

MORNEAU SHEPELL INC.
DIRECTORS'
DEFERRED SHARE UNIT PLAN

March 2, 2017

**MORNEAU SHEPELL INC.
DIRECTORS' DEFERRED SHARE UNIT PLAN**

**SECTION 1
INTRODUCTION**

1.1 Purpose

The purpose of the Morneau Shepell Inc. Directors' Deferred Share Unit Plan is to promote a greater alignment of interests between non-employee Directors of the Corporation and the shareholders of the Corporation.

1.2 Definitions

For the purposes of the Plan, the following terms have the following meanings:

“**Administrator**” means the Secretary of the Corporation, or such other officer(s) of the Corporation designated by the Committee from time to time;

“**Affiliate**” means with respect to any corporation, any other corporation or partnership directly or indirectly controlling, controlled by or under common control with such corporation;

“**Annual Board Fees**” means the annual retainer which a Director is entitled to receive in a financial year for service on the Board including the annual retainer which a Director is entitled to receive for service as chair of the Board or as chair of any of the Board's committees, and all fees for attending meetings of the Board or any Committee thereof;

“**Beneficiary**” means any person designated by the Participant by written instrument filed with the Administrator to receive any amount payable under the Plan in the event of a Participant's death or, failing any such designation, the Participant's estate;

“**Blackout Period**” means the period imposed by the Corporation, during which specified individuals, including insiders of the Corporation, may not trade in the Corporation's securities;

“**Board**” means the Board of Directors of the Corporation;

“**Business Day**” means any day, other than a Saturday or a Sunday, on which the TSX is open for trading;

“**Code**” means the Internal Revenue Code of 1986, as amended and the Treasury Regulations (“**Regulations**”) promulgated thereunder;

“**Committee**” means the Human Resources Committee of the Board;

“**Corporation**” means Morneau Shepell Inc., and includes any successor corporation thereto;

“**Director**” means an individual who is a director of the Corporation and who is not an employee of the Corporation or any of its Affiliates;

“**Director DSUs**” means deferred share units which may be issued to Directors and which are redeemable for cash or Shares (at the election of the Corporation) and which vest immediately and become redeemable only upon the Director ceasing to be a Director, as further described in Section 3.

“**Director DSU Expiry Date**” has the meaning set out in Section 3.7;

“**Fair Market Value**” means the fair market value of a Share which shall be equal to volume weighted average trading price of a Share on the TSX (or, if such Shares are not then listed and posted for trading on the TSX, on such other stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the Committee) for the five Business Days on which Shares traded on such exchange preceding the applicable date; provided that in the event that Shares are not listed and posted for trading on any stock exchange, the Fair Market Value of a Share shall be the fair market value of a Share as determined by the Board in its sole discretion, which will take into account conformity with Section 1.409A - 1(b)(iv)(B) of the Regulations;

“**Grant Date**” means the Business Day on which the Annual Board Fees would be payable if an election had not been made in respect of such retainer in accordance with Section 3.4;

“**insiders**” means “reporting insiders” as defined in National Instrument 55-104 - Insider Reporting Requirements and Exemptions;

“**LTIP Account**” has the meaning set out in Section 3.2;

“**Notice of Redemption**” means a notice of redemption of Director DSUs delivered by a Participant to the Administrator in the form attached hereto as Schedule C or such other form as the Administrator may accept from time to time;

“**Participant**” a Director to whom Director DSUs have been granted under this Plan;

“**Plan**” means this Morneau Shepell Inc. Directors’ Deferred Unit Plan, as the same may be amended from time to time;

“**Redemption Date**” means the date on which a Notice of Redemption is filed or deemed to be filed by a Participant with the Administrator;

“**Regulation 409A**” means Regulation Section 1.409A of the Code;

“**Securities Act**” means the *Securities Act* (Ontario) as it may be amended from time to time;

“**Separation from Service**” means, with respect to a U.S. Participant, any event that may qualify as a separation from service under Regulation Section 1.409A-1(h). A U.S.

