

2019

NOTICE OF
ANNUAL MEETING
OF SHAREHOLDERS
AND MANAGEMENT
PROXY CIRCULAR

DEAR SHAREHOLDER:

On behalf of the Board of Directors, we would like to invite you to attend this year's Annual Meeting of Shareholders of Shawcor Ltd. (the "Meeting"), which will be held on Tuesday, May 14, 2019 at 4:00 p.m., EDT, at the InterContinental Toronto Centre, 225 Front Street West, Toronto, Ontario, Canada.

We will report to you at the Meeting on the Company's financial performance in 2018 and outlook for the future.

Enclosed are the Notice of the Meeting, the Management Proxy Circular, a Proxy or Voting Instruction Form and the 2018 Annual Report of the Company. Details of all matters proposed to be put before the Meeting are set forth in the Management Proxy Circular.

Additional copies of the Company's 2018 Annual Report will be available at the Meeting and are also available on request by contacting the Company or online at www.sedar.com and www.shawcor.com.

We would appreciate your returning the signed Proxy or Voting Instruction form to ensure that your vote is recorded. We encourage you to exercise the power of proxy voting.

All shareholders of Shawcor Ltd. are entitled and encouraged to attend, speak and vote at the Meeting.

We hope that we will have the opportunity to welcome you at the Meeting. If you are unable to attend the Meeting, we would encourage you to listen to our live webcast, which will be available on our website at www.shawcor.com.

Sincerely,



Donald Wishart
Chair of the Board



Stephen M. Orr
President & Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

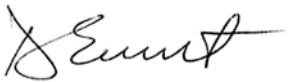
NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Shawcor Ltd. (the "Meeting") will be held on Tuesday, May 14, 2019 at the InterContinental Toronto Centre, 225 Front Street West, Toronto, Ontario, Canada at the hour of 4:00 p.m., EDT, for the following purposes:

1. to receive the Annual Report to the Shareholders, including the Consolidated Financial Statements and the Report of the Auditor for the year ended December 31, 2018;
2. to elect directors;
3. to appoint the auditor and to authorize the directors to fix the auditor's remuneration;
4. to consider and if thought appropriate, approve the advisory resolution with respect to the Company's approach to executive compensation; and
5. to transact such other business as may properly be brought before the Meeting.

It is desirable that as many shares as possible be represented at the Meeting. If you are unable to attend the Meeting in person and would like your shares represented at the Meeting, please complete, date and sign the enclosed form of proxy and return it in the envelope provided to the Company's transfer agent, AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario, Canada M1S 0A1, or fax to 1-866-781-3111 (toll free) or 416-368-2502, or by email to proxyvote@astfinancial.com. **Proxies must be received by the transfer agent not later than May 13, 2019, 5:00 p.m., EDT.**

DATED at Toronto, Ontario the 15th day of March, 2019.

By Order of the Board of Directors



Darrell R. Ewert
Corporate Secretary

TABLE OF CONTENTS

	Page
Section 1: The Business of the Annual Meeting	
Financial Statements	4
Election of Directors	4
Nominees for Election to the Board of Directors	4
Directors' Equity Ownership	9
Directors' Compensation	9
Outstanding Option and Share Based Awards	10
Appointment and Remuneration of Auditor	11
Advisory Vote on Approach to Executive Compensation	11
Shareholder Proposals	12
Section 2: Voting Information	12
Solicitation of Proxies	12
Appointment and Revocation of Proxies	12
Proxy Voting	12
Voting by Non-Registered Shareholders	13
Voting Shares	13
Record Date	13
Principal Holders of Voting Shares	13
Section 3: Statement of Corporate Governance	14
Board Mandate	15
Committees of the Board of Directors and Their Roles	15
Section 4: Corporate Governance Practices	17
Section 5: Compensation Discussion & Analysis	24
Introduction	24
2018 Performance Summary	25
Compensation Implications	25
Named Executive Officers	26
Compensation and Organizational Development Committee	26
Consulting Advice & Services	26
Compensation Philosophy	27
Risk Oversight	27
Peer Group Comparison	28
Elements of Compensation	29
Compensation Decisions for 2018	30
Executive Share Ownership Levels	35
Anti-Hedging Policy	35
Shareholder Return & Executive Compensation	36
CEO Compensation Look-back Analysis	37
2018 Summary Compensation Table	38
Incentive Plan Awards	39
Outstanding Option & Share Based Awards	39
Value Vested or Earned in 2018	39
Long Term Incentive Plans	39
Retirement Income Plan Arrangements	45
Termination & Change of Control Benefits	46
Section 6: Other Information	47
Indebtedness of Directors and Officers	47
Directors & Officers Liability Insurance	47
Interest of Informed Persons in Material Transactions	47
Additional Information	47
Schedule "A" – Board Mandate	48

SECTION 1 THE BUSINESS OF THE ANNUAL MEETING

The information contained in this Management Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies by and on behalf of management of Shawcor Ltd. (the "Company" or "Shawcor") for use at the Annual Meeting (the "Meeting") of Shareholders of the Company to be held on May 14, 2019.

Financial Statements


The Consolidated Financial Statements for the year ended December 31, 2018 are included in the 2018 Annual Report mailed to shareholders with the Notice of Annual Meeting of Shareholders and the Circular and are also available online at www.sedar.com and www.shawcor.com.


Election of Directors

The Articles of the Company provide for a minimum of one and a maximum of twenty directors. Directors are elected annually at each annual meeting of shareholders to hold office until the next annual meeting or until their successors have been duly elected or appointed. The Board currently consists of ten directors and the Board has determined that the number to be elected at the Meeting is to be ten directors.

Nominees for Election to the Board of Directors

The following table sets out information as of March 15, 2019, unless otherwise indicated, regarding the nominees for election as directors. All nominees are current directors of the Company. The persons named in the enclosed form of proxy intend to vote for the election as a director of each of the nominees set out in the following table.

	<p>JOHN T. BALDWIN Age: 68⁽¹⁾ London, England Director Since March 2010 Independent Total Compensation for 2018: \$227,745</p>	<p>Mr. Baldwin has been a director of the Company since March 2010. From July 2012 to July 2014, he was the Vice President Communications & External Affairs, Southern Corridor for BP, London, England, an integrated oil and gas company with global operations. Mr. Baldwin is a Civil Engineer.</p>	
Securities Held			
Common Shares Owned or Controlled⁽²⁾		Meets Share Ownership Requirement	
March 2019:	31,808	Yes	
March 2018:	25,155.7		
Value at Risk:	\$684,508 ⁽³⁾		
Member of	2018 Attendance⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting⁽⁵⁾
Board	100%	None	Total Votes For: 99.54%
Nominating and Governance Committee	80%		
Compensation & Organizational Development Committee	100%		

	<p>DEREK S. BLACKWOOD, O.B.E., ICD.D Age: 64⁽¹⁾ Houston, Texas, USA Director Since May 2011 Independent Total Compensation for 2018: \$200,813</p>	<p>Mr. Blackwood has been a director of the Company since May 2011. From September 2015 to June 2018, Mr. Blackwood was the Chief Executive Officer of Vepica Group, a private engineering, procurement and construction contractor which serves the global oil and gas, petrochemical and other industries. Prior to September 2015, Mr. Blackwood was a business consultant to Wood Group, a leading multinational energy services company, since his retirement from Wood Group in 2013. Mr. Blackwood is a Mechanical Engineer and in 2001 was appointed by the First Minister of Scotland as a GlobalScot to promote Scotland and its people.</p>	
Securities Held			
Common Shares Owned or Controlled⁽²⁾		Meets Share Ownership Requirement	
March 2019:	24,440.5	Yes	
March 2018:	20,567.9		
Value at Risk:	\$525,960 ⁽³⁾		
Member of	2018 Attendance⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting⁽⁵⁾
Board	100%	None	Total Votes For: 99.46%
Compensation and Organizational Development Committee (Chair)	100%		



JAMES W. DERRICK

Age: 73⁽¹⁾
 Buffalo, New York, USA
 Director Since August 2007
 Independent
 Total Compensation for 2018: \$213,308

Mr. Derrick has been a director of the Company since August 2007. In 2017, Mr. Derrick became the Executive Chair of Derrick Corporation, a designer and manufacturer of solids control equipment used on deep oil and gas drilling rigs and mining and industrial processing equipment. From 1992 to 2017, Mr. Derrick was the CEO of Derrick Corporation.

Securities Held

Common Shares Owned or Controlled ⁽²⁾	Meets Share Ownership Requirement
March 2019: 61,251.1	Yes
March 2018: 51,514	
Value at Risk: \$1,318,124 ⁽³⁾	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board	100%	None	Total Votes For: 99.51%
Nominating and Governance Committee	90%		



KEVIN J. FORBES

Age: 60⁽¹⁾
 West Sussex, England
 Director Since May 2014
 Independent
 Total Compensation for 2018: \$218,243

Mr. Forbes has been a director of the Company since May 2014 and is a corporate director and investor in oilfield technology companies. From 2008 to 2017 he was a partner in Epi-V LLP, a London, England based specialist oilfield technology investment company. Prior to 2008, Mr. Forbes was employed with Schlumberger Oilfield Services, a leading global energy services company, for 27 years in various senior executive roles in North and South America, Europe and the Middle East.

Securities Held

Common Shares Owned or Controlled ⁽²⁾	Meets Share Ownership Requirement
March 2019: 32,278.6	Yes
March 2018: 22,210.4	
Value at Risk: \$694,635 ⁽³⁾	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board	100%	None	Total Votes For: 99.74%
Audit Committee	100%		



MICHAEL S. HANLEY
 Age: 53⁽¹⁾
 Mount-Royal, Quebec, Canada
 Director Since May 2015
 Independent
 Total Compensation for 2018: \$170,820

Mr. Hanley has been a director of the Company since May 2015. He currently serves as a director of Lyondell Bassell Industries N.V., BRP Inc. and Industrial Alliance Insurance and Financial Services Inc. and from 2009 to 2011, he was the Senior Vice President, Operations and Strategy for the National Bank of Canada. From 2005 to 2008, Mr. Hanley was the Executive Vice President and Chief Financial Officer of aluminum producer Rio Tinto Alcan Inc. and its predecessor, Alcan Inc. Mr. Hanley is a Chartered Professional Accountant (CPA, CA).

Securities Held

Common Shares Owned or Controlled ⁽²⁾	Meets Share Ownership Requirement
March 2019: 24,545.8	Yes
March 2018: 18,825.6	
Value at Risk: \$528,226 ⁽³⁾	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board Audit Committee (Chair)	100% 100%	Lyondell Bassell Industries N.V. (2018 to present) BRP Inc. (2012 to present) Industrial Alliance Insurance and Financial Services Inc. (2015 to present) Groupe Jean Coutu (2016 to 2018) First Quantum Minerals Ltd. (2012 to 2015)	Total Votes For: 97.40%



ROBERT MIONIS
 Age: 56⁽¹⁾
 Hampton, New Hampshire, USA
 Director Since December 2018
 Independent
 Total Compensation for 2018: \$10,433

Mr. Mionis is the President & CEO and a director of Celestica Inc., a Toronto based public company engaged in global electronics manufacturing and other related businesses, a position he has held since 2015. He has over 30 years of senior leadership experience within the manufacturing, aerospace and semiconductor markets.

Securities Held

Common Shares Owned or Controlled ⁽²⁾	Meets Share Ownership Requirement
March 2019: 248.9	N/A (joined the Board in 2018)
March 2018: Nil	
Value at Risk: \$5,356 ⁽³⁾	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board Compensation and Organizational Development Committee	100% 100%	Celestica Inc. (2015 to present)	N/A



STEPHEN M. ORR

Age: 55⁽¹⁾
 Toronto, Ontario, Canada
 Director Since May 2014
 Not Independent
 Total Compensation for 2018: No
 compensation received for services as a
 director

Mr. Orr was appointed President of the Company in September 2013 and assumed the position of Chief Executive Officer on May 1, 2014. Mr. Orr became a director of the Company in May 2014. Mr. Orr was the President of the Drilling Group of Schlumberger Oilfield Services, a leading global energy services company, from May 2012 until June 2013. From August 2010 he was the President of the M-I Swaco division of Schlumberger Oilfield Services.

Securities Held

Common Shares Owned or Controlled ⁽²⁾		Meets Share Ownership Requirement
March 2019:	179,284	Yes
March 2018:	142,565	
Value at Risk:	\$2,483,516 ⁽³⁾	
Common Shares:	\$392,202	
Vested Share Units	\$2,091,314	
Total	\$2,483,516	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board	100%	None	Total Votes For: 99.59%



PAMELA S. PIERCE

Age: 64⁽¹⁾
 Houston, Texas, USA
 Director Since June 2014
 Independent
 Total Compensation for 2018: \$185,234

Ms. Pierce has been a director of the Company since June 2014. She has been the Executive Vice President of and a partner in Ztown Investments, a Houston, Texas based private oil and gas investment firm, since 2005. Prior to 2005, Ms. Pierce enjoyed a more than 25-year career in various senior executive roles in the US oil and gas exploration, development and production industry. Ms. Pierce also serves as a director of Laredo Petroleum and is a Petroleum Engineer.

Securities Held

Common Shares Owned or Controlled ⁽²⁾		Meets Share Ownership Requirement
March 2019:	20,235.9	Yes
March 2018:	9,678.5	
Value at Risk:	\$435,477 ⁽³⁾	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board	100%	Laredo Petroleum Inc. (2007 to present)	Total Votes For: 99.87%
Compensation and Organizational Development Committee	100%		



E. CHARLENE VALIQUETTE, ICD.D
 Age: 67⁽¹⁾
 Pembroke, Ontario, Canada
 Director Since March 2005
 Independent
 Total Compensation for 2018: \$202,936

Ms. Valiquette has been a director of the Company since March 2005. She is a former Senior Vice President and Chief Financial Officer of ING Canada Inc. (now Intact Insurance) and has decades of senior financial executive experience in the financial services and oil and gas sectors. Ms. Valiquette is a former director of HomeEquity Bank and of Western Life Assurance Company, a subsidiary of public company Western Financial Group. Ms. Valiquette is a Chartered Professional Accountant (CPA, CA).

Securities Held

Common Shares Owned or Controlled ⁽²⁾	Meets Share Ownership Requirement
March 2019: 38,673.6	Yes
March 2018: 34,747.7	
Value at Risk: \$832,256 ⁽³⁾	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board	100%	None	Total Votes For: 99.194%
Nominating and Governance Committee (Chair)	100%		
Audit Committee	100%		



DONALD M. WISHART, ICD.D
 Age: 64⁽¹⁾
 Calgary, Alberta, Canada
 Director Since May 2015
 Independent
 Total Compensation for 2018: \$275,323

Mr. Wishart has been a director of the Company since May 2015 and became its Chair in May 2018. He is also the Chair of Bruce Power Inc., an Ontario, Canada based electrical energy producer, and retired in December 2013 as the Executive Vice President of Operations and Major Projects of TransCanada Corporation, a position he held since 2005. Mr. Wishart has more than 40 years' experience in the North American pipeline industry in the areas of business development, project management, operations and environmental services. Mr. Wishart was awarded the "Queen Elizabeth II Diamond Jubilee Medal" for his personal contributions to the charitable sector.

Securities Held

Common Shares Owned or Controlled ⁽²⁾	Meets Share Ownership Requirement
March 2019: 32,514.6	N/A (Became Chair in 2018)
March 2018: 19,734.5	
Value at Risk: \$699,714 ⁽³⁾	

Member of	2018 Attendance ⁽⁴⁾	Other Public Boards During Past 5 Years	Voting Results of 2018 Annual Meeting ⁽⁵⁾
Board (Chair)	100%	None	Total Votes For: 99.45%
Compensation and Organizational Development Committee	100%		

(1) The age of the nominees is provided as of the date of the Circular.

(2) Includes common shares, deferred share units and, in the case of Mr. Orr, vested and unvested employee share units, but does not include common share options.

(3) Value is based on the closing price of the Company's common shares on the Toronto Stock Exchange (the "TSX") on March 14, 2019 which was \$21.52, and, in the case of Mr. Orr, does not include unvested share units.

(4) See attendance details under *Corporate Governance Practices – Meeting Attendance Records*.

(5) The Board has adopted a majority voting policy for directors. For further information please see *Corporate Governance Practices & Nomination of Directors – Majority Voting Policy*.

Directors' Equity Ownership

Until May 2017, each director was required to own at least 8,000 common shares and/or deferred share units ("DSUs") within 48 months of becoming a director. In May 2017, this requirement was changed and each director is now required to own, within 60 months of becoming a director, common shares and/or DSUs of the Company valued at 3 times the annual Board/Board Chair and DSU retainers.

The following table sets out the numbers of common shares, share units, DSUs and unexercised stock options as at March 15, 2019 beneficially owned, or controlled or directed, directly or indirectly, by each of the persons proposed to be nominated for election as a director. Each current director has increased his or her shareholdings, share units or DSUs since December 31, 2017.

Name	Common Shares (#)	Vested and Unvested Share Units (#)	DSUs (#)	Options (#)	Fulfills Share Ownership Requirement	Value of Common Shares, Share Units and DSUs as of March 15/19
John Baldwin	-	-	31,808	-	Yes	684,508
Derek Blackwood	-	-	24,440.5	-	Yes	525,960
James Derrick	12,000	-	49,251.1	-	Yes	1,318,124
Kevin Forbes	-	-	32,278.6	-	Yes	694,635
Michael Hanley	8,500	-	16,045.8	-	Yes	528,226
Robert Mionis	-	-	248.9	-	N/A ⁽¹⁾	5,356
Stephen Orr	18,225	161,059	-	443,700	Yes	3,858,192
Pamela Pierce	9,000	-	11,235.9	-	Yes	435,477
Charlene Valiquette	12,000	-	26,673.6	-	Yes	832,256
Donald Wishart	6,000	-	26,514.6	-	N/A ⁽²⁾	699,714
Total	65,725	161,059	218,497.0	443,700		9,582,448

(1) Robert Mionis joined the Board in December 2018 and has until December 2023 to fulfil his share ownership requirement of common shares or DSUs valued at 3 times the annual Board and DSU retainers.

(2) Donald Wishart became Chair of the Board in May 2018 and has until May 2023 to fulfil his share ownership requirement of common shares and/or DSUs valued at 3 times the annual Board Chair and DSU retainers. Mr. Wishart did meet his share ownership requirements as a director upon becoming Chair of the Board in May 2018.

Directors' Compensation

Directors are remunerated for services rendered in their capacity as directors through a combination of retainer fees, meeting attendance fees, whether attended by telephone or in person, and fees for travel and continuing education.

Directors' compensation is reviewed regularly by the Nominating and Governance Committee and recommendations are made to the Board following review of the market and best practices information. Generally, directors' compensation is targeted around the median level for directors of a peer group of companies which are similar in size, geographic scope and operational complexity to the Company.

To promote a greater alignment of interests between individual directors and Shawcor's shareholders, the Board has adopted a deferred share unit plan (the "DSU Plan") for directors. Under the terms of the DSU Plan, each director, other than the Chief Executive Officer, receives an annual "DSU retainer" paid in DSUs and may also elect to have up to 100% of the remainder of his or her directors' compensation paid in DSUs. Each DSU has the notional value of one common share. DSUs are credited to each participant's account at the end of each quarter by dividing the relevant fees by the weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the grant of DSUs. Each participant's account is also credited with "dividend equivalents" in the form of additional DSUs on each payment date for a cash dividend on common shares.

DSUs are fully vested at the time awarded and upon retirement from the Board a director participant in the DSU Plan will receive, at his or her option, that number of common shares, acquired on behalf of the participant on the open market, that is equal to the number of DSUs recorded in the participant's account, or a lump sum payment in cash calculated by multiplying the number of DSUs recorded in the participant's account by the weighted average trading price of the common shares for the five trading days immediately preceding the participant's retirement date.

In 2018, the Nominating and Governance Committee conducted a review of director's compensation and, based on market and best practices information, recommended to the Board that no changes be made to directors' compensation for 2018. The Board approved the recommendation of the Nominating and Governance Committee. Directors that are not employees do not receive non-equity incentive plan compensation, nor accrue any pension entitlements.

The following table outlines the remuneration rates paid to directors of the Company in 2018.

Element	2018 Rate ⁽¹⁾⁽²⁾
Annual Board Chair Retainer	\$ 230,000
Annual Board Retainer ⁽³⁾	\$ 50,000
Annual Board DSU Retainer	\$ 73,000
Annual Audit Committee Chair Retainer	\$ 20,000
Annual Audit Committee Member Retainer	\$ 10,000
Annual Other Committee Chair Retainer	\$ 15,000
Annual Other Committee Member Retainer	\$ 5,000
Board and Committee Meeting Fees (per meeting attended) ⁽⁴⁾	\$ 2,000
Telephone Meeting Fee	\$ 500
Travel:	
2 – 4 hours one way	\$ 500/day
4 – 6 hours one way	\$ 1,000/day
6 – 8 hours one way	\$ 1,500/day
Over 8 hours one way	\$ 2,000/day
Continuing Education	\$ 2,000/day

(1) All rates are expressed in Canadian dollars except for non-Canadian resident directors who are paid the same number, except for the DSU retainer, in US dollars.

(2) The Chief Executive Officer does not receive any compensation for acting as a director.

(3) The Board Chair does not receive the Annual Board Retainer, Committee Chair or Member Retainers or Meeting Fees.

(4) Non-Committee member invitees receive \$1,000 per Committee meeting (\$250 for a telephone meeting).

This **Director Compensation Table** illustrates the total compensation paid to each director in 2018.

