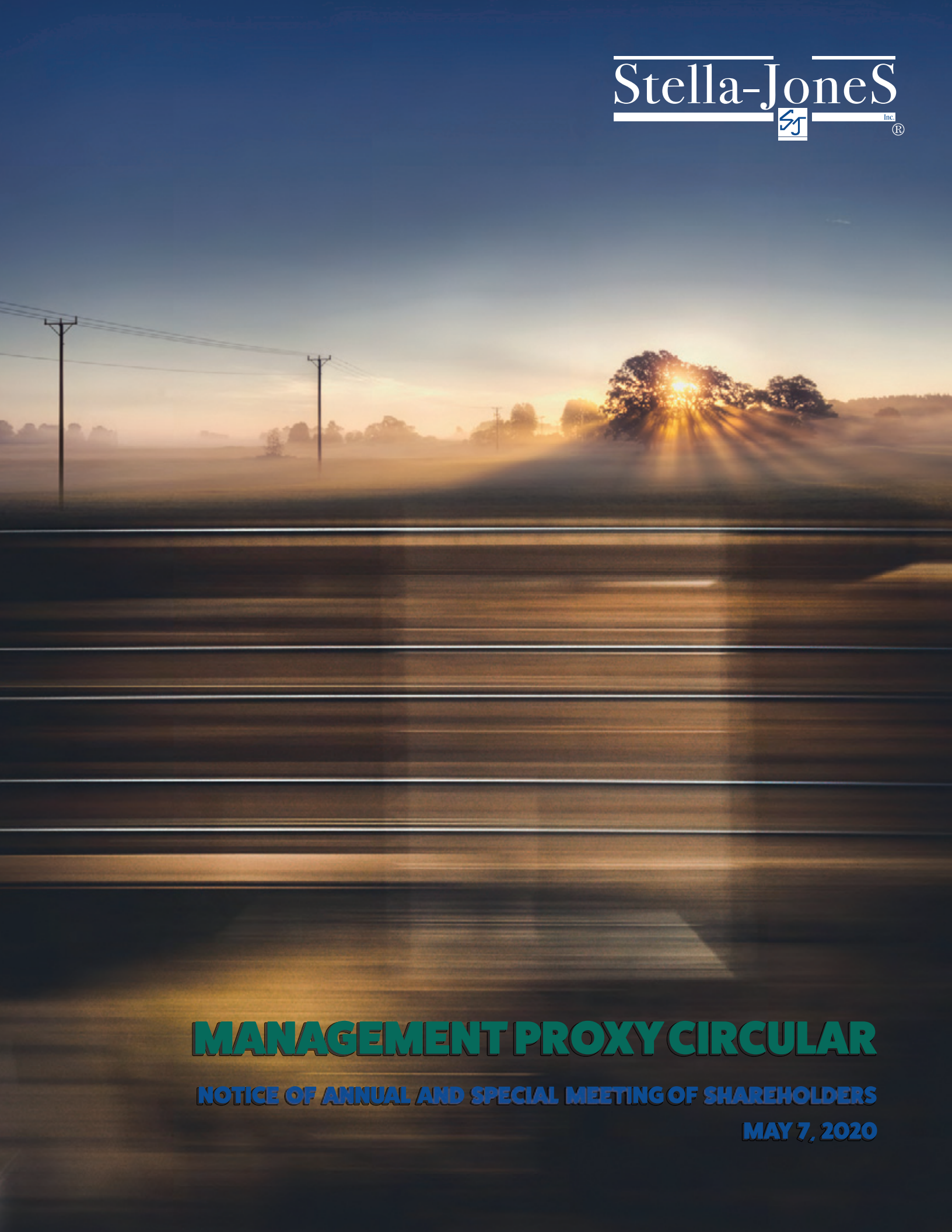


Stella-Jones Inc.

MANAGEMENT PROXY CIRCULAR

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

MAY 7, 2020

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Notice of Annual and Special Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual and special meeting of shareholders of Stella-Jones Inc. (the "Corporation") will be held at the Corporation's head office, located at 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec Canada, on Thursday, May 7, 2020 at 10:00 a.m. (Montréal time), for the purposes of:

1. receiving the management report and the consolidated financial statements of the Corporation for the financial year ended December 31, 2019, as well as the independent auditor's report thereon;
2. electing directors;
3. appointing auditors and authorizing the directors to fix their remuneration;
4. holding an advisory vote on the Corporation's approach to executive compensation;
5. considering and, if deemed advisable, adopting a resolution, the complete text of which is annexed hereto as Schedule "A", amending the Corporation's employee share purchase plans ("Purchase Plans") to increase the total number of common shares reserved for issuance under its Purchase Plans from 1,000,000 to 1,300,000 common shares; and
6. transacting such other business as may properly be brought before the meeting.

In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is encouraging shareholders and others not to attend the meeting in person. Shareholders are urged to vote on the matters before the meeting by proxy and to view the meeting online by way of a live webcast, details of which will be provided in the Investor Relations section of the Corporation's website at www.stella-jones.com and published through GlobeNewswire prior to the meeting. Shareholders will be able to submit questions to management of the Corporation through the webcast at the conclusion of the meeting. The Corporation may take additional precautionary measures in relation to the meeting in response to further developments regarding COVID-19.

By Order of the Board,

MARLA EICHENBAUM
Vice-President, General Counsel and Secretary

Montréal, Québec, March 10, 2020

Shareholders are urged to complete and sign the enclosed form of proxy and return it in the postage-paid envelope provided for that purpose.

To be valid, proxies must be received at the office of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, no later than May 5, 2020, at 5:00 p.m. (Montréal time).

Management Proxy Circular

Stella-Jones Inc.
3100 de la Côte-Vertu Blvd., Suite 300,
Saint-Laurent, Québec
H4R 2J8

1. Solicitation of Proxies

This circular is furnished in connection with the solicitation by the management of Stella-Jones Inc. (the "Corporation") of proxies for use at the annual and special meeting of shareholders of the Corporation (the "Meeting") to be held on Thursday, May 7, 2020, at the time and place and for the purposes mentioned in the notice of meeting and at any and all adjournments thereof.

Except as otherwise indicated, the information contained herein is given as at March 10, 2020.

The solicitation is made primarily by mail; however, officers and employees of the Corporation may solicit proxies directly, but without additional compensation. The Corporation may also reimburse brokers and other persons who hold common shares in their names, or in the names of nominees, for the costs they incur in forwarding the proxy documents to principals and obtaining their proxies. The cost of the solicitation is borne by the Corporation. This cost is expected to be nominal.

2. Appointment of Proxyholders

The persons named as proxyholders in the accompanying form of proxy are directors or officers of the Corporation. A shareholder has the right to appoint as proxyholder a person other than the persons whose names are printed as proxyholders in the accompanying form of proxy by inserting the name of his/her chosen proxyholder in the blank space provided for that purpose in the form of proxy. In either case, the completed proxy shall be delivered at the office of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, no later than May 5, 2020, at 5:00 p.m. (Montréal time). A person acting as proxyholder need not be a shareholder of the Corporation. In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is encouraging shareholders and others not to attend the meeting in person.

3.(i) Revocation of Proxies

A shareholder giving a proxy may revoke the proxy by depositing an instrument in writing executed by the shareholder or by his/her attorney authorized in writing or, if the shareholder is a corporation, by an instrument in writing executed by an officer or attorney thereof duly authorized, at the Secretary's office of the Corporation, 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec H4R 2J8, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chair of such Meeting, on the day of the Meeting or any adjournment thereof; or in any other manner permitted by law. **In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by the federal and provincial governments, the Corporation is encouraging shareholders and others not to attend the meeting in person.**

(ii) Notice-and-Access

The Corporation has elected not to send proxy-related materials to registered holders or beneficial holders using notice-and-access procedures.

(iii) Proxy-Related Materials – Non-Objecting Beneficial Owners

The Corporation is sending proxy-related materials directly to non-objecting beneficial owners under Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer.

(iv) Payment to Deliver Materials to Objecting Beneficial Owners

The Corporation has agreed to pay for intermediaries to deliver to objecting beneficial owners under Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer, the proxy-related materials and Form 54-101F7 – Request for Voting Instructions Made by Intermediary.

4. Voting Securities and Principal Holders of Voting Securities

The shares of the Corporation giving the right to vote at the Meeting are the common shares. Each common share carries the right to one vote. As at March 10, 2020, 67,466,709 common shares were outstanding.

The holders of common shares whose names appear on the list of shareholders prepared at the close of business, Montréal time, on March 10, 2020 (the "Record Date") will be entitled to vote at the Meeting and any adjournment thereof, if present or represented by proxy thereat.

To the knowledge of the directors and officers of the Corporation, La Caisse de dépôt et placement du Québec ("CDPQ") and Mackenzie Financial Corporation ("Mackenzie") are the sole persons or companies who beneficially own or exercise control or direction over shares carrying 10% or more of the voting rights attached to the shares of the Corporation. The CDPQ holds 7,587,180 common shares, representing approximately 11.2% of the common shares outstanding of the Corporation and Mackenzie holds 7,103,151 common shares, representing approximately 10.5% of the common shares outstanding of the Corporation.

5. Business of the Meeting

Presentation of the Audited Consolidated Financial Statements and the Independent Auditor's Report

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2019 and the independent auditor's report thereon are contained in the annual report of the Corporation, copies of which are being mailed to shareholders of the Corporation.

Election of Directors

The articles of the Corporation provide that the Board of Directors shall consist of no fewer than 3 and no more than 12 directors. The directors are elected annually. All directors hold office until the earlier of their resignation or the close of the Corporation's next annual general meeting of shareholders at which directors are elected, unless a director ceases to hold office or his or her office is vacated due to death, removal or other cause. It is proposed that 9 directors be elected for the current year.

Except where authority to vote on the election of directors is withheld, the persons named in the accompanying form of proxy will vote for the election of the nominees whose names are hereinafter set forth.

The management of the Corporation does not contemplate that any of the nominees will be unable, or for any reason refuse, to serve as a director but, if that should occur for any reason prior to the election, the persons named in the accompanying form of proxy will have the right to vote for another nominee in their discretion unless the shareholder has specified otherwise. The following sets forth, for each person nominated for election as director, his or her name, place of residence, age, the year in which he or she first became a director, the number of common shares of the Corporation beneficially owned or subject to his or her control or direction, the number of deferred share units ("DSUs") of the Corporation held, the number of votes "for" at the 2019 Annual Meeting of Shareholders, independence with respect to the Corporation, his or her presence on committees of the Board, current public company directorships, other current directorships and memberships and his or her skills, qualifications and education, the whole as at March 10, 2020. Statements contained with respect to each nominee are based upon information obtained from the person concerned. Note that the Board of Directors does not have an executive committee.

Director Nominees



Katherine A. Lehman
Chair of the Board

New York, U.S.A.

Age: 45
Director Since: 2016
Shares Owned: 5,500
DSUs: 531
2019 Annual Meeting Votes for: 99.32%

Stella-Jones Committees: **Independent**
- Audit Committee
- Remuneration Committee

Current Public Company Directorships:
- Navient Corp (NASDAQ: NAVI), Chair of the Finance and Operations Committee, Member of the Compensation and Personnel Committee

Other Current Directorships and Memberships:
- Spiral Holding LLC – Board member
- American Track Services – Director
- National Association of Corporate Directors – Member, Board Leadership Fellow

Skills and Qualifications:
Ms. Lehman is Managing Partner at Hilltop Private Capital LLC, a private equity firm focused on investing in and managing companies in industrial and business services industries. She has garnered more than 20 years of experience in private equity executive roles and Board memberships, including public and private, profit and not-for-profit entities. Her background in capital allocation, financial analysis and business operations as well as her governance expertise positions her well to lead Stella-Jones' Board.

Education:
Ms. Lehman holds an MBA from Columbia Business School and a B.S. in Economics from The Wharton School, University of Pennsylvania.



Robert Coallier

Québec, Canada

Age: 59
Director Since: 2020
Shares Owned: 7,875
DSUs: Nil[1]
2019 Annual Meeting Votes for: N/A[2]

Stella-Jones Committees: **Independent**
- Audit Committee
- Remuneration Committee

Current Public Company Directorships:
- None

Other Current Directorships and Memberships:
- None

Skills and Qualifications:
Mr. Coallier served as Chief Executive Officer of Agropur Dairy Cooperative from 2012 to 2019 and was Vice-President and Chief Financial Officer of Dollarama L.P. from 2005 to 2010. He held various senior positions at Molson Inc./Molson Coors Brewing Company between 2000 and 2005, including Global Chief Business Development Officer, Executive Vice-President, Corporate Strategy and International Operations and Chief Financial Officer. Earlier roles included Chief Financial Officer of C-Mac Industries and Vice-President, Venture Capital of the Caisse de dépôt et placement du Quebec.

Mr. Coallier brings knowledge and experience from numerous public and private Boards, including Industrial Alliance Financial Services, Industries Sanimax and Ivanhoé Cambridge, where he served on the Audit, Human Resources and Governance committees. His depth of executive and financial experience across industries as well as his exceptional appreciation of governance matters bring valued experience to the Stella-Jones Board and to both the Audit and Remuneration Committees on which he serves.

Education:
Mr. Coallier holds an MBA from Concordia University and a B.A. in Economics from McGill University.

(1) Mr. Coallier was not a member of the Corporation's Board of directors at the time of the July 2019 DSU grant.
(2) Joined the Corporation's Board of Directors on January 15, 2020.



Rhodri J. Harries

Québec, Canada

Age: 56
Director Since: 2020
Shares Owned: Nil
DSUs: Nil[(1)]
2019 Annual Meeting Votes for: N/A[(1)]

Stella-Jones Committees: **Independent**
- N/A[(1)]

Current Public Company Directorships:
- None

Other Current Directorships and Memberships:
- None

Skills and Qualifications:
Mr. Harries has served, since 2015, as Executive Vice-President, Chief Financial and Administration Officer of Gildan Activewear, a publicly listed (TSX and NYSE: GIL) producer of basic apparel, with manufacturing facilities in North and Central America, the Caribbean and Asia. Between 2004 and 2015, he held various senior positions at Rio Tinto Alcan, a leading global integrated aluminium business, including Chief Financial Officer and Chief Commercial Officer. Prior to joining Rio Tinto Alcan, Mr. Harries spent 15 years with General Motors in North America, Asia and Europe. His strong background in financial management and business development, as well as his global manufacturing experience, will add exceptional skills to the Stella-Jones Board and to both the Audit and Environmental, Health and Safety committees on which the Board will propose he serves.

Education:
Mr. Harries holds a Master of Business Administration from McMaster University and a Bachelor of Chemical Engineering from Queen's University.



Karen Laflamme FCPA, FCA, ASC

Québec, Canada

Age: 57
Director Since: 2018
Shares Owned: 4,000
DSUs: 319
2019 Annual Meeting Votes for: 99.65%

Stella-Jones Committees: **Independent**
- Audit Committee (Chair)
- Remuneration Committee

Current Public Company Directorships:
- None

Other Current Directorships and Memberships:
- Collège des administrateurs de Sociétés (CAS)-Board Member and member of the Governance Committee.

Skills and Qualifications:
Ms. Laflamme served as Executive Vice-President and Chief Financial Officer, Retail, of Ivanhoé Cambridge, an investor and developer of superior quality real estate properties, projects and companies from 2016 to early 2020. She joined Ivanhoé in 2012, where she served in various roles, including Executive Vice-President, Corporate Management & Institutional Affairs, where she was responsible for investor relations, internal audit and integrated risk management. From 2003-2012, she held various senior positions at the Caisse de dépôt et placement du Québec, including Senior Vice-President, Real Estate, Vice-President, Real Estate Portfolio and Vice-President, Internal Audit. Ms. Laflamme has been a member of the Quebec CPA Order since 1986 (CA). She holds the designation of Certified Corporate Director and was named Fellow of the Quebec Order of Chartered Professional Accountants (FCPA) in 2012.