Participant shall be deemed to have separated from service if he dies, retires, or otherwise has a termination of employment as defined under Regulation Section 1.409A-1(h);

“**Share**” means a common share of the Corporation;

“**Termination Date**” means the date on which a Participant ceases to be a Director for any reason whatsoever (and is not on such date an employee or director of the Corporation or any of its Affiliates);

“**TSX**” means the Toronto Stock Exchange;

“**U.S. Participant**” means, any Participant who is a United States citizen or United States resident alien as defined for purposes of Code Section 7701(b)(1)(A) or whose award is subject to taxation by the United States; and

“**Vesting Date**” means the date that a Director DSU vests pursuant to the terms of the Plan.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing the masculine gender include the feminine and neuter genders.

1.3 Effective Date

The Plan will become effective on March 2, 2017. Any Director DSUs granted prior to the date that the Corporation’s shareholders approve the terms of this Plan shall be conditional on such shareholder approval and may not be redeemed for Shares prior to such shareholder approval. Any deferred share units issued to Directors pursuant to the Corporation’s long-term incentive plan dated January 1, 2011 which are outstanding prior to March 2, 2017 shall, with the consent of the relevant participant, become governed by this Plan from March 2, 2017 forward (assuming that the Corporation’s shareholders approve the terms of this Plan).

1.4 Administration

Subject to the Committee reporting to the Board in accordance with the terms of the Committee’s mandate, the Plan will be administered by the Committee which has the sole and absolute discretion to: (i) interpret and administer the Plan; (ii) establish, amend and rescind any rules and regulations relating to the Plan; and (iii) make any other determinations that the Committee deems necessary or desirable for the administration of the Plan. The Committee may delegate the administration of the Plan as it may determine in its discretion, provided that it may not delegate the authority to grant Director DSUs. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan, in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be conclusive and binding on the Participant. With respect to U.S. Participants, the Plan is intended to be administered in compliance with Regulation 409A and any other guidance promulgated thereunder and construed and interpreted in accordance therewith.

1.5 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

SECTION 2 SHARES AND ELIGIBILITY

2.1 Maximum Number of Shares to be Issued Under the Plan

- (a) The maximum number of Shares issuable pursuant to Director DSUs outstanding at any time under this Plan shall not exceed 1.0% of the aggregate number of Shares outstanding from time to time on a non-diluted basis, provided that the number of Shares issued or issuable under this Plan and all other security-based compensation plans of the Corporation or its subsidiaries shall not exceed 7.9% of the aggregate number of Shares outstanding from time to time on a non-diluted basis, in each case subject to adjustment set forth in Section 5.1 herein, and further subject to applicable rules and regulations of all regulatory authorities to which the Corporation is subject. These prescribed maximums may be subsequently changed to any specified amount, provided the change is authorized by a vote of the shareholders of the Corporation. Commencing at the annual meeting of the Corporation's shareholders in 2017 and every three years (or such other time period as required by the rules of the TSX) thereafter, all unallocated entitlements under this Plan must be approved by a majority of (i) the Directors and (ii) the shareholders of the Corporation.
- (b) The 1.0% and 7.9% maximums set out in Section 2.1(a) are "evergreen" provisions such that if any Director DSUs granted under this Plan (or awards under any other security-based compensation plans of the Corporation or its subsidiaries) are terminated or are cancelled for any reason without the Shares issuable thereunder having been issued in full or if any Shares are issued pursuant to any Director DSUs granted under this Plan (or awards under any other security-based compensation plans of the Corporation or its subsidiaries), any such Shares shall be available for the purposes of further Director DSUs grants under this Plan.

2.2 Shares Not Deducted from Reserve

Any Share which is subject to a Director DSU which has been granted under the Plan and which Director DSU for any reason is cancelled or terminated without having been redeemed shall again be available for grants under the Plan.

2.3 No Fractions

No fractional Shares may be issued under the Plan. If as a result of any adjustment under Section 5.1 hereof, the Participant would become entitled to a fractional Share, he or she shall have the right to only the lower whole number of Shares and no payment or other adjustment

will be made with respect to the fractional interest so disregarded. Notwithstanding the foregoing, fractional Director DSUs may be granted.