Director ⁽¹⁾	Fees Earned (\$) ⁽²⁾	Share-Based Awards (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
John Baldwin	82,402	145,343	–	–	–	227,745
Derek Blackwood	114,696	86,117	–	–	–	200,813
James Derrick	–	213,308	–	–	–	213,308
Kevin Forbes	–	218,243	–	–	–	218,243
Michael Hanley	45,250	125,570	–	–	–	170,820
Robert Mionis ⁽⁴⁾	6,466	3,967	–	–	–	10,433
Pamela Pierce	106,920	78,314	–	–	–	185,234
Paul Robinson ⁽⁵⁾	23,000	57,117	–	–	–	80,117
Charlene Valiquette	115,500	87,436	–	–	–	202,936
Donald Wishart ⁽⁵⁾	–	275,323	–	–	–	275,323

(1) Compensation for Mr. Orr is reported in the Summary Compensation Table under the heading "2018 Summary Compensation Table". Shawcor's Chief Executive Officer receives no additional compensation for acting as a director of the Company.

(2) All amounts are expressed in CDNS. Payments to Messrs. Baldwin, Blackwood and Mionis and Ms. Pierce, which have been paid in US\$, have been converted at the average 2018 exchange rate of US\$1 = CDNS\$1.296.

(3) Represents the grant date value of DSUs (including dividend equivalents) granted to each individual. Grant date value is calculated based on the weighted average market price of Shawcor's common shares on the TSX over the five trading days preceding the grant date.

(4) Mr. Mionis joined the Board on December 12, 2018.

(5) Mr. Robinson retired from the Board effective May 8, 2018 and was replaced as Chair on that date by Donald Wishart.

Outstanding Option and Share-Based Awards

Except for outstanding stock options and share units held by Mr. Orr, which are reported on the "Outstanding Option & Share-Based Awards" table under the heading "Incentive Plan Awards", no stock options or share units were held by directors as of December 31, 2018.

The following table outlines the value of the directors' DSUs that vested in the year, as well as the total outstanding DSUs held by directors and their corresponding monetary value as of December 31, 2018.

Director	Number of Unvested Share-Based Awards ⁽¹⁾	Market or Payout Value of Share-Based Awards That Have Not Vested ⁽¹⁾	Share-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Number of Share-Based Awards (DSUs) (#)	Market or Payout Value of Share-Based Awards Not Paid Out or Distributed ⁽²⁾ (\$)
John Baldwin	–	–	145,343	31,808	527,377
Derek Blackwood	–	–	86,117	24,440.5	405,223
James Derrick	–	–	213,308	49,251.1	816,583
Kevin Forbes	–	–	218,243	32,278.6	535,179
Michael Hanley	–	–	125,570	16,045.8	266,039
Robert Mionis	–	–	3,967	248.9	4,127
Pamela Pierce	–	–	78,314	11,235.9	186,291
Paul Robinson ⁽³⁾	–	–	57,117	0	0 ⁽⁴⁾
Charlene Valiquette	–	–	87,436	26,673.6	442,248
Donald Wishart ⁽³⁾	–	–	275,323	26,514.6	439,612

(1) All DSUs vest on the grant date but are not redeemable or payable until the director leaves the Board of Directors. The value vested during the year is calculated based on the weighted average market price of Shawcor's common shares on the TSX over the five trading days preceding the grant date.

(2) Value is calculated based on the closing market price of Shawcor's common shares on the TSX on December 31, 2018, which was \$16.58. The ultimate pay-out value of each participant's DSUs will depend on the weighted average price of the common shares on the TSX over the five trading days prior to the date the participant director leaves the Board of Directors.

(3) Mr. Robinson retired from the Board effective May 8, 2018 and was replaced as Chair on that date by Donald Wishart.

(4) Upon retirement, Mr. Robinson received \$790,352.32 upon redemption of his DSUs.

Appointment and Remuneration of Auditor

The persons named in the enclosed form of proxy intend to vote for the appointment of Ernst & Young LLP, Chartered Accountants, as auditor of the Company, to hold office until the next annual meeting of shareholders and to authorize the Board of Directors to fix the auditor's remuneration. Ernst & Young LLP or its predecessors has been the auditor of the Company since its predecessor's incorporation on August 23, 1968.

Advisory Vote on Approach to Executive Compensation

As part of Shawcor's commitment to strong corporate governance practices, the Board has adopted a "Say on Pay" Policy. Under the terms of this Policy, a non-binding advisory vote in respect of Shawcor's approach to executive compensation will be put before shareholders at each annual meeting of shareholders. The purpose of the Say on Pay vote is to provide shareholders with the opportunity to indicate their view of the Board's overall approach to executive compensation.

The "Compensation Discussion & Analysis" section of this Circular discusses Shawcor's compensation philosophy, how the compensation process is administered, the objectives and goals of the different elements of Shawcor's executive compensation program and the outcomes of the compensation process. As outlined therein, Shawcor's executive compensation program is designed to align, focus and recognize executives and management for achieving Shawcor's short and longer-term strategic objectives and to reward them for their performance and contributions to the Company. The program is intended to advance the interests of shareholders and contribute to a dynamic, accountable and performance-oriented environment which is attractive to the executives and managers we seek to hire and retain.

The Board of Shawcor, with advice and assistance from its Compensation and Organizational Development Committee, remains fully responsible for its compensation decisions and is not relieved of these responsibilities by either a positive or negative advisory vote by shareholders. Your vote is advisory only and non-binding on the Board or Shawcor. However, the Board and the Compensation and Organizational Development Committee will consider the outcome of the vote as part of its ongoing review of the executive compensation programs, together with feedback received from shareholders in the course of regular communications. As appropriate, the Board will consult with shareholders in order to understand concerns expressed and will review its approach to compensation in the context of such concerns.

In addition, you are encouraged, prior to casting your vote at the Meeting, to provide any specific feedback, questions or concerns you may have regarding executive compensation directly to the attention of the Board by writing to the attention of the Chair of the Compensation and Organizational Development Committee, c/o the Corporate Secretary.

As a shareholder you have the opportunity to vote for or against Shawcor's approach to executive compensation through the following resolution:

RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the Company's management proxy circular delivered in advance of the 2019 annual meeting of shareholders.

The Board recommends that shareholders vote "FOR" the advisory resolution on Shawcor's approach to executive compensation.

Approval of the above resolution will require an affirmative vote of a majority of the votes cast at the Meeting. Unless otherwise instructed, the named proxyholders will vote for the advisory resolution. Shawcor will disclose the results of the advisory vote at the Meeting and in its report on the voting results for the Meeting to be filed on SEDAR.

Shareholder Proposals

There were no proposals brought forward by shareholders of the Company for inclusion in this Circular.

The Company will review shareholder proposals intended to be included in proxy material for the 2020 Annual Meeting of Shareholders which are received by the Company at its offices at 25 Bethridge Road, Toronto, Ontario M9W 1M7, Attention: Corporate Secretary, by no later than December 16, 2019.

SECTION 2 VOTING INFORMATION

Solicitation of Proxies

This solicitation of proxies is made on behalf of the management of the Company for use at the Meeting and every adjournment thereof for the purposes set forth in the accompanying Notice of Meeting. The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone or other means of telecommunication by directors, officers or employees of the Company. The cost of solicitation by management will be borne by the Company.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors or officers of the Company. **A shareholder has the right to appoint some other person to represent the shareholder at the Meeting.** A shareholder desiring to appoint some other person to represent him or her at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. In either case, the shareholder must deliver or send the completed form of proxy to the Company's transfer agent, AST Trust Company, PO Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department or fax to (416) 368-2502 or (866) 781-3111 (toll-free in North America) or email to proxyvote@astfinancial.com. Proxies must be received by the transfer agent, not later than 5:00 p.m., EDT, on May 13, 2019.

A shareholder who has given a proxy may revoke it by instrument in writing executed by the shareholder or by his or her personal representative authorized in writing and deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chair of the Meeting on the day of the Meeting, or adjournment thereof, or in any other manner permitted by law.

Proxy Voting

The persons named in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them on any ballot which may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **If no specific instruction is given, such shares will be voted in favour of the election of each of the nominees for director named in this Circular, in favour of the appointment of Ernst & Young LLP as auditor and the authorization of the directors to fix the auditor's remuneration and in favour of the advisory resolution on Shawcor's approach to executive compensation.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and to other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no such amendment, variation or other matter expected to come before the Meeting other than the matters referred to in the Notice of Meeting. If any matters which are not now known should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

Voting by Non-Registered Shareholders

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares beneficially owned by a person (a "Non-Registered Holder") are registered either:

- (i) in the name of an intermediary (an "Intermediary") (which may include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans) that the Non-Registered Holder deals with in respect of the shares; or
- (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with applicable regulatory requirements, the Company has distributed copies of the Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Frequently, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived their right to receive Meeting Materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of shares beneficially owned by the Non-Registered Holder but which is not otherwise completed. Since the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under "Appointment and Revocation of Proxies"; or
- (ii) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company in accordance with the directions accompanying the voting instruction form. A Non-Registered Holder receiving a voting instruction form cannot use that voting instruction form to vote shares directly at the Meeting; rather the voting instruction form must be returned to the Intermediary well in advance of the Meeting in order to have the Non-Registered Holder's shares voted.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. A Non-Registered Holder who has received a pre-signed form of proxy as mentioned in (i) above and who wishes to attend and vote at the Meeting in person (or to have another person attend and vote on behalf of the Non-Registered Holder) should print the Non-Registered Holder's (or such other person's) name in the blank space provided for that purpose in the first paragraph of the proxy form or, in the case of a voting instruction form, follow the corresponding instructions on that form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary and its service company, as applicable.**

Voting Shares

On March 14, 2019, the Company had outstanding 70,130,695 common shares. Each common share entitles the holder thereof to one vote per share.

Record Date

Each holder of issued and outstanding common shares of record at the close of business on April 1, 2019 (the "Record Date") will be given notice of the Meeting and will be entitled to vote at the Meeting, in person or by proxy, the number of common shares of record held by him or her on the Record Date.

Principal Holders of Voting Shares

To the knowledge of the directors and officers of the Company, the following are the only persons who, as at March 15, 2019, beneficially owned, or controlled or directed, directly or indirectly, 10% or more of the issued and outstanding common shares of the Company.

Name	Number of Shares Beneficially Owned or Controlled	Percentage of Outstanding Shares
Fidelity Management & Research Company and certain of its affiliates	9,785,158	13.95%

SECTION 3 STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the "Board") and management of the Company recognize that effective governance is central to the prudent direction and operation of the Company in a manner that ultimately enhances shareholder value. The following discussion outlines the Company's system of corporate governance.

The business and affairs of the Company are managed under the supervision of the Board. Broadly, the Board approves overall corporate strategy and assesses management's implementation of agreed strategies, and reviews the results achieved. The Board's role consists of the approval of strategic plans, the review of corporate risks identified by management and monitoring the Company's practices and policies for dealing with these risks, management succession planning, the monitoring of business practices and the assessment of the integrity of the Company's internal controls and information and governance systems.

The Board oversees the Company's strategic planning process, reviews and approves strategies, and assesses management's success in implementing the strategies. This is done regularly and through annual special purpose Board meetings held each year to review and approve the Company's strategic and annual business plan. The strategic plan is updated each year so that it always projects the next three-year period. Management reports to the Board quarterly, highlighting and commenting upon divisional performance compared with annual business plan forecasts and prior year results. As part of the strategic plan review process, the Board identifies and evaluates the principal opportunities and risks of the Company's businesses, and seeks to ensure that management puts in place appropriate systems to manage the principal risks. The Board also receives, reviews and discusses a quarterly risk management report from management which identifies the key risks facing the Company, their potential impact on operating income and mitigation actions which are being taken. In addition, the Audit Committee regularly reviews financial and health, safety and environmental ("HSE") risk issues and the Compensation and Organizational Development Committee reviews compensation related risk issues on an annual basis. A discussion of the key risks facing the Company is set out in the Company's Annual Information Form for the year ended December 31, 2018 and in the Management's Discussion and Analysis accompanying the Company's consolidated financial statements for the year ended December 31, 2018 and 2017, both of which are filed on SEDAR at www.sedar.com.

The corporate governance practices and policies of the Company have been developed under the general stewardship of the Nominating and Governance Committee. The Committee believes that the corporate governance practices of the Company are appropriate for the Company. As a result of evolving laws, policies and practices, the Nominating and Governance Committee regularly reviews the corporate governance practices and policies of the Company in order to facilitate compliance with applicable requirements and implements best practices appropriate to its operations. In recent years, the following steps have been taken by the Company as part of the ongoing process of enhancing its corporate governance:

- instituted and updated mandatory share ownership guidelines for all Directors, the Chief Executive Officer and other designated executives;
- reviewed and revised the mandate of the Board of Directors;
- reviewed and revised the charters for the Audit, Compensation and Organizational Development and Nominating and Governance Committees, and appointed only independent directors to these Committees;
- completed evaluations of the Board's performance as well as individual director peer performance reviews and developed a new Board/Committee/Director performance assessment process and form;
- developed a Board experience/skills matrix;
- reviewed and updated the Company's Code of Conduct for directors, officers and employees, a copy of which may be found on SEDAR (www.sedar.com);
- instituted a whistleblower hotline to assist employees in reporting suspected violations of the Code of Conduct;
- reviewed and updated the Company's Confidentiality, Insider Trading and Disclosure policies and developed Conflict of Interest Guidelines for directors which include formal disclosure mechanisms;
- eliminated the Company's dual class share structure through a shareholder and court approved plan of arrangement;
- developed a Director Retirement and Tenure policy, Board and Senior Management Diversity policies, a Board Crisis Management plan and an Executive Compensation Clawback policy;
- enhanced Board continuing education by enrolling three directors in the Directors Education Program offered by the Institute of Corporate Directors (the "ICD") and enrolling all directors as members of the ICD;
- improved Board processes and continuing education through site visits and in-depth presentations on specific risks facing the Company, which enhances risk identification and mitigation;
- amended its majority voting policy for directors and amended and restated its advance notice by-law; and
- implemented "say on pay" in 2018.

Board Mandate

The Board's role is to supervise and oversee the management of the business of the Company. As part of its stewardship of the Company, and in addition to its legal obligations, the Board has adopted a mandate, the most recent version of which is attached hereto as Schedule "A". This mandate was filed on SEDAR (www.sedar.com) as an attachment to this Circular. In addition, the Company will provide a copy of the mandate free of charge to shareholders upon request.

Committees of the Board of Directors and Their Roles

During 2018, there were three committees of the Board: the Audit Committee, the Nominating and Governance Committee and the Compensation and Organizational Development Committee. A copy of the charters of these Committees may be found on the Company's website (www.shawcor.com). The composition and role of each committee is set out below.

Audit Committee

The Audit Committee is appointed annually by and reports to the Board. The Committee currently consists of three members, M. Hanley – Chair, E.C. Valiquette and K. Forbes, all of whom are independent directors and are considered by the Board to be financially literate as that term is defined by Canadian Securities Regulators. Mr. Hanley and Ms. Valiquette are Chartered Professional Accountants. Mr. Forbes' 27 years of experience as a senior executive with a leading global energy services company and his subsequent experience as a consultant and partner in an oilfield technology investment company have provided him with an understanding of accounting principles and their application, experience in analyzing and evaluating financial statements of energy services companies and an understanding of internal controls and procedures for financial reporting.

The integrity of the Company's internal control and management information systems are primarily the responsibility of management with oversight review by the Audit Committee, which meets regularly with both the Company's financial and accounting personnel and the Company's internal and external auditors to review these matters. The Audit Committee reports to the full Board with respect to any issues that arise out of such discussions.

Reviews are carried out of the work plans of both the external and the internal auditors, and the Committee meets regularly with the external and internal auditors without management present.

The Audit Committee reviews the quarterly financial statements and quarterly reports to shareholders, the annual and quarterly consolidated financial statements and related Management's Discussion and Analysis, and the Annual Information Form and recommends their approval to the Board. This includes discussions with the external auditor with respect to its quarterly reviews and annual audit of the financial statements. The Company's Director of Risk Assessment also reports the findings of the internal audit team on financial, health, safety and environmental matters to the Committee at its quarterly meetings. The Committee also makes recommendations to the Board in respect of the external auditor to be proposed for appointment by the shareholders.

In 2018, the Committee continued to supervise a thorough review of the Company's accounting and financial reporting systems with respect to the design and effectiveness of internal controls over financial reporting. The Committee met with management and the external and internal auditors, and considered the requirements of National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings and management's recommendations on improvement of internal control systems and procedures and subsequent follow-up issues. The Committee also met with management to review tax matters and finance department succession and development. In addition, the Committee reviewed reports on and participated in discussions regarding the implementation of new International Financial Reporting Standards ("IFRS"), in particular IFRS-16 – Leases which became effective January 1, 2019.

Both the external auditor and the internal auditor report directly to the Audit Committee and the Committee meets in camera with both the external auditors and the internal auditor at every Committee meeting. The Committee Chair reviewed and approved the engagement letter for the external auditor and the Committee reviewed and approved the external auditor's fees for audit and for non-audit services billed in 2018. The Committee confirmed with the external auditor there were no scope limitations on its audit. The Committee also satisfied itself as to the independence of the external auditor, including developing and monitoring policies that control the services provided by the external auditor outside of the normal audit. The Committee conducts annual assessments of the performance of the external auditor and recommended to the Board that Ernst & Young LLP be reappointed as the Company's auditor for 2019.

During 2018, the Committee determined that no violation of the Company's Code of Conduct by directors or executive officers was reported by management, uncovered by the internal or external auditors or reported on the Company's business ethics hotline.

Further particulars concerning the Audit Committee are disclosed in the Company's Annual Information Form under Item 9 "Audit Committee".

Nominating and Governance Committee

The Nominating and Governance Committee is appointed annually by and reports to the Board. The Committee currently consists of three members; E.C. Valiquette – Chair, J.W. Derrick and J.T. Baldwin, all of whom are independent directors.

The Nominating and Governance Committee oversees all practices relating to the corporate governance of the Company, and its role is to review these practices regularly, both to assess their effectiveness and to compare them with evolving practices in the field. The Committee periodically reviews position descriptions for the Board, the Chair of the Board, the Chair of each Committee and the Chief Executive Officer (the “CEO”), including corporate objectives for which each of them are responsible. The descriptions clarify the role of the Board, the Chairs and the CEO contained in the Board mandate, the Committee charters, and the Company’s by-laws. The Committee’s role includes identifying and recommending to the Board, after consultation with the Chair of the Board, suitable director candidates and providing orientation and education to new members of the Board.

The Nominating and Governance Committee assesses the effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual directors. The Committee carries out a formal assessment of such matters on an annual basis. Feedback from these assessments will be used to improve the Company’s overall performance during 2019 and beyond.

The Committee’s role includes providing all new members of the Board with a Board Manual containing detailed information on the Company and its businesses, its charter and history, and expectations and policies relevant to the Board and its members, together with a Code of Conduct and Confidentiality and Insider Trading guidelines. The Manual is updated and reissued periodically to all directors. As part of the continuing education for directors, visits to selected plant sites and meetings with senior management are also arranged to allow directors the opportunity to familiarize themselves with the Company’s operations and businesses at first hand.

The Committee continually monitors Board skills and experience and identifies any gaps therein with a view to longer term planning for ongoing Board renewal. With the assistance of a third party recruiting firm, the Committee conducted detailed international searches for new director candidates in 2018, which ultimately resulted in its recommendation to the Board to add Robert Mionis to the Board in 2018. The Committee identified strong female candidates as part of this search process (more than 50% of the candidates presented for consideration by the third party recruiting firm) and expects to recommend an additional female director for appointment to the Board of Directors later in 2019.

Other recent activities of the Committee include the annual review of director’s compensation, amendment of the Corporation’s majority voting policy and the amendment and restatement of its advance notice by-law. Further information regarding the majority voting policy and advance notice by-law can be found under the heading Corporate Governance Practices – Nomination of Directors”.

Compensation and Organizational Development Committee

The Compensation and Organizational Development Committee is appointed annually by and reports to the Board. The Committee currently consists of three members; D.S. Blackwood – Chair, P.S. Pierce and R.A. Mionis, all of whom are independent directors and all of whom have experience in executive compensation based on their experience as current or former senior executive officers and directors.

The Committee’s role includes reviewing and recommending to the Board:

- a) the compensation philosophy and policies of the Company including an annual recommendation as to the compensation of the “Designated Employees”, which consist of the CEO, his or her executive direct reports, officers of the Company and Named Executive Officers included in the Compensation Discussion & Analysis section of this Circular;
- b) in consultation with the Chair of the Board, the employment contract, annual performance criteria and succession and development plans for the CEO and CFO;
- c) the design of and participants in, and annual awards under, executive incentive plans for Designated Employees; and
- d) succession and executive development plans for Designated Employees and other identified key employees and other strategic organizational and human resources practices to strengthen the organization and align it to the overall strategy.

The Committee also oversees the administration and investment performance of, and the appointment of external advisors for, the Company’s various retirement plans.

SECTION 4 CORPORATE GOVERNANCE PRACTICES

The Company is committed to adhering to a high standard in all business and corporate governance matters and its corporate governance practices are designed to be consistent with this objective. The Board has delegated to the Nominating and Governance Committee the oversight and review of all matters relating to the governance of the Company, and the Nominating and Governance Committee's role includes recommending changes when appropriate to improve governance effectiveness and conformance with evolving best practices and legislation, including the requirements and guidelines of National Instrument 58-101 – Disclosure of Corporate Governance Practices (the "Disclosure Instrument") and National Policy 58-201 – Corporate Governance Guidelines (the "Guidelines"), issued by the Canadian Securities Administrators. The Company has adopted the following practices:

Corporate Governance Practices

The Disclosure Instrument requires issuers such as the Company to disclose the corporate governance practices that they have adopted, while the Guidelines provide guidance on corporate governance practices. In this regard, a brief description of the Company's corporate governance practices, with reference to the items set out in the Disclosure Instrument and the Guidelines, is set forth in the table below.