Education:
Ms. Laflamme holds a Bachelor of Business Administration (BBA) from HEC Montréal.

(1) Mr. Harries is a Board nominee and was not a member of the Board of directors at the time of the July 2019 DSU grant.



James A. Manzi, Jr.

Florida, U.S.A.

Age: 70
Director Since: 2015
Shares Owned: 5,000
DSUs: 319
2019 Annual Meeting Votes for: 97.38%

Stella-Jones Committees: **Independent**
- Remuneration Committee (Chair)
- Environmental, Health and Safety Committee

Current Public Company Directorships:
- None

Other Current Directorships and Memberships:
- Board of Trustees – The Academy at Penguin Hall (College preparatory secondary school for women, Wenham, Massachusetts)

Skills and Qualifications:
Prior to his retirement in 2015, Mr. Manzi had 40 years' experience as an attorney assisting a broad spectrum of clients with complex corporate, financing and real estate transactions, multi-state acquisitions and regulatory zoning and permitting. He possesses the requisite understanding of the multi-faceted responsibilities and challenges facing the Board and the Remuneration and Environmental, Health and Safety Committees that are fundamental to their oversight obligations.

Education:
Mr. Manzi holds a Bachelor of Science from the Georgetown University School of Foreign Service and a Juris Doctor from the Georgetown University Law Center.



Douglas Muzyka

Pennsylvania, U.S.A.

Age: 65
Director Since: 2019
Shares Owned: Nil
DSUs: Nil[1]
2019 Annual Meeting Votes for: N/A[2]

Stella-Jones Committees: **Independent**
- Environmental, Health and Safety Committee
- Governance and Nomination Committee

Current Public Company Directorships:
- CCL Industries Inc. – Chair of Human Resources and Compensation Committee and member of the Safety, Health and Environmental Committee
- Chemtrade Logistics Income Fund – Board Member

Other Current Directorships and Memberships:
- National Research Council of Canada, Chair

Skills and Qualifications:
Having held the positions of Senior Vice-President and Chief Science and Technology Officer of E.I. DuPont de Nemours & Company (2010-2017), President, DuPont Greater China (2006-2010) and President and Chief Executive Officer of DuPont Canada, Inc. (2003-2006), Mr. Muzyka brings a broad management background to Stella-Jones and an in-depth understanding of environmental health and safety management systems.

His service on the Boards of CCL Industries and Chemtrade and role as Chair of the National Research Council of Canada bring valued experience to his exceptional technical skillset that have already made a positive contribution to the Stella-Jones Board and committees.

Education:
Mr. Muzyka holds a B.S. of Chemical Engineering, an M.S. of Chemical Engineering and a Ph.D. of Chemical Engineering from the University of Western Ontario.

(1) Mr. Muzyka was not a member of the Corporation's Board of Directors at the time of the July 2019 DSU grant.
(2) Joined the Corporation's Board of Directors on December 16, 2019.



Simon Pelletier

Québec, Canada

Age: 53
Director Since: 2012
Shares Owned: 5,000
DSUs: 319
2019 Annual Meeting Votes for: 99.32%

Stella-Jones Committees: **Independent**
- Governance and Nomination Committee (Chair)
- Audit Committee
- Environmental, Health and Safety Committee

Current Public Company Directorships:
- None

Other Current Directorships and Memberships:
- None

Skills and Qualifications:
Mr. Pelletier holds the position of Senior Vice-President, North American Sales and Operations for Metso, a manufacturer of mineral processing equipment and service provider to the mining and construction industries. He brings over 25 years of extensive senior level international managerial and operational experience, providing a seasoned perspective that positions him to valuably contribute to the Stella-Jones Board of Directors, Audit and Environmental, Health and Safety Committees. His independence positions him well as Chair of the Corporation's Governance and Nomination Committee, where he ensures that committee members have regular opportunities to meet and engage in discussions regarding the composition of the Board and the competencies, skills and experiences required by its members, as well as the Corporation's adherence to corporate governance guidelines.

Education:
Mr. Pelletier holds a Bachelor of Materials Engineering from the University of Windsor.



Éric Vachon, CPA, CA

Québec, Canada

Age: 52
Director Since: 2019
Shares Owned: 19,604
DSUs: N/A[1]
2019 Annual Meeting Votes for: N/A[2]

Stella-Jones Committees: **Non-Independent**
- None

Current Public Company Directorships:
- None

Other Current Directorships and Memberships:
- None

Skills and Qualifications:
Mr. Vachon serves as President and CEO of Stella-Jones. Since joining the Corporation in 2007, he has held a variety of positions, including Director, Treasury and Financial Reporting, Vice-President Finance, U.S. Operations, Vice-President and Treasurer, and most recently, Senior Vice-President and Chief Financial Officer from August of 2012 until October of 2019. His extensive knowledge of operations, finance, capital markets and mergers and acquisitions have added sound business insight to the CEO position, while providing the leadership and direction necessary to drive the execution of the Corporation's strategic vision. Mr. Vachon is a member of the Quebec Order of Chartered Professional Accountants (1991).

Education:
Mr. Vachon holds a Bachelor in accounting from HEC Montréal.

(1) Executive directors are not entitled to DSU grants.
(2) Joined the Corporation's Board of Directors on October 11, 2019.



Mary Webster

Minnesota, U.S.A.

Age: 66
Director Since: 2007
Shares Owned: 21,775
DSUs: 319
2019 Annual Meeting Votes for: 99.45%

Independent

Stella-Jones Committees:
- Environmental, Health and Safety Committee (Chair)
- Governance and Nomination Committee

Current Public Company Directorships:
- None

Other Current Directorships and Memberships:
- None

Skills and Qualifications:
Ms. Webster served as attorney for two nationally based U.S. law firms where her practice focused on environmental law, primarily in the areas of hazardous waste remediation and compliance under federal and state regulations. This experience has prepared her well for Stella-Jones' Board of Directors, where, as a long-time member of the Environmental, Health and Safety Committee, she has devoted her expertise and energy to focusing on the Company's commitment to operating its facilities in compliance with applicable rules and regulations, while providing for the protection of its employees, the environment and the public.

Education:
Ms. Webster holds a B.A. from the University of Colorado and a Juris Doctor from the University of Minnesota Law School.

Appointment of Auditors

At the Meeting, shareholders will be called upon to appoint the auditors to serve until the close of the next annual meeting of the Corporation and to authorize the directors to establish the remuneration of the auditors so appointed.

It is proposed by management of the Corporation that PricewaterhouseCoopers LLP be reappointed as auditors of the Corporation and that the directors of the Corporation be authorized to fix their remuneration. PricewaterhouseCoopers LLP have acted as auditors of the Corporation since May 7, 2008. They also served as the Corporation's auditors from the time of the Corporation's incorporation until May 4, 2005.

At the Corporation's annual general meeting of shareholders held on May 2, 2019, 99.65% of shareholder votes cast voted for PricewaterhouseCoopers as the Corporation's auditors.

Except where authority to vote on the election of auditors is withheld, the persons named in the accompanying form of proxy will vote for the appointment of PricewaterhouseCoopers LLP as the Corporation's auditors.

Advisory Vote on the Corporation's Approach to Executive Compensation

Shareholders may cast an advisory vote on the approach to executive compensation disclosed in the Compensation Discussion and Analysis ("CD&A") section of this circular. The section describes the Corporation's executive compensation principles and the key design features of compensation plans for executives.

Unless otherwise instructed, the persons designated in the enclosed form of proxy or voting instruction form intend to vote FOR the following advisory resolution:

> *"BE IT 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 management proxy circular delivered in advance of the 2020 annual and special meeting of the shareholders of the Corporation."*

As this is an advisory vote, the results will not be binding upon the Board of Directors. However, the Remuneration Committee and the Board of Directors will review and analyze the voting results and, as appropriate, take into account such results when reviewing executive compensation policies and programs in the future. Results of the vote will be disclosed in the report of voting results and related press release to be posted on SEDAR at www.sedar.com and on the Corporation's website at www.stella-jones.com shortly after the Meeting.

Unless a proxy specifies that the common shares it represents should be voted against the advisory resolution, the persons named in the form of proxy or voting instruction form, as applicable, intend to vote FOR the approval of the advisory resolution on executive compensation.

6. Statement of Executive Compensation

Letter from the Chair of the Remuneration Committee

Dear fellow shareholders,

On behalf of the Remuneration Committee and the Board of Directors of Stella-Jones, I am pleased to present our Statement of Executive Compensation.

Throughout 2019, we conducted a comprehensive review of our executive compensation programs and practices to ensure alignment with our long-term business strategies and to reflect evolving market and governance best practices. In support of this review, we retained a leading independent executive compensation advisory firm – Willis Towers Watson – to carry out a thorough analysis and provide expert advice to the Remuneration Committee.

Following consultation among the Remuneration Committee, the Board of Directors, management and our independent advisors, we took the following measures in 2019:

- Created a compensation benchmarking comparator group of comparably sized industrial companies in Canada and the U.S. for reference purposes
- Developed a more straightforward and transparent CEO short-term incentive award that is tied directly to Return on Capital Employed (ROCE) which is seen as a key strategic measure aligned with capital efficiency, long-term value creation, financial viability and the Corporation's underlying business strategies. We use an enduring standard for setting the ROCE target based on achieving a long-term return above the Corporation's weighted average cost of capital (WACC), thus ensuring alignment between value creation and incentive pay. This replaces a more discretionary plan previously in place for the CEO and complements the current short-term incentive program for senior management of the Corporation
- Introduced a new Stock Unit Plan ("SUP") comprising an enhanced long-term incentive, providing a mix of (a) 50% restricted share units that are time-based; and (b) 50% performance share units that are fully at-risk and based upon specific multi-year ROCE targets and relative total shareholder returns against the S&P/TSX Industrial Index
- Adopted clawback and anti-hedging policies in addition to minimum share ownership requirements
- Amended the Corporation's existing long-term incentive plan ("LTIP") to include a double-trigger change of control vesting requirement

This approach reflects a significant step forward in the design and governance of our executive compensation programs.

This year also marks the introduction of our first advisory vote on executive compensation, or "Say on Pay". The Remuneration Committee looks forward to receiving feedback from our shareholders and will be considering the outcome of such results when reviewing our policies going forward.

Stella-Jones is committed to the ongoing review and monitoring of the effectiveness of our executive compensation programs and to making the adjustments necessary to be aligned with best practices. We will continue to support the success of the business through a culture of performance and growth, with a focus on driving shareholder value.

James A. Manzi, Jr.
Chair, Remuneration Committee

6.1 Compensation Discussion and Analysis

a) Role of Executive Compensation:

The Corporation's compensation policies are designed to recognize and reward individual performance as well as offer a competitive level of compensation. The overall compensation awarded to the Corporation's executive officers is designed to attract, motivate and retain those individuals who are key to maximizing the overall performance of the Corporation while enhancing shareholder value. It is designed to reward and encourage teamwork among senior executives and promote the common goal of overall financial and operating performance, both short- and long-term.

The compensation of the Named Executive Officers (as defined in Section 6.3 hereunder or "NEOs") and of the other senior executives of the Corporation is proposed to the Remuneration Committee by the President and Chief Executive Officer ("CEO") of the Corporation, and reviewed by the Remuneration Committee which then recommends approval or modification thereof to the Board of Directors. The Board of Directors considers the Remuneration Committee's recommendations and finalizes decisions relating to the compensation of the NEOs and senior executives.

b) Remuneration Committee:

The Remuneration Committee was formed in March 1994 and meets three times a year and more often, if required. It is the responsibility of the Remuneration Committee to make recommendations to assist the Board of Directors on any matter regarding remuneration, including, without limiting the generality of the foregoing:

(i) establishing general compensation policies pertaining to wages, bonuses and any other form of compensation for all employees of the Corporation;

(ii) evaluating the performance of the President and CEO and senior executives of the Corporation;

(iii) determining the remuneration of the President and CEO, senior executives and directors of the Corporation;

(iv) recommending to the Board, bonus and Profit Sharing Plan amounts (as hereinafter defined under "Short-Term Incentive Compensation") to employees of the Corporation;

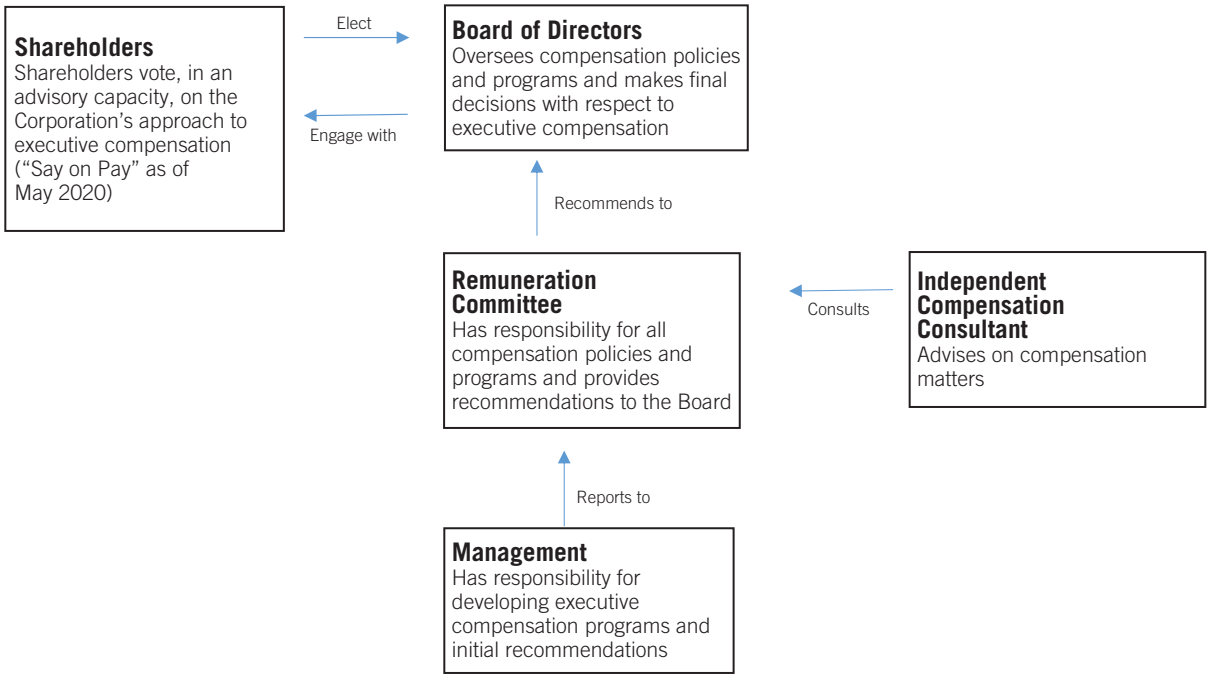
(v) granting restricted stock units (RSUs) and performance stock units (PSUs) under the Corporation's new SUP, as well as RSUs under the Corporation's LTIP ("Legacy RSUs") and such other incentives as may be provided under the Corporation's long-term incentive plans, as may be amended from time to time;

(vi) recommending incentive compensation plans and equity-based plans and confirming they include no undue risk;

(vii) developing long-range plans and policies for management succession, retention, recruiting, developing and motivating personnel; and

(viii) reviewing the executive compensation disclosure in the Corporation's management proxy circular and any offering document before their public release.