2.4 Eligibility

Director DSUs may be granted only to Directors, provided that participation in this Plan must be voluntary.

If any Director refuses to accept a grant of Director DSUs as awarded by the Committee or the refuses to accept the terms and conditions of this Plan, such Director shall have no entitlement to cash or any alternate form of compensation whatsoever in lieu of such grant.

If a Participant should become an officer (other than non-executive Chairman) or employee of the Corporation while remaining as a Director, his or her eligibility for the Plan shall be suspended effective the date of the commencement of his or her employment and shall resume upon termination of such employment, provided he or she continues as a Director of the Corporation. During the period of such ineligibility, such individual shall not be entitled to receive or be credited with any Director DSUs under the Plan, other than Dividend Equivalents allocations under Section 5.2.

2.5 Insider Participation Limits

In no event shall any Director DSUs be granted pursuant to this Plan if the redemption thereof could result, at any time, in:

- (a) the aggregate of the number of Shares issuable to insiders of the Corporation at any time under the Plan and under all other share compensation arrangements of the Corporation, exceeding 10% of the number of the Shares issued and outstanding immediately prior to such redemption; or
- (b) the aggregate of the number of Shares issued to insiders of the Corporation within a one-year period under the Plan and under all other share compensation arrangements of the Corporation, exceeding 10% of the number of the Shares issued and outstanding immediately prior to such redemption.

2.6 Non-Employee Director Limits

The aggregate number of Director DSUs that may be granted pursuant to this Plan to Directors within any one-year period under the Plan shall not exceed \$150,000 per Director (assuming each Director DSU granted has a value equal to the Fair Market Value of an equivalent number of Shares on the Grant Date).

2.7 Grant Date During a Blackout Period

In the event that the approval date for Director DSUs falls within a Blackout Period, the effective Grant Date for such Director DSUs will be no earlier than six Business Days after the date on which the Blackout Period ends, and the Fair Market Value with respect to such Director DSUs shall be calculated based on the five Business Days preceding the effective Grant Date.

SECTION 3 DIRECTOR DEFERRED SHARE UNITS

3.1 Grant of Director DSUs

The Committee shall have the right to grant, in its sole and absolute discretion, Director DSUs to any Directors, subject to the terms of this Plan and with such provisions and restrictions as the Committee may determine. In addition, the Committee may choose to permit Directors to elect to receive Annual Board Fees in the form of Director DSUs as described in Section 3.4. Each Director DSU shall be redeemable, at the election of the Corporation, for either one Share or a cash payment equal to the Fair Market Value of one Share as calculated on the Redemption Date, as described in Section 3.7.

3.2 LTIP Accounts

An account, to be known as a “**LTIP Account**”, shall be maintained by the Corporation for each Participant and will show the number of Director DSUs credited to a Participant from time to time.

3.3 Grant Confirmation

Each grant of a Director DSU shall be confirmed in writing in the form set out on Schedule A or such other form as the Committee may determine from time to time. Failure to provide a confirmation shall not invalidate the grant of any Director DSUs which are reflected in a Participant’s LTIP Account.

3.4 Method of Electing Director DSUs

At the discretion of the Committee, Directors may elect to receive all or a portion of their Annual Board Fees in the form of Director DSUs by completing and delivering to the Administrator a duly completed election in the form attached hereto as Schedule B, as amended from time to time, by no later than the last day of the Corporation’s fiscal year with respect to the Annual Board Fees for the following fiscal year, provided that for any Director who becomes a Participant during a subsequent fiscal year, elections shall be made as soon as practicable but in any event not later than 30 days after becoming a Director (and in the case of Directors who are U.S. Participants, such election may only relate to Annual Board Fees not yet earned at the date of such election). Elections for a fiscal year shall be irrevocable with respect to such fiscal year and shall remain in effect for subsequent fiscal years (to the extent accepted by the Committee prior to the commencement of any subsequent fiscal year) unless the Director otherwise provides written notice to the Corporation prior to the commencement of any subsequent fiscal year (with respect to such subsequent fiscal year). Delivery of a written election form shall constitute acceptance by the Director of all terms and conditions of the Plan. If a Director elects to receive all of a portion of his or her Annual Board Fees in the form of Director DSUs under this Plan, such Director will be credited on each date on which the Annual Board Fees would be payable if an election had not been made in respect of such retainer, or on such other date as the Committee may determine, for the amount that would otherwise be paid in cash on such date (each such date a “Grant Date”), the number of Director DSUs calculated in accordance with Section 3.5.