Disclosure Item	Comments																																												
1. Board of Directors																																													
Independence	<p>The Board defines a director to be "independent" if he or she does not have a direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Independent directors will include persons who are not employed by the Company, do not receive any compensation from the Company, directly or indirectly, other than directors' remuneration, and otherwise as defined under securities law.</p> <p>The following table sets out the relationship of the current and proposed directors to the Company:</p> <p>Relationships of Current and Proposed Directors to the Company</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Independent</th> <th>Not Independent</th> <th>Reason for Not Independent Status</th> </tr> </thead> <tbody> <tr> <td>John Baldwin</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>Derek Blackwood</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>James Derrick</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>Kevin Forbes</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>Michael Hanley</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>Robert Mionis</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>Stephen Orr</td> <td></td> <td>•</td> <td>Chief Executive Officer</td> </tr> <tr> <td>Pamela Pierce</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>Charlene Valiquette</td> <td>•</td> <td></td> <td></td> </tr> <tr> <td>Donald Wishart</td> <td>•</td> <td></td> <td></td> </tr> </tbody> </table> <p>Based upon the definition of an "independent director" and a review of the applicable factual circumstances (including financial, contractual and other relationships), the Board, in consultation with the Nominating and Governance Committee, has determined that 9 of 10 (90%) of the nominees for director are independent. These 9 independent director nominees are: John Baldwin, Derek Blackwood, James Derrick, Kevin Forbes, Michael Hanley, Robert Mionis, Pamela Pierce, Charlene Valiquette and Donald Wishart. Stephen Orr is not an independent director, due to his position as an executive officer of the Company and its subsidiaries.</p> <p>For further details about each director nominee, see the information under the heading <i>The Business of the Annual Meeting – Nominees for Election to the Board of Directors</i>.</p>	Name	Independent	Not Independent	Reason for Not Independent Status	John Baldwin	•			Derek Blackwood	•			James Derrick	•			Kevin Forbes	•			Michael Hanley	•			Robert Mionis	•			Stephen Orr		•	Chief Executive Officer	Pamela Pierce	•			Charlene Valiquette	•			Donald Wishart	•		
Name	Independent	Not Independent	Reason for Not Independent Status																																										
John Baldwin	•																																												
Derek Blackwood	•																																												
James Derrick	•																																												
Kevin Forbes	•																																												
Michael Hanley	•																																												
Robert Mionis	•																																												
Stephen Orr		•	Chief Executive Officer																																										
Pamela Pierce	•																																												
Charlene Valiquette	•																																												
Donald Wishart	•																																												
Other Directorships	Several of the nominees for director of the Company are presently directors of other reporting issuers (or the equivalent). For further details, see the information about each director nominee under the heading <i>The Business of the Annual Meeting – Nominees for Election to the Board of Directors</i> . As of March 15, 2019, no members of our Board of Directors served together on the boards of other public companies.																																												
In Camera Sessions	In camera sessions of independent directors without the presence of management and non-independent directors are scheduled at all Board and Committee meetings. These sessions are chaired by the Chair of the Board or Committee chairs, as the case may be, and are held at the discretion of the independent directors as they deem necessary. These in camera sessions have provided an effective forum for more open discussions with respect to the management of the Company. The independent directors held 16 such sessions during 2018.																																												

Disclosure Item	Comments																																																																											
Board Chair	<p>The current Chair of the Board, Donald Wishart, is an independent director. The Company maintains the separation of the offices of Chair and Chief Executive Officer.</p> <p>The Chair of the Board facilitates the Board's ability to function independently of management of the Company, sets the agenda for Board meetings, in consultation with management, promotes best practices and high standards of corporate governance, consistent with enhancing and promoting a positive relationship among all directors, and assists in the process of conducting director evaluations. The Chair periodically consults and meets with any or all of the independent directors, at the discretion of either party, in the absence of management.</p>																																																																											
Meeting Attendance Records	<p>The following table summarizes the meetings of the Board of the Company and its Committees held during the fiscal year ended December 31, 2018, and the attendance of individual directors of the Company at such meetings:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Director</th> <th rowspan="2">Board Meetings</th> <th colspan="3">Committees</th> <th rowspan="2">Percentage of Board and Committee Meetings Attended</th> </tr> <tr> <th>Audit</th> <th>Nominating and Governance</th> <th>Compensation and Organizational Development</th> </tr> </thead> <tbody> <tr> <td>John Baldwin</td> <td>6 of 6</td> <td>–</td> <td>8 of 10</td> <td>2 of 2⁽¹⁾</td> <td>89%</td> </tr> <tr> <td>Derek Blackwood</td> <td>6 of 6</td> <td>–</td> <td>–</td> <td>3 of 3</td> <td>100%</td> </tr> <tr> <td>James Derrick</td> <td>6 of 6</td> <td>–</td> <td>9 of 10</td> <td>–</td> <td>94%</td> </tr> <tr> <td>Kevin Forbes</td> <td>6 of 6</td> <td>4 of 4</td> <td>–</td> <td>–</td> <td>100%</td> </tr> <tr> <td>Michael Hanley</td> <td>6 of 6</td> <td>4 of 4</td> <td>–</td> <td>–</td> <td>100%</td> </tr> <tr> <td>Robert Mionis⁽³⁾</td> <td>1 of 1</td> <td>–</td> <td>–</td> <td>1 of 1</td> <td>100%</td> </tr> <tr> <td>Stephen Orr</td> <td>6 of 6</td> <td>4 of 4⁽²⁾</td> <td>3 of 3⁽²⁾</td> <td>3 of 3⁽²⁾</td> <td>100%</td> </tr> <tr> <td>Pamela Pierce</td> <td>6 of 6</td> <td>1 of 1⁽²⁾</td> <td>–</td> <td>3 of 3</td> <td>100%</td> </tr> <tr> <td>Paul Robinson⁽⁴⁾</td> <td>1 of 3</td> <td>–</td> <td>–</td> <td>–</td> <td>33%</td> </tr> <tr> <td>Charlene Valiquette</td> <td>6 of 6</td> <td>4 of 4</td> <td>10 of 10</td> <td>1 of 1⁽²⁾</td> <td>100%</td> </tr> <tr> <td>Donald Wishart</td> <td>6 of 6</td> <td>3 of 3⁽²⁾</td> <td>8 of 8⁽²⁾</td> <td>3 of 3⁽²⁾</td> <td>100%</td> </tr> </tbody> </table> <p>(1) One of the meetings was attended as an invitee, the other as a Committee member. (2) These meetings were attended by the indicated persons as invitees and not as Committee members. (3) Mr. Mionis was appointed to the Board effective December 12, 2018. (4) Mr. Robinson retired from the Board effective May 8, 2018 and was replaced as Chair by Donald Wishart as of such date.</p>	Director	Board Meetings	Committees			Percentage of Board and Committee Meetings Attended	Audit	Nominating and Governance	Compensation and Organizational Development	John Baldwin	6 of 6	–	8 of 10	2 of 2 ⁽¹⁾	89%	Derek Blackwood	6 of 6	–	–	3 of 3	100%	James Derrick	6 of 6	–	9 of 10	–	94%	Kevin Forbes	6 of 6	4 of 4	–	–	100%	Michael Hanley	6 of 6	4 of 4	–	–	100%	Robert Mionis ⁽³⁾	1 of 1	–	–	1 of 1	100%	Stephen Orr	6 of 6	4 of 4 ⁽²⁾	3 of 3 ⁽²⁾	3 of 3 ⁽²⁾	100%	Pamela Pierce	6 of 6	1 of 1 ⁽²⁾	–	3 of 3	100%	Paul Robinson ⁽⁴⁾	1 of 3	–	–	–	33%	Charlene Valiquette	6 of 6	4 of 4	10 of 10	1 of 1 ⁽²⁾	100%	Donald Wishart	6 of 6	3 of 3 ⁽²⁾	8 of 8 ⁽²⁾	3 of 3 ⁽²⁾	100%
Director	Board Meetings			Committees				Percentage of Board and Committee Meetings Attended																																																																				
		Audit	Nominating and Governance	Compensation and Organizational Development																																																																								
John Baldwin	6 of 6	–	8 of 10	2 of 2 ⁽¹⁾	89%																																																																							
Derek Blackwood	6 of 6	–	–	3 of 3	100%																																																																							
James Derrick	6 of 6	–	9 of 10	–	94%																																																																							
Kevin Forbes	6 of 6	4 of 4	–	–	100%																																																																							
Michael Hanley	6 of 6	4 of 4	–	–	100%																																																																							
Robert Mionis ⁽³⁾	1 of 1	–	–	1 of 1	100%																																																																							
Stephen Orr	6 of 6	4 of 4 ⁽²⁾	3 of 3 ⁽²⁾	3 of 3 ⁽²⁾	100%																																																																							
Pamela Pierce	6 of 6	1 of 1 ⁽²⁾	–	3 of 3	100%																																																																							
Paul Robinson ⁽⁴⁾	1 of 3	–	–	–	33%																																																																							
Charlene Valiquette	6 of 6	4 of 4	10 of 10	1 of 1 ⁽²⁾	100%																																																																							
Donald Wishart	6 of 6	3 of 3 ⁽²⁾	8 of 8 ⁽²⁾	3 of 3 ⁽²⁾	100%																																																																							
2. Board Mandate	<p>A copy of the Board's mandate is attached hereto as Schedule "A". Upon request, the Company will provide a copy of the Board mandate free of charge to any shareholder.</p> <p>In addition to setting out the role of the Board, the Board mandate describes the terms of reference and expectations for the Chair of the Board and for each individual director.</p>																																																																											
3. Position Descriptions	<p>CEO and Chair of the Board</p> <p>The Nominating and Governance Committee has developed written position descriptions for the CEO, the Chair of the Board and the Chair of each Committee of the Board. The Board reviews and considers the corporate objectives for which the CEO is responsible and regularly reviews whether such objectives are being met.</p>																																																																											
4. Orientation and Continuing Education	<p>Orientation of New Directors</p> <p>Under the guidance of the Nominating and Governance Committee, the Company provides an orientation session for new directors. The session includes an overview of the Company's history and operations, a review of industry conditions and competition and an introduction to the Company's management team.</p> <p>The Company has developed and distributes to all directors a Board Manual, containing relevant corporate and business information, to orient and assist directors in fulfilling their duties and obligations. The Manual is updated on a periodic basis, as required.</p>																																																																											

Disclosure Item	Comments
Continuing Education	<p>The Company undertakes ongoing education efforts that include on-site visits to various facilities.</p> <p>Both outside advisors and senior managers of the Company's corporate office and its various divisions also make regular presentations to the Board and its Committees regarding business and legal matters. For example, in February 2018, the full Audit Committee received an in-depth presentation from senior finance and tax personnel on the impact of US tax reform, in May of 2018, the full Audit Committee received a presentation on data security (including cybersecurity) from the Company's senior IT personnel and, in November 2018, the full Audit Committee received a detailed presentation from the Company's senior finance leaders on tax reporting and risk. In August 2018, the entire Board visited various Company facilities in the Calgary, Alberta area and received various presentations, including on the Company's Western Canada business and the Company's digital enablement strategy. Other presentation topics in 2018 included the onshore and offshore oil and gas markets, internal controls over financial reporting, the Company's disclosure controls and procedures, foreign currency exposure and cash management, insurance, pensions, internal audit, taxation, strategic planning, corporate finance, executive compensation, industry mergers and acquisitions, risk management, corporate governance, shareholder relations, director recruitment, executive and director compensation and succession planning, employee talent review and management, Board and senior management diversity and health, safety and environmental matters.</p> <p>As part of the continuing education of directors, directors periodically attend a meeting of each Board Committee and the Chair, the CEO and the Corporate Secretary periodically provide articles and other educational materials of interest to directors on industry trends, corporate governance, strategic planning, executive compensation, mergers and acquisitions and other related topics. The Company has also developed a library containing industry related videos, films, programs, etc., which it has provided to all directors and which it updates periodically.</p> <p>The Company has established an initiative whereby it pays for interested directors to attend the Directors Education Program (the "DEP"), a joint program of the Institute of Corporate Directors and the Rotman School of Management, University of Toronto. Current Nominating and Governance Committee Chair Charlene Valiquette completed the DEP in 2014 and Compensation and Organizational Committee Chair Derek Blackwood completed the DEP in 2016. Donald Wishart completed the DEP prior to joining the Shawcor Board. All directors have been enrolled by the Company as members of the Institute of Corporate Directors.</p>
5. Ethical Business Conduct	
Code of Conduct	<p>The Company has adopted the Shawcor Code of Conduct, governing the behaviour of directors, officers and employees of the Company. The text of the Code of Conduct is available on the Company's website, www.shawcor.com.</p> <p>Upon hiring and annually thereafter, every employee receives a copy and signs a written acknowledgement of its receipt and of his or her responsibility to comply with the Code of Conduct. The Board monitors compliance with the Code of Conduct through the Nominating and Governance Committee and the Audit Committee and by means of an anonymous whistleblower hotline. The anonymous whistleblower hotline is monitored by the Company's Senior Vice President, Legal who makes quarterly reports to the Audit Committee through the Senior Manager of Internal Audit.</p> <p>Since the beginning of the Company's most recently completed financial year, no material change reports have been filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Shawcor Code of Conduct.</p>
Transactions Involving Directors or Officers	<p>In the case of any transaction or agreement in respect of which a director or executive officer of the Company has a material interest, the director or officer is required to disclose his or her interest. Where applicable, he or she is also required to exclude himself or herself from any discussions or vote relating to such transaction or agreement. Pursuant to the Company's Conflict of Interest Guidelines for directors, actual and potential conflicts of interest are disclosed on an annual basis and at the beginning of each Board meeting.</p> <p>The Nominating and Governance Committee also reviews the fairness of any potential transactions in which a director or officer of the Company may be involved or connected.</p>

Disclosure Item	Comments
Clawback Policy	The Company has adopted a Compensation Clawback Policy for Executive Officers. In the event of a financial statement restatement caused by "misconduct," this policy provides that those executive officers of the Company whose "misconduct" caused or significantly contributed to the restatement may, at the discretion of the Compensation and Organizational Development Committee, be required to return all or a portion of any incentive-based or equity-based compensation awarded or granted to them after the effective date of the policy. The policy applies to the Chief Executive Officer and all of his or her executive direct reports and all officers of the Company. "Misconduct" under the policy includes willful breach of the provisions of the Shawcor Code of Conduct and any other circumstances sufficient for a termination of employment with legal cause.

6. Nomination of Directors

Nomination Process

The Nominating and Governance Committee, which is composed of three independent directors, identifies and reviews the qualifications of potential candidates for the Board. In particular, the Nominating and Governance Committee assesses, among other factors, industry experience, functional expertise, financial literacy and expertise, board experience and diversity of gender and background. Upon such review, and after conducting appropriate due diligence, the Nominating and Governance Committee, in consultation with the Chair of the Board, makes recommendations on candidates to the Board.

The Nominating and Governance Committee ensures that an objective process is undertaken to nominate new directors to the Board and maintains a matrix of skills and experience to assist in its planning for ongoing Board renewal. It regularly assesses the skill set of the current Board members to identify the desired skills and backgrounds for potential Board candidates. Pursuant to this policy, the Nominating and Governance Committee maintains an up-to-date list of potential director candidates. To maintain the list, the Nominating and Governance Committee solicits recommendations of potential Board qualified candidates from each member of the Board of Directors and consults with third party recruiting firms. The Nominating and Governance Committee assesses the qualifications of such persons against the criteria for directors adopted by the Committee and compiles a list of such candidates. The list is maintained by the Nominating and Governance Committee for use when new directors are to be added to the Board and is reviewed prior to a formal nomination being brought forward to the Board for approval. For further information concerning the most recent search for new director candidates, see *Committees of the Board of Directors and Their Roles – Nominating and Governance Committee*.

Set out below is an experience/skills matrix of each of the persons proposed to be nominated as a director at the Meeting:

Primary Industry Background

Name	Oil & Gas	Financial Services	Industrial/ Manufacturing
John Baldwin	•		
Derek Blackwood	•		
James Derrick	•		•
Kevin Forbes	•		•
Michael Hanley		•	•
Robert Mionis			•
Stephen Orr	•		•
Pamela Pierce	•		
Charlene Valiquette	•	•	
Donald Wishart	•		•

Disclosure Item	Comments
-----------------	----------

Functional Experience

Name	CEO Experience ⁽¹⁾	International Business Management ⁽²⁾	Finance ⁽³⁾	Mergers & Acquisitions ⁽⁴⁾	HR & Compensation ⁽⁵⁾	Engineering/Operations ⁽⁶⁾	Legal/Governance ⁽⁷⁾	Environmental/Health & Safety ⁽⁸⁾
John Baldwin		•				•	•	
Derek Blackwood	•	•		•	•	•		•
James Derrick	•	•				•	•	•
Kevin Forbes		•	•	•	•	•		
Michael Hanley	•	•	•	•	•	•	•	
Robert Mionis	•	•		•	•	•		
Stephen Orr	•	•		•	•	•		•
Pamela Pierce	•			•	•	•		•
Charlene Valiquette			•	•	•		•	
Donald Wishart		•		•	•	•	•	•

(1) Operating experience as the CEO of a publicly listed company or large organization.
(2) Senior executive experience in a major organization outside North America or in a major North American organization that has business in multiple international jurisdictions.
(3) Senior executive experience in the financial services area, experience overseeing complex financial transactions or public company Audit Committee experience.
(4) M&A experience in an investment banking or law firm or as a senior executive with organizations that have undertaken multiple acquisitions.
(5) Good understanding of leadership development/succession, compensation, benefit and pension programs through functional responsibility for these matters in a major organization or through public company HR/Compensation Committee experience.
(6) Professional engineering training or functional responsibility for these matters in a major organization.
(7) Good understanding of legal/governance issues through experience as a legal practitioner, public company Governance Committee experience, or functional responsibility for legal/governance/regulatory compliance in a major organization.
(8) Functional responsibility for these matters in a major organization.

Board Diversity Policy	<p>Based on the recommendation of the Nominating and Governance Committee, the Board has adopted the following written policy relating to gender and other diversity in the Company's identification and nomination of directors:</p> <p>"The Board of Directors believes that a Board comprised of highly qualified directors from diverse backgrounds and who reflect the demographics of the markets in which the Company operates and the Company's shareholder, customer and employee base, will enhance Board decision-making. The Nominating and Governance Committee (the "Committee") will, when identifying candidates to recommend for appointment/election to the Board:</p> <ul style="list-style-type: none"> a) consider only candidates who are highly qualified based on their talents, experience, expertise and personal skills, character and qualities; b) take into account criteria that promotes diversity, including gender, international background, age and ethnicity; c) engage qualified independent external advisors to assist in the search for candidates that meet the Board's skills, experience and diversity criteria; and d) direct such independent external advisors to present for the Committee's consideration prospective director candidates who are comprised of at least 50% female candidates at all times during which the percentage of independent directors on the Board is less than 30% female." <p>The policy has been implemented and the Company's external advisors have been advised of the Company's goal of promoting diversity of gender, international background, age and ethnicity and of the requirement to present prospective director candidates comprised of at least 50% female candidates.</p> <p>The Nominating and Governance Committee and the Board will measure the effectiveness of the policy from the perspective of gender diversity by comparing the current percentage of its Board who are female (2 of 10 or 20%) with the future percentage of its Board who are female. The Company has not adopted a specific target regarding women on its Board. While diversity is an important consideration, the Company cannot make a commitment to select a Board candidate whose gender is a decisive factor above all other considerations and the Company must have the flexibility to add qualified Board members when they become available, and this may mean adding male or female candidates, as appropriate. While the Company has not adopted specific targets regarding women on its Board, even before the adoption of the Board Diversity Policy, it considered the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board and specifically required its external recruiters to present female candidates for available Board positions. In our most recent searches for new director candidates, more than 50% of the director candidates presented for evaluation by our third party recruiting firm were female and the Company expects to be able to appoint an additional female director to the Board later in 2019. Since 2005, Shawcor has had at least two female directors on its Board and the current percentage of female directors nominated for election to the Shawcor Board at the Meeting (20%) exceeds the percentage of board seats held by women at Mining/Oil/Gas industry companies in the Financial Post 500 (14.8%)⁽¹⁾.</p>
------------------------	---