Executive compensation decisions are based on a process as outlined below:



The members of the Remuneration Committee, their experience relevant to their responsibilities in executive compensation and their status as independent or non-independent are provided below:

- James A. Manzi, Jr. (Chair) – Independent:
    - Over 40 years' experience as an attorney leading complex corporate, finance and securities transactions
    - Former Partner in an international law firm with experience dealing with compensation structures and incentive retention policies
    - Chair of the Corporation's Remuneration Committee since 2018
    - Director of the Corporation since 2015
- Robert Coallier – Independent:
    - Director of Industrial Alliance Insurance and Financial Services from 2008-2019 and Chair of its Human Resources Committee from 2017-2019
    - Retired CEO of Agropur Dairy Cooperative (one of North America's largest dairy processors)
    - Director of the Corporation since January 2020
    - Member of the Corporation's Audit Committee since January 2020
    - Member of the Corporation's Remuneration Committee since January 2020

- Karen Laflamme – Independent:
    - Former Executive Vice-President and CFO, Retail, of Ivanhoé Cambridge, an investor developer of superior quality real estate properties, projects and companies (2016-2020)
    - Director of the Corporation since 2018
    - Member of the Corporation's Audit Committee since 2018
    - Member of the Corporation's Remuneration Committee since 2019
- Katherine A. Lehman – Independent:
    - Managing Partner at Hilltop Private Capital LLC, a private equity firm focused on investing in and managing companies in industrial and business services industries
    - Director at Navient (NASDAQ : NAVI), where she has served on the Compensation and Personnel Committee since 2014, following prior experience on numerous private company board compensation committees.
    - Director of the Corporation since 2016
    - Chair of the Board since 2018
    - Member of the Corporation's Audit Committee since January 2020 (and prior service on the Committee from 2016-2018)
    - Member of the Corporation's Remuneration Committee since January 2020

Based on the above, the Board is confident that the combined experience and skills of the members of the Remuneration Committee enables the Committee to make appropriate decisions regarding the suitability of compensation policies, programs and practices.

c) Compensation Design and Practices:

The Corporation believes that sound compensation policies and practices are key to driving performance and mitigating factors that could result in inappropriate or excessive risk. The following table presents our practices which are regularly reviewed to ensure that decisions are made in the best interests of shareholders.

What We Do	What We Don't Do
✓ **Pay-For-Performance:** The majority of the executive compensation package is variable and at risk. The new performance share units (PSUs) are performance vesting incentives, which further align executive interests with the achievement of long-term corporate objectives.	**X Hedging:** Anti-hedging policy introduced in 2019 prohibiting insiders from entering into transactions that could hedge or offset their holdings in the event of a decrease in the Corporation's share price.
✓ **Disciplined Use of Equity:** Equity is used in a measured manner to ensure dilution remains low for shareholders.	**X Grant Stock Options:** Stock options, a dilutive long-term incentive plan, have not been granted to employees since 2009.
✓ **Alignment:** The compensation programs encourage collaborative company-wide performance and are aligned with the Corporation's business strategy and long-term value creation.	**X Excessive Contractual Severances:** Contractual severances are capped within reasonable market practices.
✓ **Independent Advice:** Remuneration Committee has retained a leading independent compensation consultant to carry out a comprehensive review of the executive compensation program and assist in the development of a plan reflecting best practices.	**X Special Arrangements for Departing Executives:** Unvested RSUs have been forfeited without exception in the event of voluntary resignation or retirement of senior management (e.g. CEO departure in October 2019).
✓ **Clawback:** Executive Officer Clawback policy introduced in 2019 permitting the recoup of incentive compensation under specified circumstances.	**X Promote Risk Taking:** Compensation programs are designed not to encourage individual or collective opportunistic/inappropriate risk taking as short and long-term incentive plans are based on company-wide targets.
✓ **Say-On-Pay:** Advisory vote to be held on the Corporation's approach to executive compensation at its May 2020 Shareholder meeting.	**X Guaranteed Increases and Other Payments:** Employment contracts with guaranteed salary increases or guaranteed (non-performance-based) bonuses are not provided.
✓ **Double-Trigger Change of Control:** Acceleration of long-term incentive awards vesting under change of control events require the contemporaneous occurrence of termination of employment.	**X Loans:** Interest-free/low interest loans are not granted to exercise options or acquire the Corporation's shares as compensation or to meet holding requirements.
✓ **Perquisites:** moderate executive perquisites are provided, consistent with reasonable market practice.	**X Option Grant Practices:** Options have never been backdated, spring-loaded or cancelled and subsequently re-granted.
✓ **Stock Ownership Requirements:** Introduced minimum stock ownership requirements in 2019 for CEO and Board as well as minimum holding period.	

d) External Advisors:

During the year ended December 31, 2019, the Remuneration Committee undertook a rigorous process to select an independent compensation consultant. After reviewing the various submissions presented, the Committee chose Willis Towers Watson ("WTW") as its independent compensation consultant. Stella-Jones did not engage an independent compensation consultant during the year ended December 31, 2018.

WTW was retained by the Corporation to provide independent consulting services with respect to the following matters:

- Review the Corporation's compensation and governance practices in comparison with market best practices and institutional investor/proxy advisor guidelines and recommend the adoption of policies for greater alignment
- Define selection criteria to assist in the development of a comparator group to benchmark compensation
- Advise on design considerations for a new long-term-term incentive plan including the addition of a performance vesting incentive program in addition to the existing restricted stock units
- Review market compensation levels for selected executive positions
- Provide an overview of best practices in proxy circular disclosure
- Review market compensation levels for the Corporation's Board of Directors

The table below presents the fees paid to WTW for the years ended December 31, 2019 and 2018:

Year	2019	2018
Executive compensation consulting fees	$70,961	$0
All other fees	$0	$0

The information and advice provided by WTW were factors considered when making decisions regarding executive compensation. However, the Remuneration Committee and the Board do not rely exclusively on this information and their decisions reflect a number of factors and considerations. Additionally, WTW has protocols in place to ensure that independent and objective advice is provided to the Remuneration Committee and WTW does not currently provide any separate consulting services to the Corporation.

e) Comparator Group:

During 2019, the Remuneration Committee, with the assistance of WTW, adopted a comparator group to benchmark the compensation of the Named Executive Officers, primarily the Chief Executive Officer. The comparator group is one of several important components of input that the Committee utilizes to make informed pay decisions and was developed based on the following selection criteria, reflecting the market for executive talent:

- A mix of Canadian and U.S publicly traded companies to recognize the Corporation's significant revenues and assets across both Canada and the U.S.
- Companies within the material and industrial sectors
- Companies that are generally comparable in size and complexity to the Corporation in terms of revenue and total enterprise value (e.g. around 1/3rd to 3 times the size of the Corporation)

The following table presents the list of companies composing the comparator group:

Canadian Comparators	U.S. Comparators
CanWel Building Materials Group Ltd.	Armstrong World Industries, Inc.
Cascades Inc.	Koppers Holdings Inc.
Intertape Polymer Group Inc.	Masonite International Corporation
Methanex Corporation	Saia, Inc.
Richelieu Hardware Ltd.	Simpson Manufacturing Co., Inc.
Russel Metals Inc.	U.S. Concrete, Inc.
Shawcor Ltd.	Werner Enterprises, Inc.
TFI International Inc.	

As presented in the table below, the Corporation is generally aligned with the 50th percentile of the comparator group's revenue and total enterprise value, indicating that the group is representative of the Corporation's size and complexity:

Statistics(1)	Revenue ($Millions)(2)	Total Enterprise Value ($Millions)(3)
25th Percentile	$1,409	$1,721
50th Percentile	$2,257	$3,277
75th Percentile	$4,165	$4,384
Stella-Jones Inc.	$2,124	$3,290
Percentile Rank	P46	P53

(1) All values are in Canadian dollars; U.S. dollars are converted to CAD using the historical conversion rate at the filing date.
(2) As of the latest fiscal year.
(3) Average Total Enterprise Value over a three-month period ending December 31, 2019.

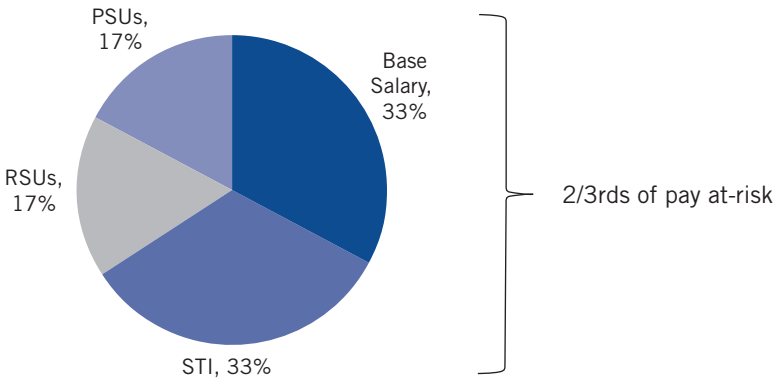
f) Components of Overall Executive Compensation:

Components of overall Executive Compensation for the year ended December 31, 2019 comprise the elements set out below, with the exception of RSUs and PSUs, which were approved during 2019 pursuant to the SUP, to be put into place for the year ended December 31, 2020. For clarity, Legacy RSUs are currently in place.

	Compensation Element	Purpose	Performance Measured	Outcome	Performance Period
Total Direct Compensation	**Base Salary**	Pay for value of role and to support attraction and retention	Individual contribution / competencies / skills	Base salary positioned appropriately relative to market	Annual
	Short-Term Incentive ("STI") Compensation – Profit Sharing Plan	Pay for annual financial performance and individual performance	EBIT and Net Income results and individual performance	Cash payment	Annual
	Stock Options *(not granted to NEOs since 2009)*	Pay for future increase in share price with goal of creating value for shareholders	Share price appreciation	Payout of options at exercise	Up to 7 years
	Restricted Stock Units *(50% of LTIP in upcoming years)*	Pay for corporate performance	ROCE for the grant year will influence number of RSUs granted (from 0% to 200% target grant)	Payout of RSUs at vesting	3 years (Legacy RSUs cliff vest and SUP RSUs vest one third each year). RSUs and Legacy RSUs are phantom shares.
	Performance Stock Units *(50% of LTIP in upcoming years)*	Pay for corporate performance and performance vs. industrial index	3- year average ROCE (75%) and 3-year relative TSR vs. S&P/ TSX Capped Industrials Index (25%) will influence number of PSUs vested (from 0% to 200% target grant)	Payout of PSUs at vesting	3 years
Indirect Compensation	Perquisites	Reasonable perquisites aligned with the NEO's duties	Individual contribution/ competencies	Annual perquisites provided	Annual
	Retirement Savings Plans and Pension Benefits	Encourage NEOs to save for retirement	Individual contribution/ competencies	Annual contributions made by the Corporation	Annual

As illustrated below, the total direct compensation target for the President & CEO provides a significant weighting on pay at risk and pay that is long-term oriented in order to more closely align with shareholder interests over time:

CEO Target Pay Mix



(i) Base Salary:

Base salary takes into account sustained performance, the level of responsibility, the complexity of the duties and experience, and correspondingly, positioning the salary within the salary range for that position within the organization.

(ii) Short-Term Incentive Compensation:

The Corporation has two Short-Term Incentive Compensation approaches.

- The profit sharing plan ("Profit Sharing Plan") is designed to reward Named Executive Officers (with the exception of the President and CEO when the Corporation's financial performance targets are attained and provide recognition to those individuals whose performance objectives are met or exceeded.

- The President and CEO incentive Plan ("CEO Incentive Plan") is designed to reward President and CEO for the achievement of specific ROCE targets.

The Corporation had a separate approach for its former President and CEO ("Former CEO Plan") which is no longer in effect.

a) PROFIT SHARING PLAN

Under the Profit Sharing Plan, the Corporation distributes to employees a percentage of earnings before interest and taxes ("EBIT") so long as the Corporation attains a positive net income ("Positive Net Income Threshold"), which is calculated at the Corporation's year end and determined according to the Corporation's annual audited consolidated financial statements. The maximum amount which may be available for distribution to employees ("Profit Sharing Pool") is 4.5% of the Corporation's EBIT.

The potential profit sharing amount allocated to each employee ("Potential Profit Sharing Amount") is calculated by multiplying the portion of the Profit Sharing Pool available to the employee's designated group ("Group"), by the employee's base salary, divided by the total salaries for the Group. The Potential Profit Sharing Amount may be increased in the circumstances set out in paragraph (c) below.

The actual award for each employee is calculated as follows:

a) The first half of the Potential Profit Sharing Amount is allocated on condition that the Positive Net Income Threshold is attained;

b) The second half of the Potential Profit Sharing Amount, or a portion thereof, is allocated following consultation with each employee's supervisor, and is based on each employee's performance over the course of the preceding year, taking into account each individual's contribution towards the overall execution of the Corporation's business strategy and the goals within each person's defined role. No specific weight is assigned to any quantitative criteria;

c) In the event that only a portion of the Potential Profit Sharing Amount is allocated to one or more employees of a Group, then such unallocated amount(s) will be added to the Profit Sharing Pool of the Group, which may result in an increase to the Potential Profit Sharing Amount for the Group's remaining employees.

b) CEO INCENTIVE PLAN

Under the CEO Incentive Plan, the President and CEO is eligible for an annual bonus based on financial performance of the Corporation. It is a simple and transparent approach reflecting the Corporation's ROCE which is critically important to long-term value creation, financial viability and the Corporation's underlying business strategies. ROCE is defined as earnings before interest and taxes divided by the difference between total assets less current liabilities. The ROCE targets are based on enduring standards to achieve a long-term return above the Corporation's weighted average cost of capital (WACC). This allows for payout levels to align with an appropriate level of return for shareholders, regardless of shorter-term economic conditions. The target award is currently 100% of base salary and the actual award will vary between 0% and 200% of base salary based on the achievement of ROCE within the fiscal year. The actual award is based on the following schedule and the specific performance levels may be modified from time to time.

Level	2019 ROCE	Percentage of Base Salary
Minimum*	<10.0%	0%
Threshold	>= 10.0% and <12.0%	75%
Target	>= 12.0% and <14.0%	100%
Maximum	>=14.0%	200%

* Subject to the discretion of the Board of Directors to award a full or partial bonus based on market or other factors

In March of 2020, the President and CEO was awarded a bonus of 75% of target based on a 2019 ROCE of 11.5%, which amounted to $450,000. The Remuneration Committee believes the bonus awarded fairly reflected his performance both as Senior Vice-President and CFO for the majority of 2019 and as President and CEO for the latter portion of the year.

c) FORMER CEO PLAN

The annual bonus under the Former CEO Plan fell outside of the Profit Sharing Plan and was based on the attainment of objectives mutually agreed upon by the Former CEO and the Corporation's Board of Directors. These objectives included the attainment of the overall financial results forecasted in the Corporation's annual budget, as presented to and approved by the Board of Directors, as well as the assessment made by the Remuneration Committee of his achievements in meeting various strategic and qualitative targets set by the Board of Directors. Chief among these were the overall business development of the Corporation, identification and development of appropriate acquisition targets, the

successful integration of previous acquisitions and the fostering of relationships with critical customers and suppliers. Actual financial performance and financial performance versus budget would represent approximately 50% of the weighting assigned to the total compensation awarded the President and CEO, with the balance dependent upon the assessment of the qualitative and strategic criteria.

In May 2019, following the recommendation of the Remuneration Committee and ensuing Board discussion, the Former CEO was awarded an annual bonus of $1,200,000 in recognition of performance between June 1, 2018 and May 31, 2019. No award was made under the Former CEO Plan for performance between May 31, 2019 and his departure on October 11, 2019.

(iii) Long-Term Incentive Plans:

a) LONG-TERM INCENTIVE PLAN ("LTIP")[1]

On December 10, 2009, with the objectives of retaining the CEO, senior management team and key management, as well as to manage dilution and encourage the pursuit of value creating opportunities, to reward operational performance and to allow grantees to participate in the appreciation of share value over an extended period, the Corporation's Board of Directors, upon recommendation of the Remuneration Committee, adopted an LTIP for the Corporation.

The LTIP is comprised of a combination of stock options ("LTIP Options") and Legacy RSUs. The grant date of the initial LTIP Options and Legacy RSUs was December 18, 2009.

