

**SHAWCOR LTD.  
COMPENSATION AND ORGANIZATIONAL DEVELOPMENT  
COMMITTEE  
OF THE BOARD OF DIRECTORS**

**CHARTER**

**A. Authority**

The Compensation and Organizational Development Committee (the “Committee”) reviews and recommends the compensation philosophy and policies of the Company, including an annual recommendation as to the compensation of senior executives of the Company or any subsidiary of the Company, (collectively, the “Designated Employees”), periodically reviews, in consultation with the Chair of the Board, the employment contract, annual performance criteria, compensation and succession planning for the Chief Executive Officer and the adequacy and form of compensation of Designated Employees, and makes recommendations to the Board with respect to the same. As part of its mandate, the Committee also reviews and recommends to the Board all executive compensation plans and all grants thereunder and all retirement plans, and oversees the administration and investment performance of, and the appointment of external advisors for, the Company’s various retirement plans. For the purposes of this Charter, “Designated Employees” are defined as the Chief Executive Officer and his/her executive direct reports, officers of the Company and “Named Executive Officers” included in the Company’s Management Information Circular for its annual Shareholders meeting.

**B. Organization**

The Committee shall be comprised of three or more directors, all of whom should be independent, and shall be appointed annually. Committee meetings shall be held at the call of the Chair of the Board, the Committee Chair, or upon the request of two committee members, and a majority of members shall constitute a quorum.

**C. Role**

The Committee shall have, but not be limited to, the following role:

- a) **Compensation Philosophy Statement** - Reviewing and recommending to the Board the Executive Compensation Philosophy Statement of the Company as established and amended, a copy of which is attached to this Charter;
- b) **Chief Executive Officer** - Reviewing, in consultation with the Chair of the Board, any employment contract with and the annual performance criteria for the Chief Executive Officer and evaluating, in consultation with the Chair of the Board, the performance of the Chief Executive Officer against his/her position description and applicable performance

criteria and as a result thereof making recommendations to the Board with respect to the Chief Executive Officer's level of compensation and its competitiveness and appropriateness;

- c) **Designated Employees** – Annually reviewing the Chief Executive Officer's recommendations with respect to the amount and type of compensation to be provided to each of the Designated Employees as set out in the Company's Executive Compensation Program, prior to submission to the Board for approval;
- d) **Executive Incentive Plan** - Reviewing and recommending to the Board the design of and participants in, and annual awards under, executive incentive plans for Designated Employees;
- e) **Mid-Year Compensation Changes** – Reviewing and approving (reviewing and recommending to the Board in the case of the Chief Executive Officer and Chief Financial Officer), mid-year compensation changes for Designated Employees, including the issuance of equity compensation in the event of promotion or other change of circumstances. Any mid-year compensation recommendations for the Chief Financial Officer shall be made in consultation with the Audit Committee;
- f) **Employment Terms for New/Terminated Designated Employees** – Reviewing and approving (reviewing and recommending to the Board in the case of the Chief Executive Officer and the Chief Financial Officer) the terms of employment of all new Designated Employees and the termination of employment terms for any Designated Employees;
- g) **Succession Planning, Organization and Executive Development** – Periodically reviewing, in consultation with the Chair of the Board, succession and executive development plans for the CEO role. Periodically reviewing the Company's succession and 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;
- h) **Compensation and Organizational Development Policies** - Reviewing and recommending to the Board executive compensation and organizational development policies and processes including the periodic review of Designated Employee share ownership requirements and holdings, regulatory and other governance practices and their potential impact on the Company's compensation and organizational development practices, executive compensation relative to Company performance and the assessment of risk associated with the Company's executive compensation plans;
- i) **Retirement Plans** -
  - (i) Overseeing the administration and investment performance and other significant matters relating to Company retirement and benefit plans, such as the establishment of new plans or the material alteration of existing plans, subject to the ultimate supervision and control of the Board of Directors.

- (ii) Reviewing financial aspects of the Company's retirement programs, including actuarial assumptions and receiving reports from the Company's Pension Committee;
  - (iii) Reviewing and maintaining Statements of Investment Policies and Procedures for all retirement plans and periodically reviewing the contents and applicability of these statements and recommending revisions as necessary to the Board of Directors; and
  - (iv) Reviewing minutes of meetings of the Pension Committee of the Company;
- j) Compensation Reports** - Reviewing and approving of reports, etc., for the purpose of complying with any legislation relating to compensation matters (e.g., the Compensation Disclosure and Analysis in the Management Information Circular);
- k) Retention of Consultants** – Retaining compensation, legal, actuarial, benefits or other consultants as the Committee may determine to be necessary to carry out, at the Company's expense, the Committee's duties;
- l) Reporting** - Reporting through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and matters relating to this Charter; and
- m) Charter** - Reviewing and reassessing the adequacy of this Charter periodically.

#### **D. GENERAL**

The Committee's role is an oversight role and nothing contained in this Charter is intended to require the Committee to ensure the Company's nor any other person's compliance with applicable laws or regulations.

The Committee is a committee of the Board of Directors and 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.

## **ATTACHMENT 1**

### **THE CHARTER OF THE COMPENSATION AND ORGANIZATIONAL DEVELOPMENT COMMITTEE OF THE BOARD OF DIRECTORS OF SHAWCOR LTD.**

#### **EXECUTIVE COMPENSATION PHILOSOPHY DECEMBER 10, 2014**

ShawCor is a growth-oriented, global energy services company operating through a number of Operating Divisions. Our strategic focus is on sustained profitable growth – through both ShawCor corporate initiatives and the entrepreneurial efforts of our Operating Divisions.

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 (50<sup>th</sup> 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 business 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.

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 practices encourage appropriate risk taking and discourage inappropriate risk taking.
- Ensure senior executives meaningfully share the risks and rewards of ownership with ShawCor shareholders, and base a portion of their total compensation on share price performance.

This Compensation Philosophy is used to guide the development and application of compensation programs for Designated Executives, 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.