(1) 2017 "Annual Report Card" of the Canadian Board Diversity Council/Phase Nyne

Disclosure Item	Comments																				
Majority Voting Policy	<p>The Board believes that each of its members should have the confidence and support of the Company's shareholders and has therefore adopted a majority voting policy for directors. The form of proxy for the vote by shareholders on the election of directors enables a shareholder to vote, in favour of or to withhold from voting, separately for each nominee. If, with respect to any nominee (and other than at contested meetings), the number of votes withheld exceeds the number of votes in favour of the nominee then such nominee is required to immediately submit to the Board his or her resignation, to take effect upon acceptance by the Board. Such nominee must not participate in any meeting of the Board or the Nominating and Governance Committee at which his or her resignation is considered. The Board must accept such nominee's resignation within 90 days of the applicable shareholder meeting, absent exceptional circumstances, and will announce its decision through a press release, concurrently delivered to the Toronto Stock Exchange. If the Board declines to accept such nominee's resignation due to exceptional circumstances, the press release will state the reasons for the Board's decision. Set out below are the results of the director's vote from the May 2018 annual meeting of shareholders as they relate to the current nominees for director:</p> <table border="1" data-bbox="418 604 1474 905"> <thead> <tr> <th data-bbox="418 604 1299 636">Director</th> <th data-bbox="1299 604 1474 636">% of Total Votes For</th> </tr> </thead> <tbody> <tr> <td data-bbox="418 636 1299 667">John Baldwin</td> <td data-bbox="1299 636 1474 667">99.54%</td> </tr> <tr> <td data-bbox="418 667 1299 699">Derek Blackwood</td> <td data-bbox="1299 667 1474 699">99.46%</td> </tr> <tr> <td data-bbox="418 699 1299 730">James Derrick</td> <td data-bbox="1299 699 1474 730">99.51%</td> </tr> <tr> <td data-bbox="418 730 1299 762">Kevin Forbes</td> <td data-bbox="1299 730 1474 762">99.74%</td> </tr> <tr> <td data-bbox="418 762 1299 793">Michael Hanley</td> <td data-bbox="1299 762 1474 793">97.40%</td> </tr> <tr> <td data-bbox="418 793 1299 825">Stephen Orr</td> <td data-bbox="1299 793 1474 825">99.59%</td> </tr> <tr> <td data-bbox="418 825 1299 856">Pamela Pierce</td> <td data-bbox="1299 825 1474 856">99.87%</td> </tr> <tr> <td data-bbox="418 856 1299 888">Charlene Valiquette</td> <td data-bbox="1299 856 1474 888">99.19%</td> </tr> <tr> <td data-bbox="418 888 1299 905">Donald Wishart</td> <td data-bbox="1299 888 1474 905">99.45%</td> </tr> </tbody> </table>	Director	% of Total Votes For	John Baldwin	99.54%	Derek Blackwood	99.46%	James Derrick	99.51%	Kevin Forbes	99.74%	Michael Hanley	97.40%	Stephen Orr	99.59%	Pamela Pierce	99.87%	Charlene Valiquette	99.19%	Donald Wishart	99.45%
Director	% of Total Votes For																				
John Baldwin	99.54%																				
Derek Blackwood	99.46%																				
James Derrick	99.51%																				
Kevin Forbes	99.74%																				
Michael Hanley	97.40%																				
Stephen Orr	99.59%																				
Pamela Pierce	99.87%																				
Charlene Valiquette	99.19%																				
Donald Wishart	99.45%																				
Committee	<p>The Nominating and Governance Committee's role includes oversight of the Company's approach to corporate governance issues and the disclosure of this approach in accordance with the Guidelines. For further information concerning the role, powers and operation of the Nominating and Governance Committee, see <i>Statement of Corporate Governance and Committees of the Board of Directors and Their Roles</i>.</p>																				
Term Limits/Retirement	<p>The Board has adopted term limits for directors as well as other mechanisms of Board renewal including a retirement and tenure policy, a detailed Board and individual director evaluation and assessment process and the preparation of an experience/skills matrix to assist in director evaluation and recruiting. Shawcor has recently experienced significant Board renewal. During the period from May 2013 to December 2018, nine directors left the Board and six new directors joined. The Board's retirement/tenure policy is set out below:</p> <p>"Board Retirement/Tenure Policy – The Nominating and Governance Committee shall review factors like experience, performance, changes in principal occupation and other relevant circumstances in considering whether to recommend the reappointment of a director. In order to ensure that the Shawcor Board of Directors periodically benefits from the fresh ideas, viewpoints and expertise of new members, it is the policy of the Board that a director shall not stand for re-election once reaching age 75 or 15 years of Board tenure, whichever is earlier. Notwithstanding the foregoing, in exceptional circumstances where it is in the best interests of Shawcor, the Board shall be entitled to nominate any person, regardless of age or Board tenure, for election to the Board".</p>																				
Advance Notice By-Law	<p>Shawcor's by-laws include an advance notice by-law (the "Advance Notice By-Law") for the purpose of providing shareholders, directors and management of the Company with a clear framework for nominating directors of the Company in connection with any annual or special meeting of shareholders. The purpose of the Advance Notice By-Law is to: (i) ensure that all shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or special meetings of shareholders of the Company. The Advance Notice By-Law fixes the deadlines by which shareholders of record must submit director nominations to the Company prior to any meeting of shareholders and sets forth the information that a shareholder must include in a written notice to the Company for any director nominee to be eligible for election at such meeting. The Advance Notice By-Law also sets out the manner by which business may be properly brought before a meeting of the shareholders. A copy of the Company's Advance Notice By-Law is filed on SEDAR at www.sedar.com.</p>																				

Disclosure Item	Comments
<p>7. Compensation</p> <p>Compensation and Organizational Development Committee</p>	<p>The Board has established a Compensation and Organizational Development Committee which is currently composed of three independent directors.</p> <p>The Compensation and Organizational Development Committee's role includes oversight of the Company's approach to compensation, organizational and human resources issues. Each year the Committee develops an annual work plan to carry out its responsibilities. For further information concerning the responsibilities, powers and operation of the Compensation and Organizational Development Committee, see <i>Committees of the Board of Directors and Their Roles</i>.</p>
<p>Compensation Determination</p>	<p>The Compensation and Organizational Development Committee reviews the compensation proposed to be paid to the CEO, the CFO, the next three most highly compensated employees, all officers and all executives who report to the CEO, and makes recommendations to the Board with respect thereto. The Board of Directors approves the compensation to be paid to such employees on an annual basis. The Nominating and Governance Committee, which is comprised of three independent directors, reviews Board compensation and makes recommendations to the Board with respect thereto.</p> <p>See <i>Compensation Discussion & Analysis</i> for further information on executive compensation. The Company's process for determining director's compensation is described under the heading "<i>Director's Compensation</i>".</p>
<p>Succession Planning</p>	<p>Succession planning for the CEO and other senior executive positions is considered by the Compensation and Organizational Development Committee (and by the Audit Committee in connection with the CFO) on an ongoing basis as part of the Company's employee "succession and talent review" process. As part of this process, the Committee seeks to ensure that potential successors to the CEO, CFO and other senior executive roles are identified and that those identified receive any additional career development and/or education required.</p>
<p>Senior Management Diversity Policy</p>	<p>Based on the recommendation of the Compensation and Organizational Development Committee, the Board has adopted the following written policy relating to gender, international and other diversity in senior management positions of the Company:</p> <p>"The Board of Directors believes that the senior management of Shawcor should be comprised of highly qualified individuals from diverse backgrounds who reflect the demographics of the markets in which the Company operates and the Company's customer and employee base, and that such diversity will enhance senior management decision-making and Shawcor's continued success. The Compensation and Organizational Development Committee (the "Committee") and Shawcor's senior management will, in their senior management succession planning and talent management process:</p> <ul style="list-style-type: none"> a) consider only candidates for senior management positions who are highly qualified based on their talents, experience, expertise and personal skills, character and qualities; b) take into account criteria that promotes diversity, including gender, international background, age and ethnicity; and c) if required, engage qualified independent external advisors to assist in the search for candidates that meet the Company's skills, experience and diversity criteria." <p>The Company has not identified a specific target regarding women in executive officer positions. While gender diversity is an important consideration, the Company cannot make a commitment to select an executive officer where gender is a decisive factor above all other considerations and the Company must have the flexibility to hire or promote to executive officer positions based on talent, experience, expertise and personal skills, character and qualities. However, as part of its current staffing practices, the Company does consider the level of representation of women in senior management positions when making executive appointments. Shawcor has a practice of examining diversity, including diversity in gender and international background, in the development of its executive talent pools and through the Company's annual talent review process which reviews talent depth and strength throughout the business. All appointments to senior management positions include a review of the succession plan and potential candidates in Shawcor's executive talent pool.</p> <p>At this time, Shawcor has one female (6.3%) and two individuals (12.5%) with international diversity out of a total of 16 executive officers.</p> <p>The number of women in Shawcor's 2019 executive talent pool, a key source of high potential talent for executive roles, is 8 out of a total of 71, or 11.8%.</p>

Disclosure Item	Comments		
8. Other Committees	A description of each of the Committees of the Board of Directors is set out under the heading "Committees of the Board of Directors and Their Roles".		
9. Board and Committee Assessments	The Nominating and Governance Committee reviews the effectiveness of the Board, its Committees and individual directors. The Nominating and Governance Committee has developed and recently updated a Board, Committee and individual director evaluation process (including peer review) and form that is completed on an annual basis and submitted to the Chair of the Nominating and Governance Committee. This process is summarized in the following table.		
	Review Frequency	By	Action
	Full Board (Annual)	All Members of the Board	<ul style="list-style-type: none"> Board members complete a detailed questionnaire which: (a) provides for quantitative ratings in key areas and (b) seeks subjective comment in each of those areas. Responses are reviewed by the Chair of the N&G Committee.
			Outcome
			<ul style="list-style-type: none"> A summary report is prepared by the Chair of the N&G Committee and provided to the Board Chair, the N&G Committee and the CEO. The summary report is reported to the full Board by the N&G Committee Chair. Matters requiring follow-up are identified and action plans are developed and monitored on a go-forward basis by the N&G Committee.
	Board Committees (Annual)	All Members of each Committee	<ul style="list-style-type: none"> Members of each Committee complete a detailed questionnaire to evaluate how well their respective Committee is operating and to make suggestions for improvement. The Chair of the N&G Committee receives responses and reviews them with the appropriate Committee Chair.
			<ul style="list-style-type: none"> A summary report is prepared by the Chair of the N&G Committee and provided to the Board Chair and the appropriate Committee. The summary report for each Committee is then reported to the full Board by the Chair of the N&G Committee. The appropriate Committee Chair assumes responsibility to follow-up on any matters raised in the assessment and take action, as appropriate.
	Board Chair (Annual)	All Members of the Board	<ul style="list-style-type: none"> Board members assess and comment on the Board Chair's discharge of his/her duties. Individual responses are received by the Chair of the N&G Committee.
			<ul style="list-style-type: none"> A summary report is prepared by the Chair of the N&G Committee and provided to the Board Chair and the full Board.
	All Members of the Board (Annual)	All Members of the Board	<ul style="list-style-type: none"> Board members conduct a self-assessment of their own contribution to the Board as well as a peer review of each of the other directors. The Chair of the N&G Committee reviews the responses and reviews them with the Chair of the Board.
			<ul style="list-style-type: none"> Feedback from peer review comments is provided to directors individually by the Chair of the N&G Committee and the Chair of the Board. Feedback from self-assessments/peer reviews is used to determine requirements for further director education and to assist in determining Committee appointments.

SECTION 5 COMPENSATION DISCUSSION & ANALYSIS

Introduction

Shawcor's executive compensation program is designed to align, focus and recognize executives and management for achieving the Company's short and longer-term strategic objectives, and to reward them for their performance and contributions to the Company. Specifically, the program has unique features that reinforce our business strategy and growth objectives, including:

- Focus on enduring financial performance targets in the annual incentive plans (earnings per share ("EPS") growth and Return on Invested Capital ("ROIC") at the Corporate level);
- Long-term equity grants that align with share price performance over multiple time horizons and long-term cash awards with values based on rolling 3-year growth in revenue and operating income; and
- A mix of incentive awards tied to performance at the Corporate and Operating unit levels, offering effective line of sight to plan participants.

The program is intended to advance the interests of shareholders and contribute to a dynamic, accountable and performance-oriented environment which is attractive to the executives and managers we seek to hire and retain. The Compensation and Organizational Development Committee regularly reviews the executive compensation program and the alignment with prevailing governance practices. Key design features of the program include:

Compensation Design	Compensation Decision-Making	Compensation Governance
<ul style="list-style-type: none"> • A significant amount of executive pay is at risk (80% for CEO at target) • Incentive plan measures are aligned with the business strategy and long-term growth objectives • Incentive plans are aligned with the experience of shareholders – direct and indirect link to share price over multiple time horizons • A minimum 50% of senior executive long-term incentives are performance-based and fully at risk (Value Growth Plan) 	<ul style="list-style-type: none"> • Formal decision-making framework • Regular review of business risks and compensation-related risks • Regular scenario testing of compensation programs and potential pay outcomes • Responsible use of Board and Committee discretion, where applicable • Regular monitoring of market trends in North America, to inform (but not drive) compensation decisions 	<ul style="list-style-type: none"> • Executives are required to own equity in Shawcor; requirements vary by level • Executives are not allowed to hedge the value of their equity awards • Compensation can be clawed back in the event of financial restatement • Employment contracts are generally limited to the CEO and severance and termination provisions are aligned with market practice • External independent advisor supports the Board and Committee

We thank shareholders for their support of our executive compensation program in 2018, with “Say on Pay” support greater than 90%.

2018 Performance Summary

In 2018, Shawcor’s financial and operating performance reflected the absence of a large (greater than \$100 million revenue) pipe coating contract. In 2017, financial results were buoyed by the successful execution of the Sur de Texas – Tuxpan project in Mexico that generated revenues of greater than \$360 million. In 2018, while Shawcor saw continued improved demand for the Company’s products and services, specifically those related to North American land drilling and completion activity, there was an expected year-over-year decline in revenue and profit when compared to 2017.

For the year, Shawcor reported revenue of \$1.41 billion, a decrease of \$160 million or approximately 10% as compared to the revenue of \$1.57 billion in 2017. The Company delivered net income attributable to shareholders of \$26 million in 2018, down from net income of \$71 million in 2017. As noted above, the lower revenue and profit results in 2018 were expected due to the lack of a large project. Despite this, the Company delivered profitable results from its diversified base, particularly in North America, in the Pipeline & Pipe Services segment and in its stable business in the Industrial and Petrochemical segment. The Company ended 2018 with a backlog of \$459 million with over \$2.9 billion in outstanding firm bids and budgetary estimates. This represents a 19% increase in comparison with the backlog at the end of 2017.

The Pipeline & Pipe Services segment experienced a decline in revenues and profits primarily due to the lack of a large project. However, there was growth and continued improvements in North America due to increased demand for the Company’s products and services, particularly composite pipe for gathering line applications, pipe coating products and integrity management and field inspection services. The Industrial and Petrochemical segment delivered growth in revenue and income performance as it continued to benefit from increased demand for heat shrink products in the market.

In 2018, the Company continued its focus on maintaining a strong balance sheet position. With the positive financial performance in the year and solid operational management, the Company delivered solid cash flow from operations of \$33 million. The Company ended 2018 with a cash balance of \$217 million and had \$457 million of unutilized credit facilities. With its strong balance sheet, the Company is well positioned to pursue, secure and execute large projects and support overall business growth with organic and inorganic investments.

Leveraging new technologies remains a priority for the Company. In 2018, the Company completed development of the High Definition Realtime Radiography scanners that expand the range of pipe diameters and wall thicknesses that can be accommodated with this technology and the Company continued to develop higher pressure technology for our FlexFlow products.

Compensation Implications

As Shawcor’s incentive plans are largely tied to financial and operating performance, payouts in 2018 under the annual SEIP (Senior Executive Incentive Plan) were well below target levels.

Payouts under the longer-term Value Growth Plan (“VGP”) were also well below target resulting from the lower cumulative revenue and operating income level for the 2016–2018 performance period as compared to the 2013–2015 baseline period during which the Company delivered record financial performance.

Named Executive Officers

Named Executive Officers (“NEOs”) are defined as the CEO, the CFO and the three most highly compensated executive officers of the Company. The 2018 NEOs include two corporate executives, two executives from the Company’s Pipeline Performance group and one executive from the Company’s Composite Production Systems group. The 2018 NEOs were:

Name	Position	Location
Stephen Orr	President & Chief Executive Officer	Toronto, Canada
Gaston Tano	Senior Vice President, Finance & Chief Financial Officer	Toronto, Canada
Henri Tausch	Senior Vice President, Corporate Development and Solutions (from November 2018) (formerly Group President, Pipeline Performance)	Houston, USA
Joe Tabak	Group President, Composite Production Systems	Calgary, Canada
Kevin Reizer	Group President, Pipeline Performance (from November 2018) (formerly Senior Vice President, Eastern Hemisphere, Pipeline Performance)	Leiden, Netherlands

Compensation and Organizational Development Committee

For information regarding the responsibilities, processes and operation of the Company’s Compensation and Organizational Development Committee and the independence of each of its members, see *Committees of the Board of Directors and Their Roles*. All Compensation and Organizational Development Committee members have direct or indirect experience that is relevant to their responsibilities in executive compensation. Derek Blackwood, the Chair of the Compensation and Organizational Development Committee, has held this position since 2013 and has served as Managing Director and President of various Wood Group companies from 1996 until his retirement at the end of 2013 and as Chief Executive Officer of Vepica Group from September 2015 to June 2018. Pamela Pierce and Robert Mionis have had lengthy careers in operations and general management in the oil and gas and other manufacturing industries and Ms. Pierce has been a member of (and is now Chair of) the Compensation Committee of Laredo Petroleum and other public companies. Robert Mionis is the Chief Executive Officer of Celestica Inc and is a member of its Board of Directors. In their roles as members of the Compensation and Organizational Development Committee and as current or former senior executive officers or directors of large global organizations, each member of the Compensation and Organizational Development Committee has developed skills and experience in executive compensation issues which enable them as a group to make decisions on the suitability of the Company’s compensation policies and practices.

Consulting Advice & Services

In 2018, Willis Towers Watson independently advised the Compensation and Organizational Development Committee on compensation levels for “Designated Employees” (as defined below) of the Company, including the NEOs, all officers of the Company and the senior executives who reported directly to the President & CEO of the Company. Willis Towers Watson also served as a resource to management (with the approval of the Compensation and Organizational Development Committee) in establishing appropriate compensation programs for these employees. The 2018 Designated Employees were the NEOs, all officers of the Company and the senior executives who reported directly to the CEO of the Company. Specific services provided by Willis Towers Watson during the year included:

- Supporting the Compensation and Organizational Development Committee with ongoing executive compensation related activities, including preparation for and attendance at Committee meetings in 2018;
- Reviewing the Company’s Executive Compensation Philosophy Statement and pay-for-performance framework including the design of both the short-term and long-term incentive programs;
- Advising on the composition of market peer groups for purposes of compensation and performance benchmarking;
- Reviewing compensation levels for the President & CEO and Designated Employee roles;
- Advising the Compensation and Organizational Development Committee and management on relevant executive compensation trends and governance;
- Reviewing the Compensation Discussion & Analysis contained in the annual Management Proxy Circular;
- Providing support with executive succession planning and the development of executive profiles;
- Providing support in connection with preparing for Shawcor’s first “say on pay” vote held in May 2018; and
- Reviewing management’s assessment of any potential risks arising from the executive compensation program.

Willis Towers Watson’s aggregate fees to the Company in each of 2018 and 2017 were as follows:

	Executive Compensation-Related Fees	All Other Fees ⁽¹⁾	Total
2018	\$ 179,000	–	\$ 179,000
2017	\$ 166,218	\$ 4,596	\$ 170,814

(1) All Other Fees includes the cost of non-executive market pay data produced by Willis Towers Watson’s compensation consulting service.

Compensation Philosophy

Our executive compensation programs and practices are guided by the Company's Executive Compensation Philosophy. This philosophy is reviewed annually by the Compensation and Organizational Development Committee prior to the compensation planning activities for the following year. It reinforces the Company's strategic focus on sustained profitable growth and the link between compensation and performance. It also clarifies our desired compensation position relative to peer groups and our expectations for executive share ownership. The philosophy statement adopted by the Board is as follows:

Shawcor is a growth-oriented, global energy services company operating through a number of complementary Operating Units. Our strategic focus is on sustained operating performance and profitable growth of Shawcor and each of our Operating Units.

The purpose of our executive compensation program is to attract, retain and reward high caliber leaders who realize sustainable and profitable growth and maximize long-term value for our shareholders. In support of this purpose, a set of principles guides the Company's decisions with respect to the compensation programs and practices we use to motivate and reward our executives.

To ensure our program is competitive, we:

- Regularly compare our total compensation levels against comparable companies in energy services, oil and gas, and industrial manufacturing, with particular emphasis on salary levels and short and long-term incentives, to ensure the ongoing competitiveness of our compensation program.
- Measure the competitiveness of compensation levels in the countries and regions where we operate, and utilize compensation benchmarks from multiple geographic markets for executives with international responsibilities.
- Use median (50th percentile) compensation values reported by our comparator group companies as a primary reference for establishing target amounts for each element of compensation, and for maintaining competitive total compensation levels.
- Consider factors related to the executive's potential impact on Shawcor results, scope of responsibility and accountability, and reporting structure in determining appropriate compensation levels.

To effectively motivate executives to consistently deliver superior performance, we:

- Ensure executives have a significant proportion of total annual compensation contingent upon achieving objective measures of financial and operating performance.
- Preserve a strong and direct relationship between Shawcor, Operating Unit and individual performance, and the short and long-term compensation earned by executives. Executives should have the opportunity to achieve top quartile compensation levels among comparator group companies when performance warrants.
- Establish an appropriate 'mix' of compensation elements for executives to ensure an appropriate and balanced focus on short and long-term results. Our goal is that Shawcor's most senior executives have a significant portion of total compensation contingent on both short and long-term performance.
- Ensure there is a link between executive earnings and Shawcor's relative performance against its peer group.

To engage executives to the strategic goals of the Company and provide the opportunity for a productive career with Shawcor, we:

- Link a material portion of executive compensation to measures of business performance for which they have direct line of sight and accountability.
- Ensure that our compensation programs and policies reward appropriate risk taking and discourage inappropriate risk taking.
- Ensure senior executives meaningfully share the risks and rewards of ownership with Shawcor shareholders by: a) basing a portion of their total compensation on Shawcor share price performance, and b) requiring them to hold a minimum level of Shawcor shares or share units within 5 years of their employment in or promotion to a senior role.

This Compensation Philosophy is used to guide the development and application of compensation programs for Designated Employees, as defined in the Compensation and Organizational Development Committee Charter, and other senior corporate and operating executives of Shawcor Ltd.

Although management should be accountable for actual results delivered, the Compensation and Organizational Development Committee of the Board has the right to apply business judgment in adjusting incentive targets or awards to preserve the intended objectives and integrity of the compensation program.

Risk Oversight

In fulfilling its mandate, the Compensation and Organizational Development Committee annually reviews and recommends to the Board for approval any amendments to the Executive Compensation Philosophy and other compensation policies and practices of the Company, including a recommendation as to the compensation of the Chief Executive Officer and other Designated Employees. In the view of the Board, this regular, critical scrutiny along with a deliberate approach to the design of executive compensation programs ensures an acceptable level of risk in executive compensation arrangements.