LTIP options (historically) and Legacy RSUs are approved by the Board of Directors, based on the recommendation of the Remuneration Committee after considering the report submitted by the President and CEO. When determining whether and how many new stock option grants were to be made, consideration was given to total options outstanding under the Corporation's Stock Option Plan. Grants awarded to the President and CEO were proposed and approved without his input.

Stock Options

The LTIP Stock Options vest at 20% per annum in the case of the senior management team (individuals comprising the key management group are not granted LTIP Options) and in the case of the Corporation's President and CEO, the initial LTIP Options granted in 2009 were subject to 100% cliff vesting on the fifth anniversary of the grant date. In all cases, the LTIP Options have a term of seven years and their exercise price is determined pursuant to the provisions of the Corporation's stock option plan for directors, officers and employees, as more fully set out in Section 8 herein. Additional LTIP Options may be issued annually at the Board's sole discretion. Previous grants are not taken into account when considering new grants. LTIP Options have not been granted since December 18, 2009. LTIP Options were considered by the Board of Directors at its meeting held on March 10, 2020 and no LTIP Options were granted.

Legacy RSUs

Legacy RSUs have been granted conditional upon the Corporation attaining a minimum 12.5% return on capital employed ("ROCE Threshold"). The number of Legacy RSUs granted annually to eligible employees under the LTIP is based on a percentage of the employee's salary, divided by the average trading price of the Corporation's common shares on the Toronto Stock Exchange ("TSX") for the five days immediately preceding the grant date ("Executive RSU Calculation"). In the case of the Former CEO,

[1] This program will be replaced by the SUP for the year ended December 31, 2020.

the number of Legacy RSUs granted was a fixed number recommended by the Remuneration Committee. Additional Legacy RSUs grants were considered in March 2020. As the Corporation did not meet its ROCE Threshold for the year ended December 31, 2019, Legacy RSUs were not granted in March of 2020 and the Board did not use its discretion to waive the ROCE Threshold. Going forward, RSUs will be issued solely under the Corporation's SUP and no further Legacy RSUs will be awarded.

The Legacy RSUs are full-value phantom shares payable in cash on the third anniversary ("Anniversary Date") of their issue provided the individual is still employed by the Corporation. The amount to be paid is determined by multiplying the number of Legacy RSUs by the six-month average trading price of the Corporation's common shares on the TSX immediately preceding the Anniversary Date.

In 2019, the Corporation amended the LTIP to introduce a double trigger requirement for accelerated vesting in the case of a change of control. For all awards granted under the LTIP, a change of control must be accompanied by a termination of employment for accelerated vesting to occur.

b) STOCK UNIT PLAN ("SUP")

Throughout 2019, the Corporation initiated steps to move away from its existing LTIP with a view to replacing the Corporation's Legacy RSUs, which were time-based. In December of 2019, the Board of Directors of the Corporation, following consultation with its independent compensation consultant WTW, and upon recommendation of its Remuneration Committee, approved the SUP. For 2020 performance (with the first grant in 2021), RSUs and PSUs will be granted under the SUP, with a target of 50% in RSUs and 50% in PSUs. The objectives of the new SUP include:

- Retain key employees of the Corporation
- Provide for a market competitive compensation package
- Incentivize both annual and long-term performance, as both RSU and PSU plans have performance indicators in order to be granted/vested
- Align with ROCE, a measure of utmost importance for the Corporation's success and a key indicator for shareholder value creation
- Align performance-based payouts based on the Corporation's performance relative to other Canadian industrial companies in which the Corporation's shareholders could decide to allocate capital

The following provides an overview of the key design elements of the new SUP:

Element	RSUs	PSUs
Grant determination	• 50% of grant value adjusted up/down based on prior year ROCE relative to predetermined performance scale	• 50% of grant value
Vesting period	• Three years (one third vesting each year)	• Three-year cliff vesting
Vesting criteria	• Time-vested	• Performance-vesting based on 3-year average ROCE (75%) and relative TSR (25%) based on a predetermined performance scale
Payout range	• 0 to 200% of grant value	• 0 to 200% of vested units ("Earned PSUs")

The number of RSUs and PSUs granted under the SUP is based on a percentage of the employee's salary, divided by the average trading price of the Corporation's common shares on the Toronto Stock Exchange ("TSX") for the five days immediately preceding the grant date.

The RSUs and PSUs are full-value phantom shares payable in cash which vest one third each year over three years in the case of RSUs, provided the individual is still employed by the Corporation, and in the case of PSUs, vest on the third anniversary of their issue, provided performance targets are met. The amount to be paid is determined by multiplying the number of RSUs and Earned PSUs by the five-day average closing trading price of the Corporation's common shares on the TSX immediately preceding the vesting date.

RSUs

Commencing in 2021 (for the 2020 fiscal year), RSUs will be granted solely under the SUP. The percentage of RSUs granted will be based on the previous year's ROCE using the following schedule, with the percentage of RSUs granted to be interpolated on a straight-line basis between the stated levels:

ROCE Performance Schedule

Level	Prior-year ROCE	Percentage of RSUs granted
Minimum	<10.0%	0%
Threshold	10.0%	50%
Target	12.0%	100%
Maximum	>=14.0%	200%

The ROCE goals are expected to be set annually and will include consideration of the Corporation's goals budget and relevant factors. Worth noting in 2020, were changes under IFRS 16, *Leases*, which led to targets being adjusted compared to 2019.

PSUs

The PSUs introduced under the Corporation's new SUP is to complement the RSUs, which act as a retention vehicle, with a new performance-based award that aligns with both the Corporation's business strategy and long-term shareholder value creation.

PSUs are a performance-based long-term incentive vehicle and the payout is not guaranteed. PSUs vest and are paid out after three years based on two performance indicators:

- 75% of PSUs vest based on three-year average ROCE, a measure of utmost importance for the Corporation that reflects its performance as a whole
- 25% of PSUs vest based on annualized three-year total shareholder return relative to the S&P/TSX Capped Industrials Index, a market index composed of important industrial companies which reflect the market for investor capital

At the end of the three year-performance, PSU participants will receive between 0% and 200% of their granted units based on the following performance schedule. PSU vesting will be interpolated on a straight-line basis between the stated levels:

ROCE Performance Schedule (75% of grant)

Level	Three-year average ROCE (2020-2022)	Percentage of PSUs vested
Minimum	<10.0%	0%
Threshold	10.0% and<12.0%	50%
Target	12.0 and<14.0%	100%
Maximum	>=14.0%	200%

Relative TSR Performance Schedule (25% of grant)

Level	Three-year Total Shareholder Return v. S&P/TSX Capped Industrials Index (annualized)	Percentage of PSUs vested
Minimum	<-10% pts	0%
Threshold	-10% pts	50%
Target	Meet Index	100%
Maximum	+10% pts	200%

(iv) Retirement Savings Plans:

The purpose of the Corporation's retirement savings plans (both defined contribution plans) for its U.S.-based and Canadian-based employees (together, the "Retirement Savings Plan") is to encourage Named Executive Officers and other eligible employees to save for retirement. Eligible participation occurs following three (3) months of continuous service with the Corporation. The Retirement Savings Plan is comprised of an employee contribution component and a Corporation contribution component. In the case of Named Executive Officers and other salaried employees, employee contributions are up to four percent (4.0%) of basic salary ("Basic Contribution"). A supplementary contribution of up to six percent (6.0%) of basic salary is added by the Company, for a maximum total employee contribution of up to ten percent (10.0%) of basic salary. In the case of U.S.-based employees, the maximum total employee contribution ("U.S. Basic Contribution") is set yearly by the government of the United States. For 2019, the statutory limit was US$19,000 per individual, with an additional catch-up contribution of US$6,000 permitted annually for plan participants who are or will turn 50 years of age during the calendar year (for a total of US$25,000 for such individuals).

The employee component is placed into the Corporation's group registered retirement savings plan ("RRSP") in the case of Canadian employees and into a safe harbor 401(k) plan in the case of U.S.-based employees. The Corporation's matching contribution is placed, in the case of Canadian-based employees, into a deferred profit sharing plan ("DPSP"), and in the case of U.S.-based employees, into a safe harbor 401(k) plan, which, in both cases, are held in trust by a trustee appointed by the Corporation. The Corporation's matching contribution vests over a period of two years.

(v) Pension Benefits:

The Corporation provides retirement benefits in the form of pensions for certain of the Corporation's salaried employees. In the case of the Corporation's executive officers, these pension benefits are provided to a former employee of Bell Pole Company, whose assets were purchased by a wholly owned subsidiary of the Corporation in July 2006 and are through pension plans registered under the Income Tax Act and Regulations (the "Income Tax Act"). One Named Executive Officer accrues benefits under defined benefit arrangements in which total retirement income is equal to the formula under the salaried employees registered plan without regard to the maximum annual retirement income prescribed under the Income Tax Act. The Corporation provides such pensions through a pension plan registered under the Income Tax Act and an unregistered pension promise for such Named Executive Officer.

(vi) Perquisites:

Vehicles are provided by the Corporation to the Named Executive Officers as their primary means of transportation in conjunction with their duties. Each individual is fully responsible for the tax liabilities associated with their personal use of these vehicles.

Relocation assistance is provided for out of state or province to province transfers. Among the expenses covered are travel expenses for the Named Executive Officer and his or her family, moving costs and temporary hotel accommodation for the Named Executive Officer and family, as required during the home-hunting phase prior to final relocation. Transaction fees associated with the sale of the former and purchase of the new primary residence may also be reimbursed.

Cellphones, smartphones, laptop computers and tablets are provided in a manner appropriate and consistent with the duties and responsibilities of Named Executive Officers. These items are and remain the property of the Corporation.

The Remuneration Committee believes that these components collectively provide a fair and competitive structure and an appropriate relationship between executive compensation level, the Corporation's financial performance and shareholder value.

g) Other Governance Features:

(i) Clawback Policy:

The Executive Officer Clawback Compensation Policy ("Clawback Policy") was implemented in 2019 to ensure that the Board of Directors are able to take direct and appropriate action to require reimbursement of all or a portion of compensation received by an Executive Officer pursuant to awards made under short-term and long-term incentive plans in certain situations. The Clawback Policy defines Executive Officers as all individuals at the Vice-President level or above, currently or previously employed by the Corporation or one or more of its wholly owned direct or indirect subsidiaries.

Under the Clawback Policy, the Board shall be entitled to, on behalf of the Corporation, reimbursement of full or partial bonus, profit share and incentive compensation, including cash and equity-based awards, (together "Awards") from an Executive Officer or former Executive Officer in situations where:

(i) the Executive Officer has engaged in gross negligence, intentional misconduct or fraud (any of the foregoing, "Misconduct"); or

(ii) the amount of a bonus, profit share or other incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results of the Corporation that were subsequently the subject of or affected by a restatement of all or a portion of the Corporation's financial statements where:

a. the Executive Officer has engaged in Misconduct that caused or substantially caused the need for the restatement; and

b. the amount of the bonus, profit share or other incentive compensation that would have been awarded to or the profit realized by the Executive Officer had the financial results been properly reported would have been lower than the amount actually awarded or received.

The Clawback Policy applies to all Awards made after August 6, 2019.

(ii) Anti-hedging Policy:

In 2019, the Corporation amended its Code of Business Conduct and Ethics to incorporate an anti-hedging policy.

Hedging transactions may permit an insider to continue to own the Corporation's securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the insider may no longer have the same objectives as the Corporation's other shareholders.

Under the anti-hedging policy, insiders are prohibited from engaging in any hedging or monetization activities including, without limitation:

- Any use of financial instruments (such as options, puts, calls, forward contracts, futures, swaps, collars or units of exchange funds) or any other transactions that are designed to hedge or offset a decrease in the

market value of any of the Corporation's securities beneficially owned by the insider, directly or indirectly, or in the value of any equity-based compensation awards of the Insider (such as stock options, deferred share units, restricted share units and performance share units)

- Similarly, insiders are prohibited from short selling any of the Corporation's securities as such transactions may allow insiders to offset, or benefit from, a decrease in the market value of such securities

(iii) Share Ownership Requirements:

In 2019, the Corporation introduced share ownership requirements ("Ownership Requirements") applicable to members of the Board of Directors[1] including directors who are executive officers, namely, the President and CEO of the Corporation, to further align the interests of the Corporation's most senior executive with that of shareholders and further solidify his commitment to the Corporation and its future success.

Under the Ownership Requirements, the President and CEO is required to hold common shares in the Corporation equal in value to at least one time his annual base salary. The Ownership Requirements are to be satisfied within five years of becoming a director and must be maintained for two fiscal quarters following retirement and/or cessation of duties. The President and CEO currently holds 19,604 shares in the Corporation.

h) Risk Analysis:

The Board and Remuneration Committee are satisfied that the Corporation's compensation practices and incentive plans, which provide rewards for achievement of overall company-wide objectives while recognizing individual contributions, do not encourage any Named Executive Officer or other employee to take inappropriate or excessive risks. There have been no risks identified from the Corporation's compensation policies or plans that are reasonably likely to have a material adverse effect on the Corporation. The Corporation's compensation policies and plans include a number of risk mitigating features:

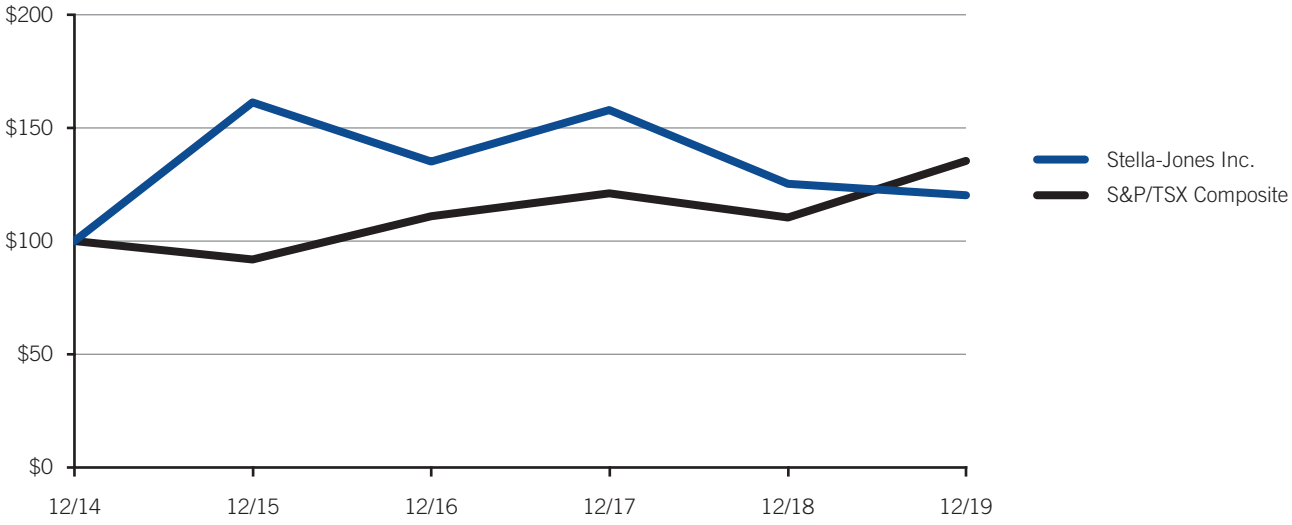
- The incentive programs are conditional upon the attainment of stated corporate-wide thresholds which promote an environment that encourages employees to work together for the overall success of the Corporation
- The compensation programs are balanced between fixed and variable pay, and between short- and long-term incentive plans
- Overall, the compensation expense to executive officers does not represent a significant portion of the Corporation's revenue
- The newly adopted Clawback Policy provides the Corporation with the ability to recoup awards that were earned under specified circumstances
- The Ownership Requirements require shareholdings through the President and CEO's tenure with the Corporation and for a period thereafter and the anti-hedging policy ensures alignment with shareholders.

