	\$ 7,088	Oil and Gas Exploration and Production
Finning International Inc.	\$ 4,132	\$ 6,168	\$ 6,996	Trading Companies and Distributors
Fortis Inc.	\$ 24,876	\$ 51,862	\$ 8,390	Electric Utilities
Kinross Gold Corporation	\$ 7,721	\$ 9,677	\$ 4,173	Gold
Linamar Corporation	\$ 3,205	\$ 5,148	\$ 7,621	Auto Parts and Equipment
Nutrien Ltd	\$ 35,617	\$ 51,221	\$ 24,381	Fertilizers and Agricultural Chemicals
Stantec Inc.	\$ 4,074	\$ 5,580	\$ 3,355	Research and Consulting Services
Teck Resources Limited	\$ 12,480	\$ 17,509	\$ 12,564	Diversified Metals and Mining
WSP Global Inc.	\$ 9,393	\$ 11,709	\$ 7,908	Engineering and Construction
P75	\$ 15,380	\$ 23,200	\$ 17,400	
<b>Median</b>	<b>\$ 8,650</b>	<b>\$ 17,610</b>	<b>\$ 8,150</b>	
P25	\$ 4,860	\$ 10,180	\$ 7,020	
Average	\$ 12,710	\$ 20,410	\$ 11,460	
<b>SNC-Lavalin Group Inc.</b>	<b>\$ 5,258</b>	<b>\$ 6,671</b>	<b>\$ 9,642</b>	<b>Engineering and Construction</b>
<b>Percentile Rank</b>	<b>P28</b>	<b>P16</b>	<b>P56</b>	

<sup>(1)</sup> Source: S&P Capital IQ. Data in \$MM CAD, converted to CAD using the relevant Bank of Canada spot currency exchange rates as at December 31, 2019.

<sup>(2)</sup> As at December 31, 2019.

<sup>(3)</sup> Based on information that was publicly available on December 31, 2019.



U.S. group of companies (n=15)

Company	Market Capitalization <sup>(1)(2)</sup>	Total Enterprise Value <sup>(1)(2)</sup>	Last 12 Months Total Revenues <sup>(1)(3)</sup>	Primary Industry
AECOM	\$ 6,775	\$ 9,306	\$ 20,173	Engineering and Construction
Ashland Global Holdings Inc.	\$ 4,609	\$ 6,044	\$ 2,493	Specialty Chemicals
Axalta Coating Systems Ltd.	\$ 7,133	\$ 10,372	\$ 4,696	Specialty Chemicals
Celanese Corporation	\$ 14,882	\$ 18,792	\$ 7,155	Specialty Chemicals
EMCOR Group, Inc.	\$ 4,846	\$ 4,990	\$ 8,131	Engineering and Construction
Fluor Corporation	\$ 2,646	\$ 2,879	\$ 19,167	Engineering and Construction
Huntsman Corporation	\$ 5,447	\$ 7,908	\$ 9,379	Diversified Chemicals
Jacobs Engineering Group Inc.	\$ 11,970	\$ 12,794	\$ 12,738	Engineering and Construction
KBR, Inc.	\$ 4,322	\$ 5,137	\$ 4,913	Engineering and Construction
McDermott International, Inc.	\$ 123	\$ 4,451	\$ 6,705	Oil and Gas Equipment and Services
Murphy Oil Corporation	\$ 4,098	\$ 7,365	\$ 2,587	Oil and Gas Exploration and Production
National Oilwell Varco, Inc.	\$ 9,665	\$ 11,694	\$ 8,453	Oil and Gas Equipment and Services
Quanta Services, Inc.	\$ 5,794	\$ 7,894	\$ 11,171	Engineering and Construction
RPM International Inc.	\$ 9,954	\$ 12,602	\$ 5,565	Specialty Chemicals
TechnipFMC plc	\$ 9,585	\$ 10,040	\$ 12,553	Oil and Gas Equipment and Services
P75	\$ 9,630	\$ 11,030	\$ 11,860	
<b>Median</b>	<b>\$ 5,790</b>	<b>\$ 7,910</b>	<b>\$ 8,130</b>	
P25	\$ 4,470	\$ 5,590	\$ 5,240	
Average	\$ 6,790	\$ 8,820	\$ 9,060	
<b>SNC-Lavalin Group Inc.</b>	<b>\$ 4,048</b>	<b>\$ 5,136</b>	<b>\$ 7,424</b>	<b>Engineering and Construction</b>
<b>Percentile Rank</b>	<b>P14</b>	<b>P21</b>	<b>P45</b>	

<sup>(1)</sup> Source: S&P Capital IQ. Data in \$MM USD. Converted to USD using the relevant Bank of Canada spot currency exchange rates as at December 31, 2019.

<sup>(2)</sup> As at December 31, 2019.

<sup>(3)</sup> Based on information that was publicly available on December 31, 2019.

The Company also uses a Performance Comparator Group to assess the Company's relative TSR under the PSUP. This Performance Comparator Group is described in the "PSUP Design" subsection of this CD&A.

### Target Positioning

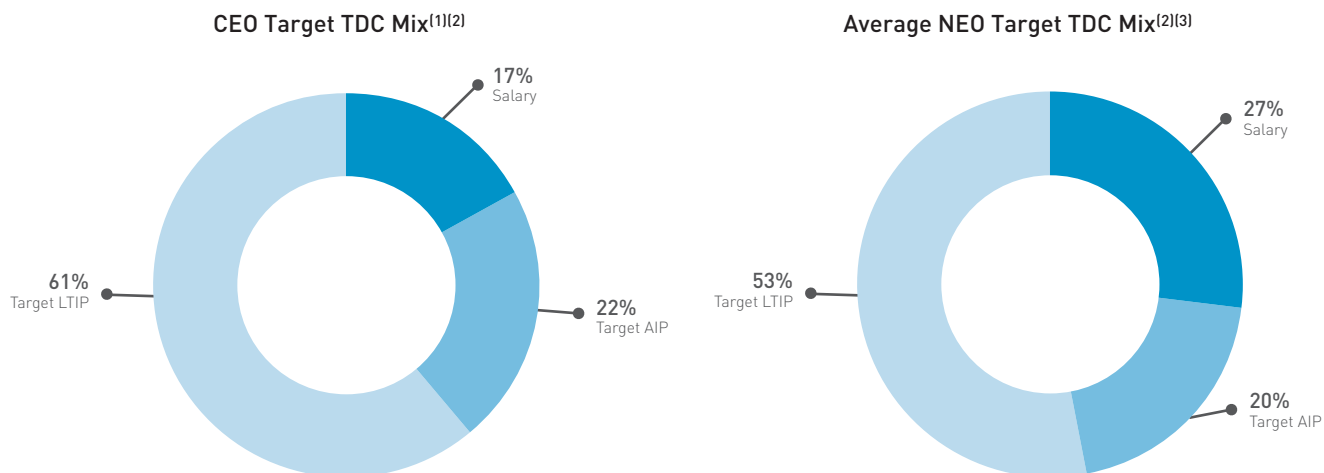
For our North American Senior Officers, the executive compensation policy targets TDC, which includes base salary and target short-term and long-term incentive awards (at grant date fair value), at median compared to the North

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

Pension, benefits and perquisites are targeted at a level that is competitive with local companies of similar size.

## EXECUTIVE COMPENSATION DESIGN AND MIX

A significant portion of our NEOs' compensation is variable and linked to performance against 1) our short-term financial and non-financial objectives under our AIP, and 2) TSR as well as share price performance under our LTIP. The following charts illustrate our President and CEO's 2019 target TDC mix as well as that of the other NEOs (on average).



<sup>(1)</sup> Reflects the target TDC mix of Mr. Edwards effective June 11, 2019.

<sup>(2)</sup> NEOs are offered annually the option to elect to convert in whole or in part their bonus under the AIP into E-DSUs. Regardless of their election, the full amount of their bonus is included in "Target AIP" in this graph.

<sup>(3)</sup> Mr. Bruce is excluded from the average NEO target TDC mix.

## COMPONENTS OF COMPENSATION

Our NEOs receive compensation that is both fixed and variable and triggered by Company and individual performance. There are six (6) elements incorporated in our executive compensation program: i) base salary, ii) AIP, iii) LTIP (PSUP, RSUP, E-DSUP), iv) ESOP, v) benefits and perquisites, and vi) pension.

Component	Risk	Objectives	Time Frame	Description
<b>Components of TDC</b>				
Base Salary	Fixed	Provides competitive level of fixed compensation	Set annually	<ul style="list-style-type: none"> <li>Primary fixed component of TDC</li> <li>While typically set in reference to the median of their Executive Pay Comparator Group, individual NEO salaries reflect level of responsibility, skills and experience, as well as individual performance</li> </ul>
AIP	Variable	Rewards for individual contributions to and achievement of Company objectives	1 year	<ul style="list-style-type: none"> <li>Cash bonus</li> <li>Payout based on combination of Board-approved financial and non-financial objectives, the latter including individual performance</li> </ul>
PSUP	Variable	Promotes retention, rewards performance and creates incentive to enhance shareholder value	3 years	<ul style="list-style-type: none"> <li>Annual grants</li> <li>Cliff vesting (0-200% of units granted) on the third December 31<sup>st</sup> following the grant date based on Company relative TSR performance vs. the Performance Comparator Group</li> </ul>
RSUP	Variable	Promotes retention and rewards contribution to long-term value creation	3 years	<ul style="list-style-type: none"> <li>Annual grants</li> <li>Cliff vesting on the third anniversary of the grant</li> </ul>
E-DSUP <sup>(1)</sup>	Variable	Aligns the interests of management with those of shareholders and rewards contribution to long-term value creation	5 years when granted (vesting)	<ul style="list-style-type: none"> <li>Grants are made on an <i>ad hoc</i> basis under special circumstances. These awards typically vest at a rate of 20% at the end of each calendar year following the date of grant</li> <li>Separately, Senior Officers and other EVPs not reporting to President and CEO subject to share ownership requirements have the option to elect to convert all or part of their bonus under the AIP into E-DSUs to assist them in meeting their requirements. E-DSUs received pursuant to an election to convert a bonus under the AIP into E-DSUs are immediately vested</li> <li>Payout of vested units made one (1) year following the termination of employment</li> </ul>
<b>Other Components of Compensation</b>				
ESOP	Variable	Encourages share ownership and aligns participant interests with shareholder interests	3 years	<ul style="list-style-type: none"> <li>Voluntary share purchase plan</li> <li>Employee contributions of up to 10% of base salary in a given year with a 35% Company-matching contribution over the subsequent two-year period</li> <li>Senior Officers and other EVPs not reporting to President and CEO subject to share ownership requirements may contribute up to 20% without the Company-matching contribution on the incremental 10%</li> </ul>
MSOP	Variable		5 years	<ul style="list-style-type: none"> <li>Legacy plan with no Company-matching contributions outstanding</li> <li>Voluntary share purchase plan</li> <li>Executive contributions of 25% of AIP payout with a 100% Company-matching contribution over five (5) equal annual installments</li> </ul>
Benefits and Perquisites	Fixed	Provides an effective and attractive executive compensation program	1 year	<ul style="list-style-type: none"> <li>Flexible group life, health and disability insurance program and perquisite allowance</li> </ul>
Pension	Fixed		1 year	<ul style="list-style-type: none"> <li>DCPP – a registered retirement plan</li> <li>SERP – a non-registered supplemental executive retirement plan</li> </ul>

<sup>(1)</sup> The rules of the E-DSUP were modified in 2019 to allow Board discretion to determine alternative vesting schedules for ad hoc grants.

## COMPONENTS OF TDC

### Base Salary

We determine NEOs' base salaries by reference to the median of their Executive Pay Comparator Group, with each NEO's base salary taking into account the level of responsibility, skills and experience of the NEO as well as individual performance. Base salaries for the President and

CEO's direct reports are recommended by the President and CEO and are reviewed by the HR Committee for final Board approval in the first quarter of each calendar year, in conjunction with a review of total compensation. The President and CEO's base salary is recommended by the HR Committee for Board approval at the same time.

The following table outlines our NEOs' 2019 base salaries:

Executive	Annual Base Salary at Year-End		
	2018	2019	Change from 2018
Ian Edwards <sup>(1)</sup>	\$ 747,000	\$1,050,000	40.6%
Neil Bruce <sup>(2)</sup>	\$1,163,600	\$1,300,000	11.7%
Sylvain Girard	\$ 630,000	\$ 648,000	2.9%
Craig Muir <sup>(3)</sup>	N/A	\$ 681,741	N/A
Jonathan Wilkinson <sup>(4)</sup>	\$ 555,000	\$ 700,000	26.1%
Sandy Taylor	\$ 666,250	\$ 685,000	2.8%

<sup>(1)</sup> Mr. Edwards' base salary was increased by 10.0% to \$822,000 retroactively on January 1, 2019 upon appointment to the role of COO on January 28, 2019; it was further increased by 27.7% on June 11, 2019 to \$1,050,000 upon appointment to the role of Interim President and CEO and maintained at the same level when confirmed as President and CEO.

<sup>(2)</sup> Mr. Bruce's base salary was increased by 11.7% on January 1, 2019 upon Board approval, following the results of our executive benchmark study in November 2018. That base salary applied until June 11, 2019. This was then set to GBP 764,700, converted to CAD using a flat exchange rate of 1 GBP = 1.7000 CAD.

<sup>(3)</sup> Mr. Muir joined the Company on April 8, 2019. His base salary is paid in AED. For the purposes of this disclosure, amounts were converted to CAD using the December 31, 2019 spot currency exchange rate of 1 AED = 0.3536 CAD.

<sup>(4)</sup> Mr. Wilkinson's base salary was increased by 11.7% to \$620,000 on January 28, 2019 when initially appointed to the role of President, Infrastructure sector; it was further increased by 12.9% in May 2019 to \$700,000.

## AIP

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

### Plan Design

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



### Target Award Levels

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

Executive	Below Threshold (% of salary)	Target (% of salary)	Maximum (% of salary)
Ian Edwards <sup>(1)</sup>	0%	125%	250%
Neil Bruce <sup>(2)</sup>	0%	125%	250%
Sylvain Girard	0%	75%	150%
Craig Muir	0%	75%	150%
Jonathan Wilkinson <sup>(3)</sup>	0%	75%	150%
Sandy Taylor	0%	75%	150%

<sup>(1)</sup> Further to his nomination as COO effective January 28, 2019, Mr. Edwards' target AIP was maintained at 75%. His target was then increased to 125% effective June 11, 2019 to reflect his interim appointment to the role of President and CEO, and maintained when confirmed into the role of President and CEO.

<sup>(2)</sup> Mr. Bruce's target AIP was increased to 125% as of January 1, 2019 and was maintained at the same level after he stepped down from his role of President and CEO and acted as an advisor to the Board until December 31, 2019.

<sup>(3)</sup> Mr. Wilkinson's target AIP was maintained at 75% following his promotion from EVP, Infrastructure Construction to President, Infrastructure sector on January 28, 2019.

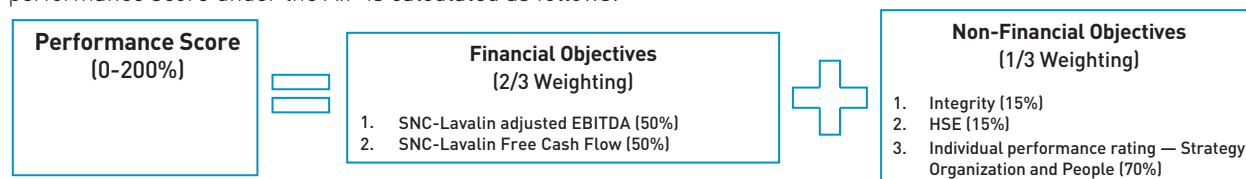
### Performance Measurement

The plan structure for 2019 was changed in the following manner:

- E&C Adjusted EPS metric was eliminated, and the Free Cash Flow metric's weight was increased to 50% for the business to focus at all levels on their cash performance;
- The weight of adjusted EBITDA was also increased from 35% to 50%; and
- Integrity measures were modified to bring more focus on the effective execution and operationalization of the Integrity Program. As such,
  - The assessment of the effectiveness and sustainability of SNC-Lavalin's Integrity Program by the external validators and the Ethics and Compliance Committee ("ECC") self-assessment was removed.
  - The weighting on mandatory training modules completed within allocated time was increased to ensure a pro-active and aware culture.

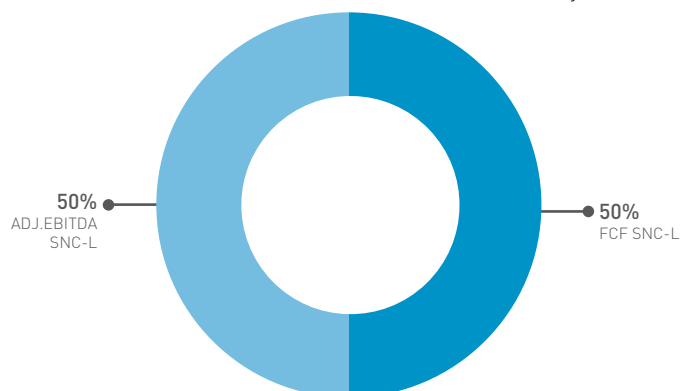
- The substantiated Compliance Investigations cases metric was introduced.
- The elimination of the Integrity measure payout when a major breach or serious allegations arise was introduced.

The performance score under the AIP is calculated as follows:



#### 2019 Financial Performance Objectives and Achievement (2/3 weighting)

In 2019, the financial measures were SNC-Lavalin Adjusted EBITDA and SNC-Lavalin Free Cash Flow.



The consolidated Adjusted EBITDA and SNC-Lavalin Free Cash Flow were well below threshold level and expectations given the challenges met in the SNC-Lavalin Projects business line and despite the positive financial contribution and performance of the SNC-Lavalin Engineering Services business line. Cash flow from operations, and therefore SNC-Lavalin Free Cash Flow, also suffered from the lower profitability, timing of milestones and delays in the settlement of claims within the SNC-Lavalin Projects business line which were partially offset by a strong performance within the SNC-Lavalin Engineering Services business line.

Performance Measure (Weighting) <sup>(1)</sup>	Threshold (0% payout)	Target (100% payout)	Maximum (200% payout)	Actual Achievement	Actual Score <sup>(2)</sup>
SNC-Lavalin Adjusted EBITDA (000s) (50%)	\$ 1,063,649	\$ 1,157,500	\$ 1,251,351	\$ 495,467	0%
SNC-Lavalin Free Cash Flow (000s) (50%)	\$ 220,516	\$ 309,373	\$ 398,229	\$ (360,706)	0%

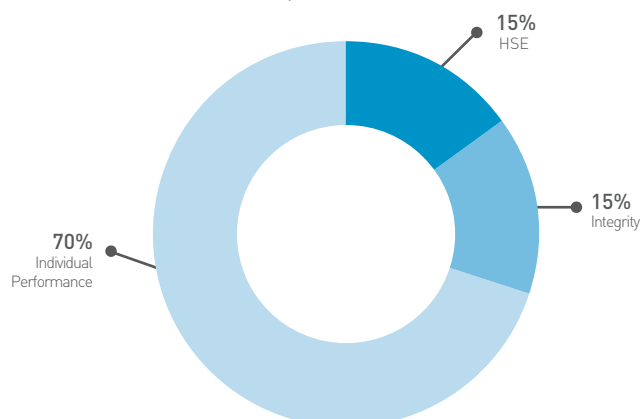
<sup>(1)</sup> The terms "SNC-Lavalin Adjusted EBITDA" and "SNC-Lavalin Free Cash Flow" are non-IFRS performance measures, which do not have any standardized meaning under IFRS. Therefore, they may not be comparable to similar measures presented by other issuers. These non-IFRS measures provide additional insight into the Company's financial results which shareholders can reference to evaluate financial performance from period to period. A definition and a reconciliation of SNC-Lavalin Adjusted EBITDA with IFRS measures can be found in the Company's 2019 MD&A. SNC-Lavalin Free Cash Flow in 2019, as calculated for the purpose of the AIP, corresponds to its net cash used for operating activities of \$355,273,000 added to the capital expenditures of \$122,444,000 and lease payments of \$119,106,000 and adjusted to exclude cash outflows related to an EPC project at loss in Chile totalling \$236,117,000 in 2019.

<sup>(2)</sup> Scores are interpolated on a linear basis between threshold, target and maximum performance levels.

Given the disappointing overall financial performance of the Company, as measured under the AIP, the financial components of the plan relating to SNC-Lavalin Adjusted EBITDA and SNC-Lavalin Free Cash Flow are not paying out for the 2019 performance year.

#### 2019 Non-Financial Performance Objectives and Achievement (1/3 weighting)

In 2019, our non-financial performance measures included Integrity and HSE, as well as individual performance.





Performance Measure (Weighting)	Objectives	Achievements
Integrity (15%)	<ul style="list-style-type: none"> <li>Score is 0% in the case of a written warning/sanction at individual level, and/or in case of major breach or serious allegations for the relevant sector/Corporate functions</li> <li>Effectively execute and operationalize the Integrity program: completing mandatory trainings within the allocated time and substantiated compliance investigations cases</li> </ul>	<ul style="list-style-type: none"> <li>Integrity program is operating effectively and is seen as best in class for industry segment; execution is close to the maximum performance level both in terms of mandatory trainings and substantiated compliance investigations cases</li> <li>Assessment: close to maximum performance</li> </ul>
HSE (15%)	<ul style="list-style-type: none"> <li>Score of 0% in the case of a fatality</li> <li>Total recordable incident frequency (TRIF): 0.13</li> <li>Lost time incident frequency (LTIF): 0.013</li> <li>Leading indicators (site safety visits and completion of personal safety commitment) for members of the Executive Committee</li> <li>Perfect Days: 55 days</li> </ul>	<ul style="list-style-type: none"> <li>Overall, the TRIF objective attained the maximum target, while the LTIF objective was below target</li> <li>Assessment for Perfect Days: 105 days, maximum achieved</li> <li>Overall, leading indicators were at or above target for members of the Executive Committee</li> </ul>
Individual Performance Rating (70%)	<ul style="list-style-type: none"> <li>Each NEO had specific individual performance objectives</li> </ul>	<ul style="list-style-type: none"> <li>For a discussion regarding individual executive achievements against these objectives, see the "President and CEO Compensation and Review" and "Other NEO Compensation and Review" subsections of this CD&amp;A</li> </ul>

On the non-financial side, the Company continues to lead with its standard-setting Integrity program and has delivered above target HSE performance overall.

#### 2019 AIP Payouts

Based on the financial and non-financial performance results described above, the NEOs were awarded the following AIP payouts with respect to the 2019 performance year:

Executive	Actual AIP payout	Actual AIP as a % of Target
Ian Edwards	\$ 531,556	53%
Neil Bruce <sup>(1)</sup>	\$ 669,744	41%
Sylvain Girard	\$ 196,660	40%
Craig Muir <sup>(2)</sup>	\$ 159,575	43%
Jonathan Wilkinson <sup>(3)</sup>	\$ 198,360	40%
Sandy Taylor	\$ 264,735	52%

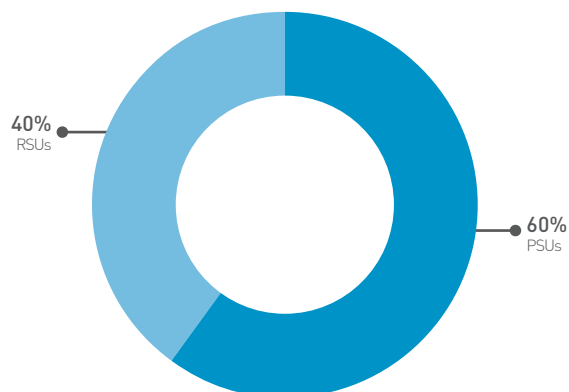
<sup>(1)</sup> The payout is based on actual financial, Integrity and HSE results for the full financial year as Mr. Bruce acted as an advisor to the Board from June 11, 2019 until December 31, 2019. The multiplier in regard to his individual performance rating was set at target.