The Company employs the following compensation programs and practices which encourage senior executives to achieve the short and long-term objectives of the Company and manage risk:

Significant portion of pay at-risk	For the CEO and other NEOs, 72.6% of the aggregate 2018 target total direct compensation is "at-risk". This mix provides a strong relationship between performance results and pay outcomes.
Balance between short and long-term performance objectives	Consistent with best practice, the mix of incentive compensation elements ensures executive behaviours that align with both the short-term and longer-term interests of the Company.
Objective and auditable performance measures	Annual and longer-term incentive plans rely on standard, objective measures of business performance that are derived from the Company's audited financial statements, e.g., revenue, net income, earnings per share or return on invested capital, or market value of the Company's shares. Awards are paid following approval of the audited financial results by the Board.
Preservation of Board discretion to manage questionable circumstances – Clawback Policy	The Board retains discretion to alter, cancel or defer amounts payable under annual and long-term incentive plans, other than the Company's stock option plan, should the plans trigger an inappropriate result or should the Company report a negative net income in a particular year. Should a financial restatement occur, the Executive Compensation Clawback Policy may require the "clawback" of incentive-based compensation to executive officers whose misconduct caused or substantially contributed to the restatement.
External independent advice	The Compensation and Organizational Development Committee engages an independent advisor to provide an external perspective of market changes and best practices related to compensation design and governance and appropriate compensation levels to attract and retain the caliber of executives required to deliver sustained profitable growth.
Stress testing and predictive modelling of pay programs	Periodically, all executive compensation plans are stress tested to guard against potential unintended consequences and ensure appropriate pay and performance alignment.
Caps on awards paid from performance contingent incentive plans	Each compensation plan which has a variable award based on the attainment of objective measures of performance specifies a ceiling or cap on the amount which can be earned under the plan for superior performance.
Delayed vesting for long-term incentives	Long-term incentives are granted with time-based vesting provisions. Stock option grants vest over 5 years, share units vest over 5- or 7-year terms and awards under the Value Growth Plan "cliff-vest" after 3 years, with the value dependent upon performance within the 3-year period.
Specific expectations for share ownership by executives	The Company's Executive Share Ownership Policy sets out specific targets for share ownership levels (ranging from 1 – 4 times annual salary) that ensure key executives share the longer-term risks and rewards of share ownership with the Company's shareholders.
Anti-hedging policy	Company policy precludes directors and senior executives from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by such directors or senior executives.
Clear limits and controls on capital expenditures	The Board is responsible for authorizing major capital expenditures to ensure investments are prudent and responsible.
"Double trigger" on change of control	Long-term incentive awards vest on an accelerated basis only where termination of employment follows a change of control event, referred to as a "double trigger".
Regular monitoring of market practice	The Compensation and Organizational Development Committee on a regular basis reviews and considers evolving good compensation governance practices and policies.

These and other practices, supplemented by the use of a Willis Towers Watson compensation risk assessment checklist, incorporate risk assessment into our standard compensation practices. Consequently, the Board has not identified any risks arising from our compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Peer Group Comparison

To ensure our executive compensation is competitive, we regularly benchmark the Company's compensation to a select group of organizations in the Canadian and U.S. energy services industry (the "Peer Group").

When establishing the Peer Group, consideration was given to:

- Shawcor's specific and unique expertise in the Oil and Gas Equipment and Services Industry;
- The limited number of direct industry peers in Canada;
- Shawcor's considerable global presence in over 25 countries and significant operations in the U.S., reflecting a North American market for senior executive talent;
- Shawcor's smaller size in terms of revenue and market capitalization compared to U.S. industry peers, but its comparable international scope of operations and business complexity; and
- Companies with comparable strategic imperatives:

- > Leveraging new technology to access new markets and create growth opportunities
- > High transformational growth objectives
- > Focused on increasing global scale and presence

The 2018 Peer Group was comprised of organizations with which the Company competes for business and/or executive talent and was also the basis for broader organization performance comparisons. The Compensation and Organizational Development Committee used its discretion in selecting the peer group, balancing the need for the Group to include publicly traded companies that reflect similar characteristics to Shawcor in terms of size (measured by revenue and market capitalization), with the need for alignment in elements such as scope/complexity, international operations and similar strategic imperatives.

The 2018 Peer Group, which was unchanged from the 2017 Peer Group, consisted of:

Aegion Corp. (U.S.)	Dril-Quip, Inc. (U.S.)	Enerflex Ltd. (Can.)
McDermott International Inc. (U.S.)	Oceaneering International Inc. (U.S.)	Oil States International (U.S.)
Pason Systems Inc. (Can.)	Precision Drilling Corp. (Can.)	RPC Inc. (U.S.)
Secure Energy Services Inc. (Can.)	Technip FMC PLC (France.) ⁽¹⁾	Toromont Industries Ltd. (Can.)
Trican Well Service Ltd. (Can.)		

(1) Formerly FMC Technologies Inc.

The President & CEO and CFO roles are matched to comparable positions within the Peer Group for purposes of establishing compensation benchmarks.

For other NEOs and Designated Employees and key management roles, the Company uses the Willis Towers Watson U.S. Oilfield Service Survey and the Willis Towers Watson Canadian Executive Compensation Survey. Survey peers are identified using a comparable set of criteria to that used for the Peer Group.

Elements of Compensation

Shawcor's executive compensation program includes the following elements:

Annual		Medium Term	Longer Term (Equity)		Pension
Reward attainment of annual business and personal performance objectives		Reward sustained, multi-year operating performance improvement that contributes to shareholder value	Encourage share price growth and executive retention over longer periods		
Salary	Sr. Executive Incentive Plan SEIP	Value Growth Plan VGP	Employee Share Unit Plan ESUP	Employee Stock Option Plan ESOP	Retirement Plan(s)
<ul style="list-style-type: none"> Reviewed annually based on competitive benchmarks, individual contribution and impact 	<ul style="list-style-type: none"> Individual target award amounts set Three performance dimensions considered. OI growth, ROCE growth and objectives Financial targets reflect enduring standards for year over year growth and return on capital Award opportunity up to 2X target Awards paid in cash annually Plan allows for inclusion of an additional business result element 	<ul style="list-style-type: none"> Notional units granted annually Monetary value of units determined by two measures – Operating Income and Revenue Formula based on cumulative 3-year performance in each Revenue has half the weight of OI in plan formula Unit values paid in cash at 3-year vesting Unit value adjusted +/- up to \$0.30/unit based on TSR performance compared to peers 	<ul style="list-style-type: none"> Share Units granted at discretion of the Board Time or performance based vesting – specified by Board for each grant Ten-year term Realizable value = share price Settled with Treasury shares upon exercise 	<ul style="list-style-type: none"> Stock Options granted at discretion of Board Vest over 5 years at 20% per year Nine + year term Realizable value = share price growth above grant price 	<ul style="list-style-type: none"> Defined benefit arrangement with SERP provision, plus three defined contribution plans Participation is based on role and geographic location

Summary of Target Total Direct Compensation Elements

The following table summarizes the mix of target total direct compensation for the CEO and other NEOs for 2018, defined as target annual cash compensation plus target long-term compensation. The mix of compensation elements is heavily weighted toward variable compensation, particularly long-term compensation.

Name	2018 Base Salary	Short-term Incentive		Target Annual Cash	Long-term Incentive		Target Total Direct Compensation
		% of Salary	\$ Target Value		% of 2017 Base Salary	\$ Target Value	
Stephen Orr	\$ 824,000	120%	\$ 988,800	\$ 1,812,800	300%	\$ 2,400,000	\$ 4,212,800
Gaston Tano ⁽¹⁾	\$ 412,000	70%	\$ 288,400	\$ 700,400	180%	\$ 720,000	\$ 1,420,400
Henri Tausch ⁽¹⁾	\$ 490,180	70%	\$ 343,126	\$ 833,305	150%	\$ 719,550	\$ 1,552,855
Joseph Tabak ⁽¹⁾	\$ 316,275	40%	\$ 126,510	\$ 442,785	100%	\$ 309,000	\$ 751,785
Kevin Reizer ⁽¹⁾	\$ 406,490	50%	\$ 203,245	\$ 609,736	100%	\$ 399,750	\$ 1,009,486

(1) Annual cash incentives are based on the actual salary amounts earned and paid in 2018. Messrs. Tano, Tausch, Reizer and Tabak's salaries are adjusted effective April 1 of each year and the amounts shown are as of April 1 in the indicated year and Messrs. Tausch and Reizer's salaries are paid in US dollars. The average US dollar conversion rate used by the Company for transactions during 2018 was \$1.296 and in 2017 was \$1.30.

Retirement Income

The Company provides both defined benefit and defined contribution pension arrangements for executives based on geographic location. Competitive pension arrangements represent a basic condition of executive employment and should not have a major role as a performance incentive. The Company reviews its Retirement Income Plans for competitiveness less frequently than other elements of compensation and manages them to ensure they effectively complement the other elements of compensation.

Other Compensation

The Company maintains competitive Group Benefit Plans for all executives including Life Insurance, Accidental Death and Dismemberment Insurance, Short Term Disability Income, Long Term Disability Income and Health and Dental coverage. Benefits under these plans do not differ materially from those provided to other management employees. Most group benefits cease on an executive's retirement or termination. From time to time, the Company provides other forms of compensation that respond to individual circumstances in the attraction and retention of executives and to ensure their full commitment to the objectives of the organization.

Compensation Decisions for 2018

Market Benchmarking Process

In 2018, Willis Towers Watson was asked to conduct its annual executive compensation review for the Compensation and Organizational Development Committee. The full review, including CEO compensation, was provided to the Board Chair and all members of the Compensation and Organizational Development Committee. The results of the study, except for details relating to his compensation, were also provided to the CEO.

The Board Chair conferred with Willis Towers Watson to understand the outcomes of the Company's compensation programs relative to the CEO market data and to form compensation recommendations for the CEO. The Board Chair subsequently met with the Compensation and Organizational Development Committee to review individual CEO accomplishments for 2017 and present 2018 compensation recommendations for review and approval.

The CEO consulted with Willis Towers Watson in forming his compensation recommendations for other NEOs and Designated Employees and reviewed his recommendations with the Board Chair and the Compensation and Organizational Development Committee.

Following its review, the Compensation and Organizational Development Committee presented its 2018 senior executive compensation recommendations to the full Board which approved such recommendations.

Salary

Base salary is determined for each executive based on his or her role, scope of responsibility and accountability, required experience, overall value to the Company and on competitive market compensation levels. The table below summarizes base salary levels as of January 1, 2017 and 2018 for individual NEOs:

NEO ⁽¹⁾	2017	2018	% Increase
Stephen Orr	\$ 800,000	\$ 824,000	3.0%
Gaston Tano ⁽¹⁾	\$ 400,000	\$ 412,000	3.0%
Henri Tausch ⁽¹⁾	\$ 479,700	\$ 490,180	2.2%
Joseph Tabak ¹⁽¹⁾	\$ 309,000	\$ 316,275	2.4%
Kevin Reizer ⁽¹⁾	\$ 399,750	\$ 406,490	1.7%

(1) Messrs. Tausch and Reizer's salaries are paid in US dollars and Messrs's Tano, Tausch, Reizer and Tabak's salaries are adjusted effective April 1 of each year and the amounts shown are as of April 1 in the indicated year. The average US dollar conversion rate used by the Company for transactions during 2018 was \$1.296 and for 2017 was \$1.30.

Annual Incentives

Each NEO is assigned an annual incentive target expressed as a percentage of salary. The sum of salary and the annual incentive target forms the target Annual Cash Compensation for each executive and becomes a primary reference for compensation benchmarking. Shawcor maintains an appropriate mix between salary and incentive pay, consistent with the Executive Compensation Philosophy and competitive market trends.

Annual cash incentives for NEOs are delivered through participation in the Corporate Senior Executive Incentive Plan ("Corporate SEIP") or the Operating Senior Executive Incentive Plan ("Operating SEIP").

In 2018, Messrs. Orr and Tano participated in the Corporate SEIP and Messrs. Tausch, Tabak and Reizer participated in the Operating SEIP. The financial measures of the Corporate SEIP and the Operating SEIP are set out in the following tables:

Corporate SEIP

	Return on Invested Capital ("ROIC") ⁽¹⁾		Growth in Earnings per Share ("EPS") ⁽²⁾		Fall Through Profit Margin ⁽³⁾		Individual Performance		SEIP Payout
Weight (% of target award)	20%	+	35%	+	20%	+	25%	=	100%
Payout Range (% of target payout)	0% – 200%		0% – 200%		0% – 200%		0% – 200%		0% – 200%

Operating Executive SEIP

	Return on Capital Employed ("ROCE") ⁽⁴⁾		Growth in Operating Income ("OI")		Fall Through Profit Margin ⁽³⁾		Individual Performance		SEIP Payout
Weight (% of target award)	20%	+	35%	+	20%	+	25%	=	100%
Payout Range (% of target payout)	0% – 200%		0% – 200%		0% – 200%		0% – 200%		0% – 200%

(1) Return on Invested Capital ("ROIC"), a non-GAAP measure, is defined as net income adjusted for after tax interest expense divided by average invested capital over the year. Average invested capital is calculated as the average over the year of bank indebtedness, long-term debt and equity and is used by the Company to assess the efficiency of generating profits from each unit of invested capital, independent of the Company's financing choice. Investors use this measure to evaluate how well the Company is using its invested capital to generate returns and for comparing its long-term return performance to the performance of other companies.

(2) For the purposes of the Corporate SEIP, EPS is calculated based on income from continuing operations and excludes the impact of any asset value impairments or write-ups and any fair value gains or losses relating to the acquisition of an interest in a company.

(3) A third business performance factor, called Fall Through Profit Margin, was introduced in 2018. Fall Through Profit Margin is the incremental profit margin ascribed to incremental revenue not delivered through large pipe coating projects (i.e. single projects with greater than \$100M in revenues). Further detail is provided in the section below.

(4) Return on Capital Employed ("ROCE") is a non-GAAP measure calculated by dividing Income from Operations (before impairment of property, plant equipment, intangibles and goodwill) by the average capital employed during the year. Capital employed is an appropriate measure of Operating unit performance and consists of the total of accounts receivable, inventories, prepaid expenses, property, plant and equipment, intangible assets and goodwill, minus accounts payable and accrued liabilities, short term and long-term provisions and deferred revenue. Average capital employed is calculated as the sum of capital employed at the beginning of a year and at the end of each month in the year, divided by thirteen. Non-GAAP measures do not have standardized meanings and are not necessarily comparable to similarly titled measures of other companies.

These plans reward the achievement of corporate and/or operating unit financial objectives and individual performance. In 2018, the Company introduced a third business performance factor, "Fall Through Profit Margin", for inclusion in the Corporate SEIP and the Operating SEIP. This factor carried a 20% weight in the calculation of the final payout.

The addition of the Fall Through Profit Margin element was included in an effort to incentivize plan participants to drive incremental, profitable growth from other than large (i.e. more than \$100M) pipe coating projects. This organic growth is referred to as "Fall Through Revenue". The performance metric carried two requirements to enable payout:

1. Achievement of a minimum Fall Through Revenue hurdle of \$200 million at the Shawcor level in 2018.
2. Achievement of a minimum profit margin on Fall Through Revenue with higher Fall Through Profit Margin delivering higher rewards.

Financial Performance for 2018

SEIP Plan	Measure	Threshold	Performance Range		Actual Performance	Performance Factor (% of Target)
			Target	Maximum		
	ROIC ⁽¹⁾	10.1%	15%	20%	2.8%	0%
	EPS ⁽²⁾	\$1.13	\$1.30	\$1.47	\$0.37	0%
Corporate		YOY Increase of \$200 Million in Fall Through Revenue			Did Not Meet Threshold ⁽⁴⁾	
	Fall Through Profit Margin ⁽³⁾⁽⁴⁾		-	-		0%
	ROCE ⁽⁴⁾	-	-	-	Not Disclosed ⁽⁴⁾	
	OI Growth	0%	15%	30%	No Growth	0%
Pipeline Performance		YOY Increase of \$200 Million in Fall Through Revenue			Did Not Meet Threshold ⁽⁴⁾	
	Fall Through Profit Margin ⁽³⁾⁽⁴⁾		-	-		0%
	ROCE ⁽⁴⁾	-	-	-	Not Disclosed ⁽⁴⁾	
	OI Growth	0%	15%	30%	261%	200%
Composite Production Systems		YOY Increase of \$200 Million in Fall Through Revenue			Did Not Meet Threshold ⁽⁴⁾	
	Fall Through Profit Margin ⁽³⁾⁽⁴⁾		-	-		0%

(1) See footnote 1 in the chart above.

(2) See footnote 2 in the chart above.

(3) See footnote 3 in the chart above.

(4) Providing specific information on ROCE targets and actual ROCE achieved at the Operating unit level and specific information on Fall Through Profit Margin targets and the actual Fall Through Profit Margin achieved would seriously prejudice the Company's interests relative to competitive market and pricing strategies and the Company does not disclose this information as it relies on the disclosure exemption contained in Item 2.1(4) of Form S1-102F6, Statement of Executive Compensation. Operating unit targets for ROCE are aligned with the Corporate objective of achieving 15% ROIC over the full business cycle. They are considered to be stretch targets and the achievement of Operating Unit performance targets reflects a comparable degree of difficulty to achieving the Corporate ROIC performance target.

The Corporate SEIP and Operating SEIP provide that if Shawcor does not report positive net income in a year, any awards earned and payable in the year may be deferred or cancelled at the discretion of the Compensation and Organizational Development Committee.

Individual Performance for 2018

In addition to financial objectives, executives are rewarded based on individual performance. This element has a 25% weighting in both the Corporate SEIP and the Operating SEIP. Individual performance is assessed based on the accomplishment of critical objectives established at the beginning of every year for each NEO such as health, safety and environmental ("HSE") performance, operational efficiency, cost reduction and leadership attributes. Objectives are based on the challenges the corporate or operating unit business and strategic plans present for each executive and are set in consultation with his or her immediate superior. Personal performance and the executive's leadership attributes demonstrated during the year were considered in the allocation of the discretionary amounts within the Corporate SEIP and the Operating SEIP through judgment exercised by the immediate supervisor of the individual executive, the Compensation and Organizational Development Committee and the Board.

Actual SEIP Awards for 2018

Each measure is considered individually and Corporate SEIP and Operating SEIP participants may achieve a maximum of 200% of their annual incentive target based on performance. The following table summarizes the incentive target (expressed as a percentage of earned salary) for 2018, and performance against those targets.

NEO	Target Incentive		Measure	Weight (% of Target Award)	2018 Performance Factor		Actual Award ⁽¹⁾
	% of 2018 Earned Salary	Cash Target ⁽²⁾ (\$)			(% of Target)	% of Earned Salary	
Stephen Orr	120%	\$ 988,800	ROIC	20%	0%	30%	\$ 247,200
			EPS Growth	35%	0%		
			Fall Through Profit Margin	20%	0%		
			Individual	25%	100%		
Gaston Tano	70%	\$ 286,300	ROIC	20%	0%	18%	\$ 71,575
			EPS Growth	35%	0%		
			Fall Through Profit Margin	20%	0%		
			Individual	25%	100%		
Henri Tausch	70%	\$ 340,872	ROIC	20%	0%	18%	\$ 85,218
			OI Growth	35%	0%		
			Fall Through Profit Margin	20%	0%		
			Individual	25%	100%		
Joseph Tabak	40%	\$ 125,918	ROIC	20%	179%	52%	\$ 164,724
			OI Growth	35%	200%		
			Fall Through Profit Margin	20%	0%		
			Individual	25%	100%		
Kevin Reizer	50%	\$ 202,249	ROIC	20%	0%	13%	\$ 50,562
			OI Growth	35%	0%		
			Fall Through Profit Margin	20%	0%		
			Individual	25%	100%		

(1) Cash incentives are based on the actual salary amounts earned and paid in 2018. Messrs. Tano, Tausch, Reizer and Tabak's salaries are adjusted effective April 1 of each year.

(2) All values expressed in Canadian dollars using an average 2018 exchange rate of US \$1 = CDN\$1.296.

The Board regularly reviews plans and retains the discretion to modify plan terms and any amounts awarded under the plans as warranted by individual circumstances or Company performance. If the Company or any division fails to make a profit, the Board reserves the right to withhold or defer any incentive payment.

Long-Term Incentives

To ensure executive efforts are aligned with the interests of shareholders and the pursuit of future strategic business goals, the Company employs the following equity and cash-based plans, which are described in further detail under the heading *Incentive Plan Awards – Long-Term Incentive Plans*, that the Board believes directly support the attainment of the Company's long-term business objectives:

Employee Stock Option Plan

Stock options are a significant vehicle for providing long-term incentives to the most senior executives in roles which influence long-term business outcomes.

Options granted under the Employee Stock Option Plan ("ESOP") vest over 5 years at a rate of 20% per year on the first through fifth anniversaries of the grant date and expire on December 31 of the year in which the ninth anniversary of the grant falls. Executive participants in the ESOP are subject to stock ownership requirements.

The Company uses the Black-Scholes option valuation methodology to determine the compensation value of grants for purposes of comparing compensation levels to benchmark companies. This is the same methodology used to identify the annual expense associated with stock option grants. See *Incentive Plan Awards – Long Term Incentive Plans* for more information concerning the ESOP.

Employee Share Unit Plan

The Employee Share Unit Plan ("ESUP") provides a means for the Board to grant share units intended to retain key executives through the full business cycle and align their interests with shareholders.

Employee Share Units generally vest at a rate of 20% per year on the first through fifth anniversaries of the grant date and expire on the tenth anniversary of the grant.

When vested, each Unit entitles the participant to receive one common share from treasury. Participants do not currently receive dividend equivalents or any other shareholder rights based on grants of these Units. See *Incentive Plan Awards – Long Term Incentive Plans* for more information concerning the ESUP.

Value Growth Plan

The Value Growth Plan ("VGP") is intended to motivate and reward senior executives for sustained growth and profitability within operating divisions and for the Company overall. It is the primary long-term incentive plan for most executives and key employees and is based on the achievement of fundamental financial measures. These measures reinforce focus on profitable growth and are key drivers of the Company's share price performance and return to shareholders.

The Plan rewards participants for growing revenue and operating income over a three-year performance cycle, referred to as the Performance Period, compared to the performance achieved in the three fiscal years immediately prior to the Performance Period, referred to as the Baseline Period. This structure provides a clear basis for evaluating performance that is consistent through the cycle and does not require the setting of budgets, which can be difficult over a multi-year period.