[1] See Section 7.3 "Director Share Ownership Requirements" for share ownership requirements applicable to non-executive directors.

6.2 Performance Graph

The following graph illustrates the comparison between the cumulative total shareholder return over a five-year period on a $100 investment in the Corporation's common shares and the cumulative total return of the S&P/TSX Composite Index of the TSX for the same period.

Comparison of 5-Year Cumulative Total Return*
Between Stella-Jones Inc. and the S&P/TSX Composite Index



* $100 invested on 12/31/14 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

	2014 Dec. 31	2015 Dec. 31	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31	2019 Dec. 31
Stella-Jones Inc.	$100.00	$161.53	$135.22	$158.22	$125.46	$120.45
S&P/TSX Composite	$100.00	$ 91.68	$111.01	$121.11	$110.34	$135.59

The trend shown by the performance graph set forth above represents an increase in the cumulative total shareholder return from December 31, 2014 until the period ended December 31, 2019. Over the same 5-year period, the total salary, Profit Sharing Plan amounts and bonuses received by the Named Executive Officers, in the aggregate, increased by approximately 31.6%, compared to the 20.5% increase in cumulative shareholder return.

6.3 Summary Compensation Table

Compensation of Named Executive Officers – Summary Compensation Table

The Summary Compensation Table sets forth compensation information for the CEO, the Chief Financial Officer as well as the three next most highly compensated executive officers of the Corporation (the "Named Executive Officers") whose total compensation exceeded $150,000 during the year ended December 31, 2019. Information is provided for the three most recently completed financial years:

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)		Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-Term Incentive Plans			
Brian McManus[1] fmr. President and CEO	Dec. 31, 2019	672,163[2]	–	–	1,200,000[3]	–	–	13,615[4]	1,885,778
	Dec. 31, 2018	750,000	7,592,000[5]	–	1,200,000[3]	–	–	13,250[4]	9,555,250
	Dec. 31, 2017	650,000	–	–	1,000,000[3]	–	–	13,115[4]	1,663,115
Éric Vachon President and CEO (fmr. CFO)	Dec. 31, 2019	399,658[6]	–[7]	–	450,000[8]	–	–	13,615[4]	863,273
	Dec. 31, 2018	353,130	83,561[7]	–	270,000[9]	–	–	13,250[4]	719,941
	Dec. 31, 2017	331,500	1,074,720[7]	–	260,000[9]	–	–	13,115[4]	1,679,335
Ian Jones Senior Vice-President, Utility Poles and Residential Lumber Stella-Jones Corporation	Dec. 31, 2019	399,123	–[7]	–	340,000[10]	–	709,000[11]	–[12]	1,448,123
	Dec. 31, 2018	390,150	96,414[7]	–	275,000[13]	–	116,000[11]	–[12]	877,564
	Dec. 31, 2017	382,500	1,074,720[7]	–	260,000[14]	–	30,000[11]	–[12]	1,747,220
Michael Sylvester Senior Vice-President, Railway Ties Stella-Jones Corporation	Dec. 31, 2019	476,800[15]	–[7]	–	324,700[16]	–	–	17,604[4]	819,104
	Dec. 31, 2018	489,512[15]	118,815[7]	–	327,408[17]	–	–	7,907[4]	943,642
	Dec. 31, 2017	441,322[15]	1,074,720[7]	–	301,080[18]	–	–	18,341[4]	1,835,463
Kevin Comerford Vice-President, Utility Poles and Residential Lumber Sales, Stella-Jones Corporation	Dec. 31, 2019	330,929[15]	–[7]	–	233,784[16]	–	–	18,072[4]	582,785
	Dec. 31, 2018	326,442[15]	65,995[7]	–	225,093[17]	–	–	19,623[4]	637,153
	Dec. 31, 2017	294,306[15]	537,360[7]	–	194,448[18]	–	–	20,323[4]	1,046,437

(1) Mr. McManus stepped down as President and CEO of the Corporation on October 11, 2019.

(2) Represents salary paid to Mr. McManus from January 1 to October 11, 2019, the date he stepped down as President and CEO of the Corporation.

(3) Mr. McManus' May 2019 bonus of $1.2 million was in recognition of performance rendered between June 1, 2018 and May 31, 2019, Mr. McManus' May 2018 bonus of $1.2 million was in recognition of performance rendered between June 1, 2017 and May 31, 2018. Mr. McManus' May 2017 bonus of $1.0 million was in recognition of performance rendered between June 1, 2016 and May 31, 2017. Mr. McManus' bonus fell outside of the Corporation's Profit Sharing Plan.

(4) In the case of Mr. McManus and Mr. Vachon, this amount represents the employer DPSP contributions for the years indicated. In the case of Mr. Sylvester and Mr. Comerford, this amount represents the 401(k) employer contributions which were paid in U.S. dollars which, in the case of Mr. Sylvester, amounted to US$13,554 in 2019, US$5,796 in 2018 and US$14,620 in 2017. In the case of Mr. Comerford, these amounts were US$13,923 in 2019, US$14,384 in 2018 and US$16,200 in 2017. The value of all other perquisites, property and other personal benefits for the Named Executive Officer is not equal or greater than

$50,000, nor equal or greater than 10.0% of the Named Executive Officer's total salary for the year. Refer to footnote 15 for exchange rates used to translate U.S. dollar amounts to Canadian dollar amounts for the purposes of this Summary Compensation Table.

(5) Mr. McManus' 200,000 Legacy RSUs had an effective grant date of May 7, 2018. A total of 60,000 Legacy RSUs vested on May 7, 2019. Mr. McManus forfeited the remaining 140,000 Legacy RSUs that were to vest on May 7, 2020 and May 7, 2021 upon resignation from the Corporation on October 11, 2019. For further information on Legacy RSUs, consult section 6.1 (f) (iii) Long-Term Incentive Plans. Legacy RSU values have been determined in accordance with the Black-Scholes methodology on their grant date.

(6) Mr. Vachon served as Senior Vice-President and CFO until October 11, 2019, when he was appointed President and CEO. Represents salary paid to Mr. Vachon for approximately 9.5 months as Senior Vice-President and CFO, where his annual salary was $345,907, and approximately 2.5 months as President and CEO, with an annual salary of $600,000.

(7) Legacy RSUs were not granted by the Board of Directors in March of 2020 as the Corporation did not meet its ROCE Threshold for the year ended December 31, 2019. On March 14, 2019, the Board of Directors resolved to grant Legacy RSUs to these Named Executive Officers for the year ended December 31, 2018, with an effective grant date of March 18, 2019. On March 13, 2018, the Board of Directors resolved to grant Legacy RSUs to these Named Executive Officers for the year ended December 31, 2017 with a grant date of March 19, 2018. Legacy RSU values have been determined in accordance with the Black-Scholes methodology on their grant date.

(8) This amount was awarded under the CEO Incentive Plan in March 2020 for services rendered during the year ended December 31, 2019.

(9) These amounts were awarded in March 2019 and March 2018 for services rendered during the years ended December 31, 2018 and December 31, 2017, respectively. As Senior Vice-President and Chief Financial Officer, Mr. Vachon's bonus fell outside of the Corporation's Profit Sharing Plan.

(10) This amount was awarded pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2020 for services rendered during the year ended December 31, 2019.

(11) The Pension value reported is the annual Compensation Change in Accrued Obligation as outlined in Section 6.6 under "Pension Plan Benefits – Defined Benefit Plan".

(12) The value of perquisites, property and other personal benefits of the Named Executive Officer is not equal or greater than $50,000 nor equal or greater than 10.0% of the Named Executive Officer's total salary for the year.

(13) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2019 for services rendered during the year ended December 31, 2018.

(14) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2018 for services rendered during the year ended December 31, 2017.

(15) Mr. Sylvester's and Mr. Comerford's base salaries are paid in U.S. dollars. In the case of Mr. Sylvester, it amounted to US$367,080 in 2019, US$358,827 in 2018 and US$351,791 in 2017. In the case of Mr. Comerford, it amounted to US$254,796 in 2019, US$239,292 in 2018 and US$234,600 in 2017. The Bank of Canada closing exchange rates at year-end ("Exchange Rates") were used to translate U.S. dollars to Canadian dollars for the purposes of the Summary Compensation Table. These Exchange Rates were as follows: 2019 – 1.2988, 2018 – 1.3642 and 2017 – 1.2545. The Canadian dollar amounts were determined by multiplying the U.S. dollar amounts by the Exchange Rates.

(16) This amount was awarded pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2020 for services rendered during the year ended December 31, 2019. This amount was paid in U.S. dollars and amounted to US$250,000 for Mr. Sylvester and US$180,000 for Mr. Comerford.

(17) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2019 for services rendered during the year ended December 31, 2018. This amount was paid in U.S. dollars and amounted to US$240,000 for Mr. Sylvester and US$165,000 for Mr. Comerford.

(18) This amount was paid pursuant to the Corporation's Profit Sharing Plan during the year ended December 31, 2018 for services rendered during the year ended December 31, 2017. This amount was paid in U.S. dollars and amounted to US$240,000 for Mr. Sylvester and US$155,000 for Mr. Comerford.

6.4 Incentive Plan Awards – Option-Based and Share-Based Awards

The table below sets forth information relating to option-based and share-based awards outstanding at the end of the financial year ended December 31, 2019:

	Option-Based Awards				Share-Based Awards		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-Money Options ($)**	**Number of Shares or Units of Shares that Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards that Have Not Vested ($)**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)**
Brian McManus	–	–	–	–	–[1]	–	–
Éric Vachon	–	–	–	–	24,000[2]	946,800[3]	–
	–	–	–	–	2,074[4]	81,820[3]	–
Ian Jones	–	–	–	–	24,000[2]	946,800[3]	–
	–	–	–	–	2,393[4]	94,400[3]	–
Michael Sylvester	–	–	–	–	24,000[2]	946,800[3]	–
	–	–	–	–	2,949[4]	116,300[3]	–
Kevin Comerford	–	–	–	–	12,000[2]	473,000[3]	–
	–	–	–	–	1,638[4]	64,620[3]	–

(1) Of the 200,000 Legacy RSUs granted on May 7, 2018, 60,000 vested on May 7, 2019. Mr. McManus forfeited the Legacy RSUs that were to vest on May 7, 2020 (60,000 Legacy RSUs) and May 7, 2021 (80,000 Legacy RSUs) upon stepping down as President and CEO on October 11, 2019.
(2) Legacy RSUs granted on March 19, 2018. Vesting date is March 19, 2021.
(3) Calculated by multiplying the number of Legacy RSUs by $39.45, being the six-month average trading price of the Corporation's common shares on the TSX immediately preceding December 31, 2019, assuming December 31, 2019 was the single payout date.
(4) Legacy RSUs granted on March 18, 2019. Vesting date is March 18, 2022.

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

The following table sets out the value of incentive plan awards vested or earned during the year ended December 31, 2019:

Name	Option-Based Awards – Value Vested During the Year ($)	Share-Based Awards – Value Vested During the Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
Brian McManus	–[1]	2,509,574[2]	1,200,000[3]
Éric Vachon	–[1]	70,173[4]	450,000[5]
Ian Jones	–[1]	80,976[4]	340,000[5]
Michael Sylvester	–[1]	98,290[4][6]	324,700[5][7]
Kevin Comerford	–[1]	52,440[4][6]	233,784[5][8]

(1) No option-based awards vested during the year for the Named Executive Officer.
(2) Calculated by multiplying the 60,000 Legacy RSUs that vested on May 7, 2019 by $41.8262, being the six-month average trading price of the Corporation's shares on the TSX immediately preceding the vesting date.
(3) Mr. McManus' May 2019 bonus of $1.2 million was in recognition of his performance rendered between June 1, 2018 and May 31, 2019. Mr. McManus did not receive any bonus for the period beginning June 1, 2019 to October 11, 2019, the date he stepped down as President and CEO of the Corporation.
(4) Calculated by multiplying the number of vested Legacy RSUs by $41.23, being the six-month average trading price of the Corporation's shares on the TSX immediately preceding the March 21, 2019 vesting date. Mr. Sylvester's Legacy RSUs amounts were paid in U.S. dollars and amounted to US$74,309. Mr. Comerford's Legacy RSUs amounts were paid in U.S. dollars and amounted to US$39,648.
(5) Represents amounts awarded under the Corporation's Profit Sharing Plan in 2020 in recognition of both financial performance targets attained by the Corporation and performance rendered by the individual during the year ended December 31, 2019. In the case of Mr. Vachon, his bonus falls under the CEO Incentive Plan, which is separate from the Corporation's Profit Sharing Plan.
(6) The U.S. dollar amounts for Mr. Sylvester and Mr. Comerford were determined by dividing the Canadian dollar amounts the six-month average of the Bank of Canada's closing exchange rate for the period immediately preceding the March 21, 2019 vesting date.
(7) Michael Sylvester's non-equity incentive plan compensation was awarded in U.S dollars and amounted to US$250,000.
(8) Kevin Comerford's non-equity incentive plan compensation was awarded in U.S. dollars and amounted to US$180,000.

6.6 Pension Plan Benefits – Defined Benefit Plan

The Corporation provides retirement benefits in the form of pensions for certain of the Corporation's salaried employees through pension plans registered under the Income Tax Act. One Named Executive Officer accrues benefits under a defined benefit arrangement in which total retirement income is equal to the formula under the salaried employees registered plan without regard to the maximum annual retirement income prescribed under the Income Tax Act. The Named Executive Officer who participates in this arrangement is Mr. Ian Jones. The Corporation provides such pensions through a pension plan registered under the Income Tax Act and an unregistered pension promise for the Named Executive Officer. Together, these arrangements are to provide the annual retirement income that commences at retirement age for Mr. Jones.

The plans are non-contributory. Mr. Jones' annual retirement income is equal to 1.20% of final average earnings up to the average Yearly Maximum Pensionable Earnings, plus 1.90% of final average earnings in excess of the average

Yearly Maximum Pensionable Earnings for each year of service. Final average earnings are the annual average of the highest five calendar years out of the last 10 years immediately preceding the date of determination.

Mr. Jones will receive, to the extent permitted, a portion of his annual retirement income payable from the registered plan that will be limited to the maximum under the Income Tax Act. This maximum is currently $3,092.22 multiplied by the number of years of credited service for employees retiring in 2019.

Mr. Jones will also receive a promised supplemental pension, to the extent required, which provides for the payment of a supplementary retirement income such that the total retirement income is equal to the formula described above without limitation to the maximum annual retirement income prescribed under the Income Tax Act. Mr. Jones is currently the only employee who is promised this supplemental pension.

The value of this pension arrangement is funded to the extent allowed for the plan as registered under the Income Tax Act.

Under this pension arrangement, employees can retire as early as age 55. The annual retirement income is reduced by one quarter of one percent (0.25%) for each month by which the retirement date precedes the normal retirement date. As such, for an employee who retires early and prior to his normal retirement date, his annual pension would be equal to the accrued pension discussed above at the date of such retirement date, multiplied by the percentage factor determined in accordance with the following table:

Age at Pension Commencement Date	Percentage of Accrued Pension
65	100%
64	97%
63	94%
62	91%
61	88%
60	85%
59	82%
58	79%
57	76%
56	73%
55	70%

The following table sets out information for the plans for the Named Executive Officer in regards to his annual pension benefit, including his supplemental pension promise:

Name	Number of Years of Credited Service at Year-End (#)	Annual Benefits Payable[1] at Year-End ($)	Annual Benefits Payable[1] at Age 65 ($)	Accrued Obligation at Start of Year[2] ($)	Compensatory Change[3] ($)	Non-Compensatory Change[4] ($)	Accrued Obligation at Year-End[2] ($)
Ian Jones	35.5	255,000	305,000	3,606,000	709,000	528,000	4,843,000

(1) Based on final average earnings at December 31, 2019.
(2) The Accrued Obligation is the value of the projected pension benefit, for service earned to that date, based on the same actuarial methods and assumptions used to determine the year-end pension liabilities and pension plan expense as disclosed in the Corporation's Annual Report. These methods and assumptions are in accordance with generally accepted accounting principles and are not identical to those used by other companies and, as a result, may not be directly comparable across companies. These amounts may change over time due to factors such as changes in assumptions and salary levels.
(3) Includes current year service cost net of employee contributions and changes due to actual earnings differing from assumed levels.
(4) Includes actual employee contributions, interest on the beginning of year Accrued Obligation, and impact of any changes in actuarial assumptions.