<sup>(2)</sup> Mr. Muir joined the Company on April 8, 2019. Therefore, the AIP bonus for the 2019 performance year has been prorated to reflect the number of days worked during the year. Mr. Muir's actual AIP payout is paid in AED. For the purposes of this disclosure, amounts were converted back to CAD using the December 31, 2019 spot currency exchange rate of 1 AED = 0.3536 CAD.

<sup>(3)</sup> Mr. Wilkinson's AIP payout was based on metrics related to the Infrastructure Construction business unit prior to his promotion to the role of President, Infrastructure sector, at which point his measures were transferred to corporate level targets.

## LTIP

In addition to the AIP, our NEOs are eligible for annual long-term incentive grants with a mix of PSUs (60% of annual LTIP grant) and RSUs (40% of annual LTIP grant) as presented in the graph below. More weighting is put on PSUs to bring additional focus on long term performance and align with shareholders' interests.



Our NEOs and other executive-level employees receive their annual grant of LTIP, calculated as a percentage of base salary in accordance with their terms of employment, once a year and just after the year-end results are published. Off-cycle LTIP grants may be made exceptionally at other times of the year in connection with promotions or recruitment of executives. In 2019, Mr. Muir was granted an off-cycle award on May 13, 2019 due to his hire date on April 8, 2019, and was granted special awards described in more detail in the "2019 RSU Grants" subsection of this CD&A. Upon appointment to the role of Interim President and CEO, Mr. Edwards was awarded a one-time E-DSUP of \$1.8M to be granted at the next open trading period.

## PSUP

### PSUP Design

Under the PSUP adopted in 2019 and the prior PSUP adopted in 2017, the interests of our eligible employees and executives are aligned with those of our shareholders by tying the vesting of PSUs to the ranking of our TSR relative to the Performance Comparator Group, as described below, over a three-year period. TSR measures the appreciation of our Common Shares as well as dividends paid during the performance period assuming dividend reinvestment. The payout is capped at target (100%) if our absolute TSR is negative over the performance period, to further drive performance even in the context of declining markets.

In 2019 the HR Committee reviewed an analysis of performance drivers in the LTIP. As a consequence, the HR Committee did not recommend complementing the use of TSR with other metrics at the current time.

The 2019 PSU grant has a performance period from January 1, 2019 to December 31, 2021 and units vest at the end of the third calendar year. At vesting, the number of units granted will be adjusted by the performance payout multiplier (0% to 200% of the units granted), based on performance according to the following schedule:

Relative TSR Rank vs. Performance Comparator Group	Performance Payout Multiplier <sup>(1) (2)</sup>
Below 25 <sup>th</sup> Percentile	0%
25 <sup>th</sup> Percentile	25%
Median	100%
At or above the 75 <sup>th</sup> Percentile	200%

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

<sup>(2)</sup> Under the 2017 PSUP and the 2019 PSUP, the performance payout multiplier is capped at 100% for participants terminated without cause when the payouts are triggered by a termination in the first two (2) years of the three-year performance period.

At the end of the three-year period, the actual number of vested units, adjusted for performance, is settled in cash or, if elected by the Senior Officer or other EVP not reporting to President and CEO subject to share ownership requirements, in Common Shares purchased on the open market, net of all applicable taxes.

The Performance Comparator Group for the relative TSR measurement is composed of global E&C services, infrastructure and oil and gas equipment and services companies of comparable size, against which SNC-Lavalin competes directly for E&C business and investment capital.

The selection criteria used to identify companies for the Performance Comparator Group are:

- Global publicly-traded companies;
- Companies involved in a similar industry, namely E&C and oil and gas equipment and services;
- Companies of comparable size with annual revenues and market capitalization greater than \$2B and market capitalization similar to the Company's structure; and
- Companies with more than 10,000 employees and with global operations.

Below are the companies that form the Performance Comparator Group:

Company	Market Capitalization <sup>(1)(2)</sup>	Total Enterprise Value <sup>(1)(2)</sup>	Last 12 Months Total Revenues <sup>(1)(3)</sup>	Primary Industry
ACS, Actividades de Construcción y Servicios, S.A.	\$15,824	\$ 21,536	\$55,927	Engineering and Construction
AECOM	\$ 8,800	\$ 12,087	\$26,201	Engineering and Construction
Balfour Beatty plc	\$ 3,072	\$ 3,401	\$11,697	Engineering and Construction
Ferrovial, S.A.	\$29,130	\$ 37,817	\$ 8,353	Engineering and Construction
Fluor Corporation	\$ 3,437	\$ 3,740	\$24,054	Engineering and Construction
Jacobs Engineering Group Inc	\$15,546	\$ 16,617	\$16,544	Engineering and Construction
KBR, Inc.	\$ 5,614	\$ 6,672	\$ 7,165	Engineering and Construction
VINCI SA	\$80,180	\$123,677	\$67,610	Engineering and Construction
John Wood Group plc	\$ 4,612	\$ 7,874	\$12,840	Oil and Gas Equipment and Services
McDermott International, Inc. <sup>(4)</sup>	\$ 160	\$ 5,781	\$11,094	Oil and Gas Equipment and Services
TechnipFMC plc	\$12,449	\$ 13,040	\$16,891	Oil and Gas Equipment and Services
WorleyParsons Limited	\$ 7,282	\$ 8,855	\$ 6,283	Oil and Gas Equipment and Services
P75	\$15,620	\$ 17,850	\$24,590	
<b>Median</b>	<b>\$ 8,040</b>	<b>\$ 10,470</b>	<b>\$14,690</b>	
P25	\$ 4,320	\$ 6,450	\$10,410	
Average	\$15,510	\$ 21,760	\$22,060	
<b>SNC-Lavalin Group Inc.</b>	<b>\$ 5,258</b>	<b>\$ 6,671</b>	<b>\$ 9,642</b>	<b>Engineering and Construction</b>
<b>Percentile Rank</b>	<b>P33</b>	<b>P27</b>	<b>P22</b>	

<sup>(1)</sup> Source: S&P Capital IQ. Data in \$MM CAD. Converted to CAD using the relevant Bank of Canada spot currency exchange rates as at December 31, 2019.

<sup>(2)</sup> As at December 31, 2019.

<sup>(3)</sup> Based on information that was publicly available on December 31, 2019.

<sup>(4)</sup> McDermott International, Inc. will be replaced by WSP Global Inc. from January 1, 2020.

## 2019 PSU Grants

Under this plan, participants are awarded a number of units based on a target percentage of the participant's base salary on the date of grant. The following PSU grants were made to NEOs in 2019:

Executive	2019 PSU Awards			
	Target LTI as a % of Base Salary	Portion of LTI granted in PSUs	Grant Date Fair Value	Number of Units Awarded <sup>(1)</sup>
Ian Edwards <sup>(2)</sup>	240%	60%	\$1,183,680	32,218
Neil Bruce <sup>(3)</sup>	320%	60%	\$2,496,000	67,937
Sylvain Girard <sup>(4)</sup>	240%	60%	\$ 933,120	25,398
Craig Muir <sup>(5)</sup>	180%	60%	\$ 573,137	20,580
Jonathan Wilkinson <sup>(6)</sup>	180%	60%	\$ 669,600	18,226
Sandy Taylor	180%	60%	\$ 739,800	20,137

<sup>(1)</sup> For the purposes of determining the number of PSUs granted, each PSU is attributed a notional value equivalent to the average closing price of Common Shares for the five (5) business days immediately preceding the date of grant. For all NEOs except for Mr. Muir, the average was \$36.74 on the date of grant (March 4, 2019). PSUs were granted to Mr. Muir on May 13, 2019 at the average share price of \$27.85.

<sup>(2)</sup> Based on Mr. Edwards' base salary of \$822,000 at the date of grant (March 4, 2019). His LTI target was increased to 240% effective January 1, 2019 upon appointment to the role of COO on January 28, 2019 and then to 350% upon appointment to the role of Interim President and CEO effective June 11, 2019.

<sup>(3)</sup> Based on Mr. Bruce's base salary of \$1,300,000 at the date of grant (March 4, 2019). His LTI target was increased to 320% following the results of an executive benchmark study dated November 2018.

<sup>(4)</sup> Mr. Girard's LTI target was increased from 180% to 240% from the 2019 grant in order to address his market position, reflect his tenure and progress in the role and put him on par with the COO role.

<sup>(5)</sup> Mr. Muir was entitled to a prorated LTI award of 135% since he joined the Company on April 8, 2019. His PSU award valued at AED 1,561,680 has been converted to CAD using the spot currency exchange rate, on the date of grant (May 13, 2019), of 1 AED = 0.3670 CAD.

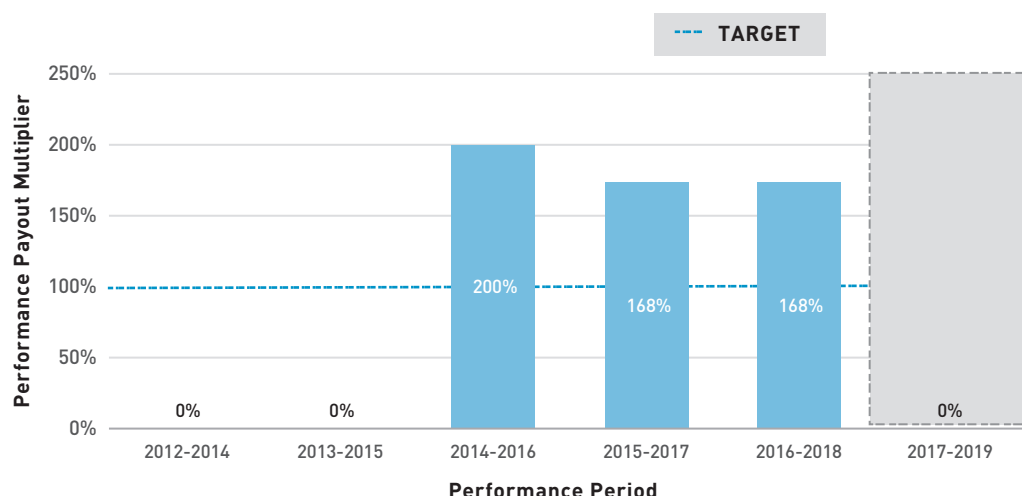
<sup>(6)</sup> Based on Mr. Wilkinson's base salary of \$620,000 at the date of grant (March 4, 2019).

## 2017 PSU Vesting and Settlement

PSU awards made by the Company in 2017 vested on December 31, 2019. The performance payout multiplier for the 2017 grant (performance period from January 1, 2017 to December 31, 2019) was determined according to the methodology described in this CD&A.

During this performance period, the Company achieved a TSR of -45.5%, which placed the Company's TSR at the 17<sup>th</sup> percentile within its Performance Comparator Group. As a result, PSUs granted in 2017 vested with a performance payout multiplier of 0%.

The following graph shows historical payout of the PSUs starting with the 2012 awards. PSU awards granted in 2012 and 2013 resulted in no payout<sup>(1)</sup> and PSU awards granted in 2014, 2015 and 2016 vested with performance payout multipliers of 200%, 168% and 168% respectively<sup>(2)</sup>.



<sup>(1)</sup> PSUs awarded in 2012 and 2013 were granted under the legacy 2009 PSUP and were measured entirely on EPS growth. The thresholds were not met for the respective 3-year performance periods.

<sup>(2)</sup> PSUs awarded from 2014 to 2016 were granted under the legacy 2014 PSUP and their relative TSR were compared to those of the Company's Performance Comparator Group as described in the "PSUP Design" subsection of this CD&A.

## RSUP

### RSUP Design

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

### 2019 RSU Grants

Under this plan, participants are awarded a number of units based on a target percentage of the participant's base salary on the date of grant. The following RSU grants were made to NEOs in 2019:

Executive	2019 RSU Awards			
	Target LTI as a % of Base Salary	Portion of LTI granted in RSUs	Grant Date Fair Value	Number of Units Awarded <sup>(1)</sup>
Ian Edwards <sup>(2)</sup>	240%	40%	\$ 789,120	21,479
Neil Bruce <sup>(3)</sup>	320%	40%	\$1,664,000	45,292
Sylvain Girard <sup>(4)</sup>	240%	40%	\$ 622,080	16,932
Craig Muir <sup>(5)</sup>	180%	40%	\$ 382,092	13,720
Jonathan Wilkinson <sup>(6)</sup>	180%	40%	\$ 446,400	12,151
Sandy Taylor	180%	40%	\$ 493,200	13,425

<sup>(1)</sup> For the purposes of determining the number of RSUs granted, each RSU is attributed a notional value equivalent to the average closing price of Common Shares for the five (5) business days immediately preceding the date of grant. For all NEOs except for Mr. Muir, the average was \$36.74 on the date of grant (March 4, 2019). RSUs were granted to Mr. Muir on May 13, 2019 at the average share price of \$27.85.

<sup>(2)</sup> Based on Mr. Edwards' base salary of \$822,000 at the date of grant (March 4, 2019). His LTI target was increased to 240% effective January 1, 2019 upon appointment to the role of COO on January 28, 2019.

<sup>(3)</sup> Based on Mr. Bruce's base salary of \$1,300,000 at the date of grant (March 4, 2019). His LTI target was increased to 320% following the results of an executive benchmark study dated November 2018.

<sup>(4)</sup> Mr. Girard's LTI target was increased from 180% to 240% from the 2019 grant in order to address his market position, reflect his tenure and progress in the role and put him on par with the COO role.

<sup>(5)</sup> Mr. Muir was entitled to a prorated LTI award of 135% since he joined on April 8, 2019. His RSU award valued at AED 1,041,120 has been converted to CAD using the spot currency exchange rate, on the date of grant (May 13, 2019), of 1 AED = 0.3670 CAD.

<sup>(6)</sup> Based on Mr. Wilkinson's base salary of \$620,000 at the date of grant (March 4, 2019).

### Additional RSU Grants to Mr. Muir

In addition to the grants indicated in the “2019 RSU Grants” subsection of this CD&A, Mr. Muir received 30,490 RSUs representing a total value of USD 630,000 to mitigate partially the loss incurred from the forfeiture of some of his short-term and long-term incentives from his previous employer. The vesting schedule is intended to match the vesting dates of such forfeited incentives.

- 14,519 RSUs representing a grant value of USD 300,000 which become fully vested on September 1, 2020;
- 5,324 RSUs representing a grant value of USD 110,000 which become fully vested on March 1, 2021; and
- 10,647 RSUs representing a grant value of USD 220,000 which become fully vested on March 1, 2022.

Mr. Muir’s awards have been converted to CAD using the spot currency exchange rate, on the date of grant (May 13, 2019), of 1 USD = 1.3478 CAD. Therefore, the total value of the additional RSUs awarded to Mr. Muir in 2019 is CAD 849,114 and represents a total of 30,490 RSUs with specific vesting schedules.

### E-DSUP

#### E-DSUP Design

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

Similar to the RSUP, the E-DSUP aligns the interests of participants with those of shareholders and rewards the creation of shareholder value by tying payout of units to the value of our Common Shares. It additionally promotes employee and executive retention through time-based vesting. E-DSUs generally vest 20% at the end of each calendar year for a five-year period and are paid out one (1) year following termination of employment. The rules of the E-DSUP were modified in 2019 to allow Board discretion to determine alternative vesting schedules for ad hoc grants.

Senior Officers and other EVPs not reporting to President and CEO subject to share ownership requirements have the option to annually elect to convert their bonus under the AIP, in whole or in part, into E-DSUs. This conversion option was offered to facilitate achievement of share ownership requirements within the prescribed time limits. E-DSUs received by NEOs pursuant to their election to convert their bonus under the AIP into E-DSUs, whether in whole or in part, are fully vested at the time of grant, are not forfeitable and there are no Company-matching grants related to them.

Mr. Edwards and Mr. Girard did not have the opportunity to take advantage of the conversion of their AIP payouts for the 2019 performance year into E-DSUs in a manner to be compliant with securities regulations because they were restricted from trading pursuant to the Company’s Disclosure and Insider Trading Policy. When appointed to the role of Interim President and CEO, Mr. Edwards was awarded a special one-time award of \$1.8M in E-DSUs to be granted at the next open trading period. These units will vest at a rate of one third (1/3) of the total units granted at the end of each calendar year for a period of three (3) years. This award could not be granted in 2019 due to restrictions pursuant to the Company’s Disclosure and Insider Trading Policy.

Mr. Taylor and Mr. Wilkinson could have elected to convert their 2019 AIP payout into E-DSUs. Neither of them has elected to make such election. Mr. Muir was also offered the option to make such election in 2019 for the 2019 performance year. He elected to make the conversion of 25% of his bonus.

As stated in the relevant subsection of the CD&A of the 2019 circular, Mr. Taylor and Mr. Edwards elected in 2018 to convert in whole, their bonus under the 2018 AIP into E-DSUs. They received their elected E-DSUs in March 2019. Given that Mr. Girard relinquished his 2018 AIP payout, the elected conversion was void. Mr. Wilkinson did not elect to make such conversion in 2018.

As per the terms of his Employment Agreement as President and CEO and amendment thereto dated June 8, 2017, starting with the 2018 performance year and unless otherwise confirmed by Mr. Bruce, the former President and CEO was deemed annually to have elected to convert \$500,000 of his bonus under the AIP into E-DSUs, with a 50% Company-matching grant. Therefore, for the 2019 performance year, Mr. Bruce is deemed to have elected to convert and receive \$500,000 of his AIP bonus in the form of E-DSUs. The elected E-DSUs are fully vested at the time of grant and are not forfeitable. These E-DSUs are subject to a 50% Company-matching grant that fully vested on the date of grant in March 2020.

Mr. Bruce relinquished his AIP payout for the 2018 performance year. Therefore, the deemed election is void and the Company-matching grant did not apply for the 2018 performance year.

### Stock Option Plan

Effective 2014, annual recurring grants under our stock option plan have been discontinued. All options granted under our 2013 Stock Option Plan expired before or on May 13, 2019, at which point all units were underwater. No stock options were granted in 2019. For details on our 2013 Stock Option Plan, see Schedule D to this Circular.

## OTHER COMPONENTS OF COMPENSATION

### ESOP

The ESOP is a voluntary share purchase plan that encourages the equity participation of our employees, emphasizing the Company’s belief that share ownership by employees contributes to the Company’s success. This plan is available to the vast majority of Canadian employees as well as to employees in a number of business units outside of Canada. It provides for a matching contribution by the Company of 35% on employee contributions of up to 10% of base salary in a given year (paid in two (2) installments over the subsequent two-year period), provided that during this time the participant remains an employee of the Company and does not sell the underlying Common Shares.

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



Approximately 5,200 employees participated in the ESOP and through this plan held Common Shares representing approximately 2% of all Common Shares outstanding as at December 31, 2019.

### MSOP

The Company no longer offers participation in the MSOP. Mr. Bruce received a Company-matching contribution under this program in 2019. No additional Company-matching contributions are outstanding under this program.

The MSOP offered participants an additional opportunity to increase their participation in the shareholding of the Company by allowing them to contribute 25% of their gross bonus payment under the AIP towards the purchase of Common Shares. The Company would make, in five (5) equal installments, a total contribution equal to the participant's contribution. The Company contribution was used to purchase Common Shares of the Company, provided that during the five-year period, the participant remained an employee of the Company and did not sell the underlying Common Shares bought with his own contribution. A participant may sell shares in the MSOP at any time; however, if this occurs prior to all installments of the Company-matching contribution being made, such future installments of the Company contribution are forfeited.

### Benefits and Perquisites

To provide an attractive total rewards package, the Company provides executives with select benefits and perquisites. These benefits and perquisites are designed to be competitive with those offered to executives at comparable organizations. Perquisites are reviewed periodically to ensure they are market aligned. Our executive benefits program includes elements such as life, medical, dental and disability insurance. Perquisites are provided to our executives, including the NEOs, in the form of a taxable cash allowance.

### Pension

Except for Mr. Bruce, our NEOs located in Canada (all other NEOs but Mr. Muir) participate in the DCPP, which is available to the vast majority of our Canadian employees. Annually, the Company contributes a percentage of the participating NEO's annual base salary to the DCPP, subject to the maximum amounts allowed under the *Income Tax Act* (Canada) for registered plans. The DCPP offers target-date funds in line with the expected retirement date of the participant, each of which has three (3) different risk profiles (conservative, moderate, aggressive), as well as à-la-carte investment funds.

To provide an attractive and competitive compensation plan and to supplement income after retirement, our Senior Officers located in Canada participate in our SERP. Contributions representing 20% of the annual base salary in excess of the maximum allowed under the *Income Tax Act* (Canada) for registered plans are credited to a notional account under this plan (which is guaranteed through a letter of credit with a major financial institution). Mr. Edwards, Mr. Girard and Mr. Taylor participate in the notional plan. Since 2015, new participants, including Mr. Wilkinson, participate in a non-registered SERP where 20% of the

annual base salary in excess of the maximum allowed under the *Income Tax Act* are paid, net of income taxes, to a non-registered plan offering target-date funds similar to the DCPP. The contributions attributed to the notional account accrue interest as if they were invested in long-term Government of Canada bonds or the moderate target-date fund offered to participants of the DCPP with a maturity date closest to the average age of the active members with notional accounts (but not exceeding age 65), whichever would have provided a higher rate of return during the year. The notional account is payable upon retirement or termination of employment, either in a lump sum or in monthly installments paid over a period of five (5) or ten (10) years, at the participant's discretion.

Mr. Bruce, in accordance with his Employment Agreement dated October 5, 2015, received his retirement savings in the form of a taxable cash allowance of 20% of his annual base salary until June 11, 2019 when he stepped down as President and CEO. From June 12, 2019 to December 31, 2019, while he was acting as an advisor to the Board, employed in the U.K., he was eligible to join the Atkins' pension plan. He elected to receive a pension allowance of GBP 12,745 per month in lieu of joining the plan, as per the terms of his Service Agreement dated June 11, 2019.

Mr. Muir does not participate in any retirement savings plan and does not receive any equivalent cash allowance. However, in line with the regulations in the UAE, Mr. Muir will be eligible to an end of service gratuity upon termination of employment.

The pension component is reviewed periodically to ensure it is appropriate.

## PRESIDENT AND CEO COMPENSATION AND REVIEW

As per the terms of his Employment Agreement as Interim President and CEO effective June 11, 2019, Mr. Edwards is entitled to the following annual compensation package:

- A base salary of \$1,050,000;
- A target AIP of 125% of base salary; and
- A target LTIP of 350% of base salary (PSUs and RSUs).

His compensation package remained unchanged when he was appointed into the role of President and CEO on a permanent basis in October 2019.

### Performance Overview

The President and CEO's individual achievements for 2019 were reviewed by the HR Committee and the Board. They are as follows:

- Transitioned successfully into the role of President and CEO and established new Executive Committee leadership team and Operational Leadership Group;
- Successfully implemented new strategic direction, including the exit of LSTK construction and restructuring the business into two (2) lines of business: SNC-Lavalin Engineering Services and SNC-Lavalin Projects;
- Changed the operating model to improve performance and oversight governance, and set the foundations for business transformation;

- Implemented cost out program to reduce overhead, increase profitability, setting and exceeding targets of \$100M in year savings and \$250M annualized run rate; and
- Engaged with all stakeholders to improve debt leverage position and overall performance.

#### AIP Payout

In light of this performance and the fact that he exceeded expectations against his individual performance objectives,

the President and CEO received a bonus payout under the 2019 AIP of \$531,556 which represents 53% of his target.

#### 2019 LTIP Grants

Prior to his appointment as Interim President and CEO, Mr. Edwards' annual LTIP grant was 240% of base salary (i.e. \$ 1,972,800), 60% of which was granted in the form of PSUs and 40% of which was granted in the form of RSUs.