Beginning with the 2017 grants, three-year relative total shareholder return was added as a performance modifier, which can increase or decrease unit value at vesting by up to \$0.30 per unit. This addition was made to align VGP payout values with relative shareholder performance over the long term.

Units are granted annually and vest after three years. The value of units at vesting is determined directly by revenue, operating income and relative total shareholder return performance. Units have no value until they vest, at which time the value of each unit can range from \$0 to \$3.50 (\$4.00 in respect of pre-2017 grants). Earned awards are paid in cash at the end of the three-year performance cycle. See *Incentive Plan Awards – Long Term Incentive Plans* for additional information concerning the VGP and the 2017 amendments to the VGP.

Vested 2016 Value Growth Plan Units

Shawcor VGP units granted in 2016 vested on December 31, 2018. The 2016–2018 performance period saw declines in both revenue and operating income in comparison with the baseline performance period. As a result, the 2016 Shawcor VGP grant had a value of \$0.00 per unit.

Measure	Baseline Period (2013 to 2015) ⁽¹⁾	Performance Period (2016 to 2018) ⁽¹⁾	3 Year Growth	Factor
Cumulative Operating Income	\$ 650.51	\$ 7.7 ⁽²⁾	-99%	0
Cumulative Revenue	\$ 5,628.3	\$ 4,184.8	-26%	0

(1) Amounts are shown in millions.

(2) This amount includes the \$157.3 million impairment charge taken in 2016.

Using the same formula for the Pipeline Performance VGP units granted in 2016, revenue and operating income performance over the past three years was also below the baseline period, resulting in a value for the 2016 Pipeline Performance VGP grant of US\$0.00 per unit.

Using the same formula for the Composite Production Systems VGP units granted in 2016, revenue and operating income performance over the past three years was above the baseline period, resulting in a value for the 2016 Composite Production Systems VGP grant of C\$2.48 per unit. Providing specific information on Cumulative Operating Income and Cumulative Revenue achievement at the Business Unit level would seriously prejudice the Company's interests relative to competitive market and pricing strategies and the Company does not disclose this information as it relies on the disclosure exemption contained in Item 2.1(4) of Form 51-102F6, Statement of Executive Compensation.

These values are included in the Summary Compensation Table, illustrating, except in the case of Mr. Tabak, no payment for 2018 under *Non-equity Incentive Plan Compensation, Long-Term Incentives*.

Target Grant Values for 2018

In 2018, NEO's were assigned an annual long-term incentive target based on their ability to affect longer-term business results and with reference to competitive compensation benchmarks. This target is expressed as a percentage of the previous year's annual base salary and serves as a guide for the Board in granting long-term incentives. The Board also considers the role and impact of each NEO in determining the mix of long-term incentive units to be granted. These grants are viewed as incentives for future performance and their granting and vesting are not subject to any specific performance requirements. The following table indicates the long-term incentive target awards for each NEO for 2017 and 2018:

NEO	Target Long-Term Incentive (% of Salary)	
	2017	2018
Stephen Orr	300%	300%
Gaston Tano	160%	180%
Henri Tausch	150%	150%
Joseph Tabak	100%	100%
Kevin Reizer	100%	100%

The following table summarizes the mix of long-term incentives granted to each NEO for 2018 and the corresponding number of options and units granted for each plan. The Black-Scholes valuation approach was used to determine the value for stock options and the weighted average trading price of the common shares over a five-day trading period was the basis for valuing Employee Share Units. Value Growth Plan units have no monetary value at grant, with a final value to be determined at vesting between \$0 and \$3.50 per unit (\$4.00 in respect of pre-2017 grants). For the purpose of the following table, Value Growth Plan units reflect a notional value of \$1.00 for Messrs. Orr, Tano and Tabak and US\$1.00 for Messrs. Tausch and Reizer.

NEO	Mix of 2018 Long-Term Incentives					
	Stock Options		Employee Share Units		Value Growth Units	
	Weight	(#)	Weight	(#)	Weight	(#)
Stephen Orr	43%	195,000	8%	8,134	49%	1,200,000
Gaston Tano	0%	0	50%	14,641	50%	360,000
Henri Tausch	52%	79,800	0%	0	48%	276,800
Joseph Tabak	22%	12,600	16%	1,888	62%	185,400
Kevin Reizer	35%	37,600	13%	2,441	52%	184,500

Executive Share Ownership Levels

The Company has an Executive Share Ownership Policy to ensure key executives share the risks and rewards of share ownership with the Company's shareholders. The policy requires participants to maintain a minimum share ownership level within a five-year period. Share ownership targets are expressed as a multiple of the executive's current annual salary. The following table summarizes the ownership position of each NEO as of December 31, 2018, relative to the target for their position.

NEO	Salary	Target Ownership		Actual Ownership as of Dec. 31, 2018 ⁽¹⁾		
		Multiple of Salary	(\$)	(\$)	% of Target	
Stephen Orr	\$ 824,000	4 x Salary	\$ 3,296,000	\$ 3,071,246	93%	Did Not Meet Target ⁽²⁾
Gaston Tano	\$ 412,000	2 x Salary	\$ 824,000	\$ 813,712	99%	Did Not Meet Target ⁽²⁾
Joseph Tabak	\$ 316,275	1 x Salary	\$ 316,275	\$ 275,517	87%	Did Not Meet Target ⁽²⁾
Henri Tausch ⁽³⁾	\$ 490,180	1 x Salary	\$ 490,180	\$ 725,161	148%	Met Target
Kevin Reizer ⁽³⁾	\$ 406,490	1 x Salary	\$ 406,490	\$ 406,948	100%	Met Target

(1) Includes common shares and vested and unvested share units. Share prices are calculated based on the weighted average trading price of the common shares over the 90-day period preceding December 31, 2018, which was \$20.38.

(2) Messrs. Orr and Tabak have until later this year to meet their minimum shareholding requirements. Mr. Tano has until 2022 to meet his minimum shareholding requirement. Each of Messrs. Orr, Tano and Tabak met their minimum shareholding requirement as of September 30, 2018. Each of them was subject to the Company's normal quarter-end share trading blackout from October 1, 2018 to November 7, 2018, and thereafter were subject to a special share trading blackout in connection with the potential acquisition of ZCL Composites Inc. (announced January 20, 2019) until December 31, 2019. The value of Shawcor's shares on the TSX fell sharply during the fourth quarter of 2018 as did the shares of most of its peers and, as Messrs. Orr, Tano and Tabak were prohibited from trading for the entire quarter, they fell below the minimum shareholding requirement. As of March 15, 2019, each of them again meets their minimum shareholding requirement.

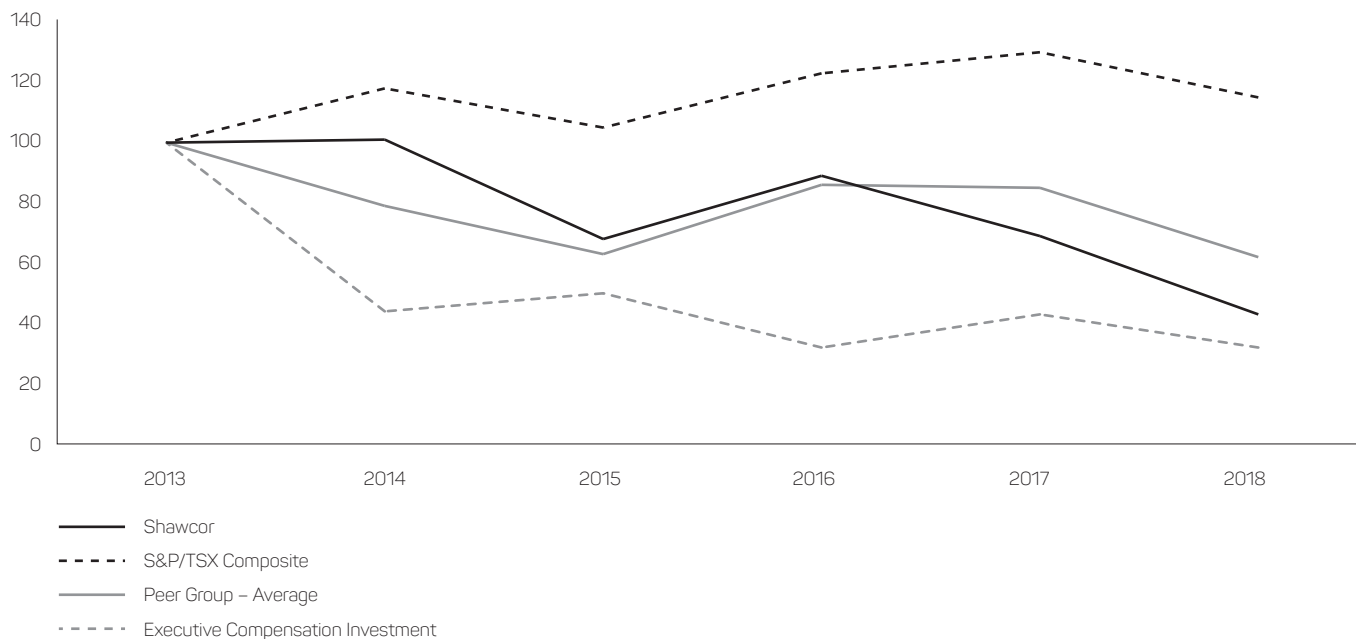
(3) Messrs. Tausch and Reizer are paid in US\$. The amounts shown have been converted from US\$ at the 2018 average exchange rate of \$1.296.

Anti-Hedging Policy

Shawcor precludes directors and senior executives from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by such directors or senior executives.

Shareholder Return & Executive Compensation

The following chart compares the cumulative total shareholder return for \$100 invested in the common shares of Shawcor Ltd. (TSX Symbol: SCL) on December 31, 2013 with the S&P/TSX Composite Total Return Index and the Shawcor Peer Group Index for the five most recently completed financial years. The table also illustrates the annual investment in executive compensation for the five most highly compensated executives reported in each of those years. This data is also presented in an indexed fashion with the 2013 year representing a value of 100.



Component	2013	2014	2015	2016	2017	2018
Shawcor	100	101	68	89	69	43
S&P/TSX Composite – Total Return Index	100	118	105	123	130	115
Peer Group – Average ⁽¹⁾	100	79	63	86	85	62
Executive Compensation Investment ⁽²⁾	100	44	50	32	43	32

(1) The Peer Group Average Total Shareholder Return consists of the average cumulative total shareholder return of the companies noted in the chart under the heading "Peer Group Comparison". The index values shown in the graph and table for the years ending 2013 to 2016 have been restated from those shown in the previous year to properly reflect the total shareholder return of the current peer group, which changed in 2017.

(2) Represents the annual aggregate cost of executive compensation for the five most highly compensated executives reported for each of these years, except for 2014, when former CEO William Buckley's compensation is excluded from the calculations to avoid double-counting compensation for the CEO position, and 2017, when former CFO Gary Love's compensation is excluded from the calculations to avoid double-counting compensation for the CFO position. This includes base salary, actual incentive payments, current service costs for accrued pension benefits, long-term incentive value, plus all other compensation as reported in the Summary Compensation Table. The compensation value of long term incentives was derived through applying the calculated Shawcor Black-Scholes option value to the exercise price for all stock options granted in any year, applying the weighted average trading price of the former Class A Subordinate Voting Shares (now common shares) on the TSX for the five trading days immediately preceding the date share units were granted and by applying the actual value of Value Growth Plan Units paid.

(3) Executive Compensation Investment for 2013 includes significant one-time, non-recurring payments of \$10.7 million.

In 2013, Shawcor NEO compensation increased substantially, primarily resulting from:

- The Company's record financial performance in 2013 which generated close to maximum annual incentive payments and, for the first time, payments under the Value Growth Plan.
- Significant one-time payments and grants totalling approximately \$10.7 million were made in 2013 in connection with the attraction, retention and motivation of senior executives during the strategic review/dual class share elimination and CEO transition processes, including transaction and retention bonuses to NEOs, the amendment to former CEO William Buckley's Supplemental Executive Retirement Plan, and one-time awards to Mr. Orr to offset the incentives forfeited at his previous employer and to align his efforts to the interests of shareholders.

During the period from 2013 to 2018, the trend in Shawcor's executive compensation investment has roughly matched the trend in Shawcor's total shareholder return.

CEO Compensation Look-back Analysis

Shawcor's compensation plans are designed to align CEO compensation with the creation of shareholder value. As a result, a significant portion of CEO compensation is at risk, including long-term incentives which are structured to deliver compensation based on growth in key financial measures and Shawcor's share price over various performance cycles.

The table below compares Mr. Orr's awarded compensation (pay opportunity) in each of the last five years, since his appointment as CEO in 2014, to the actual value of that compensation as at December 31, 2018. The actual value (realized and realizable) for a particular year includes:

- Salary
- Annual SEIP bonus awarded for that year
- Vested value of VGP units or ESUs granted in that year (or current value for units that remain outstanding), and
- Value of "in-the-money" outstanding stock options that were granted in that year.

The change between awarded compensation and actual compensation is then compared to absolute shareholder return over the same performance periods. For meaningful comparison, both CEO compensation and the value earned by shareholders have been indexed to \$100.

The values for CEO compensation and shareholder return can vary significantly from year to year based on Shawcor's share price. Overall, the change in Mr. Orr's awarded compensation over the cumulative periods (down 45% on average) is in alignment with the return to shareholders (down 49% on average). On average Mr. Orr has realized 55% of compensation awarded over the 5-year period.

Year	CEO Awarded Compensation (000s) ⁽¹⁾	CEO Actual Compensation as of December 31, 2018 ⁽²⁾	Period	Value of \$100 Investment	
				CEO ⁽³⁾	Shareholder ⁽⁴⁾
2014 ⁽⁵⁾	\$ 4,609,509	\$ 1,917,149	12/31/2013 to 12/31/2018	\$ 42	\$ 43
2015	\$ 3,354,006	\$ 1,570,475	12/31/2014 to 12/31/2018	\$ 47	\$ 43
2016	\$ 3,416,531	\$ 1,647,521	12/31/2015 to 12/31/2018	\$ 48	\$ 63
2017	\$ 4,836,448	\$ 3,439,593	12/31/2016 to 12/31/2018	\$ 71	\$ 48
2018	\$ 3,670,452	\$ 2,399,529	12/31/2017 to 12/31/2018	\$ 65	\$ 62
	\$ 19,886,946	\$ 10,974,267	Average	\$ 55	\$ 52

(1) Includes the sum of salary, actual SEIP and the grant date value of VGP units (value of \$1 per unit), stock options and ESUs.

(2) Includes the sum of base salary, actual SEIP, actual value of VGP payouts, current value of outstanding VGP units assuming \$1 per unit, in-the-money value of outstanding stock options (as of December 31, 2018) and market value of outstanding ESUs (as of December 31, 2018).

(3) Reflects the change in value between CEO awarded compensation and CEO actual compensation, indexed to a value of \$100 at the beginning of each respective period.

(4) Reflects the cumulative value of a \$100 investment in common shares made at the start of each respective period, inclusive of the reinvestment of dividends.

(5) 2014 reflects a transition year, with Mr. Orr appointed as President & CEO in May 2014.

2018 Summary Compensation Table

The following *Summary Compensation Table* reflects total compensation paid to NEOs for 2018, and provides comparative compensation particulars for prior years.

Name & Principal Position	Year	Salary (S)	Share Based Awards (S) ⁽¹⁾	Option Based Awards (S) ⁽²⁾	Non-equity Incentive Plan Compensation (S)		Pension Value (S)	All Other Compensation (S)	Total Compensation (S)
					Annual Incentives ⁽³⁾	Long-Term Incentives ⁽⁴⁾			
Stephen Orr President and CEO	2018	824,000	200,015	1,039,350	247,200	0	248,600	25,184	2,584,349
	2017	800,000	400,059	1,022,007	1,296,000	0	246,300	22,000	3,786,366
	2016	753,000	974,115	203,156	316,260	0	169,600	22,000	2,438,131
Gaston Tano ⁽⁵⁾ SVP, Finance & CFO (from May 1, 2017)	2018	409,000	360,022	0	71,575	0	133,300	21,560	995,457
	2017	383,333	412,445	0	330,673	0	110,400	18,096	1,254,947
	2016	107,692	300,015	0	16,154	0	22,500	5,846	452,207
Henri Tausch ⁽⁶⁾ SVP Corporate Development and Solutions	2018	486,960	0	384,012	85,218	0	97,206	50,188 ⁽⁷⁾	1,103,584
	2017	476,550	358,754	0	462,015	0	99,258	119,422	1,515,999
	2016	461,530	345,522	0	113,075	0	79,231	113,345	1,112,703
Joseph Tabak Group President, Composite Production Systems	2018	314,794	46,426	67,158	164,724	446,400	22,446	11,901	1,073,849
	2017	306,750	45,011	66,297	166,565	147,571	20,796	11,700	743,894
	2016	282,949	45,023	77,910	39,844	175,320	22,750	11,700	633,346
Kevin Reizer ⁽⁶⁾ Group President, Pipeline Performance	2018	404,498	60,024	159,086	50,562	0	109,461	833,731 ⁽⁸⁾	1,617,362
	2017	397,433	59,837	87,822	267,689	0	91,723	760,985	1,665,489
	2016	387,615	153,615	0	49,228	0	97,499	800,521	1,488,478

(1) Amounts shown are the grant date values for share unit awards granted under the Employee Share Unit Plan, being equal to the number of share units granted multiplied by the weighted average trading price per common share on the TSX for the 5 trading days immediately preceding the grant date.

(2) The value of a Shawcor stock option for purposes of both compensation and accounting is derived using the Black-Scholes methodology, applying the following assumptions for 2016, 2017 and 2018:

Inputs	2016	2017	2018
Valuation Methodology	Black-Scholes	Black-Scholes	Black-Scholes
Share Price Volatility	29.7%	28.46%	27%
Dividend Yield	1.88%	1.604%	2.409%
Risk-free Interest Rate	1.24%	1.45%	2.04%
Expected Life	6.25 years	6.25 years	6.25 years
Value per Option (\$ Value)	\$ 6.77	\$ 8.61	\$ 5.33

(3) Represents annual incentive payment earned in year shown.

(4) In 2016, 2017 and 2018, NEOs were granted Value Growth Plan Units. On the grant date, these units do not have a cash value and therefore do not appear on the Summary Compensation Table until they are vested and paid to the NEO. The value of units granted to the NEOs in 2014, 2015 and 2016 and vesting on December 31, 2016, December 31, 2017 and December 31, 2018, respectively, are as shown. Unit values can range from \$0 to \$3.50 (\$4.00 for pre-2017 grants). For further information, see *Incentive Plan Awards – Long Term Incentive Plans – Value Growth Plan*. Each NEO, received a VGP grant in 2018 as follows: Mr. Orr, 1,200,000 2018 Shawcor VGP units; Mr. Tano, 360,000 2018 Shawcor VGP units; Mr. Tausch 276,300 2018 Pipeline Performance VGP units, Mr. Tabak, 185,400 2018 Composite Production Systems units and Mr. Reizer 184,500 2018 Pipeline Performance VGP units. These units vest on December 31, 2020.

(5) Mr. Tano joined the Company in September 2016 as Vice President, Finance – Corporate.

(6) The amounts shown above for salary, annual incentive, pension and all other compensation for Messrs. Tausch and Reizer are converted from US dollars. The average US dollar conversion rate used by the Company for transactions during 2016 was \$1.328, during 2017 was \$1.30 and during 2018 was \$1.296.

(7) Includes \$28,318 of tuition cost payments for Mr. Tausch's children and \$20,840 for automobile allowance.

(8) Mr. Reizer was transferred from Singapore to the Netherlands in 2015. Of the amount shown, \$809,840 represents compensation relating to his foreign assignment to offset the higher cost of living in the foreign location, including a housing allowance, tuition costs for his children and \$554,589 in tax equalization payments.

Incentive Plan Awards

Outstanding Option & Share Based Awards

The following table outlines the outstanding option and share based awards held by NEOs and their monetary value as of December 31, 2018.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$/Share)	Option Expiration Date	Value of Unexercised In-the-Money Options as at December 31, 2018 (\$)¹	Number of Unvested Share-Based Awards (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)¹	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)³
Stephen Orr	100,000	42.28	Dec 31, 2022	0	57,595	954,925	1,241,494
	30,000	26.51	Dec 31, 2025	0			
	118,700	37.40	Dec 31, 2026	0			
	195,000	25.22	Dec 31, 2027	0			
Gaston Tano	-	-	-	-	29,799	494,067	101,602
Henri Tausch	21,300	23.46	Dec 31, 2027	0	19,634	325,532	247,838
	58,500	25.22	Dec 31, 2027	0			
Joseph Tabak	12,600	25.22	Dec 31, 2027	0	6,925	114,817	101,039
	9,200	26.51	Dec 31, 2025	0			
	7,700	37.40	Dec 31, 2026	0			
Kevin Reizer	2,000	15.51	Mar 14, 2019	2,140	11,336	187,951	143,119
	10,200	37.40	Dec 31, 2026	-			
	21,300	23.46	Dec 31, 2027	0			
	16,300	25.22	Dec 31, 2027	0			

(1) Value is calculated based on the difference between the closing market price of Shawcor's common shares on the TSX on December 31, 2018, which was \$16.58, and the exercise price, multiplied by the number of options.

Value Vested or Earned in 2018

Options granted under the Shawcor Employee Stock Option Plan ("ESOP") vest over five years at a rate of 20% per year. Certain Unit Awards granted under the Employee Share Unit Plan ("ESUP") vest over five years at a rate of 20% per year; others vest at a rate of 25% per year on the fourth through seventh anniversaries of the grant date. The following table tabulates the value of options and share-based awards vested during 2018 as well as the annual cash incentive earned.