6.7 Pension Plan Benefits – Defined Contribution Plans

The Corporation's contribution for each of the Named Executive Officers who participate in the defined contribution plans is set out in the "All other compensation" column of the Summary Compensation Table provided in Section 6.3. For further information on the Corporation's defined contribution plans, please refer to Section 6.1 paragraph (iv) "Retirement Savings Plans", of the Compensation Discussion and Analysis.

6.8 Termination of Employment and Change of Control Benefits

The Corporation has entered into certain employment agreements, a profit sharing plan, a CEO Incentive Plan and has granted Legacy RSUs, certain of which provide termination and change of control benefits to Named Executive Officers.

Mr. Vachon's employment contract stipulates that upon termination of his employment by the Corporation for reasons other than cause, illness, permanent incapacity, death or resignation, he is entitled to receive an amount equal to 12 months' salary and a bonus payment based on the annual bonus paid for the immediately preceding financial year, prorated in accordance with the number of months of service completed during the financial year in which his employment is terminated ("Prorated Bonus"). If Mr. Vachon's employment is terminated for reasons of death or permanent incapacity, he (or his estate in the case of death) shall be entitled to his earned and unpaid base salary and Prorated Bonus. In the event that Mr. Vachon's employment is terminated due to a change of control, Mr. Vachon will be entitled to receive an amount equal to 12 months' salary plus a Prorated Bonus. In the event of termination *for cause*, Mr. Vachon would be entitled to all earned and unpaid base salary and would lose all entitlement to any Prorated Bonus amounts or pay in lieu of notice.

Pursuant to Mr. Vachon's long-term incentives, in the event his employment is terminated other than for cause, death, or disability, or in the event of a change of control or privatization of the Corporation coupled with termination, all unvested Legacy RSUs, RSUs and PSUs will be cancelled on the last day of employment. In the event of termination for cause, all unvested long-term incentives will immediately be cancelled. In the event of death or disability, the terms and conditions of the applicable long-term incentive plans in force at the time will apply.

In the event of termination without cause, one Named Executive Officer's employment contract provides for a payment of six months' base salary plus health benefits for an equivalent period. The contract also

calls for a bonus payment based on the individual's previous year's bonus, prorated in accordance with the number of days of service in the fiscal year during which employment is terminated.

Under the Corporation's Profit Sharing Plan, in the event that a Named Executive Officer's active employment terminates prior to the payment date due to resignation or termination, the Named Executive Officer will not be eligible for any potential profit sharing amount. In the event that the Named Executive Officer's active employment with the Corporation terminates for reasons other than resignation or termination (e.g. retirement or sick leave), then the Named Executive Officer will be eligible for the potential profit sharing amount, prorated for the portion of the year during which he or she actively worked for the Corporation.

The Corporation's retirement savings program for Canadian-based employees provides for distribution of group registered retirement savings plan benefits to all employees at the earlier of termination of employment or the latest date permitted under the Income Tax Act for maturity retirement savings plans. Distribution of deferred profit sharing plan benefits occur no later than the earlier of the end of the year in which the participant attains the age of sixty-nine (69), and ninety (90) days after the earliest of retirement, onset of disability, termination of service and death.

The Corporation's 401(k) plan for U.S. employees provides for distribution of all account balances upon termination of service with the Corporation (vested amounts only if prior to Normal Retirement Age), or upon the normal retirement age of sixty-five (65) ("Normal Retirement Age"). However, employees who reach the Normal Retirement Age and who continue to work are not required to take distributions until they terminate employment, and no later than 70.5 years of age. Distribution of amounts attributable to the employee contribution portion are permitted before termination of employment in the following circumstances: (i) the attainment of the age of 59.5; (ii) upon becoming disabled under the terms of the plan; (iii) in the event of a financial hardship as such term is defined in the plan; or (iv) by a qualified member of the reserves further to a "Qualified Reservist Distribution", as such term is defined in the plan.

None of the Corporation's retirement plans provide Named Executive Officers with additional enhancements, early vesting or other benefits in the event of a change of control.

The Corporation's Stock Option Plan (and therefore, all LTIP Options) provides that in the event the Corporation proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the shares of the Corporation or any part thereof shall be made to all holders of shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Optionee holding options under this Plan, to permit the exercise of all such options within the 20-day period next following the date of such notice. Additionally, under the Corporation's Long-Term Incentive Plan, unvested Legacy RSUs shall vest and be payable immediately upon a change of control or a going private transaction if coupled with the executive officer's termination of employment.

Under the Corporation's SUP, in cases of resignation, retirement or termination with or without cause, all unvested RSUs and PSUs are forfeited on the participant's last working day. Vested but unsettled RSUs and PSUs are unaffected. In the case of termination for fraud, all unvested RSUs and PSUs granted are immediately cancelled and any vested but unsettled RSUs and PSUs are forfeited with immediate effect.

The following table provides a reasonable estimate of the potential payments upon termination of employment or a change of control of the Corporation for the Named Executive Officers, in accordance with the narrative description of "Termination of Employment and Change of Control Benefits" provided above:

Name	Termination Value[(1)(2)(3)(4)(5)(6)] ($)
Brian McManus	nil
Éric Vachon	1,786,696
Ian Jones	1,316,204
Michael Sylvester	1,628,946
Kevin Comerford	763,112

(1) The termination value assumes that the applicable triggering event took place on the last business day of the Corporation's completed financial year.
(2) The triggering event under the Profit Sharing Plan is assumed to be an event other than resignation or termination (e.g. retirement or sick leave).
(3) The severances calculated on the basis of salary for Mr. Vachon assumes that the triggering event is a change of control coupled with a termination of employment.
(4) The severances calculated for other Named Executive Officers assume that the triggering event is termination without cause.
(5) The triggering event under the Named Executive Officer's Legacy RSUs is assumed to be a change of control coupled with a termination of employment.
(6) This table does not include payments under the Retirement Savings Plan and pension plan.

7. Director Compensation

7.1 Director Compensation Table

The Director Compensation table below sets forth all amounts of compensation provided to the directors of the Corporation for services carried out during its most recently completed financial year:

Name	Fees Earned ($)	Share-Based Awards ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Katherine A. Lehman	125,000[1]	25,000[2]	–	–	–	–	150,000
George J. Bunze	112,500[3]	15,000[2]	–	–	–	–	127,500
Robert Coallier	–[4]	–[4]	–	–	–	–	–[4]
Karen Laflamme	92,500	15,000[2]	–	–	–	–	107,500
James A. Manzi, Jr.	92,500	15,000[2]	–	–	–	–	107,500
Brian McManus	–[5]	–[6]	–	–	–	–	–[6]
Douglas Muzyka	3,801[7]	–	–	–	–	–	3,801
Nycol Pageau-Goyette	31,347[8]	–	–	–	–	–	31,347
Simon Pelletier	92,500	15,000[2]	–	–	–	–	107,500
Daniel Picotte	31,347[8]	–	–	–	–	–	31,347
Éric Vachon	–[6][9]	–[6]	–	–	–	–	–[6]
Mary Webster	92,500	15,000[2]	–	–	–	–	107,500

(1) Represents annual fees earned as Chair of the Board.
(2) Equals the dollar value of DSUs awarded under the Corporation's deferred share unit plan ("DSU Plan") for non-executive directors. For Ms. Lehman, this represents 531 DSUs. For each of Mr. Bunze, Ms. Laflamme, Mr. Manzi, Mr. Pelletier and Ms. Webster, this represents 319 DSUs per individual.
(3) Of this amount, $20,000 represents fees earned as Chair of the Audit Committee.
(4) Was not a director during the most recently completed financial year.
(5) Fees are not paid to directors who are employees of the Corporation. Mr. McManus ceased to be President, CEO and director on October 11, 2019.
(6) See Section 6.3, Summary Compensation Table of Named Executive Officers.
(7) Appointed to the Board on December 16, 2019. Represents director fees prorated from December 16 to December 31, 2019.
(8) Represents fees prorated to May 2, 2019, the date he/she retired from the Board.
(9) Mr. Vachon was appointed to the Board on October 11, 2019, concurrently with his nomination as President and CEO of the Corporation. Fees are not paid to directors who are employees of the Corporation nor are DSUs issued to executive directors.

7.2 Compensation of Directors – Board Fees and Deferred Share Unit Plan

Directors of the Corporation receive a flat annual fee of $92,500, paid in two semi-annual payments of $46,250. An annual fee of $20,000 is paid to the Chair of the Audit Committee in two instalments of $10,000. Annual fees are not paid to the Chairs of the Environmental, Health and Safety, Governance and Nomination and Remuneration Committees. Per meeting fees are not paid to Board and committee members.

The annual Board Chair fee of $125,000, is paid in two semi-annual instalments of $62,500. The Chair of the Board does not receive director fees. Directors who are also employees of the Corporation do not collect director fees.

An amount of $673,995 was paid in cash fees by the Corporation to the members of the Board and committees of the Board for all services during 2019. The details of this amount are provided in the Director Compensation Table in Section 7.1 herein. This amount represents the annual fee of $92,500 paid to five of the Corporation's directors, the annual fee of $125,000 paid to the Corporation's Chair of the Board, the annual fee of $20,000 paid to the Chair of the Audit Committee and three directors who received prorated fees of $31,347, $31,347 and $3,801, respectively, for partial year served in 2019.

On May 1, 2019, following a director compensation market analysis provided by WTW, the Corporation's Board of Directors approved a Deferred Share Unit Plan for non-executive directors of Stella-Jones ("DSU Plan"), having the purpose of providing DSU Plan participants with a supplemental form of compensation while promoting greater alignment of the interests of the participants and the shareholders of the Corporation in creating long-term shareholder value.

Under the DSU Plan, on or about July 1st of each year ("DSU Award Date"), participants who are non-executive Board members as well as the Chair of the Board, receive a minimum participation amount of $15,000 and $25,000 respectively, or such other amount as shall be determined by the Board of Directors in any given year, and to which they may add a portion of their annual Board fees ("Deferred Remuneration"), which is then divided by the average closing price of the Corporation's common shares on the Toronto Stock Exchange during the 5 trading days immediately preceding the DSU Award Date ("DSU Value"). Each participant receives such number of DSUs as is obtained by dividing the Deferred Remuneration by the DSU Value on the DSU Award Date. In 2019, non-executive directors received share based awards totaling $100,000, resulting in 2,126 DSUs awarded.

All DSUs vest and are settled for cash on the Settlement Date, which is triggered when a participant ceases to be a Board member. On the Settlement Date, total vested DSUs are multiplied by the average closing price of the Corporation's common shares on the Toronto Stock Exchange during the 5 trading days immediately preceding the Settlement Date.

7.3 Director Share Ownership Requirements

To further align the interests of Stella-Jones' directors with the Corporation's shareholders and demonstrate their commitment to the long-term success of the Corporation, the Board of Directors has adopted director share ownership requirements ("Requirements").

Pursuant to these Requirements, each non-executive director[1] is required to own common shares of Stella-Jones equal in value to at least three times his or her annual Board fees ("Non-Executive Requirements"). Directors are required to meet the Requirements within the later of (i) five years after the Requirements come into effect or (ii) five years after becoming a director, and the Requirements shall be maintained for a minimum of two fiscal quarters following cessation of Board duties.

For the purposes of determining whether the above Requirements are satisfied, the following sources of share ownership will be included:

- common shares of the Corporation purchased by the Director on the open market or acquired from treasury upon exercise of stock options or otherwise;
- deferred, restricted or performance share units or restricted shares of the Corporation granted to the Director by the Corporation, whether or not vested.

Shares underlying any unexercised outstanding stock option, whether or not vested, are not included for the purposes of determining whether the Requirements are satisfied.

[1] For details on the Requirements applicable to the President and CEO, see Section 6.1 (g) (iii) "Share Ownership Requirements."

7.4 Outstanding Option-Based Awards and Share-Based Awards

The following table shows all option-based and share-based awards held by each Director at December 31, 2019:

	Option-Based Awards				Share-Based Awards[1]		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the Money Options ($)**	**Number of Shares or Units of Shares that Have not Vested (#)**	**Market or Payout Value of Share-Based Awards that Have Not Vested ($)**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)**
George J. Bunze	–	–	–	–	319	11,970[2]	–
Robert Coallier	–	–	–	–	–	–	–
Karen Laflamme	–	–	–	–	319	11,970[2]	–
Katherine A. Lehman	–	–	–	–	531	19,920[2]	–
Douglas Muzyka	–	–	–	–	–	–	–
James A. Manzi, Jr.	30,000	49.01	Nov. 10, 2025	nil[3]	319	11,970[2]	–
Simon Pelletier	15,000	22.13	May 7, 2023	231,000[3]	319	11,970[2]	–
Éric Vachon	–[4]	–[4]	–[4]	–[4]	–[4]	–[4]	–[4]
Mary Webster	–	–	–	–	319	11,970[2]	–

(1) The share-based awards are DSUs. See Section 7.2 "Compensation of Directors – Board Fees and Deferred Share Unit Plan".
(2) Calculated by multiplying the number of DSUs by the closing price of the Corporation's common shares on the TSX on the last day of trading in 2019 ($37.52).
(3) Calculated by multiplying the number of options by the difference between the closing price of the Corporation's Common Shares on the TSX on the last day of trading in 2019 ($37.52) and the option exercise price.
(4) See Table 6.4 "Incentive Plan Awards-Option Based and Share-Based awards for information pertaining to this director.

8. Securities Authorized for Issuance Under Equity Compensation Plans

Equity Compensation Plan Information

The following table sets out information regarding compensation plans under which securities of the Corporation are authorized for issuance, as of the Corporation's most recently completed financial year end:

Equity Compensation Plan Information

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans "Excluding Securities Reflected in Column (a)" (c)
Equity compensation plans approved by security holders[1]	45,000[2]	$40.05	1,329,906[3]
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	45,000	$40.05	1,329,906

(1) For specifics of the Corporation's Stock Option Plan and the Employee Share Purchase Plans, see below "Stock Option Plan for Directors, Officers and Employees" and "Employee Share Purchase Plans".
(2) Represents the 45,000 options which were outstanding under the Corporation's Stock Option Plan at year end.
(3) This comprises the 1,282,588 securities that are not yet granted and therefore available for future issuance under the Stock Option Plan for Directors, Officers and Employees and the remaining 47,318 shares remaining issuable under the Employee Share Purchase Plans.

Stock Option Plan for Directors, Officers and Employees

The Corporation has a stock option plan for directors, officers and employees (the "Stock Option Plan") under which the Board of Directors or a committee appointed for such purpose may from time to time grant to directors, officers or employees of the Corporation and its subsidiaries, options to acquire common shares, in such numbers, for such terms and at such exercise prices as are determined by the Board or such committee. The purpose of the Stock Option Plan is to secure for the Corporation and its shareholders the benefits of incentives inherent in share ownership by directors, officers and employees of the Corporation and its subsidiaries.

Under the Stock Option Plan, the exercise price of an option shall not be lower than the closing price of the common shares of the Corporation on the TSX on the last trading day preceding the granting of the option and the term of the option may not exceed 10 years. Historically, the exercise frequency established by the Corporation's Board has been in accordance with the following vesting schedule: up to 20.0% of options granted may be exercised within the first year of the date of the grant of options ("Grant Date") and an additional 20.0% of the total options granted become exercisable beginning on each anniversary of the Grant Date thereafter.