#### Summary of President and CEO Compensation

Compensation Component	Target Compensation (effective June 11, 2019)	Target Pay Mix
Base Salary	\$1,050,000	<p>22% AIP</p> <p>37% PSUs</p> <p>17% Base Salary</p> <p>24% RSUs</p>
AIP		
Financial Component (2/3)	\$ 875,000	
Non-Financial Component (1/3)	\$ 437,500	
<b>Total</b>	<b>\$1,312,500</b>	
Long-Term Incentives		
PSUs (60%)	\$ 2,205,000	
RSUs (40%)	\$ 1,470,000	
<b>Total</b>	<b>\$3,675,000</b>	
<b>Annual TDC</b>	<b>\$6,037,500</b>	

#### President and CEO Realized and Realizable Compensation: 2017-2019

The following table compares the value of target TDC (i.e. recurring compensation excluding special awards) awarded to the President and CEO with the value of realized and realizable TDC (i.e. what was actually received or "realized" plus the market value of outstanding awards, or what was "realizable") as at December 31, 2019.

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

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

Year	Target Total Direct Compensation Awarded (\$000s)	Realized/Realizable Total Direct Compensation as at Dec. 31, 2019 (\$000s)	Period	Value of \$100 invested annually in compensation and in shares	
				CEO <sup>(1)(2)</sup>	Shareholders <sup>(3)</sup>
2017	2,580	1,430	Jan. 1, 2017 – Dec. 31, 2019	\$55	\$55
2018	2,649	1,695	Jan. 1, 2018 – Dec. 31, 2019	\$64	\$54
2019 <sup>(4)</sup>	3,928	3,089	Jan. 1, 2019 – Dec. 31, 2019	\$79	\$66
Aggregate	9,157	6,214	Jan. 1, 2017 – Dec. 31, 2019	\$68	\$55

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

<sup>(2)</sup> Outstanding units under the LTIP are valued using the closing share price of \$29.95 as at December 31, 2019. A performance payout multiplier of 100% is assumed for PSUs granted in 2018 and 2019. PSUs granted in 2017 are valued with a performance payout multiplier of 0%.

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

<sup>(4)</sup> Mr. Edwards' base salary of \$822,000 and target bonus of 75% for his role as COO are prorated from January 1, 2019 to June 10, 2019, combined with his base salary of \$1,050,000 and target bonus of 125% for his role as Interim President and CEO, and then President and CEO, prorated from June 11, 2019 to December 31, 2019.

## OTHER NEO COMPENSATION AND REVIEW

### Individual AIP Objectives and Achievements

The following table provides an overview of the individual achievements of each of the other NEOs during 2019:

NEO	Achievements During 2019
<b>Sylvain Girard</b>	<ul style="list-style-type: none"> <li>Successfully completed the sale of 10.01% in Highway 407 ETR for \$3.25B (including earn out)</li> <li>Achieved a debt leverage ratio<sup>(1)</sup> below the prior year level (2.1x versus 2.9x at December 2018) and well within our debt covenants due to significant debt repayments</li> <li>Reduced annual cost of financing by over \$100M driven by lower debt outstanding and renegotiated pricing on limited recourse debt</li> <li>Supported the new President and CEO during transition and in the implementation of new strategic direction more specifically for the exit of LSTK projects</li> <li>Adopted IFRS 16 and implemented new segment reporting reflecting new organizational structure</li> </ul>
<b>Craig Muir</b>	<ul style="list-style-type: none"> <li>Completed the repositioning of the Resources sector from a focus on EPC LSTK to reimbursable services</li> <li>Reduced the Resources sector's selling, general and administrative expenses ("SG&amp;A") by \$142M, with a significant reduction of executive management and operational / functional personnel</li> <li>Reshaped the leadership structure in the Resources sector to reduce operating costs, streamline the geographies and set up a specific team to manage the completion of the EPC portfolio</li> <li>Successfully integrated the Oil &amp; Gas and Mining &amp; Metallurgy services lines to improve business delivery, common project services and reduction of SG&amp;A</li> <li>Identified under-performing operations through Q3 and commenced closure of Valerus, reduced operating costs in all geographies, exiting some</li> <li>Repositioned the business development pipeline to target higher value service offerings and key clients – term frame agreements and lower risk service contracts</li> </ul>
<b>Jonathan Wilkinson</b>	<ul style="list-style-type: none"> <li>Drove significant improvements in the sector's safety performance with Perfect Days improving by 84 days over the prior year</li> <li>Successfully handed over the Champlain Bridge and Ottawa LRT projects into operation</li> <li>Continued the successful progress on Husky White Rose, Eglinton LRT, Trillium and the Réseau Express Métropolitain</li> <li>Identified \$52M of sector overhead savings to be realized within the 2020 fiscal year</li> <li>Integrated the SNC-Lavalin Clean Power business delivering synergies in delivery in the Hydro, Wind and Solar markets</li> <li>Led the withdrawal of the business from the LSTK market in line with corporate strategy</li> <li>Positioned the infrastructure business for future growth in its core markets, namely Canada, U.S. and Middle East and North Africa (MENA)</li> </ul>
<b>Sandy Taylor</b>	<ul style="list-style-type: none"> <li>Awarded numerous contracts for tooling, engineering and project services for the Ontario Bruce Power and Darlington refurbishment programs</li> <li>Successfully incorporated and operationalized Comprehensive Decommissioning International ("CDI") a joint venture between Holtec and SNC-Lavalin and put into effect two (2) major decommissioning contracts for the Oyster Creek and Pilgrim Nuclear Power Plants. Also, CDI was selected by Entergy to perform similar scope for the Indian Point Energy Center decommissioning</li> <li>Further integration of Atkins and SNC-Lavalin's Nuclear businesses into the Company's Nuclear sector, forming a global nuclear-focused sector with broad capabilities across the nuclear value chain from design and new build; operational reactor support; reactor decontamination and decommissioning; to waste management technologies and services</li> <li>Major contract awards which include Rolls Royce SMR Program; EDF's Sizewell C NPP early engineering; Emirates ENEC Barakah NPP Engineer of Choice; China CNNP Advanced Heavy Water Reactor NPP; U.S. DOE Hanford Central Plateau Completion Contract; Germany RWE Lingen reactor segmentation</li> </ul>

<sup>(1)</sup> Calculated as per the Company's credit agreement.

### Aggregate NEO Realized and Realizable Compensation: 2017-2019

The following table compares the value of target TDC (i.e. recurring compensation excluding special awards) awarded to the other NEOs with the value of realized/realizable TDC (i.e. what was actually received or "realized" plus the market value of outstanding awards, or what was "realizable") as at December 31, 2019.

The table includes Mr. Girard, Mr. Muir, Mr. Wilkinson and Mr. Taylor for 2019, and Mr. Girard, Mr. Wilkinson and Mr. Taylor for 2017 and 2018. Mr. Wilkinson's compensation in his prior role is included (see notes).

Year	Target Total Direct Compensation Awarded (\$'000s)	Realized/Realizable Total Direct Compensation as at Dec. 31, 2019 (\$'000s)	Period	Value of \$100 invested annually in compensation and in shares	
				Other NEOs <sup>(1)(2)</sup>	Shareholders <sup>(3)</sup>
2017 <sup>(4)</sup>	4,371	2,129	Jan 1, 2017 – Dec 31, 2019	\$49	\$55
2018 <sup>(4)</sup>	4,471	2,631	Jan 1, 2018 – Dec 31, 2019	\$59	\$54
2019 <sup>(4)(5)</sup>	9,244	7,540	Jan 1, 2019 – Dec 31, 2019	\$82	\$66
Aggregate	18,086	12,300	Jan 1, 2017 – Dec 31, 2019	\$68	\$55

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

<sup>(2)</sup> Outstanding units under the LTIP are valued using the closing share price of \$29.95 on December 31, 2019. Performance payout multiplier of 100% is assumed for PSUs granted in 2018 and 2019. PSUs granted in 2017 are valued with a performance payout multiplier of 0%.

<sup>[3]</sup> Represents the cumulative value of a \$100 investment in shares made on the first trading day of the period indicated, assuming reinvestment of dividends.

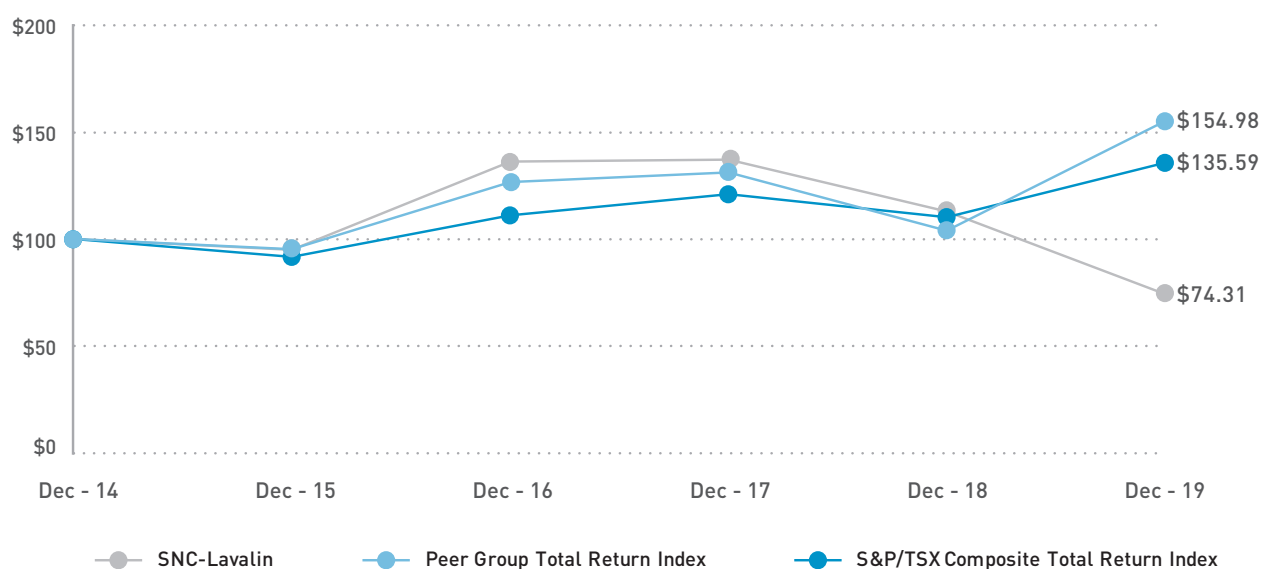
<sup>[4]</sup> Mr. Wilkinson's base salary of \$540,000 as of July 3, 2017, which was increased to \$555,000 during the 2018 annual merit cycle, is used for his role as EVP, Infrastructure Construction, for the period prior to his promotion to the role of President, Infrastructure sector on January 28, 2019. His AIP target of 75% was not changed upon his nomination to the role of President, Infrastructure sector.

<sup>[5]</sup> Mr. Muir's base salary and other cash compensation are paid in AED and converted to CAD using monthly average currency exchange rate of 1 AED = 0.3612 CAD.

## PERFORMANCE GRAPH

The graph depicts the cumulative return of a \$100 investment on December 31, 2014, in the Company's Common Shares, in the S&P/TSX Composite Total Return Index, and in an index composed of a peer group of E&C companies, which includes AECOM, Balfour Beatty plc, Fluor Corporation, Jacobs Engineering Group Inc., McDermott International, Inc., John Wood Group plc and WorleyParsons Limited. The peer group is a subgroup of the Performance Comparator Group presented in the "PSUP Design" subsection of this CD&A. For calculation purposes, a weighted-average based on market capitalization of each company in the peer group was used.

**Five-year cumulative total return on \$100 invested**  
(assuming dividends are reinvested)



### Value of \$100 invested on December 31, 2014 (assumes dividends are reinvested)

Financial Years	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
SNC-Lavalin	100.00	95.06	136.24	137.25	112.87	74.31
Peer Group Total Return Index	100.00	95.38	126.76	131.08	104.11	154.98
S&P/TSX Composite Total Return Index	100.00	91.68	111.01	121.11	110.34	135.59

The Company believes in providing a significant portion of NEO compensation in the form of long-term incentives, which mirror the trend in share price movement and serve to align the interests of management with those of our shareholders. As illustrated in the "President and CEO Realized and Realizable Compensation: 2017-2019" and "Aggregate NEO Realized and Realizable Compensation: 2017-2019" subsections of this CD&A, the value of realized and realizable compensation for our NEOs is aligned with or below the equivalent shareholders returns over the three-year performance period (2017-2019). Over the one-year and two-year performance periods (2019 and 2018-2019), the realizable compensation is based on assumptions for average share prices and performance factors, that may or may not reflect actual results when the PSUs and RSUs awarded in 2018 and 2019 vest.

## COST OF MANAGEMENT RATIO

The following table shows the total aggregate compensation awarded to the NEOs for the last three (3) years, expressed as a percentage of net income attributable to SNC-Lavalin shareholders. The total aggregate compensation is the sum of the annual total compensation values as reported in the Summary Compensation Table for the 2017, 2018 and 2019 years.

Year	Total NEO Compensation (\$ millions) <sup>(1)</sup>	Net Income Attributable to SNC-Lavalin Shareholders (\$ millions) <sup>(2)</sup>	Cost of Management Ratio
2019	21.0	328.2	6.40%
2018	14.7	[1,316.9]	— <sup>(3)</sup>
2017	17.8	382.0	4.66%

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

- 2017 – Mr. Bruce, Mr. Girard, Mr. Brown, Mr. Taylor and Mr. Edwards;
- 2018 – Mr. Bruce, Mr. Girard, Mr. Brown, Mr. Taylor and Mr. Edwards; and
- 2019 – Mr. Edwards, Mr. Bruce, Mr. Girard, Mr. Muir, Mr. Wilkinson and Mr. Taylor.

<sup>(2)</sup> As published in the Company's annual financial statements.

<sup>(3)</sup> Net income attributable to SNC-Lavalin shareholders is negative in 2018.

## SUMMARY COMPENSATION TABLE

The following table sets forth, for the fiscal years ended December 31, 2019, December 31, 2018 and December 31, 2017, the compensation paid by the Company to the NEOs for services rendered in all capacities.

Name and principal position	Year	Salary (\$)	Share-based Awards <sup>(1)</sup> (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value <sup>(3)</sup> (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(2)</sup>	Long-term incentive plans			
Ian Edwards	2019	949,430	1,972,800	-	531,556	-	193,712	88,887	3,736,385
President and CEO	2018	743,929	1,344,600	-	284,328	-	148,523	15,131	2,536,511
(formerly COO and President, Infrastructure sector)	2017	723,397	1,310,400	-	782,100	-	144,308	3,231	2,963,436
Neil Bruce <sup>(5)</sup>	2019	1,289,457	4,173,595	-	669,744	-	-	890,701	7,023,497
(former President and CEO)	2018	1,158,654	4,019,395	-	-	-	-	270,188	5,448,237
	2017	1,127,575	3,427,595	-	1,452,000	-	-	262,560	6,269,730
Sylvain Girard	2019	645,140	1,555,200	-	196,660	-	133,754	76,934	2,607,688
EVP and CFO	2018	603,692	1,047,600	-	-	-	119,857	18,655	1,789,804
	2017	563,788	1,019,700	-	1,070,200	-	112,538	16,050	2,782,276
Craig Muir <sup>(6)</sup>	2019	511,324	1,804,343	-	461,534	-	-	111,351	2,888,552
President, Resources sector	2018	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-
Jonathan Wilkinson	2019	668,890	1,116,000	-	475,860	-	78,545	55,358	2,394,653
President, Infrastructure sector	2018	552,578	666,000	-	574,320	-	65,630	-	1,858,528
(formerly EVP, Infrastructure Construction)	2017	269,267	323,113	-	759,400	-	35,899	-	1,387,679
Sandy Taylor	2019	682,021	1,233,000	-	264,735	-	141,404	75,830	2,396,990
President, Nuclear sector	2018	666,250	1,199,250	-	195,295	-	133,250	22,938	2,216,983
(formerly President, Power sector)	2017	663,579	1,199,250	-	303,600	-	132,501	22,635	2,321,565

<sup>(1)</sup> Share-based awards include RSUs, PSUs, E-DSUs, and Company contributions to the MSOP as described in detail under the "LTIP" subsection of this CD&A. The E-DSU grant of \$1.8M due to Mr. Edwards as per his Employment Agreement, and as described in the "E-DSUP Design" subsection of this CD&A, is not included in the total since it was not granted in 2019. The value of RSU and PSU awards is disclosed at the grant date, as described in the relevant subsections of this CD&A. It is calculated by multiplying the number of units by the average closing price of Common Shares for the five (5) business days immediately preceding the date of grant. A performance payout multiplier of 100% is assumed. For accounting purposes, the fair value of RSUs and PSUs is calculated by multiplying the number of units by the closing price of Common Shares on the date of grant.

<sup>(2)</sup> Bonus amounts earned in the respective year and paid in the subsequent year under the AIP. Only Mr. Muir elected to convert 25% of his 2019 AIP payout into E-DSUs for the 2019 performance year. Mr. Edwards and Mr. Girard were prevented from making such election, as explained in the "E-DSUP Design" subsection of this CD&A. Mr. Wilkinson and Mr. Taylor did not elect to convert their 2019 AIP payout into E-DSUs.

Mr. Bruce and Mr. Girard relinquished their 2018 AIP payout due to the financial results of the Company. Mr. Taylor and Mr. Edwards elected to convert 100% of their bonus under the AIP for the 2018 performance year into E-DSUs. Mr. Girard, Mr. Taylor and Mr. Edwards elected to convert 100% of their bonus under the AIP for the 2017 performance year into E-DSUs. Mr. Bruce was allowed to convert \$1,000,000 of his bonus under the AIP for the 2017 performance year into E-DSUs. Nevertheless, the AIP amount for the respective performance years is included in this column.

Mr. Wilkinson was offered the election to convert his 2018 and 2019 AIP payouts into E-DSUs. He did not elect to make such conversion.

Mr. Girard received a cash signing bonus of \$900,000 paid in three (3) installments: \$150,000 in 2015, \$150,000 in 2016 and \$600,000 in 2017.

Mr. Muir received a cash signing bonus of USD 225,000. He will receive an additional cash payment of USD 150,000 triggered on April 8, 2020.

Mr. Wilkinson received a special bonus in the amount of \$277,500 in 2019. Such bonus was earned between December 1, 2018 and September 30, 2019. This bonus was awarded when he was EVP, Infrastructure Construction. Mr. Wilkinson received a make-whole lump sum payment of \$325,000 in 2017 to mitigate the loss incurred from the partial forfeiture of his annual bonus with his previous employer. In addition, he received a cash signing bonus of \$350,000 paid in two (2) installments: \$175,000 in 2017 and \$175,000 in 2018.

<sup>(3)</sup> Includes the Company's contributions to Mr. Girard, Mr. Taylor and Mr. Edwards' notional account under the SERP and contributions to their DCP account, as well as the Company's net contribution to Mr. Wilkinson's non-registered account and contribution to his DCP account. Such contributions are described in detail under the "Pension" subsection of this CD&A. Contributions are made by reference to salaries paid within the given year. Mr. Muir does not participate in any retirement savings plan and does not receive any equivalent cash allowance.

<sup>(4)</sup> In 2019, the amount reported for Mr. Edwards, Mr. Bruce, Mr. Girard, Mr. Wilkinson and Mr. Taylor includes the estimated value of the premiums paid by the Company for the benefits program offered to NEOs, in excess of that generally available to salaried employees. It also includes perquisites in the form of taxable cash allowance (\$50,000 for Mr. Edwards and \$35,000 for Mr. Girard, Mr. Wilkinson and Mr. Taylor) and the value of parking provided to NEOs, when applicable. Mr. Muir received housing and transportation as per local practices in the UAE, where he is based.

This column also includes employer contributions to the ESOP.

Mr. Bruce received a taxable allowance in lieu of DCP and SERP. In 2019, this allowance amounted to \$132,111 from January 1, 2019 until June 11, 2019. From June 12, 2019 to December 31, 2019, he received a retirement allowance as described in the "Pension" subsection of this CD&A.

<sup>(5)</sup> Mr. Bruce's base salary, retirement allowance and perquisites have been paid in GBP from June 12, 2019 and December 31, 2019, while he was acting as an advisor to the Board. Such amounts are converted to CAD using a monthly average exchange rate of 1 GBP = 1.6940 CAD. His 2019 AIP payout was calculated in CAD. Mr. Bruce received a \$488,231 reimbursement to assist him and his family with, and cover the costs of, his repatriation to the U.K. This included moving expenses, real estate brokerage fees and notaries fees. In addition, he received a GBP 15,000 reimbursement following his repatriation, as per the revised Global Mobility Policy.

<sup>(6)</sup> Mr. Muir's base salary and other cash compensation are paid in AED, and converted to CAD using a monthly average exchange rate of 1 AED = 0.3612 CAD for the year 2019, starting on April 8. Mr. Muir's Share-based Awards, as described in the "Additional RSU Grants to Mr. Muir" subsection of this CD&A, were converted to CAD using the exchange rates on the date of grant of 1 AED = 0.3670 CAD (May 13, 2019) and 1 USD = 1.3478 CAD (May 13, 2019).

## RISK MANAGEMENT

The following section provides an overview on our policies and guidelines related to risk management.

### Clawback

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

- This compensation was based on the achievement of certain financial results that were subsequently the subject of, or affected by, a restatement of all or a portion of the Company's financial statements;
- The executive officer engaged in gross negligence, intentional misconduct or fraud that caused or partially caused the need for the restatement; and
- The amount of performance-based incentive compensation that would have been awarded to, or the profit realized by the executive officer would have been lower had the financial results been properly reported.

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

- A material restatement of the Company's financial results resulted in awards or payments which would not have been paid based on such restated financial statements for the relevant period; or

- The President and CEO has engaged in willful misconduct or gross negligence that either has resulted in, or could reasonably be expected to result in, negative economic or reputational consequences for the Company.

### Anti-Hedging and Anti-Monetization

The Board has adopted a policy prohibiting hedging and trading in derivatives applicable to the Company's insiders, which include our NEOs and Directors. Hedging includes prepaid variable forward contracts, equity swaps, collars, or units of exchange funds designed to hedge or offset a decrease in the market value of equity securities.

### Executive Share Ownership Guidelines

For more than a decade, the Company has had share ownership requirements in place as we believe that share ownership by our executives is fundamentally important and contributes to our success by aligning the goals of executives with those of our shareholders. To this end, the Company requires that Senior Officers and other EVPs not reporting directly to the President and CEO acquire within five (5) years of appointment, and hold for the duration of their employment, Common Shares having a minimum total value as shown in the table below. In addition to maintaining his share ownership requirement during his employment, the President and CEO must continue to meet this requirement for one-year post employment with the Company. This requirement continues to apply to the former President and CEO, therefore until June 11, 2020. Compliance with these requirements is reviewed annually by the HR Committee.



Executive share ownership guidelines can be met with Common Shares privately held, ESOP and MSOP shares as well as vested units under the E-DSUP. PSUs do not count towards achievement of the share ownership guidelines.

Prior to 2019, RSUs did not count towards achievement of the share ownership guidelines and the value of share ownership for the purposes of assessing compliance under prior guidelines was determined as the greater of:

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

Following advice from our external consultants, the Board has approved for the year 2019 the following changes to the way that shares or units are valued and which ones are considered when assessing compliance against our share ownership requirements:

- In all cases to use the higher of the acquisition price or the market price to value units or shares for the purpose of meeting share ownership guidelines.

- Include the value of all unvested RSUs in the compliance test under the ownership requirements. These would be valued as the original number of units granted, valued at the market price, on a gross, pre-tax basis.
- Require our executives to meet at least 50% of their ownership requirement through actual share ownership, and not solely with unvested share units.

RSUs are not subject to performance conditions and as a result, provide the same alignment to shareholder interests as actual shares. Moreover, including unvested RSUs in the compliance tests for shareholding requirements align the Company to market practice. PSUs do not count towards achievement of the share ownership guidelines.

Under the 2017 PSUP and 2019 PSUP, Senior Officers will be deemed to have elected to receive 100% of the PSU payout in the form of shares until they have achieved the required level of share ownership, if they have not met the requirements at the time of payout.