3.5 Number of Director DSUs Subject to Election

The number of DSUs to be credited to the LTIP Account of a Participant who elected to receive Director DSUs pursuant to Section 3.4 will be calculated by dividing the dollar amount of the amount elected to be received as Director DSUs on a Grant Date by the Fair Market Value of a Share on such date.

3.6 Vesting and Expiry

The Vesting Date of each Director DSU shall be the same as its Grant Date.

3.7 Redemption of Director DSUs

On or after the Vesting Date, but in any event no earlier than the Director's Termination Date and no later than December 31 of the year following the Director's Termination Date (the "**Director DSU Expiry Date**"), a Participant may redeem his or her Director DSUs by completing and delivering to the Administrator a duly completed Notice of Redemption by no later than 15 days prior to the Director DSU Expiry Date. As soon as practicable following the Redemption Date (but in any event prior to the Director DSU Expiry Date), each Director DSU shall be redeemed by the Corporation for (at the election of the Corporation):

- (a) one Share; or
- (b) an amount in cash equal to the Fair Market Value of one Share on the Redemption Date; or
- (c) a combination of Shares and cash as contemplated by paragraphs (a) and (b) above.

On redemption, the Corporation shall deliver to a Participant (or, where the Participant has died, his or her Beneficiary) the applicable number of Shares or a cheque or direct deposit, net of applicable deductions and withholdings.

Notwithstanding the foregoing, if a Director DSU's Redemption Date occurs during a Blackout Period, the Redemption Date of such Director DSU shall automatically be extended until six Business Days after the end of the Blackout Period (but in no event later than the Director DSU Expiry Date) and such extended date shall be considered the Redemption Date.

In the case of U.S. Participants, the Redemption Date of a Director DSU may only be on the earlier of (a) a fixed date determined on the Grant Date, or (b) within 30 days after Separation from Service.

SECTION 4 TERMINATION OF SERVICE

4.1 Termination of Service

- (a) Upon a Participant's Termination Date for any reason other than death, the Participant may require the redemption of all vested Director DSUs credited to the Participant's LTIP Account on or following the Participant's Termination Date by filing with the Administrator a duly completed Notice of Redemption of such vested Director DSUs on or before the December 15 immediately preceding the Director DSU Expiry Date of the Director DSUs being redeemed. If the Participant fails to file a Notice of Redemption of the vested Director DSUs on or before such December 15, the Participant shall be deemed to have filed with the Administrator a Notice of Redemption on such December 15.
- (b) On receipt or deemed receipt of a Notice of Redemption under Section 4.1(a), the Corporation shall: (i) issue one Share to the Participant for each such vested Director DSU credited to the Participant's LTIP Account as of the Redemption Date; or (ii) make a cash payment to the Participant equal to the number of such vested Director DSUs credited to the Participant's LTIP Account as of the Redemption Date multiplied by the Fair Market Value of a Share calculated as of the Redemption Date; or (iii) a combination of (i) and (ii), in each case net of applicable deductions and withholding.
- (c) Within 10 Business Days following the Redemption Date, the Corporation shall deliver such Shares and/or make such cash payment to the Participant. Notwithstanding the foregoing, all Director DSUs must be redeemed by not later than the Director DSU Expiry Date, to the Director DSUs being redeemed.
- (d) Notwithstanding anything to the contrary, in this Section 4.1, the Redemption Date for U.S. Participants will, in all cases, be deemed to be the 30th day following the day on which the U.S. Participant's Separation from Service occurs and all vested Director DSUs will be redeemed on that deemed Redemption Date and all unvested Director DSUs will be forfeited, automatically expire and be of no further force or effect.