Termination of Options under the Stock Option Plan: Options terminate no later than 10 years ("Option Period") following the date of their grant, and in certain instances, terminate earlier as provided below ("Early Expiry Date"):

(a) thirty (30) days following the date on which (i) the optionee resigns or voluntarily leaves his employment with the Corporation, or (ii) an optionee's employment with the Corporation is terminated for cause, or (iii) in the case where the optionee is a director of the Corporation, but is not employed by the latter, thirty (30) days following the date on which such optionee ceases to be a member of the Board for any reason other than death;

(b) one hundred and eighty (180) days following the date on which the optionee's employment with the Corporation is terminated by reason of death or, in the case where the optionee is a director of the Corporation, but is not employed by the latter, one hundred and eighty (180) days following the date on which such optionee ceases to be a member of the Board by reason of death; or

(c) thirty (30) days following the date on which the optionee's employment with the Corporation is terminated for any cause or reason other than those mentioned in paragraphs (a) and (b) above, including without limiting the scope of the foregoing, disability, illness, retirement or pre-retirement.

Notwithstanding the foregoing, the Option Period and Early Expiry Date shall automatically be extended in the event that either shall fall within the Corporation's self-imposed trading blackout period. In such cases, the Option Period or the Early Expiry Date, as the case may be, shall extend for 10 business days following the termination of the Corporation's trading blackout period.

Acceleration of Vesting under the Stock Option Plan: The Stock Option Plan provides that in the event that the Corporation proposes to amalgamate, merge or consolidate with or into any other company (other than with a wholly owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the shares of the Corporation or any part thereof shall be made to all holders of shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each holder of options ("Optionee") under the plan, to permit the exercise of all such options within the 20-day period next following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of Optionees to such options or to exercise same (to the extent not theretofore exercised) shall terminate and cease to have further force or effect whatsoever.

Amendment and Termination of the Stock Option Plan: The Board of Directors has the general power, subject to requisite regulatory approval, to make amendments without shareholder approval, including but not limited to:

(a) amendments of a general "housekeeping" or clerical nature to clarify, correct or rectify any ambiguity, defective provision, error or omission in the Stock Option Plan;

(b) amendments necessary to comply with applicable laws or the requirements of any regulatory authority;

(c) amendments to the Early Expiry Date provisions of the Stock Option Plan;

(d) amendments with respect to any vesting period or with respect to circumstances that would accelerate the vesting of options;

(e) amendments required or advisable as a result of a stock split, a consolidation, a reclassification, a share dividend declaration

or any other amendment pertaining to the shares; and

(f) suspending or terminating the Stock Option Plan.

Amendments to the Stock Option Plan requiring shareholder approval are, subject to regulatory requirements, limited to:

(a) any increase to the number of shares issuable under the Stock Option Plan;

(b) the reduction of the subscription price of options held by an insider;

(c) the extension of the Option Period of options held by an insider; and

(d) the extension of the Blackout Expiration Date.

On October 21, 2013, the Board of Directors approved an amendment to the Stock Option Plan whereby the maximum fixed amount of options which may be granted under the Stock Option Plan was modified from 1,200,000 options to 4,800,000 options. This modification was required to harmonize the Stock Option Plan with the October 25, 2013 4-for-1 stock split by way of dividend. This change received required regulatory approvals.

Financial Assistance and Transformation into a Stock Appreciation Right: The Corporation does not provide financial assistance to participants of the Stock Option Plan to facilitate the purchase of shares issuable under the plan. The Corporation is not entitled to transform a stock option into a stock appreciation right involving the issuance of securities from treasury.

The aggregate number of common shares in respect of which options may be granted under the Stock Option Plan is a maximum fixed amount of 4,800,000 representing approximately 7.1% of the Corporation's issued and outstanding shares as at December 31, 2019. No Optionee is able to hold options to purchase common shares exceeding 5.0% of the number of common shares outstanding from time to time. The number of shares issuable to insiders of the Corporation under all security-based compensation arrangements may not, at any time, exceed 10.0% of the issued and outstanding shares of the Corporation. The number of shares issued to insiders under all security-based compensation arrangements within any one-year period may not exceed 10.0% of the shares outstanding. As at December 31, 2019, 1,282,588 options permitting the subscription to an equivalent number of common shares of the Corporation were not yet granted and therefore remained available for future issuance under the Stock Option Plan.

Issued and Issuable Securities under the Stock Option Plan: The total number of securities issued and issuable under the Stock Option Plan as of December 31, 2019 was 4,800,000 shares, representing approximately 7.1% of the Corporation's outstanding capital. Of the 4,800,000 shares, 3,472,412 common shares had been issued as of December 31, 2019, representing approximately 5.1% of the Corporation's outstanding share capital at that date. As of December 31, 2019, 1,327,588 common shares remained issuable (the maximum fixed amount of 4,800,000 minus the total shares issued) under the Stock Option Plan, representing approximately 2.0% of the Corporation's outstanding shares at that date. The total number of securities issuable under actual grants under the Stock Option Plan (total options granted minus total options exercised) stood at 45,000 as of December 31, 2019, representing approximately 0.0% of the Corporation's outstanding share capital at that date. No options were exercised under the Stock Option Plan during the Corporation's financial year ended December 31, 2019. No stock options were granted pursuant to the Stock Option Plan during the year ended December 31, 2019.

During the period of January 1, 2020 to March 10, 2020, no additional options were exercised under the Stock Option Plan, for a total of 3,472,412 options exercised under the Stock Option Plan since its inception, representing approximately 5.1% of the Corporation's issued and outstanding shares at March 10, 2020. As at March 10, 2020, options for an aggregate of 3,517,412 common shares have been granted under the Stock Option Plan.

The annual burn rate[1] of the Stock Option Plan for the Corporation's three most recent years was 0.0% for 2019, 2018 and 2017.

Employer's Remittance Obligations in respect of the Income Tax Act: With regard to employer's remittance obligations in respect of stock option benefits, the Stock Option Plan provides that:

"7.3 The Corporation shall cause all exercises of options to comply with all applicable laws, rules and regulations, including, among others, the requirements of the Income Tax Act in relation to withholding obligations of the Corporation as an employer. Consequently, the Corporation may, among other things, satisfy its obligation to remit the appropriate withholding amounts to the Canada Revenue Agency by:

7.3.1 Permitting the Optionee to pay to the Corporation, in addition to and concurrently with the Subscription Price, the applicable withholding amount upon exercise of the option; or

7.3.2 Selling, in the open market, a portion of the Shares issued in order to realize the cash proceeds to be used to satisfy the required withholding; or

7.3.3 Withholding the necessary amount from the Optionee's cash remuneration payment following the exercise of the Option, if the circumstances permit and if sufficient."

Neither of the Corporation's Remuneration Committee nor its Named Executive Officers play a proactive role in amending the Corporation's equity incentive plans under which option-based awards are granted. Modifications to these incentive plans are proposed to the Board of Directors by the Vice-President, General Counsel and Secretary of the Corporation, if required, to ensure continued compliance with legal requirements.

Employee Share Purchase Plans

The Corporation has two employee share purchase plans, an employee share purchase plan for Canadian residents ("CDN ESPP") and an employee share purchase plan for U.S. employees ("U.S. ESPP") (together, the "Employee Share Purchase Plans"). Unless otherwise specified herein, the Employee Share Purchase Plans are identical. Under the CDN ESPP, any regular full-time employee of the Corporation or any of its subsidiaries who is a Canadian resident, and at the date of enrolment in the CDN ESPP, has six months of service with the Corporation or any of its subsidiaries, may purchase common shares of the Corporation at a price equal to 90.0% of the average closing price per common share of a board lot of the Corporation's common shares on the TSX on the last five trading days immediately preceding the applicable purchase date ("Market Price"). Under the U.S. ESPP, any regular full-time employee of the Corporation or any of its subsidiaries who is a resident of the United States of America, and at the date of enrolment in the U.S. ESPP, has six months of service with the Corporation or any of its subsidiaries, may purchase common shares of the Corporation at 100.0% of the Market Price. An eligible employee who wishes to participate in an Employee Share Purchase Plan must

[1] The annual burn rate is expressed as a percentage and calculated by dividing the number of securities granted during the fiscal year by the weighted average number of securities outstanding for the applicable year.

contribute a minimum of $200 on a yearly basis, up to a maximum of 5.0% of his/her base salary. Contributions are deducted from the employee's periodic pay and common shares are purchased on quarterly investment dates. While no financial assistance is provided by the Corporation to facilitate the purchase of common shares under the Employee Share Purchase Plans, employees who hold common shares in their respective Employee Share Purchase Plans for 18 months following the date of acquisition of such shares ("Acquisition Date") receive additional common shares of the Corporation equivalent to 10.0% of the amount of their contributions made on the Acquisition Date. These additional common shares are issued by the Corporation on behalf of eligible employees at 100.0% of the Market Price. All participants of the Employee Share Purchase Plans must hold their shares in their Employee Share Purchase Plan for a minimum of 12 months following the Acquisition Date of such shares except in the event of death, termination of employment, or in the event that an offer is made to all holders of shares. Participants may elect to receive any cash dividends declared and paid on the common shares in cash or to reinvest such cash dividends to purchase additional common shares. The price per common share purchased with such reinvested dividends is 100.0% of the Market Price.

The rights of a participant pursuant to the provisions of the Employee Share Purchase Plans are non-assignable.

The aggregate number of common shares reserved for issuance under the Employee Share Purchase Plans is 1,000,000, representing approximately 1.5% of the Corporation's issued and outstanding shares at March 10, 2020.

The total number of securities issued and issuable under the Employee Share Purchase Plans as of December 31, 2019 was 1,000,000 shares representing approximately 1.5% of the Corporation's outstanding shares at that date. As of December 31, 2019, 47,318 shares remained issuable under the Employee Share Purchase Plans, representing approximately 0.1% of the Corporation's outstanding shares as at that date. Shares issuable under the Employee Share Purchase Plans remained unchanged at March 10, 2020.

Termination of Employee Participation in the Employee Share Purchase Plans: The purpose of the Employee Share Purchase Plans is to provide an opportunity for eligible employees to participate in the ownership of the Corporation through the purchase of common shares. In the event of the death of the participant or termination of employment (whether or not for cause) of a participant and in the event a participant ceases to be a Canadian resident (or in the case of the U.S. ESPP, a resident of the United States), or becomes a retiree of the Corporation, participation in the Employee Share Purchase Plan will automatically terminate.

Amendment and Termination of the Employee Share Purchase Plans: The Board of Directors may, at any time and from time to time, with the approval of the TSX, suspend or terminate the Employee Share Purchase Plans or participation therein, in whole or in part, or in regard to any or all participants or former participants.

The Board of Directors has the general authority, subject to requisite regulatory approval, to make amendments to the Employee Share Purchase Plans without shareholder approval, including and not limited to:

(a) amendments of a general "housekeeping" or clerical nature to clarify, correct or rectify any ambiguity, defective provision, error or omissions in the Employee Share Purchase Plans;

(b) amendments necessary to comply with applicable laws or the requirements of any regulatory authority;

(c) amendments required or advisable as a result of a split, a consolidation, a reclassification, a share dividend declaration or any other amendment pertaining to the shares; and

(d) suspending or terminating the Employee Share Purchase Plans.

Amendments to the Employee Share Purchase Plans requiring shareholder approval are, subject to regulatory requirements:

(a) amendments to increase the number of common shares issuable under the Employee Share Purchase Plans;

(b) amendments to reduce the Market Price of a common share; and

(c) amendments relating to financial assistance to a participant provided by the Corporation.

The Employee Share Purchase Plans stipulate that the number of shares issuable to insiders of the Corporation under all security-based compensation arrangements may not, at any time, exceed 10.0% of the issued and outstanding shares of the Corporation and the number of shares issued to insiders under all security-based compensation arrangements within any one-year period, may not exceed 10.0% of the shares outstanding.

Offer for Shares of the Corporation: In the event that, at any time, an offer to purchase is made to all holders of common shares, notice of such offer shall be given by the trustee of the Employee Share Purchase Plans to each participant or former participant and the applicable 12-month retention period will be deemed to be waived with respect to each participant's or former participant's common shares held in their respective Employee Share Purchase Plan ("Plan Shares") to the extent necessary to enable a participant or former participant to tender his or her Plan Shares should he or she so desire. A participant or former participant who tenders Plan Shares which have not been held for 18 months following the Acquisition Date shall forfeit the Corporation's contribution with respect to such tendered Plan Shares, provided such tendered shares are taken up and paid for pursuant to such offer to purchase.

The Employee Share Purchase Plans are under the direction of the Board of Directors or a committee appointed for such purpose. The CDN ESPP was adopted by the Board of Directors of the Corporation on June 13, 1994. The U.S. ESPP was adopted by the Board of Directors of the Corporation on March 15, 2006 and was adopted by the shareholders of the Corporation at its annual meeting held on May 4, 2006. The aggregate number of common shares reserved for issuance under the CDN ESPP and any other employee share purchase plans of the Corporation was increased from 120,000 to 180,000 on May 6, 2004 following approval by a majority of shareholders. The Employee Share Purchase Plans were modified by ordinary resolutions passed by a majority of shareholders at the annual and special meeting of shareholders held on May 3, 2007 which modifications were in response to changes made by the TSX in 2007 regarding security-based compensation arrangements. On May 6, 2009, following approval by a majority of shareholders, the Employee Share Purchase Plans were modified to increase the aggregate number of common shares reserved for issuance thereunder from 180,000 to 200,000, and on June 2, 2011, following approval by a majority of shareholders, the Employee Share Purchase Plans were modified to increase the aggregate number of common shares reserved for issuance thereunder from 200,000 to 250,000. On October 21, 2013, following Board and regulatory approvals, the Share Purchase Plans were modified to amend the number of common shares reserved for issuance thereunder from 250,000 to 1,000,000 shares in order to harmonize the Share Purchase

Plans with the Corporation's October 25, 2013 4-for-1 stock split by way of share dividend.

During the Corporation's financial year ended December 31, 2019, a total of 35,227 common shares were purchased under the Employee Share Purchase Plans, for a total of 952,682 common shares issued under the Employee Share Purchase Plans since their inception, representing, in the aggregate, approximately 1.4% of the Corporation's issued and outstanding shares at the Corporation's financial year end. Between January 1, 2020 and March 10, 2020, no shares were purchased under the Employee Share Purchase Plans.

9. Indebtedness of Directors and Executive Officers

The directors, senior officers and executive officers below were granted interest free loans during the year 2016 to pay for foreign income taxes owing to the United States Internal Revenue Service ("IRS") following their filings of amended Canadian and U.S. tax returns for the years 2008-2013:

Name and Principal Position	Involvement of Corporation	Largest Amount Outstanding During Fiscal 2019 $	Amount Outstanding as at March 6, 2020 $	Financially Assisted Securities Purchased During Fiscal 2019	Security for Indebtedness as at March 6, 2020	Amount Forgiven During Fiscal 2019
Éric Vachon President and CEO	Loan[1]	43,450	nil	–	–	–

(1) This loan was evidenced by a promissory note signed in favour of the Corporation and was due and paid to the Corporation within 30 days following receipt of a tax credit from Canadian taxation authorities.

The following table sets out the aggregate indebtedness at December 31, 2019 to the Corporation and its subsidiaries of all the executive officers, directors, employees and former executive officers, directors and employees of the Corporation or its subsidiaries:

AGGREGATE INDEBTEDNESS

Purpose	Aggregate Indebtedness to the Corporation or its Subsidiaries $	Aggregate Indebtedness to Another Entity Guaranteed or Supported by the Corporation or its Subsidiaries
Share Purchase	–	nil
Other	19,934.73[2]	nil

(2) This total includes the indebtedness of the executive officers (if any) included in the preceding table plus the indebtedness of employees and former executive officers not included in the preceding table.