The following table shows the results of the NEOs' share ownership requirements under the revised rules:

Name	Required Ownership (multiple of base salary)	Ownership Requirement	Common Shares			Vested Share Units (E-DSUs)	Unvested Share Units (RSUs)	Total Common Shares, RSUs and Vested E-DSUs	Value as at Dec. 31, 2019 <sup>(1)</sup>	Actual Ownership/ Requirement	Compliance test <sup>(2)</sup>	Meets Requirements
			Privately held	ESOP	MSOP							
Ian Edwards <sup>(3)</sup>	5x	\$ 5,250,000	0	8,354	0	21,703	40,711	70,768	\$ 2,599,870	0.50	53%	In process (deadline: October 31, 2024)
Neil Bruce <sup>(4)</sup>	3x	\$ 3,900,000	23,000	19,144	6,566	76,550	0	125,260	\$ 5,871,567	1.51	100%	Yes, and must be maintained until June 11, 2020
Sylvain Girard	3x	\$ 1,944,000	0	8,960	0	8,395	31,907	49,262	\$ 1,796,687	0.92	47%	In process (deadline: April 4, 2021)
Craig Muir <sup>(5)</sup>	3x	AED5,784,000	0	431	0	0	44,210	44,641	AED3,781,137	0.65	1%	In process (deadline: April 8, 2024)
Jonathan Wilkinson <sup>(4)</sup>	3x	\$ 2,100,000	0	0	0	0	19,350	19,350	\$ 579,533	0.28	0%	Not started (deadline: January 28, 2024)
Sandy Taylor	3x	\$ 2,055,000	12,625	11,698	0	10,737	30,802	65,862	\$ 2,546,348	1.24	64%	Yes (deadline: March 1, 2019)

<sup>(1)</sup> The value as at December 31, 2019 was based on a closing share price of \$29.95. The "greater of" rule described above was applied for Common Shares holdings and vested E-DSUs.

<sup>(2)</sup> 50% of ownership requirement must be met through actual share ownership, and not solely with unvested share units.

<sup>(3)</sup> Following his appointment to the role of President, Infrastructure sector, Mr. Edwards' required ownership level increased from 2x base salary to 3x base salary. Mr. Edwards is still required to achieve a level of 2x base salary within the original five-year time frame which began on his hire date. The incremental 1x base salary ownership requirement must be achieved within five (5) years from the date of his appointment to the role of President, Infrastructure sector. In addition, Mr. Edwards is required to achieve a level of 5x base salary within 5 years of his appointment to the role of President and CEO on October 31, 2019.

<sup>(4)</sup> Following his appointment to the role of President and CEO on October 5, 2015, Mr. Bruce's required ownership level increased from 3x base salary to 5x base salary. Since he retired before the end of the five-year period ending on October 5, 2020, Mr. Bruce is no longer required to attain the 5x base salary requirement. However, he is still required to maintain a level of 3x base salary until June 11, 2020, one (1) year after his date of retirement.

<sup>(5)</sup> Mr. Muir's ownership requirement is stated in AED. For the purposes of this disclosure, amounts were converted to CAD using the December 31, 2019 spot currency exchange rate of 1 AED = 0.3536 CAD.

<sup>(6)</sup> Following his appointment to the role of President, Infrastructure sector, Mr. Wilkinson's required ownership level increased from 2x base salary to 3x base salary. Mr. Wilkinson is still required to achieve a level of 2x base salary within the original five-year time frame which began on his hire date. The incremental 1x base salary ownership requirement must be achieved within five (5) years from the date of his appointment to the role of President, Infrastructure sector.

## PRESIDENT AND CEO'S ACCUMULATED COMMON SHARES AND SHARE UNITS OR EQUIVALENT EQUITY HOLDINGS

The following table provides an overview of the President and CEO's accumulated holdings as at December 31, 2019:

	Common Shares		Share Units			
	Privately held	ESOP	PSUs not already vested <sup>(1)</sup>	RSUs not already vested	Vested Deferred Share Units (E-DSUs)	Total
Number	—	8,354	46,622	40,711	21,703	117,390
Value as at Dec. 31, 2019 <sup>(2)</sup>	—	\$250,213	\$1,396,329	\$1,219,294	\$650,005	\$3,515,841

<sup>(1)</sup> A performance payout multiplier of 100% is assumed.

<sup>(2)</sup> The value as at December 31, 2019 was based on a closing share price of \$29.95.

## INCENTIVE PLAN AWARDS

### Outstanding Option-Based and Share-Based Awards

The following table sets forth information with respect to the NEOs concerning PSUs, RSUs and E-DSUs held as at December 31, 2019:

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 (\$)	Number of PSUs, E-DSUs and RSUs That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested <sup>(1)</sup> (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed <sup>(1)</sup> (\$)
Ian Edwards	—	—	—	—	—	87,333	2,615,623	650,005
Neil Bruce	—	—	—	—	—	0	0	2 292,673
Sylvain Girard	—	—	—	—	—	68,528	2,052,414	251,430
Craig Muir	—	—	—	—	—	64,790	1,940,461	0
Jonathan Wilkinson	—	—	—	—	—	44,711	1,339,094	0
Sandy Taylor	—	—	—	—	—	63,786	1,910,391	321,573

<sup>(1)</sup> This amount is calculated based on the closing share price of \$29.95 on December 31, 2019.

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

The following table sets forth information with respect to the NEOs regarding the value of incentive plan awards vested or earned during the year ended December 31, 2019:

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Vested During the Year <sup>(2)</sup> (\$)
Ian Edwards	—	635,193	531,556
Neil Bruce <sup>(3)</sup>	—	2,839,359	669,774
Sylvain Girard	—	210,150	196,660
Craig Muir <sup>(4)</sup>	—	0	163,004
Jonathan Wilkinson	—	0	198,360
Sandy Taylor	—	546,172	264,735

<sup>(1)</sup> Based on a share price of \$35.48 for RSUs attributed to all NEOs that vested on March 14, 2019 (average closing price); based on a share price of \$26.89 for RSUs attributed to Mr. Girard that vested on May 16, 2019 (average closing price); based on a 0% performance payout multiplier for PSUs attributed to all NEOs that vested on December 31, 2019; and based on a share price of \$36.74 for elected or deemed elected E-DSUs received on March 4, 2019 (average closing price) for all NEOs who converted their AIP to E-DSUs (Mr. Edwards and Mr. Taylor).

<sup>(2)</sup> Bonus earned in the year under the AIP.

<sup>(3)</sup> Based on a share price of \$30.28 for RSUs attributed to Mr. Bruce that vested on December 31, 2019 due to retirement (average closing price). Based on a closing share price of \$25.35 for the matching E-DSUs attributed to Mr. Bruce that vested on June 11, 2019 due to retirement. However, E-DSUs are payable on the first anniversary of the retirement, and the payout is based on the average closing price on the date of anniversary of retirement and the last trading day of each of the twelve (12) weeks preceding such date.

<sup>(4)</sup> Mr. Muir's AIP Payout of \$451,285 is paid in AED, and converted to CAD for the purposes of this disclosure using a monthly average exchange rate of 1 AED = 0.3612 CAD.

## Options Exercised During the Year Ended December 31, 2019

No options were exercised by NEOs during the year ended December 31, 2019. All options granted under our 2013 Stock Option Plan expired before or on May 13, 2019.

## PENSION PLAN BENEFITS

### DCPP and SERP

The following table sets forth information with respect to the amounts accumulated under the DCP and SERP accounts:

Name	Accumulated Value at Start of Year (\$)	Compensatory Change <sup>(1)</sup> (\$)	Accumulated Value at Year End (\$)
(a)	(b)	(c)	(d)
Ian Edwards	599,976	193,712	874,944
Neil Bruce <sup>(2)</sup>	–	–	–
Sylvain Girard	447,108	133,754	646,993
Craig Muir <sup>(3)</sup>	–	–	–
Jonathan Wilkinson	102,174	78,545	199,055
Sandy Taylor	693,522	141,404	924,578

<sup>(1)</sup> Includes the Company's contributions to Mr. Edwards, Mr. Girard and Mr. Taylor's notional account under the SERP and contributions to their DCP account, and the Company's contribution to Mr. Wilkinson's DCP account and net contribution to his non-registered account under the SERP. Contributions are made by reference to salaries paid within the given year.

<sup>(2)</sup> Prior to his retirement on June 11, 2019, Mr. Bruce received his retirement savings in the form of a taxable cash allowance as described in the footnotes to the "Summary Compensation Table". He received a retirement allowance of GBP 12,475 per month from June 12, 2019 to December 31, 2019.

<sup>(3)</sup> Mr. Muir does not participate in any retirement savings plan and does not receive any equivalent cash allowance. However, in line with the regulations in the UAE, he is eligible to an end of service gratuity upon termination of employment.

## EMPLOYMENT AGREEMENTS

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

Executive	Commentary
• Mr. Edwards – October 31, 2019	<i>New agreement following his promotion to the role of COO, later amended when appointed Interim President and CEO, and lastly amended upon promotion to the role of President and CEO on October 31, 2019.</i>
• Mr. Bruce – October 5, 2015	<i>New agreement following his appointment to the role of President and CEO in 2015, later amended on June 8, 2017, and then replaced by a temporary Service Agreement as an advisor to the Board, dated June 11, 2019.</i>
• Mr. Girard – April 4, 2016	<i>New agreement following his appointment to the role of EVP and CFO.</i>
• Mr. Muir – April 8, 2019	<i>New agreement on appointment.</i>
• Mr. Wilkinson – July 3, 2017	<i>New agreement following his appointment to the role of President, Infrastructure sector on January 28, 2019.</i>
• Mr. Taylor – February 5, 2014	<i>New agreement on appointment.</i>

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

## RETIREMENT AND TERMINATION COMPENSATION

Termination of employment provisions are in place for each of the NEOs under their respective Employment Agreements. No incremental amounts would be provided to NEOs in the event of termination for cause or a resignation if the NEO does not meet the definition of retirement under the relevant plans. In the case of a resignation, any vested E-DSUs at the time of the termination shall be paid in accordance with the E-DSUP.

### Termination Not For Cause

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

Type of Allowance		Ian Edwards	Sylvain Girard	Craig Muir	Jonathan Wilkinson	Sandy Taylor
Severance	• Twice the sum of the annual base salary plus the annual target bonus under the AIP.	✓				✓
	• One and a half times the sum of the annual base salary plus the annual target bonus under the AIP.		✓		✓	
	• Half the sum of the annual base salary plus the annual target bonus under the AIP.			✓		
Benefits and Perquisites	• Lump sum payment equivalent to pension benefits that would have continued to accrue for two (2) years.	✓				✓
	• Lump sum payment equivalent to pension benefits that would have continued to accrue for 18 months.		✓		✓	
	• Lump sum payment representing the value of perquisites for a two-year period.	✓				✓
	• Lump sum payment representing the value of perquisites for an 18-month period.		✓		✓	
	• Lump sum payment representing the value of housing and transportation allowances for a 6-month period.			✓		
End of service gratuity	• Lump sum payable under the UAE Labour Law.			✓		
AIP	• AIP for the year of termination prorated for the portion of the year worked.	✓	✓	✓	✓	✓
Awards granted including any unvested share-based or option-based awards	• Will continue to vest, become exercisable, be paid or settled (as applicable) as if the individual had remained in employment for 24 months following termination.	✓				✓
	• Will continue to vest, become exercisable, be paid or settled (as applicable) as if the individual had remained in employment for 18 months following termination.		✓		✓	
	• Will vest on a prorated basis at the date of termination and be paid or settled (as applicable) following termination.			✓		

The following table sets out the incremental amounts which would have been payable had a not-for-cause termination occurred on December 31, 2019:

Involuntary Termination	Ian Edwards	Sylvain Girard	Craig Muir <sup>(1)</sup>	Jonathan Wilkinson	Sandy Taylor
Severance	\$ 4,725,000	\$ 1,701,000	\$ 596,523	\$ 1,837,500	\$ 2,397,500
Benefits and Perquisites <sup>(2)</sup>	\$ 520,000	\$ 246,900	\$ 74,256	\$ 262,500	\$ 344,000
AIP <sup>(3)</sup>	\$ 1,312,500	\$ 486,000	\$ 511,306	\$ 525,000	\$ 513,750
ESOP	\$ 48,752	\$ —	\$ 3,971	—	\$ 38,071
Value of RSUs not already vested <sup>(4)</sup>	\$ 1,182,336	\$ 841,355	\$ 427,087	\$ 497,529	\$ 899,428
Value of PSUs not already vested <sup>(4)(5)</sup>	\$ 1,396,329	\$ 969,122	\$ 205,277	\$ 667,945	\$ 987,871
Value of E-DSUs not already vested <sup>(6)</sup>	—	—	—	—	—
<b>Total</b>	<b>\$ 9,184,917</b>	<b>\$ 4,244,377</b>	<b>\$ 1,818,420</b>	<b>\$ 3,790,474</b>	<b>\$ 5,180,620</b>

<sup>(1)</sup> Mr. Muir's severance and AIP would be paid in AED. For the purposes of this disclosure, amounts were converted to CAD using the December 31, 2019 spot rate of 1 AED = 0.3536 CAD.

<sup>(2)</sup> As Mr. Muir had less than one (1) year of service with the Company, he would not have been entitled to the end of service gratuity if he had been terminated on December 31, 2019.

<sup>(3)</sup> Mr. Muir elected to receive 25% of his 2019 AIP payout in the form of E-DSUs. If he had been terminated not-for-cause as at December 31, 2019, he would have received his AIP payout in cash. It is therefore included.

<sup>(4)</sup> Amounts are calculated based on the closing share price of \$29.95 on December 31, 2019.

<sup>(5)</sup> Assuming that the PSUs would vest at 100% (i.e. at target).

<sup>(6)</sup> Mr. Edwards was awarded a E-DSUP grant of \$1.8M when appointed Interim CEO and President that could not have been granted in 2019 due to Company restrictions in place pursuant to its Disclosure and Insider Trading Policy. Therefore, Mr. Edwards would be entitled to a payout in case of termination not for cause.

## Change in Control

The Company has double-trigger change in control agreements for the NEOs. A change of control, as approved at the November 6, 2014 Board meeting, occurs when:

- A person or a number of persons acting jointly or in concert holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Company;
- A person or a number of persons acting jointly or in concert successfully completes a take-over bid or an exchange bid for 50% or more of the shares of a class of voting shares of the Company;
- The Company undergoes a liquidation or dissolution or sells all or substantially all of its assets; or
- Those persons acting as Directors of the Company cease at any time to constitute the majority of the Directors of the Company, except where such situation arises following an uncontested election of directors.

In the event of involuntary termination of employment or resignation for good reason<sup>(1)</sup> following a change in control, the following conditions will apply:

<b>Severance</b>	• Two (2) times the sum of the annual base salary plus the annual target bonus under the AIP
<b>Benefits and Perquisites</b>	• Two (2) times the annual contribution under DCPD and SERP plus two (2) times the annual allowance for perquisites for NEOs located in Canada • End of service gratuity plus two (2) times the housing and transportation allowances for Mr. Muir, who is located in the UAE
<b>AIP</b>	• The annual bonus for the year will be paid at target as a lump sum, prorated for the period of employment in that year
<b>ESOP</b>	• Future contributions required to be made under the terms of the Plan, but not yet made, are accelerated in order for all outstanding matching contributions to be paid by the Company
<b>RSUP, PSUP and E-DSUP</b>	• All granted RSUs, PSUs and E-DSUs fully vest and are redeemable for cash within thirty days of the termination of employment. For the purposes of the PSUP, the maximum performance payout multiplier (200%) is used

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

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

The following table sets out the incremental amounts which would have been payable had a not-for-cause termination or resignation for good reason (as defined above), following a change in control, occurred on December 31, 2019:

Change in Control	Ian Edwards	Sylvain Girard	Craig Muir <sup>(1)</sup>	Jonathan Wilkinson	Sandy Taylor
Severance	\$ 4,725,000	\$ 2,268,000	\$ 2,386,093	\$ 2,450,000	\$ 2,397,500
Benefits and Perquisites	\$ 520,000	\$ 329,200	\$ 297,024	\$ 350,000	\$ 344,000
End of service gratuity <sup>(2)</sup>	–	–	–	–	–
AIP <sup>(3)</sup>	\$ 1,312,500	\$ 486,000	\$ 511,306	\$ 525,000	\$ 513,750
ESOP	\$ 48,752	\$ 35,418	\$ 3,971	–	\$ 38,071
Value of RSUs not already vested <sup>(4)</sup>	\$ 1,219,294	\$ 955,615	\$ 1,324,090	\$ 579,533	\$ 922,520
Value of PSUs not already vested <sup>(4)</sup>	\$ 2,792,658	\$ 2,193,598	\$ 1,232,742	\$ 1,519,124	\$ 1,975,742
Value of E-DSUs not already vested <sup>(5)</sup>	–	–	–	–	–
<b>Total<sup>(6)</sup></b>	<b>\$ 10,618,204</b>	<b>\$ 6,267,831</b>	<b>\$ 5,755,226</b>	<b>\$ 5,423,657</b>	<b>\$ 6,191,583</b>

<sup>(1)</sup> Mr. Muir's severance and AIP would be paid in AED. For the purposes of this disclosure, amounts were converted to CAD using the December 31, 2019 spot rate of 1 AED = 0.3536 CAD.

<sup>(2)</sup> As Mr. Muir had less than one (1) year of service with the Company, he would not have been entitled to the end of service gratuity if he had been terminated on December 31, 2019.

<sup>(3)</sup> Mr. Muir elected to receive 25% of his 2019 AIP payout in the form of E-DSUs. If he had been terminated following a change in control as at December 31, 2019, he would have received his AIP payout in cash. It is therefore included.

<sup>(4)</sup> Amounts are calculated based on the closing share price of \$29.95 on December 31, 2019.

<sup>(5)</sup> Mr. Edwards was awarded a E-DSUP grant of \$1.8M when appointed Interim CEO and President that could not have been granted in 2019 due to Company restrictions in place pursuant to the Company's Disclosure and Insider Trading Policy. Therefore, Mr. Edwards would be entitled to a payout in case of termination following a change in control.

<sup>(6)</sup> Mr. Edwards, Mr. Girard and Mr. Taylor would be entitled to an outplacement counselling services reimbursement up to a maximum of \$50,000 in the case of termination following a change in control. This amount is excluded from the total.

## Retirement

In the event of retirement (as defined in the Company's policies), all unvested granted E-DSUs fully vest. All granted RSUs vest on a prorated basis and are redeemable for cash in accordance with the provisions of the plans. All granted PSUs vest on a prorated basis and are subject to the performance conditions until the end of the calendar year of retirement. The following table sets out the incremental amounts which would have been payable under the plans had retirement occurred on December 31, 2019.

Name	Value of Non-vested PSUs <sup>(1)(2)</sup>	Value of Non-vested E-DSUs <sup>(2)</sup>	Value of Non-vested RSUs <sup>(2)</sup>	Total Incremental Payment
Ian Edwards	\$ 608,704	–	\$ 621,253	\$ 1,229,957
Sylvain Girard	\$ 477,253	–	\$ 485,400	\$ 962,653
Craig Muir	\$ 205,277	–	\$ 427,087	\$ 632,364
Jonathan Wilkinson	\$ 324,149	–	\$ 244,811	\$ 568,960
Sandy Taylor	\$ 457,157	–	\$ 513,073	\$ 970,230

<sup>(1)</sup> Assuming that the PSUs would vest with a Performance Payout Multiplier of 100%.

<sup>(2)</sup> Amounts are calculated based on the closing share price of \$29.95 on December 31, 2019.

## SUCCESSION PLANNING

On behalf of the Board, the HR Committee oversees succession planning and talent management for the Company and develops a succession plan for the President and CEO position. The President and CEO succession planning process involves working with the President and CEO to review internal and external candidates. A succession planning process and business continuity policies were put in place in 2014 by the HR Committee and by management to ensure continuous preparedness in the event of an emergency succession.

During the year, the HR Committee reviewed the outcomes of the 2019 succession and talent review. This process is used to identify talent within the Company and put in place a succession pipeline, including succession plans for the President and CEO's direct reports and other key executives. The Committee also reviewed the development programs available for executives and management, including information about the new Executive Leadership Development Program that was launched in 2019. The HR Committee recommends the President and CEO succession plan to the Board on an annual basis and reports to the Board at least once a year on succession plans for other Senior Officers.

## APPROVAL OF THE REPORT ON EXECUTIVE COMPENSATION

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

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



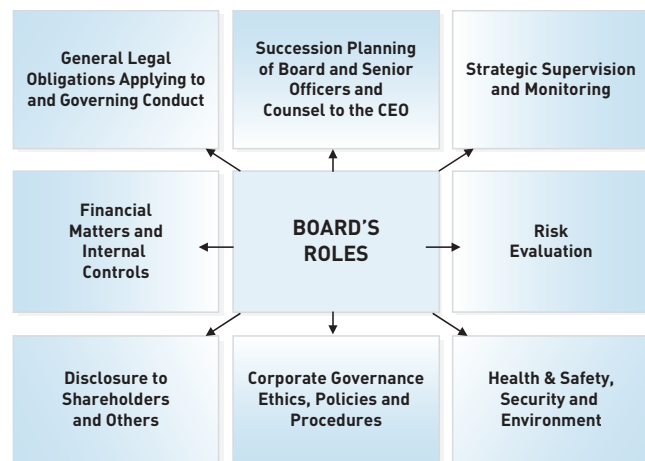
# Statement of Corporate Governance Practices

BOARD ROLE AND MANDATE 57 / BOARD AND COMMITTEE STRUCTURE, ORGANIZATION AND COMPOSITION 58 / INDEPENDENCE 59 / IN CAMERA SESSIONS 60 / POSITION DESCRIPTIONS 60 / DIRECTOR ATTENDANCE 61 / DIRECTOR AVAILABILITY 63 / INTERLOCKING OUTSIDE BOARDS 63 / BOARD ANNUAL REVIEW AND SUCCESSION PROCESS 63 / DIVERSITY 66 / DIRECTOR PERFORMANCE ASSESSMENT 69 / DIRECTORS' ON-BOARDING PROGRAM 69 / ONGOING DIRECTOR EDUCATION 70 / CONFLICT OF INTEREST 70 / ETHICAL BUSINESS CONDUCT 70 / SHAREHOLDER ENGAGEMENT 72 / SUSTAINABILITY 72

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

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

## BOARD ROLE AND MANDATE



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

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

## Strategic Supervision and Monitoring

Strategic supervision and monitoring is one of the Board's primary roles. Management, led by our President and CEO, develops, implements and tracks the Company's five-year strategic plan, and the Board actively participates in supervising its development, implementation and tracking, and providing guidance. The Board engages with the President and CEO and management at key inflection points of the development, implementation and tracking of the strategic plan as follows:

### Quarterly:

At each regularly scheduled Board meeting, an important component of the meeting is dedicated to the review by the Board of management's progress against the strategic objectives and discussion of key strategic issues.

### Strategic Planning Session:

A two-day meeting is scheduled in December of each year where management meets with the Board to discuss, review and approve the strategic plan and budget for all sectors, business units, corporate functions, and the Company as a whole.

## Risk Evaluation

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

## Board Risk Evaluation Oversight

### *Reviewing the Company's risk philosophy*

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

### *Overseeing the Design and Implementation of an Effective Enterprise Risk Management ("ERM") Process*

This oversight is a full Board responsibility and is completed by obtaining management's reports on existing and developing risk management processes and on the effectiveness of these systems in identifying, assessing and managing the Company's most significant risk exposures.

### *Reviewing the Company's Major Risks*

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

### *Keeping Informed of the Most Significant Risks Faced by the Company and Management Response to these Risks*

As risks are constantly evolving, the Board obtains ongoing updates on risks affecting the Company. This is done by integrating information on ongoing risks into both the Board and each Committees' agendas and packages and discussions at meetings.