4.2 Death of a Participant

In the event that the Participant's Termination Date arises as a result of the death of a Participant, the Corporation shall, on a date selected by the Corporation (such date to be the Participant's Redemption Date for the purposes of this Section 4.2) within 90 days of the Participant's death (or if such 90th day occurs during a Blackout Period, within six Business Days after the end of such Blackout Period), in its absolute discretion: (i) issue one Share to the Participant's Beneficiary for each Director DSU which had vested and was credited to the Participant's LTIP Account as of the date of death; (ii) make a cash payment to the Participant's Beneficiary equal to the number of Director DSUs which had vested and were credited to the Participant's LTIP Account on the date of death multiplied by the Fair Market Value of a Share on the Redemption

Date; or (iii) a combination of (i) and (ii), in each case net of applicable deductions and withholding.

4.3 Six-Month Delay Rule – U.S. Participants

If at the time of Separation from Service, the Corporation's shares are publicly traded on an established securities market or otherwise, each U.S. Participant who is a "specified employee" of the Corporation within the meaning of Code Section 409A(a)(2)(B)(i) and Regulation Section 1.409A-1(i), shall not receive any payment under the Plan that is made on account of the U.S. Participant's Separation from Service until the first day of the seventh month following the date of such Participant's Separation from Service (or, if earlier, the date of death).

4.4 Restrictions on Director DSUs of Certain Dual Taxpayers (Canada - U.S.).

This Section 4.4 shall only apply in respect of Director DSUs of a U.S. Participant if, at the time a payment in respect of the Director DSUs is required to be made under the Plan, the U.S. Participant would be liable for tax in respect of such payment, if made as otherwise provided, under Regulation 6801(d) of the *Income Tax Act* (Canada) or any successor provision (the "Canadian Tax Rules").

- (a) If a payment in respect of Director DSUs of a U.S. Participant would be required to be made at any time but for this Section 4.4 and such payment would, if made, comply with the Canadian Tax Rules but would otherwise violate the requirements of Regulation 409A, then, notwithstanding any other provision of the Plan, unless the Committee determines that payments in respect of the Director DSUs can be made in some other manner and at such other time in compliance with the Canadian Tax Rules and Regulation 409A, such U.S. Participant shall immediately forfeit his or her Director DSUs (for the avoidance of doubt, without compensation therefor in any manner whatsoever).
- (b) If a payment in respect of Director DSUs of a U.S. Participant is otherwise required to be made at any time, but for this Section 4.4 and such payment would, if made, comply with Regulation 409A but would violate the Canadian Tax Rules, then, notwithstanding any other provision of the Plan, unless the Committee determines that payment in respect of the Director DSUs can be made in some other manner and at such other time in compliance with Regulation 409A without violating the Canadian Tax Rules, such payment shall be made to a trustee to be held in trust for the benefit of such U.S. Participant in a manner that causes the payment to be included in such U.S. Participant's income under the Code and does not violate the Canadian Tax Rules, and amounts shall thereafter be paid out of the trust for the benefit of such U.S. Participant at such time and in such manner as complies with the requirements of the Canadian Tax Rules.

SECTION 5 GENERAL

5.1 Capital Adjustments

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than cash dividends) of the Corporation's or the Corporation's assets to security holders, or any other change in the capital of the Corporation or the Corporation affecting Shares, the Committee will make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change, with respect to the number of Director DSUs outstanding under the Plan.