Name	Date Vested	Number of Options Vested (#)	Option Exercise Price (\$/Share)	Market Price on Date Vested (\$/Share)¹	Value Vested During the Year (\$)	Share-Based Awards Value Vested During the Year (\$)¹²	Non-Equity Incentive Plan Compensation Value Earned During the Year (\$)³
Stephen Orr	Sept 17, 2018	20,000	42.28	25.18	0	617,137	247,200
	Mar 4, 2018	6,000	26.51	25.22	0		
	Mar 4, 2018	23,740	37.40	25.22	0		
Gaston Tano						108,524	71,575
Henri Tausch						173,305	85,218
Joseph Tabak	Mar 4, 2018	2,300	26.51	25.22	0	56,005	611,124
	Mar 4, 2018	1,540	37.40	25.22	0		
Kevin Reizer	Mar 4, 2018	2,040	37.40	25.22	0	93,137	50,562

(1) For vesting dates falling on weekends, the closing price for the preceding Friday is reflected.

(2) Value is calculated based on the closing market price of Shawcor's common shares on the TSX on the vesting date.

(3) Amounts include annual awards and Value Growth Units granted in 2016 which vested in 2018.

Long-Term Incentive Plans

Value Growth Plan

The Value Growth Plan ("VGP") was originally approved by the Board in 2010 and was amended in 2017. It is a 'performance unit', cash-based plan that recognizes and rewards senior employees for profitable growth over multi-year periods, as measured by Revenue and Operating Income. Unlike equity-based plans, payments under the VGP are non-dilutive to shareholders and tax deductible and provide a more direct means of rewarding senior employees at the operating unit level.

Amendments to VGP Unit Value Determination

In 2016, a review of Shawcor’s incentive compensation strategy was undertaken at the direction of the Compensation and Organizational Development Committee (the “Committee”). The review produced several observations, including:

- The underlying focus on revenue and operating income growth remained the right measures that align with Shawcor’s business strategies and priorities, and that the plan framework (e.g., rolling three-year periods with a focus on sustained performance through the cycle) was understood by participants and works well.
- Through the business cycle, vested Corporate VGP unit values had been quite volatile, yielding nil payouts in three of the previous six award cycles. This volatility and the incidence of nil payouts was higher than the incentive plans used by peer companies, which caused the potential for negative repercussions on both employee motivation and retention.
- Incentive compensation tied to Total Shareholder Return (“TSR”) performance would be a more effective measure in the long-term incentive plan than the short-term SEIP as it better aligns with long-term value creation on behalf of shareholders.

Accordingly, the Committee and subsequently the Board approved amendments to the VGP in 2017 which are summarized below. Design features of the VGP units granted prior to 2017 remain unchanged.

Feature	Pre-2017 VGP	2017 and 2018 VGP
Performance Measures	<ul style="list-style-type: none"> • Revenue and operating income for Shawcor and Operating Units 	<ul style="list-style-type: none"> • Revenue and operating income for Shawcor and Operating Units • Shawcor average TSR performance vs. peers, as a modifier of revenue and operating income performance
Performance Cycle	<ul style="list-style-type: none"> • Three years • Growth of revenue and operating income during the three-year Performance Period, compared to a three-year Baseline Period 	<ul style="list-style-type: none"> • Three years • Growth of revenue and operating income during the three-year Performance Period, compared to a three-year Baseline Period • Average TSR vs. peers calculated over four periods, with the sum of individual years (year 1, year 2, year 3) representing 50% weight and the full three-year period representing the remaining 50% weight
Range of Unit Values	<ul style="list-style-type: none"> • Nil payout for unit values below \$1.00 • \$0 to \$4.00 per unit 	<ul style="list-style-type: none"> • Nil payout for unit values below \$0.50 so that the plan provides a greater likelihood of payout, but remains fully performance oriented and at-risk • \$0 to \$3.50 per unit to balance the reduction in the threshold payout value • Relative TSR performance vs. peers will increase or reduce the final calculated unit value by up to \$0.30 (within the defined range of \$0 to \$3.50 per unit)

The changes to the VGP were back-tested using past performance results and stress-tested using forecast performance results. The testing revealed minor changes to the actual and forecast payments.

2018 Value Growth Plan

There are two steps in reviewing performance and calculating the value of a VGP unit at vesting, including a review of Revenue and Operating Income performance and assessing Shawcor’s three-year total shareholder return, relative to the Company’s compensation Peer Group.

Step 1 – Revenue and Operating Income Performance

The VGP measures cumulative Revenue and Operating Income for three consecutive fiscal years, referred to as the Performance Period. It then compares the results for the Performance Period to the cumulative results for the three fiscal years immediately prior to the Performance Period, referred to as the Baseline Period.

For the purposes of calculating the value of vested units under the VGP, growth in Operating Income has two times the weight of growth in Revenue. Unit values can range from \$0 up to a cap of \$3.50 (units granted prior to 2017 had a cap of \$4.00) for exceptional performance during the Performance Period. Units do not have a value at the time of grant but are given a notional value of \$1.00 for target compensation purposes.

$$\frac{\text{Performance Period Operating Income}}{\text{Baseline Period Operating Income}} \times \left[1.0 + \left(\frac{(\text{Performance Period Revenue} - \text{Baseline Period Revenue})}{\text{Baseline Period Revenue}} \div 2 \right) \right]$$

The table below provides a reference to the VGP vested unit values which would be calculated by various combinations of cumulative growth in Revenue and Operating Income. For illustration purposes, the unit value of \$1.88 is highlighted as this is a value which would be obtained through 50% growth in cumulative Revenue and Operating Income, which closely matches the Company objective of growing earnings per share by 15% per year over the full business cycle. The final unit value would be modified based on relative TSR performance as described in Step 2 below, but the eligible payout range remains as illustrated.

	140%	1.80	2.16	2.40	2.64	3.00	3.36	3.50	3.50
	110%	1.58	1.89	2.10	2.31	2.63	2.94	3.26	3.50
	80%	1.35	1.62	1.80	1.98	2.25	2.52	2.79	3.06
Cumulative	50%	1.13	1.35	1.50	1.65	1.88	2.10	2.33	2.55
Operating Income	20%	0.90	1.08	1.20	1.32	1.50	1.68	1.86	2.04
Growth Factor	0%	0.75	0.90	1.00	1.10	1.25	1.40	1.55	1.70
	-20%	0.60	0.72	0.80	0.88	1.00	1.12	1.24	1.36
	-50%	0.00	0.00	0.50	0.55	0.63	0.70	0.78	0.85
		-50%	-20%	0%	20%	50%	80%	110%	140%

Cumulative 3-Year Revenue Growth

Step 2 – Relative Total Shareholder Return as a Performance Modifier

Shawcor's three-year total shareholder return ("TSR"), relative to the Company's compensation Peer Group will increase or decrease unit value at vesting by up to \$0.30 per unit. To determine the relative TSR modifier, Shawcor's TSR is calculated for the three-year Performance Period, and individually for each fiscal year comprising the Performance Period. Shawcor's average TSR for these distinct periods is then ranked against the average TSR of the Peer Group companies for these same periods.

The average TSR percentile rank over the four periods measured is calculated, with the sum of the individual years representing 50% of the weighting, and the full three-year period representing the remaining 50%. The average TSR percentile for the Performance Period is assigned a quartile rank as set out below. For each quartile rank, there is a defined monetary value to be applied against the calculated unit value, which will serve to enhance or diminish the final vested unit value

Shawcor's Average TSR Percentile Rank	Shawcor's Quartile Rank	TSR Modifier
75 – 100	1st	+ \$0.30 / Unit
50 – 74	2nd	+ \$0.15 / Unit
25 – 49	3rd	– \$0.15 / Unit
0 – 24	4th	– \$0.30 / Unit

For units granted in 2017 onwards (which vest at the end of 2019 and thereafter), the final vested unit values calculated after the TSR modifier is applied cannot exceed \$3.50. Similarly, awards are payable only if the calculated vested unit values are equal to or greater than \$0.50 per unit. Calculated values below this threshold are deemed to be nil.

Pre-2017 VGP Unit Value Determination

For VGP units granted prior to 2017, the vested unit values for Shawcor and any Divisional entity is determined by the same formula for growth in revenue and operating income as illustrated above.

The table below provides a reference to the VGP vested unit values which would be calculated by various combinations of cumulative growth in Operating Income and Revenue. For VGP units granted prior to 2017, values ranged between \$0 and \$4.00. Awards are payable only if the calculated vested unit values are equal to or greater than \$1.00 per unit.

For illustration purposes, the unit value of \$1.88 is highlighted as this is a value which would be obtained through 50% growth in cumulative Operating Income and Revenue, which closely matches the Company objective of growing earnings per share by 15% per year over the full business cycle.

	140%	0.00	0.00	2.40	2.64	3.00	3.36	3.72	4.00
	110%	0.00	0.00	2.10	2.31	2.63	2.94	3.26	3.57
	80%	0.00	0.00	1.80	1.98	2.25	2.52	2.79	3.06
Cumulative	50%	0.00	0.00	1.50	1.65	1.88	2.10	2.33	2.55
Operating Income	20%	0.00	0.00	1.20	1.32	1.50	1.68	1.86	2.04
Growth Factor	0%	0.00	0.00	1.00	1.10	1.25	1.40	1.55	1.70
	-20%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	-50%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		-50%	-20%	0%	20%	50%	80%	110%	140%

Cumulative 3-Year Revenue Growth

2001 Employee Stock Option Plan

The Employee Stock Option Plan – 2001 (the “ESOP”) is a fixed – number plan, which was most recently approved by shareholders at the Company’s annual and special meeting of shareholders held on May 11, 2016. As at December 31, 2018, options to acquire 1,690,385 common shares were outstanding and 659,658 shares remained reserved and available for issuance under the ESOP, representing 2.41% and 0.94%, respectively, of the shares outstanding as at that date. Since March 2010, options granted may, at the discretion of the Board, have attached thereto a tandem stock appreciation right (“SAR”) which operates exactly the same as the underlying option with respect to vesting requirements, term, termination and other provisions.

The following is a summary of the principal terms of the ESOP and is qualified in its entirety by the ESOP:

Form of Award	<ul style="list-style-type: none">• Non-assignable options to acquire common shares of the Company at such prices as may be fixed by the Board at the time of the grant, provided that the option exercise price shall not be less than the closing sale price of the common shares on the TSX on the last trading day prior to the grant of the option.• Options granted in 2010 and later years may, at the discretion of the Board, have attached thereto a tandem stock appreciation right (“SAR”).• Upon exercise, the holder has the choice of exercising the option and purchasing the underlying common shares, or exercising the SAR and receiving a cash payment per SAR equal to the difference between the option exercise price and the then current trading price of the common shares of the Company (calculated on the basis of the five-day volume weighted average trading price). If the stock option is exercised, the SAR is automatically cancelled and vice versa. The unpurchased shares subject to any option which terminates as a result of the exercise of a SAR may not be used again for the purposes of the ESOP and are deducted from the number of shares reserved for issuance under the ESOP.• If any option expires or terminates for any reason (other than by exercise of a SAR) without having been fully exercised, the unpurchased common shares that were subject to that option are made available for future option grants under the ESOP.
Participation and Financial Assistance	<ul style="list-style-type: none">• Full time officers and employees of the Company and its subsidiaries. The Company does not provide financial assistance to option holders to enable the exercise of options.
Term and Vesting	<ul style="list-style-type: none">• Options and tandem SARs have a maximum term of 10 years and vest at the rate of 20% per year commencing on the first anniversary of the grant date. The vesting period may be abridged by the Board in certain circumstances, including where a takeover bid is made for the common shares or otherwise.
Termination	<ul style="list-style-type: none">• Upon cessation of employment, options terminate 90 days after the effective date of such cessation.• If employment is terminated by death, options cease to vest and remain exercisable for up to one year by the holder’s estate.• If employment is terminated by retirement (at or after age 65) or by disability, options will continue to vest and be exercisable for up to 5 years. If, during such 5-year period, the option holder dies, all options vest immediately and the holder’s estate is entitled to exercise the options for up to 1 year following the date of death.
Participation Restrictions	<ul style="list-style-type: none">• Insider participation is limited such that within any one year period, the number of shares reserved for issuance and issuable to insiders or issued to insiders pursuant to options or other share based compensation arrangements, may not exceed 10% of the Company’s “Outstanding Issue”⁽¹⁾.• No individual insider may receive options that, when combined with other share compensation arrangements, could result in the issuance of shares in any one-year period exceeding 5% of the Outstanding Issue at the date of grant of the option.• No person may hold options to purchase shares exceeding 5% of the Outstanding Issue at the date of grant of the option.
Trading Blackouts	<ul style="list-style-type: none">• Options and tandem SARs that would otherwise expire during or immediately following a “blackout period” (being a restricted period identified by the Company during which its personnel are not permitted to trade in the Company’s securities), remain exercisable until the fifth business day following the cessation of such blackout period.

-
- Amendment**
- The Board may amend the ESOP except where shareholder approval is required.
 - Shareholder approval is required for any amendment to the ESOP which:
 1. Directly or indirectly reduces the exercise price of an option;
 2. Extends the period of exercise of an option beyond the original expiry date;
 3. Increases the levels of insider participation permitted under the ESOP;
 4. Increases the number of common shares reserved for issuance, other than in accordance with the provisions of the ESOP;
 5. Makes non-employee directors of the Company eligible to receive options;
 6. Makes options assignable or transferable (other than to the legal personal representative of the option holder); or
 7. Amends the amending provisions of the ESOP.
-
- Takeover Bids**
- If a bona fide offer (a "takeover bid") is made for the common shares of the Company that could result in the offeror exercising control over the Company, the Board has discretion to accelerate the vesting and expiry date of any options which are then outstanding and to effectively require that such common shares thereafter acquired on exercise of the options, be tendered to the takeover bid.
-

(1) Outstanding Issue is defined as the number of common shares outstanding.

Option activity for the year ended December 31, 2018 is summarized below:

	Tandem SARs Granted	Weighted Average Exercise Price per Option/Tandem SAR Exercised	Options/Tandem SARs Exercised	Aggregate Gain on Options/Tandem SARs Exercised	Options Outstanding at December 31, 2018	Number of Shares Reserved and Available for Future Option Grants
Options Granted	127,800	\$ 15.51	122,280	\$ 1,531,708 ⁽²⁾	1,690,385 ⁽³⁾	659,658 ⁽⁴⁾

(1) Includes tandem SARs. Options/tandem SARs granted under the Employee Plan in 2018 represented 0.54% of the common shares outstanding as of December 31, 2018. In addition, 316,100 options, including 91,700 tandem SARs, were granted between January 1, 2019 and March 15, 2019.

(2) The aggregate gain on options/tandem SARs exercised by NEOs in 2018 was \$0.

(3) Representing 2.41% of the common shares outstanding as of December 31, 2018.

(4) Representing 0.94% of the common shares outstanding as of December 31, 2018.

The "burn rate" under the ESOP was 0.52% for 2016, 0.30% for 2017 and 0.54% for 2018. The "burn rate" was calculated by dividing:

- i) the number of options granted in the applicable year; by
- ii) the weighted average number of outstanding securities of Shawcor for the applicable year.

Employee Share Unit Plan

The Employee Share Unit Plan (the "ESUP") is a fixed number plan which was approved by the shareholders of the Company at the annual and special meeting of shareholders held on May 7, 2010. It authorizes the Board to grant awards ("Unit Awards") of restricted units ("Restricted Awards") and performance units ("Performance Awards") to employees (as defined in the ESUP, which includes consultants) of the Company with such Unit Awards to be settled in the form of Class A Subordinate Voting Shares of the Company issued from treasury. The Company's Plan of Arrangement dated March 20, 2013 provided that, unless otherwise approved by the Board, any awards granted under the ESUP, whether vested or unvested, would represent a grant in the same number of common shares as applied to the acquisition of former Class A Subordinate Voting Shares pursuant to any such awards. All other terms and conditions of any such awards would otherwise be unchanged. The ESUP was amended and restated effective March 20, 2013 to delete all references therein to Class B Multiple Voting Shares and to replace all references to "Class A Subordinate Voting Shares" with "common shares". As at December 31, 2018, there were 611,840 share units outstanding and an additional 304,957 shares reserved and available for issuance under the ESUP, representing 0.87% and 0.44%, respectively, of the Company's outstanding shares on that date.

The following is a summary of the principal terms of the ESUP:

Form of Award	Under the terms of the ESUP, employees of the Company or a Shawcor Entity ⁽¹⁾ may be granted Restricted Awards or Performance Awards.
Granting Process	<p>The Board may determine a Grant Value (notional dollar amount) for each Unit Award. Calculation of the number of common shares to be covered for a Unit Award: $\text{Grant Value} \div \text{Fair Market Value}^{(2)}$ of a common share on the grant date.</p> <p>In addition, the Board may determine that an amount determined under an incentive or compensation plan of the Company or of a Shawcor Entity shall be a Grant Value for this purpose.</p>
Term and Vesting	<p>Each Restricted or Performance Award will vest in accordance with applicable time vesting conditions relating to the continued service in a Shawcor Entity and may be graduated by percentages of a Unit Award (including a percentage in excess of 100%), and the holder will be entitled to exercise such Award so as to be issued the number of common shares pursuant to such vesting conditions.</p> <p>For this purpose, performance vesting conditions mean any performance-related conditions in respect of vesting, which may include performance of the Company or a Shawcor Entity, Company shareholder return or otherwise and which may be graduated by percentages of a Unit Award, including a percentage in excess of 100%. The Board may in its sole and absolute discretion impose additional or different vesting conditions to the time vesting or performance vesting conditions.</p> <p>The maximum expiry date for a Unit Award grant shall not exceed ten years from the grant date. In the event of a blackout period imposed upon a grantee, the expiry date shall be extended to the date which is ten business days from the date that the blackout period ends. For this purpose, a blackout period is a period of time imposed by the Board pursuant to the Company's insider trading and disclosure policies on certain designated persons during which those persons may not trade in any securities of the Company.</p>
Termination Provisions	<p>In the event of a Change of Control (as defined in the ESUP) followed by the termination without cause of the employment of any grantee, the vesting of Unit Awards to such grantee is accelerated and all unexercised Unit Awards become vested immediately and are delivered to the grantee in the form of Shares.</p> <p>Unless otherwise determined by the Board or unless otherwise provided in a Unit Award agreement pertaining to a particular grant or any written employment agreement, (a) if a grantee ceases to be an employee as a result of termination for cause, termination without cause or voluntary resignation (excluding retirement), Unit Awards may be exercised in respect of common shares covered thereby to the extent vested as of the Termination Date (the date of the termination of employment of the employee, regardless of any notice) until the earlier of the expiry date applicable to the Unit Award and the date that is ninety (90) days after the Termination Date and otherwise all rights to receive shares under outstanding Unit Awards shall be terminated; (b) upon a grantee's death, Unit Awards may be exercised in respect of common shares covered thereby to the extent vested as of such date until the earlier of the expiry date and the date that is one year after the Termination Date and otherwise all rights to receive common shares under outstanding Unit Awards shall be terminated; and (c) if a grantee ceases to be an employee upon retirement at or after age 65, or earlier as permitted by the Board, or in the event of a disability as determined by the Board, all Unit Awards shall continue to be eligible to meet time or performance vesting conditions as if employment continued and the expiry date relating to such Unit Awards shall continue to apply. In the event of the death of the grantee after such retirement or disability, all Unit Awards shall immediately vest and the expiry date for each Unit Award shall be the earlier of (i) one year from the Termination Date, and (ii) the expiry date otherwise relating to such Unit Award.</p>
Transfer Provisions	Except in the case of death, the right to receive common shares pursuant to a Unit Award granted to an employee may only be exercised by such employee personally and may not be assigned, transferred, or pledged, provided that a grantee may transfer or assign the rights of a Unit Award to minor children or minor grandchildren or the spouse of the grantee, or a trust or holding company of which the grantee is a trustee or director and the beneficiaries or shareholders of which are a combination of the grantee, grantee's spouse or grantee's minor children or minor grandchildren, in accordance with such requirements as the Board may from time to time determine.

(1) "Shawcor Entity" is defined as the Company or a controlled entity of the Company such as a subsidiary, partnership or trust.

(2) "Fair Market Value" at any date is calculated as the weighted average trading price of the common shares on the TSX for the 5 trading days immediately preceding such date.

The ESUP provides that an adjustment may be made to the number of common shares to be issued pursuant to Unit Awards by an amount equal to a fraction having as its numerator the amount of the aggregate dividends per common share paid during the term of the Unit Awards and having as its denominator the Fair Market Value of the common shares on the dividend payment date.

The Company has the right to amend from time to time or to terminate the ESUP or amend the terms of a Unit Award without shareholder approval. The plan may be amended in accordance with the restrictions outlined in the table below:

Amendments to ESUP	
Amendments not requiring Shareholder Approval	Without limitation, the Board may amend the ESUP to: <ol style="list-style-type: none"> 1. Make "housekeeping" changes 2. Amend the provisions relating to the exercise, vesting or term of Unit Awards in the event the grantee ceases to be an employee for any reason (subject to the maximum term as set forth above) 3. Change the provisions relating to time-vesting, performance-vesting and/or any other conditions for vesting.
Amendments requiring Shareholder Approval	The ESUP, or any Unit Award granted under it, may not be amended without shareholder approval to: <ol style="list-style-type: none"> 1. Increase the number of common shares issuable under the ESUP 2. Extend the expiry date of any outstanding Unit Award other than as permitted under the ESUP 3. Permit a grantee to transfer or assign Unit Awards other than as permitted under the ESUP 4. Increase the number of common shares that may be issued to insiders above the restrictions set forth in the ESUP 5. Extend the maximum expiry date under the ESUP beyond ten years 6. Add additional categories of grantees 7. Amend the amendment provisions of the ESUP to delete any of the foregoing matters requiring shareholder approval.

During the financial year ended December 31, 2018, 71,247 share units were granted under the ESUP, which represented 0.10% of the common shares outstanding as at December 31, 2018.

The "burn rate" under the ESUP was 0.18% for 2016, 0.13% for 2017 and 0.10% for 2018. The "burn rate" was calculated by dividing:

- i) the number of units granted in the applicable year; by
- ii) the weighted average number of outstanding securities of Shawcor for the applicable year.