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

## BOARD AND COMMITTEE STRUCTURE, ORGANIZATION AND COMPOSITION

### Structure

Under its mandate, the Board may establish and seek the advice of and delegate responsibilities to Committees of the Board. As of December 31, 2019, the following four (4) standing Committees were in place:

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

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

Committee mandates are posted on the Company's website ([www.snc-lavalin.com](http://www.snc-lavalin.com)), under "About Us"/"Leadership & Governance"/"Governance".

Furthermore, in December 2018, the Board established a non-standing Board Committee to explore a range of alternatives to protect and enhance value for SNC-Lavalin stakeholders. Now that the Company has charted a new strategic direction and succeeded in resolving legacy legal matters, the Committee, having fulfilled its mandate, was disbanded.

### Organization

- Five (5) regularly scheduled Board meetings are held each year including a two-day meeting in December to consider and approve the Company's budget and strategic plan;
- Each standing Committee has at least four (4) regularly scheduled meetings per year;
- Special meetings of the Board and standing Committees are held when deemed necessary; and
- Non-standing Board Committees are also created from time to time to provide a more in-depth review of issues of particular strategic importance.

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

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

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

### Composition

As of March 16, 2020, the Board of Directors is composed of eleven (11) members, seven (7) of whom will be standing for re-election at the Meeting. Ms. Catherine J. Hughes and Messrs. Jacques Bougie, Alain Rhéaume and Eric D. Siegel will not stand for re-election at the Meeting. Ms. Mary-Ann Bell and Messrs. Gary C. Baughman, Christie J.B. Clark and

Michael B. Pedersen are new Director nominees. The Board has set the number of Directors at eleven (11) for election at the Meeting. As for Committee membership, it is set at no less than three (3) and no more than seven (7) Directors.

The G&E Committee is responsible for making annual recommendations to the Board with respect to the size and composition of the Board and its Committees. The G&E Committee engages in a regular review of the Director Selection Criteria to identify the ideal size and skill sets that should be represented on a board of directors of a major global engineering services organization such as the Company and to maintain and, if necessary, add critical competencies that may be required. For details regarding the Director Selection Criteria, see the "Board Annual Review and Succession Process" subsection of this Circular.

To the extent possible, taking into account regulatory and internal requirements with respect to the personal expertise of the members of specific Committees (e.g. the financial literacy required of Audit Committee members and the human resources and executive compensation experience and knowledge required of the HR Committee members) and other considerations such as a Board requirement that one (1) member of the Audit Committee also be a member of the HR Committee (and vice versa), there is a system of regular rotation of Directors on Committees. This provides Directors exposure to different management issues and the opportunity to serve in several areas and allows the Committees to benefit from the expertise of a variety of Board members.

## INDEPENDENCE

The Board's policy with respect to the independence of its members is that a majority of Directors must be independent, as determined by the Board including in light of Canadian securities legislation and regulations. This policy is clearly stated in the Board's mandate. Furthermore, the Board has established that members of a standing Committee must be Directors who are independent. This requirement forms part of the mandate of each standing Committee.

As a Canadian corporation listed on the TSX, SNC-Lavalin is subject to various guidelines, requirements and disclosure rules governing the independence of the members of its Board and Committees, including the governance guidelines and audit committee rules adopted by the CSA.

The Board has adopted independence criteria for its members and that of its Committees which mirror the

independence criteria of subsection 1.2(1) of Regulation 58-101 – Disclosure of Corporate Governance Practices ("**Regulation 58-101**") and section 1.4 of Regulation 52-110 – Audit Committees ("**Regulation 52-110**").

In order to ensure the independence of its Directors, the Board, through its G&E Committee, requests that each Director complete a comprehensive questionnaire each year. In addition to providing information on their educational history, occupation and directorships, each Director must answer a series of questions on his/her independence in order to determine if he/she meets the independence criteria established by the CSA. These questions are based on the independence criteria of subsection 1.2(1) of Regulation 58-101 and section 1.4 of Regulation 52-110. The Board also asks each Director to disclose any other material facts that the Board should consider for the purpose of its determination of a Director's independence. Furthermore, Audit Committee members are asked to answer a series of questions based on the independence criteria of section 1.5 of Regulation 52-110 which apply to Audit Committee members only.

To ensure ongoing director independence, the same questionnaire provides for disclosure by each Director of any potential conflict of interest that could affect their status. Furthermore, our Directors must certify, on an annual basis, that they comply with our Code of Conduct, including the obligation to disclose any actual or potential conflict of interest.

Once each Director has completed his/her questionnaire, the G&E Committee performs a review of Directors' interests in which potential conflicts and other matters relevant to their independence are considered and reports to the Board thereon. The results obtained through the questionnaires help the G&E Committee, and ultimately the Board, in determining which Director is independent.

For a Director to be considered independent, the G&E Committee analyzes all of the relationships each Director has with SNC-Lavalin and must determine that the Director does not have any direct or indirect material relationship with SNC-Lavalin.

Further to the last review performed by the G&E Committee, it was determined that all of our current and nominee Directors are independent, including Kevin Lynch, our Chairman whose role is separate from that of our President and CEO. The only non-independent Director is Ian Edwards, our President and CEO, as he is a member of the management team.

Name	Director		Status of Director Nominees		Reason For Non-Independent Status
	Current	Nominee	Independent	Not Independent	
G.C. Baughman		•	•		
M.-A. Bell		•	•		
J. Bougie	•		•		
C.J.B. Clark		•	•		
I. Courville	•	•	•		
I.L. Edwards	•	•		•	President and CEO
C.J. Hughes	•		•		
K.G. Lynch	•	•	•		
S.L. Newman	•	•	•		
M.B. Pedersen		•	•		
J. Raby	•	•	•		
A. Rhéaume	•		•		
E.D. Siegel	•		•		
Z. Smati	•	•	•		
B.M. Warmbold	•	•	•		

It is important to note that:

- The Company has adopted “Independent Director Term and Retirement Guidelines” under which a Director is no longer eligible for re-election at the annual general meeting of shareholders following the 15<sup>th</sup> anniversary of his/her initial election to the Board (for details, see the “Board Annual Review and Succession Process / Director Tenure, Term and Retirement” subsection of this Circular);
- The Company initiated a process to renew the Board in its entirety which took place between 2012 and 2017. As of March 16, 2020, the average tenure of our nominee Directors is 2 years (for details, see the “Board Annual Review and Succession Process / Director Tenure, Term and Retirement” subsection of this Circular);
- The Company has adopted a guideline that no more than two (2) of its Directors may serve on the same outside board together. In 2019, none of our Directors served together on any other board of directors (for details, see the “Interlocking Outside Boards” subsection of this Circular);
- *In camera* sessions are held at regularly scheduled Board or Committee meetings. An *in camera* session is also generally held at special Board or Committee meetings (for details, see the “*In Camera* Sessions” subsection of this Circular); and
- The Company does not have a controlling shareholder (for details, see the “Voting Information” section of this Circular).

### IN CAMERA SESSIONS

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

In 2019, a total of 46 Board and Committee meetings were held. An *in camera* session was held at each Board and Committee meeting, except seven (7) special Board meetings, one (1) special meeting of the Audit Committee and one (1) regular meeting of the HR Committee. For a summary of Board and Committee meetings held in 2019, see the “Director Attendance” subsection below.

### POSITION DESCRIPTIONS

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

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

#### Chairman

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

#### Committee Chairs

The general terms with respect to the responsibilities of the Chair of each standing Committee are set out in the mandate

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

#### President and CEO

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

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

Under the Company's policies and guidelines, all Directors must have a total combined attendance rate of 75% or more for Board and Committee meetings to stand for re-election unless exceptional circumstances arise such as illness, death in the family or other similar circumstances.

Non-attendance at Board and Committee meetings is rare, usually when an unexpected commitment arises, a special meeting is convened on short notice or when there is a prior conflict with a meeting which had been scheduled and could not be rearranged. Given that Directors are provided with Board and Committee materials in advance of the meetings, Directors who are unable to attend are encouraged to provide comments and feedback to either the Chairman, the Chair of the Committee or the Corporate Secretary, all of whom ensure these comments and views are raised at the meeting.

## DIRECTOR ATTENDANCE

### Summary of Board and Committee Meetings Held in 2019

	Regular	Special	Total
Board	5	19	24
Audit Committee	4	2	6
G&E Committee	5	0	5
HR Committee	5	2	7
SWPR Committee	4	0	4
<b>TOTAL</b>	<b>23</b>	<b>23</b>	<b>46</b>

The table below provides the record of attendance for each Director at regular and special meetings of the Board and Committees during the 12 months ended December 31, 2019.

RECORD OF ATTENDANCE BY DIRECTORS AT REGULAR AND SPECIAL BOARD AND COMMITTEE MEETINGS FOR THE 12 MONTHS ENDED DECEMBER 31, 2019										
Directors	Regular Board & Committee Meetings Attended		Total Regular Meetings		Special Board & Committee Meetings Attended		Total Special Meetings		Overall Attendance	
	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)	(#)	(%)
<b>J. Bougie<sup>(1)</sup></b>	5 of 5 Board 5 of 5 G&E 5 of 5 HR	100 100 100	15 of 15	100	19 of 19 Board 2 of 2 HR	100 100	21 of 21	100	36 of 36	100
<b>N. Bruce<sup>(2)</sup></b>	2 of 2 Board	100	2 of 2	100	10 of 10 Board	100	10 of 10	100	12 of 12	100
<b>I. Courville<sup>(3)</sup></b>	5 of 5 Board 5 of 5 G&E 5 of 5 HR	100 100 100	15 of 15	100	17 of 19 Board 2 of 2 HR	90 100	19 of 21	91	34 of 36	94
<b>I. L. Edwards<sup>(4)</sup></b>	3 of 3 Board	100	3 of 3	100	9 of 9 Board	100	9 of 9	100	12 of 12	100
<b>C. J. Hughes<sup>(5)</sup></b>	5 of 5 Board 4 of 4 Audit 4 of 4 SWPR	100 100 100	13 of 13	100	17 of 19 Board 2 of 2 Audit	90 100	19 of 21	91	32 of 34	94
<b>K.G. Lynch<sup>(6)</sup></b>	5 of 5 Board	100	5 of 5	100	19 of 19 Board	100	19 of 19	100	24 of 24	100
<b>S.L. Newman<sup>(7)</sup></b>	5 of 5 Board 5 of 5 G&E 5 of 5 HR 4 of 4 SWPR	100 100 100 100	19 of 19	100	17 of 19 Board 2 of 2 HR	90 100	19 of 21	91	38 of 40	95
<b>J. Raby<sup>(8)</sup></b>	5 of 5 Board 4 of 4 Audit 4 of 4 SWPR	100 100 100	13 of 13	100	18 of 19 Board 2 of 2 Audit	95 100	20 of 21	95	33 of 34	97
<b>A. Rhéaume<sup>(9)</sup></b>	5 of 5 Board 4 of 4 Audit 2 of 2 HR	100 100 100	11 of 11	100	18 of 19 Board 2 of 2 Audit 1 of 1 HR	95 100 100	21 of 22	96	32 of 33	97
<b>E. D. Siegel<sup>(10)</sup></b>	5 of 5 Board 4 of 4 Audit 3 of 3 HR 2 of 2 SWPR	100 100 100 100	14 of 14	100	18 of 19 Board 2 of 2 Audit 1 of 1 HR	95 100 100	21 of 22	96	35 of 36	97
<b>Z. Smati<sup>(11)</sup></b>	5 of 5 Board 5 of 5 G&E 4 of 4 SWPR	100 100 100	14 of 14	100	19 of 19 Board	100	19 of 19	100	33 of 33	100
<b>B.M. Warmbold</b>	5 of 5 Board 4 of 4 Audit 5 of 5 HR	100 100 100	14 of 14	100	19 of 19 Board 2 of 2 Audit 2 of 2 HR	100 100 100	23 of 23	100	37 of 37	100
<b>Total</b>	<b>55 of 55 Board</b> <b>20 of 20 Audit</b> <b>20 of 20 G&amp;E</b> <b>25 of 25 HR</b> <b>18 of 18 SWPR</b>	<b>100</b> <b>100</b> <b>100</b> <b>100</b> <b>100</b>	<b>138 of 138</b>	<b>100</b>	<b>200 of 209 Board</b> <b>10 of 10 HR</b> <b>10 of 10 Audit</b>	<b>96</b> <b>100</b> <b>100</b>	<b>220 of 229</b>	<b>96</b>	<b>358 of 367</b>	<b>98</b>

<sup>(1)</sup> In addition to his Committee memberships, Mr. Bougie attended two (2) regular and two (2) special Audit Committee meetings as a non-voting participant.

<sup>(2)</sup> Mr. Bruce, our former President and CEO and Director until June 11, 2019, attended Committee meetings as a non-voting participant. From January 1, 2019 to June 11, 2019, Mr. Bruce attended all regular and special Committee meetings.

<sup>(3)</sup> In addition to her Committee memberships, Ms. Courville attended two (2) regular and two (2) special Audit Committee meetings as a non-voting participant.

<sup>(4)</sup> Mr. Edwards became Interim President and CEO and Director on June 11, 2019 and was subsequently appointed President and CEO on October 31, 2019. As Interim President and CEO and as President and CEO, he attended all regular and special Committee meetings as a non-voting participant.

<sup>(5)</sup> In addition to her Committee memberships, Ms. Hughes attended one (1) special meeting of the HR Committee as a non-voting participant.

<sup>(6)</sup> As Chairman, Dr. Lynch attended all Committee meetings as a non-voting participant.

<sup>(7)</sup> In addition to his Committee memberships, Mr. Newman attended two (2) regular and two (2) special Audit Committee meetings as a non-voting participant.

<sup>(8)</sup> In addition to his Committee memberships, Mr. Raby attended one (1) special meeting of the HR Committee as a non-voting participant.

<sup>(9)</sup> Mr. Rhéaume stepped down as a member of the HR Committee on May 2, 2019. In addition to his Committee memberships, Mr. Rhéaume attended one (1) special meeting of the HR Committee as a non-voting participant.

<sup>(10)</sup> Mr. Siegel stepped down as a member of the SWPR Committee and became a member of the HR Committee on May 2, 2019. In addition to his Committee memberships, Mr. Siegel attended one (1) regular meeting of the SWPR Committee as a non-voting participant.

<sup>(11)</sup> In addition to his Committee memberships, Mr. Smati attended two (2) regular and two (2) special Audit Committee meetings as well as one (1) special meeting of the HR Committee.



## DIRECTOR AVAILABILITY

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

### Director Availability Guidelines

- Directors may not sit on the board of more than four (4) other publicly traded companies, unless otherwise approved by the Board.
- Directors who are also CEOs in office may not sit on the board of more than one (1) publicly traded company other than his/her company's and SNC-Lavalin's, unless otherwise approved by the Board.

The G&E Committee carried out its customary review for 2019 and was satisfied that our current and nominee Directors were able to commit the requisite time for the proper performance of their duties. As of March 16, 2020, all of our current and nominee Directors complied with the above Director availability guidelines.

Name of Director	Other reporting issuers of which our Director is also a director	Type of company	Stock symbol: Exchange
<b>G.C. Baughman</b>	—	—	—
<b>M.-A. Bell</b>	Cogeco Inc. NAV Canada	Communications Civil Air Navigation Service	CGO:TSX N/A
<b>J. Bougie</b>	—	—	—
<b>C.J.B. Clark</b>	Air Canada Choice Properties Real Estate Investment Trust Loblaw Companies Limited	Transportation (Airline) REIT Retail (Grocery Stores)	AC:TSX CHP-UN:TSX L:TSX
<b>I. Courville</b>	Veolia Environnement S.A. Canadian Pacific Railway Limited	Environmental Services Transportation (Railroads)	VIE:EPA CP:TSX CP:NYSE
<b>I.L. Edwards</b>	—	—	—
<b>C.J. Hughes</b>	Royal Dutch Shell Plc	Oil & Gas - Integrated	RDSA: LSE RDSA:AMS RDS.A:NYSE
<b>K.G. Lynch</b>	Canadian National Railway Company	Transportation (Railroads)	CNR:TSX CNI:NYSE
<b>S.L. Newman</b>	Dril-Quip, Inc.	Oil & Gas Equipment & Services	DRQ:NYSE
<b>M.B. Pedersen</b>	CGI Inc.	Information Technology Services	GIB-A:TSX GIB:NYSE
<b>J. Raby</b>	Fiera Capital Corporation	Asset Management	FSZ:TSX
<b>A. Rhéaume</b>	Boralex Inc. Resolute Forest Products Inc.	Utilities – Independent Power Producers Forest Products	BLX:TSX RFP:TSX RFP:NYSE
<b>E.D. Siegel</b>	—	—	—
<b>Z. Smati</b>	—	—	—
<b>B.M. Warmbold</b>	The Bank of Nova Scotia  Methanex Corporation	Banking Services  Chemicals	BNS:TSX BNS:NYSE MX:TSX MEOH:NASDAQ

## INTERLOCKING OUTSIDE BOARDS

The Company has established an additional guideline that no more than two (2) of its Directors may serve on the same outside board together. In 2019, none of our Directors served together on any other board of directors. However, one Board nominee, Ms. Mary-Ann Bell, currently sits on the board of directors of the Institute for Governance of Private and Public Organizations (IGOPP) with Ms. Isabelle Courville, one of our current Directors.

## BOARD ANNUAL REVIEW AND SUCCESSION PROCESS

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

## Annual Process for Directors Currently in Office

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

### Determination of Qualifications of Incumbent Directors as Nominees

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

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

## Board Succession Planning Process

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

The G&E Committee is responsible for identifying the need for future appointments well in advance of the expiry of current Director's terms of office. When a term is coming to an end, a position becomes vacant or a decision is taken to increase the number of Directors on the Board, the Committee develops a skills profile for the position(s) which includes, amongst others, the Director Selection Criteria (as defined in the table below).

The process of recruiting Directors is guided by criteria established by the Chairman and the Chair of the G&E Committee and reviewed and approved by this Committee. These criteria include general qualifications to be used in the

identification of individual candidates as well as key qualifications and core competencies required for the Board as a whole. Consideration is given to the present membership of the Board and the qualifications which should be added or strengthened over time to maintain a Board which will meet the evolving needs of the Company.

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

As reflected in the G&E Committee mandate, in its efforts to select new Directors, the G&E Committee will abide by the provisions of the Company's "Diversity and Inclusion on the Board of Directors and in Senior Leadership Positions Policy", which include considering women, Aboriginal peoples, persons with disabilities and members of visible minorities as Board nominees.

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

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

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

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

of shareholders, or as nominees for election at the annual meeting of shareholders.

Note that the Caisse has the right to recommend to SNC-Lavalin one (1) nominee for election or appointment as a Director, and that SNC-Lavalin has agreed that it will consult with the Caisse prior to the appointment of any new Chairman. For details, see the "Voting Information" section of this Circular.

Given the upcoming retirement of four (4) Directors, as mentioned in subsection 2 under the "Business of the 2020 Annual Meeting of Shareholders" section of the Circular, and in order to better align the Board with SNC-Lavalin's new strategy, the Company has made a priority of renewing its

Board with nominees bringing expertise in global operations, financial services and corporate restructuring.

### Director Selection Criteria

The G&E Committee's mandate provides for the establishment and update of Director Selection Criteria, which is a list of industry-specific experience, business expertise and individual qualifications of Directors, so as to identify any eventual gaps on the Board. The level of experience by skill and competency of each of our nominee Directors are set forth in the following table, together with their gender, age, place of residence, official languages spoken and tenure.

### DIRECTOR SELECTION CRITERIA

NAME	GENDER		AGE		REGION				LANGUAGE		TENURE			LEVEL OF EXPERIENCE BY SKILL/COMPETENCY 1: Low 2: Medium 3: High												
	MALE	FEMALE	UNDER AGE 65	AGE 65 AND OLDER	QUEBEC	ONTARIO	FRANCE	U.S.	ENGLISH	FRENCH	0-5	6 TO 10	11+	ENGINEERING INDUSTRY KNOWLEDGE	STRATEGIC PLANNING	RISK MANAGEMENT <sup>(1)</sup>	PROJECT MANAGEMENT	OPERATIONS	EXTENSIVE KNOWLEDGE/ EXPERIENCE U.S. AND U.K. MARKETS	GOVERNMENT/ REGULATORY AFFAIRS <sup>(2)</sup>	ACCOUNTING/FINANCE	HR/COMPENSATION <sup>(3)</sup>	TECHNOLOGY/IT <sup>(4)</sup>	CAPITAL MARKETS	MERGERS & ACQUISITIONS, DIVESTITURES, RESTRUCTURING, ETC.	PUBLIC COMPANY LEADERSHIP
G.C. BAUGHMAN	•		•					•	•		•			3	3	3	2	3	2	2	3	2	2	3	2	2
M.-A. BELL		•	•		•				•	•	•			2	3	3	2	3	2	2	2	3	3	2	2	3
C.J.B. CLARK	•			•		•			•		•			1	3	3	2	1	1	2	3	3	2	3	3	3
I. COURVILLE		•	•		•				•	•	•			2	2	1	3	3	1	2	1	3	2	1	1	2
I.L. EDWARDS	•		•		•				•		•			3	3	3	3	3	2	1	1	2	2	1	1	2
K.G. LYNCH	•			•		•			•	•	•			1	3	3	2	2	1	3	3	3	2	2	2	2
S.L. NEWMAN	•		•					•	•		•			2	3	2	2	3	2	1	2	3	1	2	3	3
M.B. PEDERSEN	•		•			•			•		•			1	3	3	2	2	3	3	2	3	2	2	3	3
J. RABY	•		•				•		•	•	•			1	2	2	1	1	2	2	3	3	1	3	3	3
Z. SMATI	•		•					•	•	•	•			3	3	3	3	3	3	1	2	3	2	1	3	2
B.M. WARMBOLD		•	•			•			•		•			1	2	3	2	3	2	1	3	2	2	3	3	2

<sup>(1)</sup> Understanding of internal controls, risk assessments and reporting.

<sup>(2)</sup> Understanding of government and public policy at various levels (Federal, Provincial/State, Local, etc.).

<sup>(3)</sup> Understanding of executive compensation, talent management/retention, people development and succession planning.

<sup>(4)</sup> Knowledge of relevant emerging technologies, including artificial intelligence, applicable to the engineering industry.

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

### Director Tenure, Term and Retirement

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

#### Independent Director Term and Retirement Guidelines

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

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

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

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

As at March 16, 2020, the average tenure of our nominee Directors on our Board is two (2) years.

### Majority Voting Policy

The Board has adopted a Majority Voting Policy under which any Director nominee in an uncontested election who receives a greater number of shares withheld than shares voted in favour of his or her election must immediately tender his or her resignation to the Chairman. The G&E Committee and the Board will promptly consider the Director's resignation, and the Board will accept the resignation absent exceptional circumstances. The resignation will be effective upon its acceptance by the Board. The Board will make its decision within 90 days of the relevant shareholders' meeting and promptly announce it, including the reasons for rejecting the resignation, if applicable, through a news release. A Director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the G&E Committee or the Board at which the resignation is considered.

## DIVERSITY

### Diversity and Inclusion Policy

SNC-Lavalin is committed to diversity and inclusion. The "Diversity and Inclusion on the Board of Directors and in Senior Leadership Positions Policy" (the "**Policy**") has been in place at the Company since 2016, which reflects the Company's commitment to this agenda. The Policy, which focused primarily on gender diversity, was amended in February 2020 in order to refer to diversity within "designated groups" and include individuals from the following four (4) categories as outlined in the *Canada Business Corporations Act* and defined in the *Employment Equity Act* (Canada):

1. Women,
2. Aboriginal peoples (defined as First Nations, Inuit or Metis),
3. Persons with disabilities (defined as persons who have a long-term or recurring physical, mental, sensory, psychiatric or learning impairment and who (i) consider themselves to be disadvantaged in employment by reason of that impairment, or (ii) believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment), and
4. Members of visible minorities (defined as persons, other than aboriginal peoples, who are non-Caucasian in race or non-white in color).

(the above-mentioned four (4) categories are hereinafter referred to as the "**Designated Groups**").