5.2 Dividends and Distributions

To the extent cash dividends or distributions are paid on the Shares, additional Director DSUs will be credited to each Participant's LTIP Account ("**Dividend Equivalents**") as described in this Section 5.2. Such credit will occur only once in each year on or about January 15th (the "**Dividend Credit Date**"). Adjustments shall be made in all cases for any Director DSUs which are cancelled or expire during the course of any year prior to an applicable Dividend Credit Date. Dividend Equivalents in the form of additional Director DSUs will be credited to the Participant's LTIP Account on the Dividend Credit Date. The number of Dividend Equivalents (including fractional Director DSUs calculated to two decimal places) to be credited shall be determined by dividing the aggregate cash distributions or dividends that would have been paid to such Participant if the Director DSUs in the Participant's LTIP Account for the year preceding the Dividend Credit Date had been Shares by the Fair Market Value of a Share on the Dividend Credit Date. Director DSUs granted to a Participant as Dividend Equivalents under this Section 5.2 shall be subject to the same vesting and other terms as the Director DSUs to which they relate.

5.3 No Acceleration – U.S. Participants

With respect to U.S. Participants, the acceleration of the time or schedule of any payment due under the Plan is prohibited except as provided in Regulation Section 1.409A-3(j)(4) and administrative guidance promulgated under Regulation 409A.

5.4 Non-Exclusivity

Nothing contained herein will prevent the Committee or the Corporation from adopting other or additional compensation arrangements for the benefit of any Participant, subject to any required regulatory or shareholder approval.

5.5 Unfunded Plan

Neither the establishment of the Plan, the crediting of Director DSUs or the setting aside of any funds by the Corporation (if, in its sole discretion, it chooses to do so) shall be deemed to create a trust. Legal and equitable title to any funds set aside for the purposes of the Plan shall remain in the Corporation and no Participant shall have any security or other interest in such funds. Any funds so set aside shall remain subject to the claims of creditors of the Corporation present or

future. Amounts payable to any Participant under the Plan shall be a general, unsecured obligation of the Corporation. The right of the Participant to receive payment pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Corporation.

5.6 Successors and Assigns

The Plan shall be binding on all successors and assigns of the Corporation and each Participant, including without limitation, the legal representative of a Participant, and any receiver or trustee in bankruptcy or representative of the creditors of the Corporation or a Participant.

5.7 Transferability of Director DSUs

Subject to Section 4.2, the right to receive Shares and/or cash pursuant to Director DSUs granted to a Participant may only be redeemed by such Participant personally. Except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of Director DSUs, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Director DSUs whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Director DSUs shall terminate and be of no further force or effect.

5.8 Amendment and Termination

- (a) The Board may discontinue or amend this Plan or any Director DSU at any time without the consent of Participants provided that such amendment shall:
 - (i) not adversely alter or impair any Director DSU previously granted;
 - (ii) be subject to any regulatory approvals including, where required, the approval of the TSX; and
 - (iii) be subject to shareholder approval, where required, by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:
 - (A) amendments of a “housekeeping nature”;
 - (B) a change to the vesting or redemption provisions of any Director DSU; and
 - (C) a change to the eligible participants of the Plan.
 - (iv) Notwithstanding the foregoing, the following amendments shall require approval by holders of a majority of the Shares (excluding, if required by the rules of the TSX or any other stock exchange on which the Shares are listed, any Shares held directly or indirectly by insiders benefiting directly or indirectly from the proposed amendment):

- (A) any amendment to remove or exceed the insider participation limits described in Section 2.5;
 - (B) any amendment to remove or exceed the Director participation limits described in Section 2.6;
 - (C) any increase in the aggregate number of Shares that may be issued under the Plan as specified in Section 2.1;
 - (D) any amendment to the Plan that increases the length of the period after a Blackout Period during which Director DSUs may be redeemed;
 - (E) any change which would permit Director DSUs to be transferable or assignable, other than as contemplated in Section 5.7; and
 - (F) any amendment to this Section 5.8.
- (b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules adopted by the Committee and in force at the time of termination of the Plan, will continue in effect as long as a Director DSU or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Plan, the Committee may make any amendments to the Plan or the Director DSUs it would be entitled to make if the Plan were still in effect.
- (c) With the consent of the Participant affected thereby and subject to Section 5.8(a)(iv), the Committee may amend or modify any outstanding Director DSU in any manner to the extent that the Committee would have had the authority to initially grant the Director DSU as so modified or amended.