Equity Compensation Plan Information

The following provides information as at December 31, 2018 with respect to common shares authorized for issuance under the ESOP and the ESUP. As at December 31, 2018, these plans were the Company's only equity compensation plans that provide for the issuance of shares.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options or Share Units (#)	Weighted-Average Exercise Price of Outstanding Options (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities in Column A) (#)
Equity compensation plans approved by security holders	2,302,225	\$ 32.84	964,615
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	2,302,225⁽¹⁾		964,615⁽²⁾

(1) This number includes 1,690,385 common shares under the ESOP and 611,840 common shares under the ESUP and represents 3.28% of the total common shares outstanding as of December 31, 2018.

(2) This number includes 659,658 common shares under the ESOP and 304,957 common shares under the ESUP and represents 1.38% of the total common shares outstanding as of December 31, 2018.

Retirement Income Plan Arrangements

Canadian Named Executive Officers

The Company sponsors retirement income plans that provide certain Canadian executives with an annual benefit after retirement based upon earnings and length of service.

Each Canadian NEO who retires on or after his normal retirement date receives an annual pension equal to up to 2% of his final average earnings multiplied by the number of years of designated service, to a maximum of 30 years. Final average earnings is defined as the average of the member's best three consecutive years of annual base salary. For members who have a spouse at retirement, benefits are payable for the life of the member, reducing to two-thirds of the initial pension on the member's death and payable to the member's spouse, if living, for his or her remaining lifetime. Normal retirement age is age 65. The Board retains the discretion to approve early retirement arrangements.

This retirement income commitment is delivered through a combination of a registered Defined Benefit Pension Plan and a Supplemental Executive Retirement Plan ("SERP") funded through a Retirement Compensation Arrangement ("RCA") which provides any pension amounts in excess of the maximum pension benefits that are permitted to be paid from the Company's registered pension plans under the Income Tax Act (Canada) and associated regulations.

In the event of termination of employment prior to age 55 and the attainment of 5 years of service, benefits are limited to the maximum amounts payable in accordance with the limitations imposed on registered pension plans by the Income Tax Act (Canada).

The following table identifies the NEOs participating in the Canadian defined benefit arrangements and their entitlements accrued under this plan to December 31, 2018.

NEO	Years of Credited Service as at Dec. 31, 2018	Annual Benefits Payable (\$) ⁽¹⁾		Opening Present Value of Defined Benefit Obligation as at Jan. 1, 2018 (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Closing Present Value of Defined Benefit Obligation as at Dec. 31, 2018 ⁽³⁾ (\$)
		As at Dec. 31, 2018 ⁽¹⁾	At Age 65 ⁽²⁾				
Stephen Orr	5.33	84,500	243,000	1,083,000	248,600	(67,500)	1,264,100
Gaston Tano	2.25	17,500	135,700	153,000	133,300	(22,300)	264,000
Joseph Tabak	6.92	20,400	20,400	268,600	(2,200)	(23,000)	243,400

(1) Based on credited service and best average earnings at December 31, 2018. Pension payable at age 65.

(2) Based on credited service projected to age 65 and best average earnings at December 31, 2018.

(3) The closing present value of the deferred benefit obligation is calculated using the "Projected Unit Credit Method" pro-rated on service. The significant assumptions in quantifying closing present value may be found in Note 15 to the Company's December 31, 2018 financial statements, which are filed on SEDAR.

Mr. Tabak participates in the Defined Contribution Plan for Salaried Employees. His membership in the "Shawcor Salaried" Defined Benefit Plan was suspended as of December 31, 2008. Company contributions under the Defined Contribution Plan are 6% of base salary and bonus, subject to the maximum permitted to be remitted to a registered plan under the Income Tax Act (Canada) and associated regulations.

International Named Executive Officers

Certain US executives, including Mr. Tausch, are members of a 401(k) plan established for designated employees. Company contributions to the 401(k) plan are 6% of base salary and bonus, subject to the maximum company contribution limits related to 'Highly Compensated Executives' and maximum personal contribution amounts. Mr. Tausch also participates in a secular trust to which the Company contributes 8% of his annual cash compensation. Investment choices are made by the Executives from among 11 funds available in the 401(k) plan and any eligible Merrill Lynch investment product for the secular trust. Mr. Reizer has funds in both the US 401(k) plan and the Merrill Lynch secular trust, but is not an active member. Since January 9, 2001, Mr. Reizer has been an active member in Shawcor's International Savings Plan, to which the Company contributes 15% of his base salary and bonus. Shawcor contributions to the International Savings Plan are a taxable benefit at the time of contribution.

The following table outlines the NEO participants in defined contribution pension arrangements and the value they have accumulated in these plans.

NEO	Accumulated Value as at January 1, 2018 (\$)	Compensatory Change (\$)	Accumulated Value as at December 31, 2018 (\$)
	Henri Tausch		311,010
Kevin Reizer	1,694,279	109,461	1,761,433
Joe Tabak	274,477	24,646	295,641

Termination & Change of Control Benefits

Mr. Orr entered into a new employment agreement with the Company in February 2014. Mr. Orr's employment agreement provides for the payment of base salary, Senior Executive Incentive Plan awards at target, automobile allowance, eligible health and medical benefits, continuation service credit towards pension and continued vesting of ESOP, ESUP and VGP awards for a period of 24 months should his employment be terminated for any reason other than cause, or if he were to resign for "good reason" following a "change of control". "Good reason" is defined to include significant changes in role or seniority, work location or a reduction in the compensation and benefits provided in the employment agreement. "Change of control" is defined to include any sale, reorganization, amalgamation, merger or transaction by which a person or entity is in a position to exercise effective control over the Company. These benefits are contingent on Mr. Orr signing a non-solicitation/non-competition agreement for a 24 month period following his termination.

If Mr. Orr's employment had been terminated without cause effective December 31, 2018 he would have been entitled to approximately \$9.1 million in incremental payments and benefits under his employment agreement. This amount does not include the estimated value of the continued vesting of ESOP and ESUP awards as the full value of these awards at the time of grant was reported in the Summary Compensation Table for 2018 or prior years.

Messrs. Tano, Tausch, Tabak and Reizer do not have written employment agreements and any payments due to them on termination of employment or a change of control of the Company are governed by common law and the terms of the ESOP and ESUP (as described in the next paragraph).

Messrs. Orr, Tano, Tausch, Tabak and Reizer have been granted Unit Awards under the ESUP. In the event of a Change of Control (as defined in the ESUP) followed by the termination without cause of any grantee, the vesting of Unit Awards to such grantee is accelerated and all unexercised Unit Awards become vested immediately and are delivered to the grantee in the form of common shares. This acceleration of unvested Unit Awards would have had a value to Messrs. Orr, Tano, Tausch, Tabak and Reizer of approximately \$954,925, \$494,067, \$325,532, \$114,817 and \$187,925 respectively, had their employment been terminated without cause effective December 31, 2018 (based on the TSX closing price for the common shares on December 31, 2018).

SECTION 6 OTHER INFORMATION

Indebtedness of Directors and Officers

The Company maintains a policy of not making loans to its directors, or senior executives. No director or executive officer of the Company is indebted to the Company or any of its subsidiaries.

Directors' & Officers' Liability Insurance

The Company purchases and maintains directors' and officers' liability insurance covering the Company to the extent it is obligated to indemnify its directors and officers pursuant to the indemnity provisions of its By-Laws. It also covers individual directors and officers when they are legally liable for wrongful acts which are outside the scope of indemnification as specified under the Company's By-Laws (subject to policy exclusions). The aggregate amount of insurance is \$55,000,000 in any one policy period. The policy provides for no deductible for any loss in connection with claims against a director or officer which are not reimbursed by the Company and a deductible of \$100,000 for claims for which the Company affords indemnification to the director or officer. The annual premium for the period from July 1, 2018 to June 30, 2019 was \$168,150.

Interest of Informed Persons in Material Transactions

Management of the Company is unaware of any material interest, direct or indirect, of any "informed person" of the Company, any proposed director of the Company or any associate or affiliate of any such persons, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

"Informed person" is defined as:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

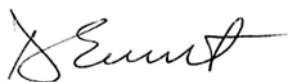
Additional Information

Financial information about the Company is contained in its comparative annual financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2018. Additional information about the Company is available on SEDAR at www.sedar.com. If you would like to obtain, at no cost, a copy of any of the following: (i) the latest Annual Information Form of the Company, together with any document or the pertinent pages of any document incorporated by reference therein; (ii) the comparative financial statements of the Company for the fiscal year ended December 31, 2018 together with the accompanying report of the auditor thereon and any interim financial statements that have been filed for any period subsequent to December 31, 2018 together with the Management's Discussion and Analysis with respect thereto; (iii) a copy of the Company's Code of Conduct; or (iv) an additional copy of this Management Proxy Circular, please send your request to the Company at 25 Bethridge Road, Toronto, Ontario M9W 1M7, Attention: Darrell Ewert, Corporate Secretary.

The information contained herein is given as of the date hereof unless otherwise noted. The contents and sending of this Circular have been approved by the Board of Directors of the Company.

DATED at Toronto, Ontario, the 15th day of March, 2019.

By Order of the Board of Directors



Darrell R. Ewert
Corporate Secretary

SCHEDULE 'A'

Shawcor Ltd.

Mandate for the Board of Directors

Revised: December 10, 2014

A. DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. Management and Supervision

The Board of Directors of Shawcor is responsible for the stewardship of the Company. This role is primarily carried out by means of the Board's supervision of the management of Shawcor's business and affairs by Shawcor's senior officers. The functions, duties and powers of directors are set out in the *Canada Business Corporations Act* ("CBCA"), the Company's Articles and By-Laws and within the developing principles of common law. Directors cannot and do not manage the affairs of the Company in the literal sense, as such duties are delegated to the Company's officers. The function of directors relates more to the *supervision* of the management rather than to the *actual* management of the Company. Generally, the directors' role is to provide supervision of the management of the Company, to approve policies of the Company and to be knowledgeable about and approve of the major decisions taken by the Company. The Board's role includes advocating and supporting the best interests of the Company.

The Board seeks to perform its role by reviewing, discussing and approving the Company's strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhances and preserves the business of the Company and its underlying value. In broad terms, the stewardship of the Company involves the Board in strategic planning, risk management and mitigation, senior management appointments, succession planning, communication policy, safety and environmental issues, corporate governance and internal control integrity.

2. Procedures, Powers and Role

a) General – The Board delegates to the Company's senior officers the responsibility for the day-to-day management of the Company while providing guidance and direction to such senior officers. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company's strategic objectives.

b) Fiduciary Duties – In view of the special relationship between the directors and the Company, which puts the directors in a position of trust and control, the common law has characterized the nature of the duties owed by the directors to the Company as "fiduciary duties". Generally speaking, a director's fiduciary duties consist of a duty to act honestly and in good faith and with a particular standard of care.

The standard of care required of directors and officers is codified in the CBCA, which provides that every director and officer of a corporation in exercising his or her powers and discharging his or her duties shall:

- (i) act honestly and in good faith with a view to the best interests of the corporation; and
- (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

c) Conflicts of Interest – If a Board member faces a potential or actual conflict of interest relating to a matter before the Board, that member should alert the Board Chair, or depending on when the matter becomes known, the Board as a whole. If the Board Chair faces a potential or actual conflict of interest, the Board Chair should advise the Chair of the Audit Committee. If the Board Chair, or the Chair of the Audit Committee, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict should disclose to the Board the member's interest and should not participate in consideration of the matter and should not vote on the matter. The Corporate Secretary should maintain a written record of any disclosure of conflict by a Board member either in the minutes of the Board or otherwise.

d) Standard of Care – With respect to the statutory duty of care required by a director, there is no concession for any deficiency of knowledge or skill on the part of a director who may in fact be acting to the best of his or her own ability. Where a director is not skilled in a particular area, the courts may emphasize the director's duty to be diligent in the circumstance by way of seeking outside advice, making inquiries of appropriate individuals or other means.

e) Duties not to be Delegated – There are specific duties set out in the CBCA which may not be delegated, including:

- i. issuing securities except as authorized by the Board;
- ii. declaring dividends;
- iii. making, amending and repealing By-Laws of the Company;
- iv. purchasing, redeeming or otherwise acquiring shares of the Company;
- v. approving a management proxy circular, take-over bid circular or directors' circular;
- vi. approving the annual financial statements of the Company;
- vii. calling the annual meeting of the shareholders of the Company;
- viii. filling any vacancy among the directors or in the office of auditor of the Company or appointing additional directors; or
- ix. submitting to the shareholders any question or matter requiring the approval of the shareholders.

B. BOARD ORGANIZATION

1. Composition – The Board shall be composed of not less than three nor more than eighteen directors. A majority of directors shall be “independent” as such term is defined in the Company’s Corporate Governance Guidelines.

2. Appointment and Replacement of Directors – The members of the Board shall be elected by the shareholders annually and each member of the Board shall remain on the Board until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected or appointed in accordance with the Company’s By-Laws. Whenever there is a vacancy on the Board, the remaining members may exercise all its power as long as a quorum remains in office.

3. Chair of the Board – The members of the Board shall elect a Chair from among the members and the Chair shall preside at all meetings of the Board. The Chair of the Board shall be responsible for leadership of the Board, including preparing the agenda, presiding over the meetings, and making board assignments. If the Chair is not present at any meeting of the Board, the Board members present at the meeting shall elect a director present to preside at the meeting. The Chair shall act as the principal liaison between the Board and the Chief Executive Officer.

4. Compensation of Directors – Members of the Board shall receive such remuneration for acting as directors as the Board may from time to time determine. The Nominating and Governance Committee should periodically review all aspects of such remuneration and make recommendations to the Board respecting the same. The Chief Executive Officer receives no compensation for acting as a director.

5. Meetings – It is anticipated that there will be a minimum of five meetings per year. Each meeting should include a session without senior management present and a session of the independent directors only without senior management present.

6. Delegation – The Board may delegate certain responsibilities to Board committees. Such committees shall have a written Board approved charter, except in the case of special committees of the Board which may be appointed from time to time. The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. Subject to applicable law and to the Articles and By-Laws of the Company, the Board retains the responsibility for managing its own affairs including:

- (a) planning its composition and size;
- (b) selecting its Chair;
- (c) providing orientation and ongoing education for directors;
- (d) nominating candidates for election to the Board;
- (e) appointing committees;
- (f) determining director compensation;
- (g) setting expectations and responsibilities of directors, including attendance at, preparation for and participation in Board and committee meetings; and
- (h) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

7. Retention of Consultants – To assist the Board or any committee of the Board in carrying out their respective roles, the Board or any committee may from time to time retain special legal, accounting, financial or other consultants, at the Company’s expense, if determined by the Board or the particular committee to be advisable or appropriate in the circumstances.

C. COMMITTEES OF THE BOARD

The Board should:

- (a) elect annually from among its members an Audit Committee, a Compensation and Organizational Development Committee and a Nominating and Governance Committee, each to be composed of not fewer than three directors. The committees shall each adopt a formal written charter approved by the Board;
- (b) appoint for each committee a Chair from among its members;
- (c) appoint additional committees as circumstances may warrant; and
- (d) appoint special committees periodically to address certain issues of a more short-term nature.

D. FULFILMENT OF ROLE

1. Strategic Planning and Risk Management – The Board should ensure that a strategic planning process is in place, review and approve strategies, visions and missions and monitor management’s success in implementing the strategies. This is done through an annual Board meeting or meetings held each year to review and approve the Company’s strategic and annual business plan and annual capital expenditures programs. The strategic plan should be updated each year so that it always projects the next three-year period. Management reports to the Board quarterly, highlighting and commenting upon divisional performance compared with annual business plan forecasts and prior year results.

As part of the strategic plan review process, the Board should identify and evaluate the principal opportunities and risks of the Company's businesses, and seek to ensure that management puts in place appropriate systems and processes to manage the principal risks.

The Audit Committee should regularly review specific areas of the Company's financial functions, including the integrity of the Company's internal controls and information systems, and the Compensation Committee should review risks related to succession planning. Reports on these reviews should form a part of the regular review by the whole Board of the Company's operating performance.

2. Independence and Lead Director – To facilitate the functioning of the Board independently of management of the Company and the non-independent directors, the Board may appoint one of its independent directors to act as Lead Director. The Lead Director, if appointed, should consult and meet with any or all of the independent directors, at the discretion of either party and with or without the attendance of the Chair, and should represent such directors in discussions with the Chair on corporate governance issues and other matters. The Lead Director should also promote best practices and high standards of corporate governance and assist in the process of conducting director evaluations

3. Communication – The Board believes that accurate, timely and regular communication with its shareholders and the investment community is of the highest importance. The Company has a formal disclosure policy, which has been reviewed and approved by the Board. As part of the policy, all annual and quarterly reports to shareholders, including financial statements and the associated Management's Discussion and Analysis, are reviewed and recommended to the Board for approval by the Audit Committee, and are posted on the Company's website. On the recommendation of the Nominating and Governance Committee, the Board reviews and approves the Management Proxy Circular. In addition, as directed and monitored by the Board, senior management is charged with the responsibility of complying with the Company's regulatory disclosure obligations and responding to inquiries from shareholders, analysts and other interested parties.

4. Internal Control and Reporting – The integrity of the Company's internal control and reporting systems are primarily the responsibility of management with oversight review by the Audit Committee of the Board, which should meet regularly with both the Company's financial and accounting personnel and the Company's internal and external auditors to review these matters. The Audit Committee should report to the full Board with respect to any issues that arise out of such discussions.

5. New Board Nominees – Responsibility for proposing new board nominees rests with the Nominating and Governance Committee.

6. Board Effectiveness – The Nominating and Governance Committee should annually assess the effectiveness of the Board as a whole, the committees of the Board, and the contribution of individual directors. The committee should report the results of these assessments to the Board.

7. Board Orientation and Education – The Nominating and Governance Committee's role includes the orientation and the education of the directors. All new members of the Board should be provided with a Board Manual, containing detailed information on the Company and its businesses, its charter and history, and expectations and policies relevant to the Board and its members, together with a Code of Conduct and Disclosure and Insider Trading policies. Regular visits to selected plant sites and meetings with senior management should also be arranged to allow directors the opportunity to familiarize themselves with the Company's operations and businesses at first hand.

8. Board Size – The matter of Board size should be considered periodically by the Board, and on an ongoing basis by the Nominating and Governance Committee.

9. Board Compensation – As part of its mandate, the Nominating and Governance Committee of the Board should periodically review the adequacy and form of compensation of directors, including minimum share ownership requirements, and should make appropriate recommendations to the Board. In making its recommendations, the committee should take into account the level and form of compensation necessary to attract directors of the caliber and experience required to effectively oversee a company of the Company's current size, complexity and market scope.

10. Executive Performance and Compensation – The Board should:

- a) appoint all officers and assess the performance of the Chief Executive Officer and approve the compensation of the Chief Executive Officer and Chief Financial Officer and the annual compensation of executives who report to the Chief Executive Officer, following a review of the recommendations of the Compensation and Organizational Development Committee;
- b) establish objectives for the Chief Executive Officer;
- c) satisfy itself, to the extent feasible, as to the integrity of these individuals and that the Chief Executive Officer and senior management create a culture of integrity throughout the Company;
- d) following a review of the recommendations of the Compensation and Organizational Development Committee, approve certain matters relating to all employees including:
 - i. the Company's broad compensation strategy and philosophy;
 - ii. new benefit programs or material changes to existing programs; and
- e) provide advice and counsel to the CEO in the execution of the CEO's duties.

11. Succession Planning – The Board should ensure that succession planning programs are in place, including programs to appoint, train, develop and monitor management. The Compensation and Organizational Development Committee along with the Chair should periodically review succession planning, including recommendations with respect to the appointment of senior officers, as and when required. The full Board approves the appointment of senior officers and the Compensation and Organizational Development Committee should monitor senior management succession.

12. Corporate Governance – The Nominating and Governance Committee's role includes making recommendations to the Board on all matters relating to corporate governance, including the appropriateness of the Company's governance structure in view of its position in the Canadian marketplace. The Board should oversee the Company's approach to corporate governance, including approving a set of Corporate Governance Guidelines applicable to the Company, as developed by the Nominating and Governance Committee.

13. Position Descriptions – The Nominating and Governance Committee should formulate for Board approval position descriptions for the Chair, the Lead Director, the Chair of each Board Committee, and the CEO.

14. Confidentiality – The Board should monitor management's enforcement of policies respecting confidential treatment of the Company's proprietary information and the confidentiality of Board deliberations.

15. Health, Safety and Environmental – The Board should:

- a) review and approve the Company's health, safety and environmental policy ("the Policy");
- b) periodically evaluate the Company's progress in implementing the Policy and approve Policy updates as appropriate; and
- c) review reports from management on health, safety and environmental activities, policies and practices.

16. Code of Conduct – The Board should:

- a) ensure a written Code of Conduct (the "Code") has been adopted by the Company which is applicable to all directors, officers and employees. The Code constitutes written standards that are intended and reasonably designed to promote integrity and deter wrongdoing. In particular, it should address conflicts of interest, protection and proper use of corporate assets, confidentiality of corporate information, fair dealing with security holders, customers, suppliers, competitors and employees; compliance with laws, rules and regulations, and reporting of any illegal or unethical behaviour; and
- b) monitor the Company's compliance with all significant policies and procedures by which the Company is operated, including the Code.

E. GENERAL

The Board should periodically review and reassess the adequacy of this Mandate. The performance of the Board should be periodically evaluated with reference to this Mandate. This Mandate should be disclosed on the Company's website and elsewhere in accordance with all applicable regulatory requirements.

The Board's role is an oversight role, and nothing in this Mandate is intended to require the Board to ensure the Company's or any other person's compliance with applicable laws or regulations. The Board is not, and shall not be deemed to be, an agent of the Company's security holders for any purpose whatsoever. The Board of Directors may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to security holders of the Company, or other liability whatsoever.



Head Office
25 Bethridge Road
Toronto, Ontario
Canada M9W 1M7

T: 416 743 7111
F: 416 743 7199

FSC CERTIFICATION IS FPO