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

The G&E Committee for Directors and the HR Committee for executive officers and senior leaders are responsible for annually monitoring the implementation of the Policy and reviewing its content as well as assessing the effectiveness of the nomination process at achieving the Company's

diversity objectives outlined in the Policy and reporting to the Board thereon.

### Board Appointments

The G&E Committee is responsible for recommending qualified persons for Board nominations. As reflected in the G&E Committee mandate, in its efforts to select new Directors, the G&E Committee will abide by the provisions of the Policy. As mentioned in the Policy, the G&E Committee has developed a set of criteria for Board membership that strives to attain a diversity of backgrounds and skills for the Board and, through its Board member search practices, seeks out qualified Board candidates, including individuals from the Designated Groups. For details on our process for nominating new Directors, see the “Board Succession Planning Process” subsection of this Circular.

### Executive Officers and Senior Leader Appointments

As mentioned in the Policy, in fulfilling their role, the HR Committee and the Board of Directors, when nominating the President and CEO and executive officers, and the President and CEO and the executive officers, when nominating the other various senior leaders, consider candidates that are highly qualified based on their experience, education, expertise, personal qualities and general and sector-specific knowledge. They review potential candidates from the Designated Groups and diverse perspectives, with the Company’s diversity objectives in mind, and consider the level of representation of candidates from the Designated Groups, in particular female candidates, in executive officer and senior leader positions before making such appointments. As reflected in its mandate, the HR Committee monitors the effectiveness of programs, targets and initiatives put in place by management to meet the goals and objectives of the Policy.

The Company is of the view that it is preferable to identify and develop its internal talent pipeline, thereby enabling candidates from the Designated Groups within the Company to be identified and promoted for executive officer and senior leader positions appointments. The Company considers the level of representation of individuals from the Designated Groups and other components of diversity within its ranks and considers both as important factors in its search process for new candidates. Talent review sessions are held at least once a year to assess the succession plans for all key executive officers and senior leader positions and to adjust the strategy so as to ensure that talent is properly developed. The Company requires that succession plans for all executive officer and senior leader positions should include successors from the Designated Groups. The Company also measures, year over year, the representation of individuals from the Designated Groups in its talent pool.

### Diversity & Inclusion Program

In 2016, SNC-Lavalin launched its Diversity & Inclusion (“D&I”) Program, mainly designed to promote the importance of women in professional and leadership roles and inspire women Company-wide to reach their career objectives.

The D&I Program aimed to create a culture that enables the Company to:

- Discuss the importance and benefits of diversity and inclusion in the workplace;
- Support recruitment, retention and advancement of women in professional, management and executive roles at SNC-Lavalin;
- Empower women within SNC-Lavalin to adopt their chosen paths to success;
- Facilitate and support the advancement of women into leadership positions through development opportunities; and
- Leverage succession planning as a tool to make progress on the diversity of the leadership team, including with respect to gender and ethnicity diversity.

In 2018 and 2019, the D&I Program was revised, and a regional approach was adopted through the creation of six (6) geographic D&I networks. Each of these networks is business-led and aims to adapt the overall D&I strategy to local legislation and realities, in order to deliver a culture of diversity and inclusion in our operations.

### Establishment of Targets

#### Women

In August 2016, SNC-Lavalin established a 20% target of women on its Board, in executive officer positions and in senior leader positions. When the target was set in 2016, 18% of our Directors were women. We achieved and surpassed the 20% target in 2018 when this percentage was increased to 27%. As at March 16, 2020, three (3) out of eleven (11) Directors (i.e. 27%) were women.

With respect to executive officer positions, 18% of our executive officers were women when the target was set in 2016. As at March 16, 2020, two (2) out of twelve (12) members of our Executive Committee (i.e. 17%) were women.

As for senior leader positions, a total of 18 women occupied senior leader positions at SNC-Lavalin as at March 16, 2020, which represents 14% of the Company’s total senior leader population (i.e. 127 individuals). Across our corporate functions, 27% of our senior leader positions (and 51% of our managerial positions) are occupied by women. This is a much higher percentage than across our operational units.

The Company aims to increase the proportion of women in professional roles and in all levels of management and has put in place the following measures to achieve this goal:

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

## Aboriginal Peoples, Persons with Disabilities and Members of Visible Minorities

SNC-Lavalin has refrained from setting specific targets regarding the representation of Aboriginal peoples, persons with disabilities and members of visible minorities on its Board, in executive officer positions and in senior leader positions for the time being. The Company will evaluate in due time the possibility of establishing targets for the representation of Aboriginal peoples, persons with disabilities and members of visible minorities on its Board, in executive officer positions and in senior leader positions. SNC-Lavalin recognizes, however, the important role Aboriginal peoples, persons with disabilities and members of visible minorities, with appropriate and relevant skills and experience, can play in contributing to different views and perspectives within the Board and management. As at March 16, 2020, no (0%) Aboriginal peoples, persons with disabilities nor members of visible minorities were represented on the Board. With respect to our executive officers, no (0%) Aboriginal peoples, persons with disabilities nor members of visible minorities held executive officer positions as at March 16, 2020. As for senior leader positions, no (0%) Aboriginal peoples, one (1) (i.e. 1%) person with disabilities and ten (10) (i.e. 8%) members of visible minorities occupied senior leader positions as at March 16, 2020<sup>(1)</sup>.

### Initiatives

In 2016, SNC-Lavalin joined the 30% Club Canada, an organization that encourages and supports companies, through a voluntary approach, to appoint more women at board level as well at senior management levels. SNC-Lavalin also contributed to the first 30% Club Canada event to be held in the Province of Quebec. The Company believes that this reflects its commitment to hire, train and ensure women have the equal opportunity to achieve their professional goals and access key-decision roles.

Furthermore, in 2018, SNC-Lavalin published its own D&I Commitment:

#### D&I Commitment

*"At SNC-Lavalin, we believe that, in today's global market, diverse groups make better decisions and that better decisions lead to better business results. We are committed to cultivating a diverse and inclusive work environment, where world-class talent knows no distinctions and is empowered to realize their full potential as important members of our team."*

*We are dedicated to:*

- *Promoting inclusiveness in our policies, practices and business relationships;*
- *Proactively recruiting and onboarding candidates from a diverse and talented applicant pool;*
- *Increasing the total percentage of women in engineering, management and senior management positions; and*
- *Reinforcing the awareness of diversity and inclusion through education and training."*

In 2019, we have actively promoted D&I through the six (6) regional D&I networks, each of them aiming to implement our global D&I strategy at a local level. A member of the executive team sponsors each geographic network to ensure alignment between local efforts and overall D&I objectives, thereby offering leadership support towards the Company's D&I targets. Networks also count on proactive employee engagement and promote D&I through various initiatives, training and awareness campaigns. Here are some examples of actions taken in 2019:

- In honour of International Women's Day on March 8, SNC-Lavalin posted **several stories about our female leaders**, sharing their achievements and accomplishments;
- In March, coinciding with **International Women's Day**, our Middle East D&I network signed the United Nations Women's Empowerment Principles which are aligned with the Company's commitment to foster an inclusive culture that promotes gender equality and supports employees' professional development, skills and knowledge throughout their career;
- On June 23, we celebrated **International Women in Engineering Day ("INWED")** in the U.K. Organized by the Women's Engineering Society ("WES"), the campaign focused on the achievements of women in our industry;
- On September 26, SNC-Lavalin formalized its **Commitment to Indigenous Peoples**. This important commitment honors Indigenous rights and cultures and sets the foundations for building improved relations with Indigenous communities and partners;

<sup>(1)</sup> The foregoing disclosure is derived from information provided by Directors, executive officers and senior leaders. In accordance with privacy legislation, such information was collected on a voluntary basis, and where a particular individual chose not to respond, SNC-Lavalin did not make assumptions or otherwise assign data to that individual.



- On November 14, we participated in an event organized by **Women in Energy Canada ("WIECAN")**. It was an opportunity for women to visit the Sir Adam Beck II Generating Station, Ontario, Canada, toured by Ontario Power Generation ("OPG"). The purpose was to encourage women to discover new areas in energy and network with women from different backgrounds;
- During the 1<sup>st</sup> week of December, many commemoration activities took place to mark 30 years since the *École Polytechnique* tragedy in Montreal, Canada. During that time, the **Week of the White Rose**, SNC-Lavalin participated in the **annual fundraising initiative for the university's science camp, Folie Technique**, by matching employee donations via the sale of virtual white roses. The funds collected allow young girls from disadvantaged backgrounds to participate in scientific activities and get them interested in science, technology and engineering;
- **Unconscious bias sessions** were facilitated at SNC-Lavalin in-class and virtually within each of the six (6) regions, with hundreds of participants from the HR, management and employee communities being trained throughout the Company;
- Several regional networks have implemented **recruitment targets** for women in engineering and management roles and developed **specific programs to retain women** (e.g.: "return to work" program after a maternity leave in the U.K.);
- Atkins, a member of the SNC-Lavalin Group, continues with their **Women Career Development Program** in the U.K. The objective is to improve the career development of women already in the talent pipeline and to increase their retention rate. The program will have reached over 1000 women in early 2020;
- Another example of progress towards creating a more inclusive work environment is the introduction of a **flexible work arrangement in several regions** and the **"Flex Fridays"** in Canada; and
- In 2019, the Company successfully completed an **Employment Equity compliance assessment** under the Federal Contractors Program for the July 2017- July 2019 period. This program is focused on addressing underrepresentation of women, Aboriginal peoples, members of visible minorities and persons with disabilities in the Canadian workforce.

## DIRECTOR PERFORMANCE ASSESSMENT

In 2019, the G&E Committee designed the process and conducted the Director performance assessment internally.

### Evaluation Tools

The Board provided its members with a list of discussion points on the performance of the Board, the individual Committees, the Chairman and the Committee Chairs in advance of the actual performance review sessions, so as to allow Board members to prepare for these sessions. The discussion points covered, among others, the effectiveness of the Board and its Committees, Board-related operational issues, preparation for and performance at meetings, overall

corporate governance matters and questions related to integrity. The performance review sessions took place over a few hours with discussions on the performance of the Chairman and the Chairs of the various Committees, being held separately in their absence.

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

### Action Planning

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

## DIRECTORS' ON-BOARDING PROGRAM

### Process

The Board ensures, through its G&E Committee that newly appointed Directors understand the roles of the Board and Committees, and the contribution that individual Directors are expected to make. The G&E Committee is responsible for reviewing and approving the on-boarding program for new Directors and reporting to the Board thereon.

### On-Boarding Program

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

Orientation sessions take place over the course of the first year a Director joins the Board and begin with new Directors being invited to attend all Committee meetings preceding the Board meeting during which he/she will be appointed as a Director. This is followed by orientation sessions with management, the Chairman and Committee Chairs either preceding or following the quarterly Board meetings. Once these sessions are completed, a second session with management takes place around nine (9) months after they have joined the Board to explore any areas not covered in the initial orientation and to go more in depth on issues that draw on their specific expertise. All Directors are also invited to attend these orientation sessions.

## ONGOING DIRECTOR EDUCATION

### Process

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

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

### Development and Education Opportunities

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

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

The Corporate Secretary provides Directors with summaries of up to date information on upcoming legislative changes, evolving governance and Board practices as well as general trends related to the Board and Committees' mandates on an ongoing basis. These summaries are accompanied by surveys, articles and other types of documentation of interest to Board members.

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

### Site Visits

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

In 2019, four (4) of our Directors visited the new Champlain Bridge project site in Quebec, Canada, one (1) Director visited the Company's offices in Riyadh, Saudi Arabia and one (1) Director visited the Company's offices in London, U.K.

### Procedures

In addition to the above-mentioned ongoing development and education opportunities, procedures are also in place to ensure that the Board is kept up to date and to facilitate timely and efficient access to all information necessary to

carry out its duties. These procedures include reports from the President and CEO and members of senior management on important projects and issues related to the business, reports from each of the Committees on their work at their previous Committee meeting, updates between Board meetings on matters that affect the Company's operations and full access to the Company's Senior Officers.

### Summary Table of Ongoing Director Education

The following table provides details on specific ongoing education initiatives provided to our Directors in 2019:

Topic	Presented by:	Attended by:
Introduction to Modern Slavery Issues	External Speakers	All Directors
Business Strategy	Management	All Directors
People Strategy	Management	HR Committee members, Mr. Lynch and Mr. Edwards

## CONFLICT OF INTEREST

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

## ETHICAL BUSINESS CONDUCT

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

### Code of Conduct

The Company's Code of Conduct ("Code") applies to all employees, individual consultants, loaned personnel, officers and Directors of SNC-Lavalin<sup>(1)</sup>. When joining SNC-Lavalin and on an annual basis, they are required to complete an online certification process demonstrating that they have received, read and understood the Code and confirming that they will comply with its terms.

A copy of our Code is available in nine (9) languages on our website ([www.snclavalin.com](http://www.snclavalin.com)) under "About Us"/"Integrity"/"Code of Conduct" and on SEDAR ([www.sedar.com](http://www.sedar.com)) under the name of SNC-Lavalin Group Inc.

The Code is under the responsibility of the CIO. The Company oversees compliance with the Code through its Ethics and

<sup>(1)</sup> In the Code, reference to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc. and all entities, joint ventures, partnerships or other undertakings under its direct or indirect control.

Compliance Committee (“ECC”), a management committee chaired by the CIO. The specific monitoring of compliance with the Code by the ECC is reflected in the charter of the ECC, and the CIO is required to provide quarterly reports to the G&E Committee on the ECC’s overall activities and to the Audit Committee on accounting, internal accounting controls, auditing or fraud matters. The EVP, HR provides quarterly reports to the HR Committee on HR-related compliance matters.

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

In 2019, no material change reports were required or filed in relation to any departure from the Code.

### Supplier Code of Conduct

In September 2017, the Company introduced its first Supplier Code of Conduct (“**Supplier Code**”) which is applicable to all of its suppliers, subcontractors and consultants (collectively, “**Suppliers**”), including any entity over which the Supplier has direct or indirect effective control. The Supplier Code summarizes the Company’s expectations and governing principles as they apply to Suppliers – whether they work with SNC-Lavalin or on its behalf.

A copy of our Supplier Code is available on our website ([www.snclavalin.com](http://www.snclavalin.com)) under “About Us”/“Integrity”/“Supplier Code of Conduct”.

### Reporting Mechanism

Individuals with an issue or complaint regarding any known or suspected violation of our Code and its underlying policies, as well as any violation of applicable laws, rules or regulations or any observed instances of misconduct or pressure to compromise our ethical standards may report the matter via multiple lines of reporting as established by the Code. Issues, violations or complaints may be reported directly through managers, integrity officers, Human Resources representatives, other relevant representatives (Health, Safety & Environment, Legal, Global Security, Finance or Internal Audit), or via the reporting line which is a secure reporting system operated by ClearView Connects, an independent third-party service provider which operates a toll-free telephone number and reporting website. The reporting line allows for anonymous reporting should the reporter wish to protect his or her identity. For details, see the Company’s website ([www.snclavalin.com](http://www.snclavalin.com)) under “About Us”/“Integrity”/“Reporting Line”.

Likewise, if a Supplier has evidence or suspicion that an SNC-Lavalin employee or anyone engaged in business with the Company has breached our Code, our Supplier Code, or any applicable laws, rules or regulations, the Supplier must immediately report the matter to their SNC-Lavalin point of contact or via the reporting line.

The stewardship of issues, violations or complaints reported via the multiple lines of reporting is the responsibility of the G&E Committee and under its direction, the ECC administers

the Company’s reporting mechanism and must ensure that the structure in place promptly and adequately responds to the activities reported.

### Protection of Reports and Confidentiality

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

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

### Integrity Organization and Program

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

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

Integrity principles, procedures and controls are firmly embedded and integrated in all of the key processes of the Company’s operations. The Company’s integrity program encompasses all of its activities.

Our integrity program is mandatory in all entities, sectors, business units and functional units across the organization, and is comprised of three (3) action elements: prevent, detect and respond. This comprehensive and integrated approach serves to maintain our ethical health, support our long-term success, and preserve and promote our values.

In order to maintain our culture centered on our value of integrity throughout the Company, in 2019, the Board of Directors provided oversight and/or approval of initiatives such as:

- An updated version of the Code as well as the annual Code certification process;

- The continuous improvement and expansion of the integrity ambassador program across the Company's regions. The program aims to expand the integrity footprint from an awareness and communication perspective, foster a business environment that is committed to ethical practices and provide additional, local support to employees;
- The launch of the second global integrity week across the Company with a view to promote awareness, conversation and recognition of the integrity program;
- The integrity awards, with winners selected among employees by a committee of peers under the leadership of the CIO;
- The enhancement of our mobile application with integrity related content such as short trainings and access to the tools available to employees for reporting misconduct and requesting gifts and hospitality compliance reviews (scorecards);
- The development of a ChatBot, "Scotty", which is available 24/7 to answer integrity related questions and help direct employees to the right resources. (a ChatBot is a computer program designed to simulate conversation with human users, especially over the Internet);
- To ensure and promote internally and externally our Integrity program, the creation of an animated video which presents an overview of our program, the prevention, detection and reporting elements, our policies, our outreach initiatives, and international recognition; and
- The participation in outreach events to inform our customers, business partners and other stakeholders about our initiatives to strengthen compliance in our industry that benefits all stakeholders.

Our commitment to integrity has earned us the prestigious "Compliance Leader Verification" from the Ethisphere Institute, an independent centre for research, best practices and thought leadership. The Ethisphere Institute conducted a thorough assessment of our integrity program in early 2019 and benchmarked it against its "2018 World's Most Ethical Companies" data set, that provided insight into the programs and practices of leading companies around the world.

## SHAREHOLDER ENGAGEMENT

### Initiatives

Our Board of Directors believes in the importance of reaching out to our shareholders. Its accountability and

communication with them are enhanced by each of the following practices:

- The Company's corporate and investor relations websites;
- Live webcast at the annual meeting of shareholders;
- Presentation and audio recording of past annual shareholders' meetings are available on the Company's website ([www.snclavalin.com](http://www.snclavalin.com)), under "Investors"/"Investor's Briefcase";
- Quarterly earnings conference calls held with financial analysts and institutional investors to present quarterly results;
- Presentations, webcast and audio recordings of past quarterly earnings conference calls are available on the Company's website ([www.snclavalin.com](http://www.snclavalin.com)), under "Investors"/"Investor's Briefcase"; and
- Ongoing investor relations' initiatives, such as meetings with investors and attendance at industry-related conferences.

In 2019, our Chairman communicated periodically with a number of our largest shareholders to discuss governance matters.

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

## SUSTAINABILITY

SNC-Lavalin puts sustainability at the heart of its business strategy and undertakes business activities in a way that is beneficial to the environment, society and global and local economies. Our sustainable business strategy is aligned with the UN Sustainable Development Goals and recognizes the importance of advancing the triple bottom line of environmental, social and economic sustainability.

A copy of our 2018 Sustainability Report is available on our website ([www.snclavalin.com](http://www.snclavalin.com)) under "Sustainability"/"2018 Sustainability Report".

# Other Information

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of March 16, 2020, there was no indebtedness of current or former Directors, officers or employees of the Company or its subsidiaries, whether entered into in connection with the purchase of securities of the Company or otherwise.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Certain information related to the interest of informed persons in material transactions can be found under the headings "Interest of Management and Others in Material Transactions", on page 30, and "General Development of the Business", on pages 7 to 11, of the Company's AIF dated February 27, 2020, which disclosure is incorporated by reference herein. The AIF may be viewed on the Company's website ([www.snclavalin.com](http://www.snclavalin.com)) under "Investors"/"Investor's Briefcase" and on the SEDAR website ([www.sedar.com](http://www.sedar.com)) under the name of SNC-Lavalin Group Inc. A copy will be provided free of charge upon request by any securityholder of the Company.

Other than as elsewhere described herein and in the abovementioned sections of the AIF, management of the Company is not aware of any material interest, direct or indirect, of any informed person of the Company, any proposed Director or any associate or affiliate of any informed person or proposed Director in any transaction since the commencement of the Company's most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Company or any of its affiliates or subsidiaries.

## SHAREHOLDER PROPOSALS

The last day for submission of proposals by shareholders to the Company, for inclusion in next year's circular in connection with the 2021 annual meeting of shareholders, will be December 15, 2020.

## AVAILABILITY OF DOCUMENTS

Financial information is provided in the Company's annual and quarterly financial statements and annual and quarterly

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

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

## WEBSITE REFERENCES

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

## APPROVAL OF DIRECTORS

The contents and mailing of this Circular have been approved by the Board of Directors of the Company and were sent to each Director, each shareholder whose proxy is solicited and to the auditors.

Montreal, Quebec, March 16, 2020.

## ON BEHALF OF THE BOARD OF DIRECTORS

**Arden R. Furlotte** *(signed)*

Vice-President, Legal and Corporate Secretary



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

Below is a summary of the Rights Plan. The full text of the resolution reconfirming the Rights Plan is reproduced in subsection 4 under the “Business of the 2020 Annual Meeting of Shareholders” section of this Circular.

## *Purpose of Rights Plan*

The primary objective of the Rights Plan is to preserve the fair treatment of shareholders and to provide every shareholder with an equal opportunity to participate in the event a take-over bid is made for the Company. The Rights Plan encourages a potential bidder to proceed either by way of a Permitted Bid (as described below), which requires the take-over to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board.

The Board did not originally adopt the Rights Plan, and is not seeking the reconfirmation of the Rights Plan, in response to, or in anticipation of, any pending, threatened or proposed acquisition or take-over bid.

## *Summary of Rights Plan*

The following is a summary of the principal terms of the Rights Plan. This summary is qualified in its entirety by reference to the full text of the Rights Plan. The Rights Plan, which was filed on May 4, 2017, is available on SEDAR ([www.sedar.com](http://www.sedar.com)) under the name of SNC-Lavalin Group Inc. Capitalized terms used in this summary and that are not otherwise defined have the same meaning given to them in the Rights Plan.

## *Effective Date*

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

## *Expiration Time*

If the Rights Plan is reconfirmed at the Meeting, the Rights Plan will remain in force until the new Expiration Time, being the earlier of the Termination Time (the time at which the right to exercise Rights (as defined below) terminates pursuant to the Rights Plan) and the close of business on the date of the annual meeting of shareholders of the Company to be held in 2023.

## *Issuance of Rights*

One (1) right (“**Right**”) has been issued by the Company in respect of each Common Share issued to date and one (1) Right will continue to be issued in respect of each Common Share issued before the earlier of the Separation Time (as

defined below) and the Expiration Time. The Rights are not exercisable until the Separation Time.

## *Rights Exercise Privilege*

The acquisition by any person (an “**Acquiring Person**”) of 20% or more of the Common Shares, other than by way of a take-over bid permitted by the Rights Plan (a “**Permitted Bid**”) or pursuant to another exemption available under the Rights Plan, is referred to as a “**Flip-in Event**”. Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten (10) Trading Days after the occurrence of the Flip-in Event: (i) the Rights will become exercisable; (ii) the Rights will separate from the Common Shares; and (iii) each Right shall constitute the right for the holder thereof, other than an Acquiring Person, to purchase from the Company that number of Common Shares as have an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price (as described in the following paragraph) for an amount equal to the Exercise Price, subject to certain anti-dilution adjustments, in effect providing for a 50% discount relative to the Market Price (the “**Rights Exercise Privilege**”). For example, if on the date of consummation or occurrence of the Flip-in Event, the Market Price of a Common Share is \$60, the Exercise Price would be \$300 and a holder of a Right would be entitled to purchase ten (10) Common Shares (twice the Exercise Price divided by the Market Price, or  $(2 \times \$300) \div \$60 = 10$  Common Shares) for an aggregate exercise price of \$300.