5.9 No Liability

In no event shall the Corporation, any subsidiary of the Corporation, or the Directors and officers of the Corporation and its subsidiaries have any liability whatsoever to a Participant for any increase or decrease in the value of the Shares and the inherent value of any Director DSUs.

5.10 Withholding

Notwithstanding anything to the contrary in this Plan, when a Participant or other person becomes entitled to receive Shares and/or cash upon the redemption of a Director DSU, the Corporation shall have the right to withhold or require the Participant or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Participant of cash payment to the Corporation in an amount equal to the total withholding tax obligation; or

- (b) the Corporation may (on behalf of the Participant) cause the sale of Shares having a fair market value, determined as of the date the withholding tax obligation arises, equal to the amount of the total withholding tax obligation, and withhold an amount equal to the total withholding tax obligation from such sale proceeds; or
- (c) the withholding by the Corporation from any cash payment otherwise due to the Participant such amount of cash as is equal to the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld is sufficient to satisfy the total withholding tax obligation.

5.11 Tax Consequences

It is the responsibility of the Participant to complete and file any tax returns which may be required under Canadian tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. The Corporation shall not be held responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

5.12 Terms of the Plan

This document contains all of the terms of the Plan and there are no other documents which establish terms of the Plan not contained herein.

SCHEDULE A

GRANT CONFIRMATION

TO: _____ (the “Participant”)

Pursuant to the Directors’ Deferred Share Unit Plan (the “Plan”) of Morneau Shepell Inc. (the “Corporation”) dated March 2, 2017, the Corporation confirms that following grant of Director DSUs to the Participant. All capitalized terms used in this Grant Confirmation have the meanings given to them in the Plan.

_____ Director DSUs*

Grant Date _____, _____

The granting and redemption of the Director DSUs are subject to the terms and conditions of the Plan. The undersigned Participant acknowledges having received (or accessed electronically) a copy of the Plan and agrees to be subject to the terms and conditions of the Plan.

DATED this _____ day of _____, _____.

MORNEAU SHEPELL INC.

Per: _____
Authorized Signatory

The undersigned Participant hereby acknowledges and agrees to the foregoing this _____ day of _____, _____.

Beneficiary Designation

In the event of my death while I am still a Participant in the Plan, I hereby designate _____ my Beneficiary for all Director DSUs outstanding.

The effect of this designation shall be to cancel all previous designations made by me in respect of this Plan.

Witness

Participant name:

* For U.S. Participants, Director DSUs must have a fixed date for redemption.

SCHEDULE B

DIRECTOR ELECTION FORM FOR DEFERRED SHARE UNITS

Pursuant to the Directors' Deferred Share Unit Plan (the "**Plan**") of Morneau Shepell Inc. (the "**Corporation**") dated March 2, 2017, the undersigned hereby elects to receive _____% of the undersigned's Annual Board Fees payable in respect of the _____ fiscal year in the form of Director DSUs, and to have the balance, if any, of the undersigned's Annual Board Fees (if any) paid in cash.

This election is irrevocable for the fiscal year set out above. The undersigned agrees that the election above will be irrevocable with respect to Annual Board Fees payable in respect of the fiscal year indicated above and such election shall remain in effect for subsequent fiscal years (to the extent accepted by the Committee) unless the undersigned otherwise provides written notice to the Corporation prior to the commencement of any subsequent fiscal year.

All capitalized terms used in this Election have the meanings given to them in the Plan. The undersigned agrees that receipt of the Director DSUs referred to herein is subject to all of the terms and conditions of the Plan.

DATED _____, 20__.

Signature of Director

Name (Please Print)

SCHEDULE C

NOTICE OF REDEMPTION

The undersigned hereby gives notice that the undersigned wishes to redeem _____ of the following Director DSUs credited to the LTIP Account of the undersigned pursuant to the Morneau Shepell Inc. Directors' Deferred Share Unit Plan:

_____ Director DSUs

DATED _____, 20__.

Signature

Name (Please Print)

Please complete the following brokerage account information:

Broker institution name: _____

Contact person: _____

Account No: _____

Address: _____

Telephone: _____

Email: _____

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