The Rights will also separate from the Common Shares and will be exercisable ten (10) Trading Days (the “**Separation Time**”) after a person has commenced, or announced its intention to commence a take-over bid, to acquire 20% or more of the Common Shares, other than by an acquisition pursuant to a Permitted Bid or pursuant to another exemption available under the Rights Plan. The Exercise Price is an aggregate dollar amount equal to the Market Price of the Common Shares, determined as at the Separation Time, multiplied by five (5). For example, if as at the Separation Time, the Market Price per Common Share is \$60, the Exercise Price would be \$300.

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



### *Permitted Bid Requirements*

The requirements for a Permitted Bid include the following:

- (i) The take-over bid must be made by way of a take-over bid circular;
- (ii) The take-over bid must be made to all holders of record of Common Shares, other than the Offeror;
- (iii) The take-over bid must be outstanding for a minimum period of 105 days, or such shorter minimum period as provided for in National Instrument 62-104, and Common Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 105-day period (or applicable shorter period) and then only if, at such time, more than 50% of the Common Shares (other than those owned by the bidder on the date of the take-over bid) have been tendered to the take-over bid and not withdrawn; and
- (iv) If more than 50% of the Common Shares (other than those owned by the bidder on the date of the take-over bid) are tendered to the take-over bid within the 105-day period (or applicable shorter period), the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional ten (10) days from the date of such announcement.

The Rights Plan provides that a competing Permitted Bid (a “**Competing Permitted Bid**”) made while a Permitted Bid is in existence will not trigger a Flip-in-Event. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid, except that no Common Shares can be taken up prior to the close of business on the last day of the minimum initial deposit period that such take-over bid must remain open pursuant to National Instrument 62-104 after the date of the take-over bid constituting the Competing Permitted Bid.

### *Lock-up Agreements*

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

Bid. A Permitted Lock-up Agreement may nevertheless contain a right of first refusal or require a period of delay to give a bidder an opportunity to match a higher price in another transaction, so long as the Locked-up Person can accept another bid or tender to another transaction.

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

### *Certificates and Transferability*

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

### *Waiver of the Rights Plan*

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

### *Redemption of Rights*

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

### *Amendments to the Rights Plan*

The Board may amend the substance of the Rights Plan with the approval of a majority of the votes cast by Independent Shareholders (or the holders of Rights if the Separation Time has occurred) at a meeting duly called for that purpose. The Board may also, without such approval, make amendments to the Rights Plan to maintain its validity due to changes in

applicable legislation and correct clerical and typographical errors, subject, however, to approval at the next meeting of the holders of Common Shares (or the holders of Rights, as the case may be).

#### *Effect on Duties of Board*

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

#### *Exemptions for Investment Advisors and Grandfathered Persons*

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

\* \* \* \* \*

# Schedule B – Shareholder Proposals

The two (2) proposals below were submitted by the *Mouvement d'éducation et de défense des actionnaires* ("MÉDAC"), 82 Sherbrooke Street West, Montreal (Quebec) H2X 1X3, Canada, a holder of Common Shares of the Company, for consideration at the Meeting. The Board of Directors opposes these proposals for the reasons given following each proposal. The proposals were submitted in French by the MÉDAC and translated into English by the Company.

## PROPOSAL NO. 1: INTEGRATING ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") CRITERIA IN THE COMPENSATION SCHEME FOR EXECUTIVE OFFICERS

### MÉDAC's Proposal as Submitted (translation):

It is proposed that the compensation committee file, in its yearly account of activities, a report on the importance that it gives to integrating ESG criteria into the performance evaluation of executive officers and in setting their incentive remuneration.

### MÉDAC's Argumentation in Support of the Proposal as Submitted (translation):

During the last annual meeting, this proposal received more than 8% of votes.

We would like to remind you that companies having precise ESG goals generally benefit from a better reputation with their clients, adapt with more agility to change, manage risk better, innovate more and are better equipped to develop long-term added value for their shareholders and stakeholders.

As much as integrating financial objectives to evaluate the performance of executive officers is important to align the interests of shareholders and executive officers, the integration of ESG objectives to evaluate the performance of executive officers is an essential tool to favor a financial performance and extra-financial performance at the level of expectations of shareholders and stakeholders.

### The Board of Directors Recommends Voting "AGAINST" the Proposal for the Following Reasons:

The Board and senior management are committed to advancing ESG as key pillars of our sustainability strategy. This commitment is outlined in our 2018 Sustainability Report.

More recently, we have further strengthened our commitment to ESG by reviewing our existing policies and strategies relating to sustainability and are starting to implement changes to our organization to meet our obligations as a signatory of the UN Global Compact and our commitment to the UN Agenda 2030.

In 2018, we developed a sustainable business strategy, based around the UN Sustainable Development Goals, which was endorsed by our Executive Committee and Board of Directors.

We are proud to have been involved in a number of projects that promote the UN's broader development goals including our active participation in the World Economic Forum's Partnering Against Corruption Initiative and our education- and community-focused donations and philanthropic activities.

Diversity and inclusion are also key components of our sustainability strategy and SNC-Lavalin is a member of the 30% Club Canada, an organization that encourages and supports companies, through a voluntary approach, to appoint more women at board level, as well as at senior management levels.

In the AIP for senior management, the Company has already included two (2) important measures that relate to HSE and Integrity and are tied to key components of our sustainability strategy. However, the HR committee is sensitive to the increasing importance of wider ESG measures and will continue to review these measures in relation with AIP and overall executive compensation.

The Board believes that a combination of the strategic priority already being given to ESG, the information that the Company already discloses on these matters, along with the existing measures in our AIP for senior management, represent a significant commitment to advancing our ESG agenda and therefore, the additional reporting and further evaluation of executive performance and compensation as requested by MÉDAC is not required at this time.

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

\* \* \* \* \*

## PROPOSAL NO. 2: MAINTAINING THE HEAD OFFICE IN QUEBEC

### MÉDAC's Proposal as Submitted (translation):

It is proposed that the Board of Directors commit to preserving the head office of the Company in Quebec.

### MÉDAC's Argumentation in Support of the Proposal as Submitted (translation):

In the spring of 2019, senior management would have informed the federal government that it was seriously considering moving the head office from Montreal to the U.K.<sup>1,2</sup> if they did not agree to settle, out of court, the corruption charges filed against the Company for its acts in Libya, as permitted by law.

Last July 22<sup>nd</sup>, SNC senior management announced a new restructuring of the Company and financial results, which were shown to be considerably inferior to budgetary projections, announcement to which the *Caisse de dépôt et placement du Québec* ("CDPQ") reacted vividly.

What will senior management do in the next months at the dawn of its Court hearing? In the eventuality that SNC-Lavalin is found guilty, this could have serious consequences: ending up on the black list of companies who cannot bid on federal government contracts for a period of ten (10) years and being deprived of the possibility of doing business internationally.

It is understandable to be concerned that, given such circumstances, the Company could, again threaten to move its head office out of Quebec, and doing so against the conditions imposed by the CDPQ.<sup>3</sup>

Let us remind you that:

1. The development of SNC-Lavalin was strongly supported by Quebec shareholders since its creation, notably by the CDPQ which owns 20% of its issued and outstanding shares (35 million shares).
2. Based on a Sécor study<sup>4</sup>, the presence of a head office in a given region brings with it important economic benefits, the most important being: i) the quality of the employees retained, ii) the development of professional services firms, iii) an increase in the prestige of the region and the number of business visitors, iv) stabilization of the current operations and v) increase in charitable contributions.

Companies have a responsibility towards all interested parties (stakeholders), including the collectivities that assist in their development and support them during difficult times, and even more so, when the company was founded in their region. This proposal asks the Board of Directors to provide a firm and formal engagement as to maintaining the head office in Quebec.

<sup>1</sup> DÉCARIE, Jean-Philippe, Où s'en va SNC-Lavalin?, *La Presse*, 2019-02-23 <https://www.lapresse.ca/debats/chroniques/jean-philippe-decarie/201902/22/01-5215845-ou-sen-va-snc-lavalin.php>

<sup>2</sup> Réaction de la Caisse à l'annonce de SNC-Lavalin, *CDPQ*, 2019-07-22 <https://www.cdpq.com/fr/actualites/communiqués/reaction-de-la-caisse-a-lannonce-de-snc-lavalin>

<sup>3</sup> « [...] in connection with the Concurrent Private Placement and the CDPQ Loan, the Company has undertaken that [...]: • The head office of the Company will remain in Montreal and will remain the focus of the Company's strategic decision-making; [...]". Page 6, 2019 circular, SNC-Lavalin 2019-03-11

<sup>4</sup> [http://www.groupe.finances.gouv.qc.ca/GTPEQ/Documents/Rapport\\_Secor-KPMG.pdf](http://www.groupe.finances.gouv.qc.ca/GTPEQ/Documents/Rapport_Secor-KPMG.pdf)

### The Board of Directors Recommends Voting "AGAINST" the Proposal for the Following Reasons:

As outlined in our 2019 circular and the "Voting Information" section of this Circular, in connection with the Concurrent Private Placement and the CDPQ Loan, the Company has undertaken that, for a period of seven (7) years the head office of the Company will remain in Montreal and will remain the focus of the Company's strategic decision-making. The Board is committed to respect the Company's obligations on this issue and, as previously indicated on multiple occasions in our public disclosure documents, we are deeply committed to remain a Montreal-based global Canadian Company with our head office in Quebec.

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

\* \* \* \* \*

# Schedule C – Mandate of the Board of Directors

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

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

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

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

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

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

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

The Board has established the following standing Committees:

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

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

## Principal Board Duties

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

### 1. Board and Senior Management

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

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

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

## 2. Strategic Supervision and Monitoring

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

## 3. Risk Evaluation

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

## 4. Corporate Governance, Ethics, Policies and Procedures

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

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

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

## 5. Disclosure to Shareholders and Others

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

## 6. Financial Matters and Internal Controls

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



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

## 7. Health & Safety, Security and Environment

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

## 8. General Legal Obligations Applying to and Governing Conduct

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

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

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

## 9. Meeting Organization and Procedures

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

## 10. Other Matters

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

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# Schedule D – Summary of Legacy Long-Term Incentive Plans

## STOCK OPTION PLANS

Starting in 2014, the Company decided to no longer make recurring annual grants of stock options. All options granted under the 2013 Stock Option Plan expired before or on May 13, 2019. The 2011 Stock Options Plan ended in 2017 as all options granted under this plan expired before or on May 11, 2017.

The following table presents information concerning stock options granted over the last five (5) years:

	2015	2016	2017	2018	2019
Number of Stock Options Granted	0	0	0	0	0
Number of Employees who were Granted Stock Options	0	0	0	0	0
Number of Stock Options Outstanding as at Year-End	1,935,285	617,564	326,763	260,866	0
Average Weighted Exercise Price of Stock Options Outstanding	\$ 44.47	\$ 39.61	\$ 40.98	\$ 40.98	N/A
Number of Stock Options Granted as a % of Outstanding Shares ("burn rate")	0.00%	0.00%	0.00%	0.00%	0.00%
Number of Stock Options Exercised	110,873	585,428	251,402	65,897	0

As per the above table, no options were exercised in 2019 mainly because of the blackout period in force at the beginning of the year and as Company's share price was generally below the share price at the date of grant (underwater) for the period January 1, 2019 to May 13, 2019, when the last options outstanding expired. No amount was paid to compensate for the 260,866 options that expired on May 13, 2019.

### Summary of 2013 Stock Option Plan

On March 8, 2013, subject to the approvals of the TSX and the Company's shareholders, which approvals were subsequently obtained, the Board of Directors of the Company adopted the 2013 Stock Option Plan (the "**2013 Plan**") in favour of key employees of the Company and its subsidiaries and other corporations in which the Company has an equity interest.

The 2013 Plan provides for the granting of non-transferable options to purchase Common Shares. The total number of authorized and unissued Common Shares available for options under the 2013 Plan is equal to 3,200,000 which, together with the number of options outstanding (i.e., granted but not exercised) as at March 11, 2013 under previous stock option plans, totals less than 5% of the Common Shares of the Company outstanding as at the same date. The Board of Directors of the Company will select the optionees (the "**Optionees**"), determine the number of Common Shares covered under each option, and the grant date for each option. The Board of Directors shall further have the discretion to establish, within the restrictions set forth in the 2013 Plan, the time of exercise, expiry dates, exercise price and other particulars applicable to an option granted under the 2013 Plan. The exercise price for an option on a grant date will be determined by the Board of Directors and will not be less than the average closing price per Common Share on the TSX for the five (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 Company during which

Directors, officers and certain employees of the Company are precluded from trading in the securities of the Company (a "**Blackout Period**"), the exercise price for such option is presumed to be the Share Value on the sixth trading day following the end of the Blackout Period. Each option may only be exercised during a period commencing on the first day of the third year following the grant date of the option and expiring on the last day of the sixth year following such grant date or the last day of an extension of ten (10) business days from the end of a Blackout Period if the expiry date of an option falls within the Blackout Period or within ten (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 Company is required to own Common Shares having a value at least equal to twice his/her annual base salary, (ii) an Optionee who is president of business units/products, as determined by the Board of Directors, is required to own Common Shares having a value at least equal to three times his/her annual base salary, and (iii) an Optionee who is the President and CEO of the Company is required to own Common Shares having a value at least equal to five (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 Company fail to comply with the shareholding requirements described above at the time of exercising his/her options, he/she will be required to hold (and is prohibited from selling) underlying Common Shares equivalent to at least 25% of the after-tax gain resulting from such exercise until the requirements are met.

The 2013 Plan includes the following quantitative restrictions: (i) the number of Common Shares issuable to insiders, at any time, under the 2013 Plan and other share compensation arrangements of the Company must be less than 5% of the issued Common Shares; (ii) the number of Common Shares issued under the 2013 Plan and other share compensation arrangements of the Company (a) to insiders, within any one-year period, must be less than 5% of the issued Common Shares; and (b) to any one insider and such insider's associates, within any one-year period, must be less than 2.5% of the issued Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one individual under the 2013 Plan must be less than 2.5% of the issued Common Shares. Common Shares in respect of which options are granted but not exercised prior to the expiration, termination or lapse of such options shall be available for new grants of options pursuant to the provisions of the 2013 Plan.

An Optionee who becomes a Retiree before the expiration of the Option Period may exercise his/her options as per any other Optionee, in accordance with the Plan. A "Retiree" means an Optionee who, upon his/her last day of work as a full-time regular employee, has voluntarily terminated his/her employment and has completed a minimum of 5 years of continuous service with the Company and is 55 years of age or older. If an Optionee becomes a Retiree before the expiration of the Option Period but he/she engages in certain activities competing with those of the Company, as more fully described in the 2013 Plan, his/her unexercised vested options will be forfeited and his/her unvested options will expire, effective upon his/her last day of work as a full-time regular employee of the Company.

If an Optionee is granted authorized leave of absence for sickness or other reasons, before the expiration of the Option Period, the Optionee will be entitled to exercise his/her options during his/her leave of absence. If an Optionee dies before the expiration of the Option Period, his/her legal representatives will be entitled to exercise his/her vested options within a period of one (1) 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 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 unvested option then held by the Optionee shall become exercisable upon such termination or resignation and shall remain exercisable for a period of 24 calendar months from the date of such termination or resignation, but not later than the end of the Option Period, and thereafter any such option shall expire. For the purposes of the 2013 Plan, a "change of control" means, at any time, the occurrence of any of the following events: (a) a person or a number of persons acting jointly or in concert holds or exercises control over, directly or indirectly, 50% or more of the shares of a class of voting shares of the Company; (b) a person or a number of persons acting jointly or in concert successfully completes a take-over bid or an exchange bid

for 50% or more of the shares of a class of voting shares of the Company; (c) a majority of the members of the Board of Directors of the Company is replaced during any twelve-month period by directors whose appointment or election is not proposed by management and endorsed by a majority of the members of the Board of Directors of the Company prior to the date of the appointment or election; or (d) a person or a number of persons acting jointly or in concert acquires (or has acquired during the twelve-month period ending on the day of the most recent acquisition by such person or persons) assets representing 50% or more of the total gross fair market value of all assets directly involved in the engineering activities of the Company immediately prior to such acquisition or acquisitions.

If an Optionee's employment is otherwise terminated or if an Optionee should resign from his/her employment, all of his/her unvested options will expire effective on the date of such termination or resignation, and he/she will have a period of 30 days from the date of such termination or resignation to exercise his/her unexercised vested options, at the end of which period such options will expire.

The 2013 Plan includes an amendment provision pursuant to which the Board may amend any of the provisions of the 2013 Plan or amend the terms of any then-outstanding award of options under the 2013 Plan, provided, however, that the Company shall obtain shareholder approval for: (a) any amendment to the number of Common Shares issuable under the 2013 Plan, except for adjustments in the case of a declaration of dividend, a subdivision, consolidation, reclassification or other change or action affecting the Common Shares ("**Shares Adjustment**"); (b) any change which would allow non-employee Directors to participate in the 2013 Plan; (c) any amendment which would permit any option granted under the 2013 Plan to be transferable or assignable other than by will or pursuant to the laws of succession; (d) any reduction in the exercise price of an option after the option has been granted or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price, except in the case of Shares Adjustment; (e) any extension to the term of an option beyond the original Option Period, unless it falls within a Blackout Period, in which case the Option Period will be extended by the Blackout Extension Term; (f) any increase to the number of Common Shares that may be granted to (i) insiders under the 2013 Plan and other share compensation arrangements of the Company or (ii) any one insider and such insider's associates in any one-year period, except in the case of Shares Adjustment; and (g) any change to the amendment provision other than amendments of a "housekeeping" or clerical nature or to clarify such provision.

No amendment, suspension or termination shall, except with the written consent or deemed consent of the Optionees concerned, have an adverse effect on unexercised options previously granted under the 2013 Plan.

On December 31, 2019, there were a maximum of 3,200,000 Common Shares issuable under the 2013 Plan, representing 1.8% of our 175,554,252 issued and outstanding Common Shares. As at December 31, 2019, there were no options outstanding under the 2013 Plan and 2,787,863 options remained available for grant, representing 1.6% of our

Common Shares then issued and outstanding. The number of options that remain available for grant (2,787,863) is the number of authorized and unissued Common Shares available for options under the 2013 Plan (3,200,000) minus all options awarded under the 2013 Plan (1,246,800 granted in 2013) plus all options cancelled under the 2013 Plan (834,663).

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.

\* \* \* \* \*

# Schedule E – Amendments to By-Law Number 2005-1 of the Company

## **BY-LAW NO. 2005-1**

Last amended on March 18, 2020

A by-law relating generally to the regulation of the affairs of SNC-LAVALIN GROUP INC. – GROUPE SNC-LAVALIN INC.

BE IT ENACTED AND IT IS HEREBY ENACTED as BY-LAW Number 2005-1 of SNC-LAVALIN GROUP INC. – GROUPE SNC-LAVALIN INC. (hereinafter called the “Corporation”) as follows:

THAT subject to and conditional upon the issuance to the Corporation of a Certificate of Continuance, continuing the Corporation under the Canada Business Corporations Act, all previous by-laws of the Corporation, be and the same are hereby repealed and rescinded and replaced as follows:

### DEFINITIONS

1. In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:
  - (a) “Act” means the Canada Business Corporations Act, Revised Statutes of Canada, 1985, c. C-44, as from time to time amended, and every statute that may be substituted therefor and, in the case of such amendment or substitution, any reference in the by-laws of the Corporation shall be read as referring to the amended or substituted provisions therefor;
  - (b) “articles” means the articles, as from time to time amended, of the Corporation;
  - (c) “by-law” means any by-law of the Corporation, from time to time in force and effect;
  - (d) “unanimous shareholders agreement” means an agreement as described in subsection 146(1) of the Act made by the shareholders of the Corporation;
  - (e) words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders and vice-versa; words importing persons shall include bodies corporate, corporations, companies, partnerships, syndicates, trusts and any number or aggregate of individuals;
  - (f) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions; and

- (g) all terms contained in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act.

### REGISTERED OFFICE

2. The Corporation may from time to time (i) by resolution of the board of directors change the location of the address of the registered office of the Corporation within the province specified in the articles and (ii) by articles of amendment change the place in which its registered office is situated to another province within Canada.

### CORPORATE SEAL

3. The Corporation may, but need not, adopt one or more corporate seals and may change a corporate seal that is adopted, which adopted or changed seals shall be such as the board of directors may by resolution from time to time adopt and change.

### DIRECTORS

4. Number and Powers. There shall be a board of directors consisting of such fixed number, or minimum and maximum number, of directors as set out in the articles. At least twenty-five percent (25%) of the board of directors must be resident Canadians unless the Corporation is a holding corporation referred to in section 2(4) of the Act. Where the articles specify a minimum and maximum number of directors, the number of directors actually on the board shall be that number determined by the directors from time to time.

Subject to any unanimous shareholder agreement, the directors shall manage, or supervise the management of, the business and affairs of the Corporation.

5. Vacancies. Subject to the provisions of the Act, and in particular section 111(1) of the Act, should a vacancy occur in the board, the remaining directors, if constituting a quorum, may appoint a qualified person to fill the vacancy for the remainder of the term. In the absence of a quorum, the remaining directors shall forthwith call a meeting of shareholders to fill the vacancy pursuant to section 111(2) of the Act. Where a vacancy or vacancies exist in the board, the remaining directors may exercise all of the powers of the board so long as a quorum remains in office.

6. Term of Office. A director’s term of office shall be from the meeting at which he is elected or appointed until the annual meeting next following or until his successor is elected or appointed, or until, if earlier, he dies or resigns, or

is removed or disqualified pursuant to the provisions of the Act.

7. Election. Directors shall be elected by the shareholders by ordinary resolution on a show of hands, unless a ballot is demanded and, if demanded, such election shall be by ballot, or by online ballot, as the case may be. For greater certainty, if a meeting is held entirely by telephonic, electronic or other communication facility, directors shall be elected by online ballot.

A retiring director shall retain office until the adjournment or termination of the meeting at which his successor is elected, unless such meeting was called for the purpose of removing him from office as a director, in which case the director so removed shall vacate office forthwith upon the passing of the resolution for his removal.

## MEETINGS OF DIRECTORS

8. Place of Meeting. Subject to the articles, meetings of directors may be held at any place within or outside Canada as the directors may from time to time determine or the person convening the meeting may give notice. A meeting of the board of directors may be convened by the Chairman of the Board (if any), the President (if any), a vice-President who is also a director (if any), or any two directors at any time. The Secretary (if any) shall, upon direction of any of the foregoing, convene a meeting of the board of directors. For greater certainty, such meetings may be held entirely by telephonic, electronic or other communication facility.

9. Notice. Notice of the time and place for the holding of any such meeting shall be delivered, mailed, faxed or communicated by any other means (including electronic means) to each director at his latest address as shown on the records of the Corporation not less than five (5) days (exclusive of the day on which the notice is so delivered, mailed, faxed or communicated by any other means, but inclusive of the day for which notice is given) before the date of the meeting; provided that meetings of the board of directors may be held at any time without notice if all the directors have waived notice.

For the first meeting of the board of directors to be held immediately following the election of directors at an annual or special meeting of the shareholders, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

A notice of a meeting of directors shall specify any matter referred to in subsection 115(3) of the Act that is to be dealt with at the meeting.

10. Waiver of Notice. Notice of any meeting of the board of directors or any irregularity in any meeting or in the notice thereof may be waived by any director in writing and addressed to the Corporation, and such waiver may be validly given either before or after the meeting to which such waiver relates. The attendance of a director at a meeting of directors is a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

11. Participation. A director may, if all the directors of the Corporation consent thereto (either before, during or after the meeting), participate in a meeting of directors by means of a telephonic, electronic or other communication facility that permits all participants in the meeting to communicate adequately with each other, and a director participating in such a meeting by such means shall be deemed to be present at that meeting.

12. Adjournment. Any meeting of the board of directors may be adjourned, from time to time, by the chairman of the meeting, to a fixed time and place and no notice of the time and place for the continuance of the adjourned meeting need be given to any director. For greater certainty, such meetings may be held entirely by telephonic, electronic or other communication facility. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

13. Quorum and voting. Subject to the articles, a majority of the number of directors or minimum number of directors required by the articles shall constitute a quorum for the transaction of business. Subject to subsection 117(1) of the Act, no business shall be transacted by the directors except at a meeting of directors at which a quorum of the board is present. Questions arising at any meeting of the board of directors shall be decided by a majority of votes cast. In case of an equality of votes, the chairman of the meeting, in addition to his original vote shall have a second or casting vote. Where the Corporation has only one director, that director may constitute the meeting.

14. Resolution in lieu of meeting. A resolution in writing and signed on the same document or on several identical documents by all the directors entitled to vote on that resolution at a meeting of directors, is as valid as if it had been passed at a meeting of directors or committee of directors.

A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors.

## REMUNERATION OF DIRECTORS

15. The remuneration to be paid to the directors shall be such as the board of directors shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer of the Corporation who is also a member of the board of directors. The directors may also by resolution award special remuneration to any director undertaking any special services on the Corporation's behalf other than the routine work ordinarily required of a director by the Corporation. The confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.



## INDEMNITIES TO DIRECTORS AND OTHERS

16.

(1) Indemnification. The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer or an individual acting in a similar capacity of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

(2) Advance of Costs. The Corporation shall advance monies to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in subsection 16(1). The individual shall repay the monies if the individual does not fulfil the conditions of subsection 16(3).

(3) Limitation. The Corporation may not indemnify an individual under subsection 16(1) unless the individual:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

(4) Indemnification in Derivative Actions. The Corporation shall, with the approval of a court, indemnify an individual referred to in subsection 16(1) or advance monies under subsection 16(2) in respect of an action by or on behalf of the Corporation or other entity to procure a judgment in its favour, to which the individual is made a party because of the individual's association with the Corporation or other entity as described in subsection 16(1), against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfils the conditions set out in subsection 16(3).

(5) Right to Indemnity. Despite subsection 16(1), an individual referred to in that subsection is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the Corporation or other entity as described in subsection 16(1), if the individual seeking indemnity:

- (a) was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and
- (b) fulfils the conditions set out in subsection 16(3).

(6) Insurance. The Corporation shall purchase and maintain insurance for the benefit of an individual referred to in subsection 16(1) against any liability incurred by the individual:

- (a) in the individual's capacity as a director or officer of the Corporation; or
- (b) in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

## OFFICERS

17. Appointment of Officers. The board of directors, annually or as often as may be required, may elect from among themselves a Chairman of the Board and may appoint a President and a Secretary and, if deemed advisable, may also appoint a Chief Executive Officer, a Chief Operating Officer, one or more Vice-Presidents, a Treasurer and one or more Assistant-Secretaries and/or one or more Assistant-Treasurers. None of such officers, except the Chairman of the Board and the President, need be a director of the Corporation. Any two or more of such offices may be held by the same person. In case and whenever the same person holds the offices of Secretary and Treasurer he may, but need not, be known as the Secretary-Treasurer. The board of directors may from time to time designate such other offices and appoint such other officers, employees and agents as it shall deem necessary who shall have such authority and shall perform such functions and duties, as may from time to time be prescribed by resolution of the board of directors.

18. Remuneration and Removal of Officers. The remuneration of all officers, employees and agents elected or appointed by the board of directors may be determined from time to time by resolution of the board of directors. The fact that any officer, employee or agent is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be so determined. The board of directors may by resolution remove any officer, employee or agent at any time, with or without cause.

19. Duties of Officers May be Delegated. In case of the absence or inability or refusal to act of any officer of the Corporation or for any other reason that the board of directors may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

20. Chairman of the Board. The Chairman of the Board (if any) shall, if present, preside at all meetings of the board of directors and of shareholders and shall be, ex-officio, a member of all committees. He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the board of directors.

21. President. In the absence of the Chairman of the Board (if any), the President (if any) shall, when present, preside at all meetings of the board of directors and shareholders. He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other

powers and shall perform such other duties as may from time to time be assigned to him by resolution of the board of directors or as are incident to his office.

22. Chief Executive Officer. The Chief Executive Officer (if any) shall exercise general supervision over the business and affairs of the Corporation.

23. Chief Operating Officer. The Chief Operating Officer (if any) shall manage the operations of the Corporation.

24. Vice-President. Any Vice-President shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President. Any Vice-President shall sign such contracts, documents or instruments in writing as require his signature and shall also have such other powers and duties as may from time to time be assigned to him by resolution of the board of directors.

25. Secretary. The Secretary (if any) shall give or cause to be given notices for all meetings of the board of directors, of committees thereof (if any), and of shareholders when directed to do so and shall have charge, subject to the provisions of section 44 of these by-laws, of the records referred to in section 20 of the Act (except the accounting records) and of the corporate seal or seals (if any). He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the board of directors or as are incident to his office.

26. Treasurer. Subject to the provisions of any resolution of the board of directors, the Treasurer (if any) shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depository or depositories as the board of directors may by resolution direct. He shall prepare, maintain and keep or cause to be kept adequate books of accounts and accounting records. He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the board of directors or as are incident to his office. He may be required to give such bond for the faithful performance of his duties as the board of directors in their uncontrolled discretion may require and no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

27. Assistant-Secretary and Assistant-Treasurer. Any Assistant-Secretary and any Assistant-Treasurer shall respectively perform all the duties of the Secretary and Treasurer, respectively, in the absence or inability to act of the Secretary or Treasurer as the case may be. The Assistant-Secretary or Assistant-Secretaries, if more than one, and the Assistant-Treasurer or Assistant-Treasurers, if more than one, shall sign such contracts, documents or instruments in writing as require his or their signatures respectively and shall have such other powers and duties as may from time to time be assigned to them by resolution of the board of directors.

## COMMITTEES

28. The board of directors may from time to time appoint from their number one or more committees consisting of one or more individuals and delegate to such committee or committees any of the powers of the directors except as provided in subsection 115(3) of the Act. Unless otherwise ordered by the board, a committee of directors shall have power to fix its quorum, to elect its chairman and to regulate its proceedings.

## SHAREHOLDERS' MEETINGS

29. Annual Meeting. Subject to compliance with section 133 of the Act, the annual meeting of the shareholders shall be convened on such day in each year and at such time as the directors may by resolution determine.

30. Special Meetings. Other meetings of the shareholders may be convened by order of the Chairman of the Board, the President or a Vice-President who is a director or by the board of directors, to be held at such time and place as may be specified in such order.

Special meetings of shareholders may also be called by written requisition to the directors signed by shareholders holding between them not less than five percent of the outstanding shares of the capital stock of the Corporation entitled to vote thereat. Such requisition shall state the business to be transacted at the meeting and shall be sent to the registered office of the Corporation.

Except as otherwise provided in subsection 143(3) of the Act, it shall be the duty of the directors on receipt of such requisition, to cause the meeting to be called by the Secretary of the Corporation.

If the directors do not, within twenty-one days after receiving such requisition call a meeting, any shareholder who signed the requisition may call the meeting.

31. Place of Meetings. Meetings of shareholders of the Corporation shall be held at the registered office of the Corporation or at such other place in Canada as may be specified in the notice convening such meeting. Notwithstanding the foregoing, a meeting of shareholders may be held outside Canada if all the shareholders entitled to vote at that meeting so agree, and a shareholder who attends a meeting of shareholders held outside Canada is deemed to have so agreed except when he attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held. The board may also determine that a meeting of shareholders shall be held entirely by telephonic, electronic or other communication facility provided that the requirements under section 32 of these by-laws are met.

32. Participation. Any person entitled to attend a meeting of shareholders may participate in the meeting by means of a telephonic, electronic or other communication facility, provided that the chairman is satisfied that all participants will be able to communicate adequately with each other during such meeting and the Corporation makes such a communication facility available. Any person participating in a meeting by telephonic, electronic or other communication facility shall be deemed to be present at that meeting for all purposes.

33. Notice. A notice stating the day, hour and place of meeting, including that such meeting is to be held entirely by telephonic, electronic or other communication facility, as the case may be, and, subject to subsection 135(6) of the Act, the general nature of the business to be transacted shall be served to each person who is entitled to vote at such meeting, each director of the Corporation and the auditor of the Corporation, either personally, by sending such notice by prepaid mail or by any other means (including electronic means) not less than twenty-one days or more than fifty days before the meeting. If such notice is served by mail it shall be directed to the latest address as shown in the records of the Corporation, of the intended recipient. Notice of any meeting of shareholders or any irregularity in any such meeting or in the notice thereof may be waived by any shareholder, the duly appointed proxy of any shareholder, any directors or the auditor of the Corporation in writing and addressed and mailed, faxed or communicated by any other means (including electronic means) to the Corporation, and any such waiver may be validly given either before or after the meeting to which such waiver relates.

34. Voting. Voting at a meeting of shareholders shall be by show of hands, except where a ballot is demanded by a shareholder entitled to vote at the meeting, or by online ballot, as the case may be. For greater certainty, if a meeting is held entirely by telephonic, electronic or other communication facility, voting at that meeting shall be by online ballot. Where applicable, a shareholder may demand a ballot either before or after any vote by show of hands.

35. Omission of Notice. The accidental omission to give notice of any meeting to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at any meeting of shareholders.

36. Record Date. The directors may by resolution fix in advance a date and time as the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders, but such record date shall not precede by more than sixty days or by less than twenty-one days the date on which the meeting is to be held.

If the directors fail to fix in advance a date and time as the record date in respect of all or any of the matters described above for any meeting of the shareholders of the Corporation, the following provisions shall apply, as the case may be:

- (a) the record date for the determination of the shareholders entitled to receive notice of a meeting of shareholders shall be at the close of business on the day immediately preceding the day on which notice is given or sent;
- (b) the record date for the determination of the shareholders entitled to vote at a meeting of shareholders shall be the day on which the meeting is held; and
- (c) the record date for the determination of the shareholders entitled to receive the financial statements of the Corporation shall be the close of business on the day on which the directors pass the resolution relating thereto.

37. Votes. Every question submitted to any meeting of shareholders shall be decided in the first instance on a show of hands, unless a ballot is demanded, including an online ballot, as the case may be, and in case of an equality of votes the chairman of the meeting shall, both on a show of hands and on a ballot, including an online ballot, as the case may be, have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

At any meeting, unless a ballot is demanded, a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion.

In the absence of the Chairman of the Board, the President and every Vice-President who is a director, the shareholders present entitled to vote shall choose another director as chairman of the meeting and if no director is present or if all the directors decline to take the chair then the shareholders present shall choose one from among themselves to be chairman.

If at any meeting a ballot is demanded on the election of a chairman or on the question of adjournment or termination it shall be taken forthwith without adjournment. If a ballot is demanded on any other question or as to the election of directors it shall be taken in such manner and either at once or later at the meeting or after adjournment as the chairman of the meeting directs. The result of a ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded. A demand for a ballot may be withdrawn.

Where a person holds shares as a personal representative, such person or his proxy is the person entitled to vote at all meetings of shareholders in respect of the shares so held by him.

Where a person mortgages or hypothecates his shares, such person or his proxy is the person entitled to vote at all meetings of shareholders in respect of such shares unless, in the instrument creating the mortgage or hypothec, he has expressly empowered the person holding the mortgage or hypothec to vote in respect of such shares, in which case, subject to the Corporation's articles, such holder or his proxy is the person entitled to vote in respect of the shares.

Where two or more persons hold the same share or shares jointly, any one of such persons present at a meeting of shareholders has the right, in the absence of the other or others, to vote in respect of such share or shares, but if more than one of such persons are present or represented by proxy and vote, they shall vote together as one on the share or shares jointly held by them.

38. Proxies. A shareholder, including a shareholder that is a body corporate, entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or one or more alternate proxyholders to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by the proxy.

An instrument appointing a proxyholder shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body

corporate, either under its seal or by an officer or attorney thereof, duly authorized. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof.

Unless the Act requires another form, an instrument appointing a proxyholder shall be in such form as the board of directors, may by resolution from time to time approve.

The board of directors may from time to time pass regulations regarding the deposit of instruments appointing a proxyholder at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held and for particulars of such instruments to be sent in writing, electronically or otherwise, before the meeting or adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that instruments appointing a proxyholder so lodged may be voted upon as though the instruments themselves were produced at the meeting or adjourned meeting, including a meeting held entirely by telephonic, electronic or other communication facility, and votes given in accordance with such regulations shall be valid and shall be counted. The chairman of any meeting of shareholders may, subject to any regulations made as aforesaid, in his discretion, accept written communication as to the authority of anyone claiming to vote on behalf of and to represent a shareholder notwithstanding that no instrument of proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such written communication accepted by the chairman of the meeting shall be valid and shall be counted.

39. Scrutineers. The chairman at any meeting of the shareholders of the Corporation may appoint two persons (who may but need not be directors, officers, employees or shareholders of the Corporation) to act as scrutineers at such meeting.

40. Adjournment. The chairman of the meeting may adjourn any meeting of shareholders from time to time to a fixed time and place or that such meeting be held entirely by telephonic, electronic or other communication facility. If a quorum of shareholders is not present at such a meeting, then the chairman of the meeting may only adjourn the meeting with the consent of the shareholders present at such a meeting. If a meeting of shareholders is adjourned less than thirty days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate or more than ninety days, the requirements of subsection 149(1) of the Act relating to mandatory solicitation of proxies does not apply.

Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form a quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the chairman of the meeting may, with the consent of the meeting, adjourn such meeting to a fixed time and place and, for the purposes of such subsequent

adjourned meetings, the persons present at such subsequent adjourned meeting shall, notwithstanding section 41 of these by-laws constitute a quorum for all purposes. Any business may be brought before or dealt with at any adjourned meeting, which might have been brought before or dealt with at the original meeting in accordance with the notice calling same.

41. Quorum. Persons present and holding or representing by proxy twenty percent of the shares entitled to vote at such meeting shall, unless a different number of shareholders and/or a different number of shares are required to be represented by the Act or by the articles or by any other by-law, constitute a quorum of any meeting of shareholders. If a quorum is present at the opening of a meeting of the shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting. Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

42. Resolution in Lieu of Meeting. Except where a written statement is submitted by a director under subsection 110(2) of the Act or by an auditor under subsection 168(5) of the Act, a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.

A copy of every such resolution shall be kept with the minutes of the meetings of shareholders.

43. Form of Share Certificates. The form of share certificates shall, subject to compliance with section 49 of the Act, be in such form as the board of directors may from time to time by resolution determine, and be signed by at least one officer of the Corporation.

44. Registrar and Transfer Agent. The board of directors may from time to time by resolution (i) appoint or remove one or more registrars and/or branch registrars (which may but need not be the same person) to keep the register of security holders and/or one or more transfer agents and/or branch transfer agents (which may but need not be the same person) to keep the register of transfer and (ii) subject to section 50 of the Act, provide for the registration of issues and the registration of transfers of the securities of the Corporation in one or more places. Such registrars and/or branch registrars and/or transfer agents and/or branch transfer agents shall keep all necessary books and registers of the Corporation for the registration of the issuance and the registration of transfers of the securities of the Corporation in one or more places, for which they are so appointed. All certificates issued after any such appointment representing securities issued by the Corporation shall be countersigned by or on behalf of one of the said registrars and/or branch registrars and/or transfer agents and/or branch transfer agents, as the case may be.

45. Surrender of Share Certificates. No transfer of a share issued by the Corporation shall be recorded or registered unless or until the certificate representing the share to be transferred has been surrendered and cancelled or, if no certificate has been issued by the Corporation in respect of

such share, unless or until a duly executed share transfer power in respect thereof has been presented for registration.

46. Defaced, Destroyed, Stolen or Lost Certificates. If the defacement, destruction or apparent destruction, theft, or other wrongful taking or loss of a share certificate is reported by the owner to the Corporation or to a registrar, branch registrar, transfer agent or branch transfer agent of the Corporation (hereinafter, in this paragraph, called the "Corporation's transfer agent") and such owner gives to the Corporation or the Corporation's transfer agent a written statement verified by oath or statutory declaration as to the defacement, destruction or apparent destruction, theft, or other wrongful taking or loss and the circumstances concerning the same, a request for the issuance of a new certificate to replace the one so defaced, destroyed, wrongfully taken or lost and a bond of a surety company (or other security approved by the board of directors) in such form as is approved by the board of directors or by the Chairman of the Board, the President, a Vice-President, the Secretary or the Treasurer of the Corporation, indemnifying the Corporation (and the Corporation's transfer agent, if any), against all loss, damage or expense, which the Corporation and/or the Corporation's transfer agent may suffer or be liable for by reason of the issuance of a new certificate to such shareholder, a new certificate may be issued in replacement of the one defaced, destroyed or apparently destroyed, stolen or otherwise wrongfully taken or lost, if such issuance is ordered and authorized by any one of the Chairman of the Board, the President, a Vice-President, the Secretary or the Treasurer of the Corporation or by resolution of the board of directors.

## DIVIDENDS

47. Subject to the relevant provisions of the Act, the board of directors may from time to time by resolution declare and the Corporation may pay dividends on its issued shares, subject to the relevant provisions (if any) of the articles.

Subject to the Act, transfers of shares shall not, insofar as the Corporation is concerned, convey to the transferee the right to any dividends, which may become payable on such shares before the registration of the transfer of such shares. In case two or more persons are registered as the joint holders of any share, any one of such persons may give effective receipts for all dividends in respect of such share.

The board of directors may, before declaring any dividends or making any distribution to the shareholders or any class of shareholders, set aside out of its funds derived from the operation of the Corporation such sums as the board of directors may think proper as a reserve or reserves which, subject to any relevant provisions of the Act and the relevant provisions of the articles (if any), shall, at the discretion of the board of directors, be applicable for any purpose to which the funds derived from the operations of the Corporation may be applied.

## NOTICE

48. Shares Registered in More than One Name. All notices or other documents required to be sent to a shareholder by the Act, the regulations under the Act, the articles or the by-laws of the Corporation shall, with respect to any shares

in the capital of the Corporation registered in more than one name, be given to whichever of such persons is named first in the records of the Corporation, and any notice or other document so given shall be sufficient notice or delivery of such document to all the holders of such shares.

49. Persons Becoming Entitled by Operation of Law. Every person who, by operation of law, transfer or by any other means whatsoever, shall become entitled to any shares in the capital of the Corporation, shall be bound by every notice or other document in respect of such shares which, prior to his name and address being entered on the records of the Corporation, shall have been duly given to the person or persons from who he derives his title to such shares.

50. Deceased Shareholder. Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with other persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof. Such service shall for all purposes be deemed a sufficient service of such notice or other document on his heirs, executors or administrators and all persons (if any) interested with him in such shares.

51. Signatures to Notices. The signature of any director or officer of the Corporation to any notice may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

52. Computation of Time. Where a given number of days' notice or notice extending over any period is required to be given under any provisions of the articles or by-laws of the Corporation, the day of service or posting of the notice shall, unless it is otherwise provided, be counted in such number of days or other period and such notice shall be deemed to have been given or sent on the day of service or posting.

53. Proof of Service. A certificate of any officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the mailing or delivery or service of any notice or other documents to any shareholder, director, officer or auditor or publication of any notice or other document, shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

## CHEQUES, DRAFTS, NOTES, ETC.

54. All cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not officers of the Corporation, and in such manner as the board of directors may from time to time designate by resolution.

## CUSTODY OF SECURITIES

55. All securities (including warrants) owned by the Corporation shall be lodged (in the name of the Corporation)



with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the board of directors, with such other depositaries or in such other manner as may be determined from time to time by the board of directors.

All securities (including warrants) belonging to the Corporation may be issued and held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer thereof to be completed and registration thereof to be effected.

#### EXECUTION OF CONTRACTS, ETC.

56. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by two persons, one of whom holds the office of Chairman of the Board, President, Managing Director, Vice-President or director and the other of whom holds one of the said offices or the office of Secretary, Treasurer, Assistant-Secretary or Assistant-Treasurer or any other office created by by-law or by resolution of the board. All contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board of directors is authorized from time to time by resolution to appoint one or several persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing. Where the Corporation has only one director and officer being the same person, that person may sign all such contracts, documents or other written instruments.

The corporate seal (if any) may, when required, be affixed to contracts, documents or instruments in writing signed as aforesaid or by a person or persons appointed as aforesaid by resolution of the board of directors.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or moveable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, warrants, bonds, debentures or other securities and all paper writings.

In particular, without limiting the generality of the foregoing, two persons, one of whom holds the office of Chairman of the Board, President, Managing Director, Vice-President or director and the other of whom holds one of the said offices or the office of Secretary, Treasurer, Assistant-Secretary or Assistant-Treasurer or any other office created by by-law or by resolution of the board are hereby authorized to sell, assign, transfer, exchange, convert or convey all shares, bonds, debentures, rights, warrants or other securities owned by or registered in the name of the Corporation and to sign and execute (under the seal of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying or enforcing or exercising any voting

rights in respect of any such shares, bonds, debentures, rights, warrants or other securities. Where the Corporation has only one director and officer, being the same person, that person may perform the functions and exercise the powers herein contemplated.

The signature or signatures of any officer or director of the Corporation and/or of any other officer or officers, person or persons appointed as aforesaid by resolution of the board of directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing or, subject to subsection 49(4) of the Act, bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation. All such contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation, on which the signatures of any of the foregoing officers, directors or persons shall be so reproduced by authorization by resolution of the board of directors, shall, subject to subsection 49(4) of the Act, be deemed to have been duly signed by such officers and shall be as valid to all intents and purposes as if they had been signed manually, notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation.

#### DECLARATIONS

57. The Chairman of the Board, if elected, the President, the Vice-Presidents, Secretary and/or Treasurer, the Assistant-Secretaries and/or Assistant-Treasurers, Comptroller, or any one of them, is authorized and empowered to (i) appear and make answer for the Corporation to all writs, orders and interrogatories upon articulated facts issued out of any court, (ii) declare for and on behalf of the Corporation any answer to writs of attachment by way of garnishment in which the Corporation is garnishee, (iii) make all affidavits and sworn declarations in connection therewith or in connection with any or all judicial proceedings to which the Corporation is a party, (iv) make demands of abandonment or petitions for winding up or bankruptcy orders upon any debtor of the Corporation, and (v) attend and vote at all meetings of creditors of any of the Corporation's debtors and grant proxies in connection therewith.

#### REPRESENTATION AT MEETINGS

58. The Chairman of the Board, if elected, the President, the Vice-Presidents, Secretary and/or Treasurer, the Assistant-Secretaries and/or Assistant-Treasurers, Comptroller or any one of them or any other officer or person thereunto authorized by the directors shall represent the Corporation and attend and vote at any and all meetings of shareholders or members of any firm, syndicate, company or corporation in which this Corporation has shares or is otherwise interested, and any action taken and/or vote cast by them or him at any such meetings shall be deemed to be the act and/or vote of the Corporation.



The Chairman of the Board, if elected, the President, any Vice-President, Secretary and/or Treasurer, the Assistant-Secretaries and/or Assistant-Treasurers, the Comptroller or any two of them shall moreover be empowered to authorize any person (whether an officer of the Corporation or not) to attend, vote and otherwise act at any and all meetings of shareholders or members of any firm, syndicate, company or corporation in which this Corporation has shares or is otherwise interested and, for such purpose, shall be empowered to execute and deliver from time to time, for and on behalf and in the name of the Corporation, an instrument or instruments of proxy in such form and terms as such officers so executing and delivering the same may see fit, including therein, but without in any way limiting or restricting the generality of the foregoing, the power to provide for the appointment of a substitute proxy and for the

revocation of all instruments of proxy given by the Corporation prior thereto with respect to any such meeting.

#### FISCAL YEAR

59. The fiscal period of the Corporation shall end on such day as the board of directors may from time to time by resolution determine.

Adopted by the board of directors on March 4, 2005

Ratified by the shareholders on May 5, 2005

Last amended by the board of directors on March 18, 2020

Last amendments ratified by the shareholders on May 7, 2020

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HEAD OFFICE

455 René-Lévesque Blvd. West  
Montreal, QC, H2Z 1Z3, Canada  
Tel.: 514 393-1000 Fax: 514 866-0795