10. Proposed Amendment to the Corporation's Employee Share Purchase Plans

The Corporation's two employee share purchase plans, one for Canadian residents and one for U.S. employees (together, the "Employee Share Purchase Plans") provide an opportunity for eligible employees to participate in the ownership of the Corporation through the purchase of common shares.

Under the Employee Share Purchase Plans in their current form, an aggregate of 1,000,000 common shares are reserved for issuance. As of March 10, 2020, a total of 952,682 common shares had been issued under the Employee Share Purchase Plans since their inception, leaving 47,318 shares that may be issued under the Employee Share Purchase Plans.

In order to accommodate the anticipated continued employee participation in the Employee Share Purchase Plans, on December 6, 2019, the Board of Directors approved an increase of 300,000 common shares which may be reserved for issuance under the Employee Share Purchase Plans. This increase represents, as at March 10, 2020, approximately 0.4% of the issued and outstanding shares of the Corporation and increases the number of shares that may be reserved for issuance under the Employee Share Purchase Plans to 1,300,000 common shares of the Corporation, representing approximately 2.0% of the issued and outstanding shares at March 10, 2020.

It is therefore proposed to amend the Employee Share Purchase Plans to increase the number of shares that may be reserved for issuance to 1,300,000 from 1,000,000 common shares. This amendment has received conditional approval of the TSX and is conditional upon shareholder approval, excluding the votes attaching to the common shares beneficially owned by participants to whom shares may be issued pursuant to the Employee Share Purchase Plans.

At the Meeting, the shareholders will be asked to consider the proposed amendment, and if deemed appropriate, pass an ordinary resolution, the text of which is attached as Schedule "A". In order to be validly adopted, the resolution must be approved by a majority of the votes cast at the Meeting of the shareholders entitled to vote. As of the Record Date, the participants to whom shares may be issued pursuant to the Employee Share Purchase Plans and which will not be entitled to vote on the resolution attached as Schedule "A" exercised control or direction over an aggregate of 250,048 common shares of the Corporation, representing approximately 0.4% of the Corporation's issued and outstanding shares as at such date.

Except as otherwise specified, the persons whose names appear on the accompanying form of proxy will vote FOR the proposed amendment to the Employee Share Purchase Plans.

11. Corporate Governance

The following table highlights Stella-Jones' alignment with key corporate governance practices as at March 10, 2020[(1)]:

Corporate Governance Practice	Does Stella-Jones Align?	Comments
1. Majority of Independent Directors	Yes	Seven of eight Board members (88%) are independent.
2. Independent Chair of the Board	Yes	Katherine A. Lehman, Chair of the Board since September 2018, is an independent director.
3. Regularly Scheduled Independent Director Meetings	Yes	*In-camera* meetings are held during all regularly scheduled Board meetings, and more often, if needed.
4. Written Board Mandate	Yes	Sets out the Board's key responsibilities, including the adoption of a strategic plan, identification of principal risks, succession planning, internal controls, development of a communication policy and assuring the integrity of the CEO. Reviewed and approved by the Board annually.
5. Position descriptions of the Chair of the Board, CEO and Committee Chairs	Yes	Written position descriptions of the Chair of the Board, the CEO and all Committee Chairs have been approved by the Board and are reviewed annually.
6. Code of Business Conduct and Ethics	Yes	Applies to all directors, officers and employees. Circulated to all staff quarterly and reviewed by the Board annually. Addresses, conflicts of interest, proper use and protection of corporate assets, confidentiality, fair dealing and legal compliance. Provides an anonymous, company-wide whistleblowing mechanism to report illegal, improper and unethical behaviour. Anti-hedging and anti-bribery policies were added to the Code in 2019.
7. Formal Written Diversity Policy	Yes	Recognizes the value that diversity, including, age, gender, language and national origin bring to the boardroom in gathering varied perspectives and making the best decisions for the Corporation and its stakeholders. Three of eight Board members (38%) are women.
8. Director Tenure Limit and Retirement Age	Yes	Term limit is 15 years of service or 75 years of age, whichever occurs first, with an exception permitted if two or more directors transition in a given year.
9. Issuance of Environmental Social and Governance ("ESG") Reports	Yes	The ESG Report covers indicators such as energy use, air emissions, health and safety and governance practices. Can be found on the Corporation's website at www.stella-jones.com/en/investor-relations/environmental-social-governance
10. Dedicated Board Committee Charged with Oversight of Environmental, Health and Safety ("EH&S") Matters	Yes	EH&S Committee oversees compliance, cooperation with regulatory authorities and the prioritization of the health and safety of employees and neighbouring communities.
11. Governance and Nomination Committee Composed Exclusively of Independent Directors	Yes	Determines the competencies and skills that individual directors and the Board as a whole shall have. Applies selective criteria to the recruitment, assessment and appointment of candidates. Oversees governance procedures and director education opportunities.
12. Compensation Committee Composed Entirely of Independent Directors	Yes	Composed solely of independent members who in 2019, engaged an independent executive compensation advisory firm to carry out a comprehensive review of the Corporation's programs and practices with a view to developing a new CEO short-term incentive award and Corporation-wide long-term incentive plan.

(1) All policies, mandates, committees and position descriptions referred to herein may be found in the Investor Relations/Corporate Governance section of the Corporation's website at www.stella-jones.com.

The following summarizes the Corporation's approach to corporate governance in the context of National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101").

Board of Directors

The Board of Directors currently consists of eight members[(1)]. The Board of Directors has reviewed all of the relationships of each of the directors with the Corporation and has determined that seven of the eight current directors are independent.

The Board members who are independent are Mr. Robert Coallier, Mr. James A. Manzi, Jr., Ms. Karen Laflamme, Ms. Katherine A. Lehman (Chair of the Board), Mr. Douglas Muzyka, Mr. Simon Pelletier and Ms. Mary Webster. Seven of the eight directors do not have interests in or material relationships with either the Corporation or the significant shareholders. A majority of the Board is therefore independent.

Mr. Éric Vachon is a non-independent director as he is a member of the Corporation's management team, serving as the Corporation's President and CEO.

Independent directors hold *in-camera* meetings, at each regularly scheduled Board meeting, which provides ample opportunity to discuss matters pertaining to the Corporation without the presence of management and non-independent directors. The Board is satisfied that this exercise enables the Board to conduct open and candid discussions which present a diversity of views and opinions.

Directors on the Corporation's Board who serve on Boards of other reporting issuers are Ms. Katherine A. Lehman, director of Navient Corp (NASDAQ: NAVI) and Mr. Douglas Muzyka, who is on the Board of CCL Industries Inc. (TSX: CCL.B: CA) and Chemtrade Logistics Income Fund (TSX: CHE.UN).

(1) Nine members are being proposed for nomination at the May 7, 2020 Meeting.

Board Mandate

The Board of Directors has adopted a written mandate ("Board Mandate"), which details its specific responsibilities. The Board Mandate is reviewed on an annual basis and revised at that time, if deemed necessary by the Board. The Board Mandate can be found at Schedule "B" of this Management Proxy Circular.

Nomination of Directors and Board Recruitment Process

The Board of Directors established a Governance and Nomination Committee composed entirely of independent directors on September 19, 2018. The Committee's key responsibilities are provided herein under the heading "Governance and Nomination Committee".

In the case of the most recent nominations to the Board, the process set out below was followed: the Governance and Nomination Committee reviewed the Board's current composition and created a candidate profile by outlining the desired set of skills that would meet identified needs and strengthen the collective competencies and experiences of the sitting Board in light of the Corporation's priorities ("Profile"). The Governance and Nomination Committee engaged an independent third party consultant ("Consultant") to conduct an extensive search for appropriate candidates. A select group of individuals who fit the Profile were identified by the Consultant and selected to meet with members of the Governance and Nomination Committee, who carried out thorough interviews for suitability, while evaluating each candidate's ability to devote the time and commitment required for the Board position. The lead candidates met with the Board Chair and remaining Board members as part of the process. Together, the Board as a whole evaluated the strongest candidates' suitability, obtained third-party references, assessed conflicts and independence and voted on their choices.

Majority Voting Policy

The Board of Directors has adopted a Majority Voting Policy whereby in an uncontested election of directors, any nominee for whom the number of votes "withheld" exceeds the number of votes "for" his or her election, must tender his or her resignation to the Board of Directors immediately after the annual meeting of shareholders. The Majority Voting Policy requires the Board to accept the resignation absent exceptional circumstances.

Within 90 days of the annual meeting of shareholders, the Board shall announce by way of news release whether it has accepted or rejected the director's resignation and the reasons for its decision, which must be fully stated in the event the Board determines not to accept the resignation. A director who tenders his or her resignation pursuant to the Majority Voting Policy shall not participate in any meetings of the Board of Directors or Committees at which his or her resignation is being deliberated.

The Majority Voting Policy further provides that the Corporation shall issue a news release disclosing voting results in a manner that provides the reader with insight into the level of support received by each director.

Board Diversity, Term Limits and Renewal

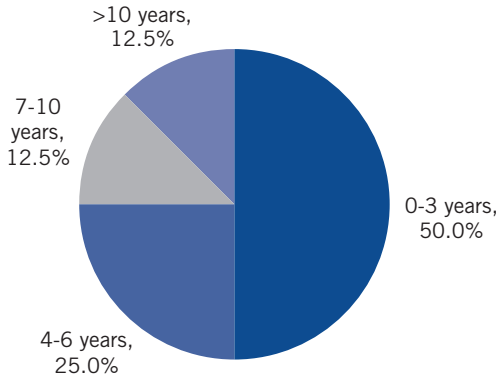
The Corporation's Board of Directors recognizes the importance of having a Board comprised of highly talented and experienced individuals as well as the benefits of a diverse Board, and has adopted a Board Diversity Policy to address these priorities. When identifying candidates and carrying out the annual performance evaluation of the effectiveness of the Board, the Board has committed itself to consider, among others, talent, skills, character and the promotion of diversity along gender, ethnicity, age and national origin. Currently, the Board's membership, comprising American and Canadian nationals, who all have skilled backgrounds as, among others, executives, entrepreneurs and professionals, has numerous markers of diversity, while allowing Board members to work together as a strong and effective unit. As the percentage of women sitting on its Board has either been, or exceeded, 20% during most of the Corporation's history, Stella-Jones has not adopted a target number of women for its Board of Directors. Currently, women comprise three of the Board's eight directors, representing 38% of Board members. The Corporation does not have a written policy relating to the identification and nomination of directors from designated groups such as indigenous peoples, persons with disabilities or members of visible minorities. There are, at present, no indigenous peoples, persons with disabilities or members of visible minorities on the Board of directors.

To date, the Corporation has not adopted a target regarding the representation of women, indigenous peoples, persons with disabilities or members of visible minorities in executive or senior management positions. Nonetheless, in all instances, all qualified candidates received consideration for employment and advancement without regard to race, colour, sex, national origin, ancestry, age and physical disability, among other qualities, and Stella-Jones makes all such decisions on the basis of the necessary experience, skills and qualifications sought by management for the role at the time. Currently, two positions, that of Senior Vice-President and Chief Financial Officer and Vice-President, General Counsel and Secretary of the Corporation are held by women, representing 9 percent of total executive officers. At present, there are no indigenous peoples, persons with disabilities or members of visible minorities who serve in executive officer positions.

Acknowledging the benefit of fresh ideas and ongoing renewal, in September of 2018, the Board modified its Diversity Policy by establishing a 15-year term limit for

service and mandatory retirement at 75 years of age. Exceptions to the term limit or retirement age may be made when two or more directors are scheduled to reach their retirement age or term limit within the same 12-month period. The Board has undertaken to annually review and if advisable, modify its Board Diversity Policy in order to maximize the effectiveness of the policy towards reaching overall objectives.

Board Tenure
(as at March 10, 2020)



Position Descriptions

The Board of Directors has adopted written position descriptions for its Chair, Chair of each Board committee and CEO. All position descriptions are reviewed on an annual basis and revised at that time, if deemed necessary by the Board. All position descriptions are available in the Corporate Governance portion of the Investor Relations section of the Corporation's website at www.stella-jones.com/en-CA/investor-relations/corporate-governance.

Orientation and Continuing Education

The Governance and Nomination Committee is tasked with ensuring that new Board members are provided an appropriate orientation period and that ongoing education is given to all members of the Corporation's Board of directors.

Orientation materials typically include for review, continuous disclosure documentation including the Corporation's management information circular, annual information form and the most recent annual report. Board members are provided with the Corporation's policies with respect to disclosure and communications, Code of Business Conduct and Ethics, whistleblowing procedures, policies in relation to good governance such as the Board diversity policy and shareholding requirements, along with Board and committee mandates to fully understand the scope of their responsibilities. New Board members meet with the Corporation's President and CEO, Senior Vice-President and Chief Financial Officer and other senior managers to discuss financial statements and financial procedures, the Corporation's organizational structure and the nature and operation of its business. New directors attend site visits to gain further understanding of the pressure treated wood manufacturing process.

The Board of Directors provides continuing education to its directors in the form of reports and educational materials submitted with Board materials, summarizing the latest market and industry trends as well as detailed developments in the areas of legal and accounting principles, corporate governance rules, compensation practices and other significant changes affecting their responsibilities. These reports may come from senior executives within the organization who provide first-hand industry expertise or from external consultants, many of whom support their reports with formal presentations given at regularly scheduled or specially designated Board meetings. To further facilitate ongoing education, the Corporation maintains a membership for all directors in a third-party resource dedicated to providing director education opportunities, governance materials and director professional development programs.

Ethical Business Conduct

The Board of Directors has adopted a Code of Business Conduct and Ethics (the "Code"). It sets out basic principles to govern the manner in which all employees of the Corporation and its subsidiaries shall conduct business and maintain relationships with their fellow employees, customers, competitors, business partners and regulatory authorities in all regions in which it operates. During the year, the Code was further enhanced to include anti-hedging and anti-bribery provisions. The terms of the Code also apply to the Corporation's Board of Directors in their supervision of the Corporation's business and affairs. The Code is distributed to employees quarterly and to Board members on an annual basis for their review and continued information.

To promote and monitor compliance, individuals who note violations of the Code are encouraged to notify immediate supervisors or the Vice-President, General Counsel and Secretary, who will report such violations to the Corporation's President and CEO and Board of Directors. Alternatively, violations of the Code may be reported through an independent third-party managed anonymous reporting system, which it implemented throughout the organization in 2015 ("Anonymous Reporting System").

Any interested party may obtain a written copy of the Code following a written request to the Corporation's Vice-President, General Counsel and Secretary c/o Stella-Jones Inc., 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec H4R 2J8. The Code is also posted in the Governance section of the Corporation's website at www.stella-jones.com/en-CA/investor-relations/corporate-governance.

To monitor compliance regarding, among others, complaints relating to accounting, internal accounting controls or auditing matters, the Corporation's whistleblowing procedures provide that these matters be reported by email to the Chair of the Corporation's Audit Committee, or through the Anonymous Reporting System.

With respect to transactions and agreements in respect of which a director or executive officer has a material interest, the Board examines and discusses the terms and conditions of such agreements, evaluates the potential effects and consequences of such transactions and votes on them without the presence of those materially interested Board members.

Board of Directors and Committee Meetings Held and Attendance Record

Board of Directors and Committee meetings held during the financial year ended December 31, 2019 were as follows:

Type of Meeting	# of Meetings Held[1]
Board of Directors – Regularly Scheduled	5
Board of Directors – Special	5
Audit Committee	4
Remuneration Committee	7
Environmental, Health and Safety Committee[2]	2
Governance and Nomination Committee[3]	4

(1) Does not include resolutions signed in lieu of meetings.
(2) Hereinafter referred to as the "EH&S Committee".
(3) Hereinafter referred to as the "G&N Committee".

The following summarizes each director's attendance at Board and Committee meetings during the year ended December 31, 2019:

Directors	Board of Directors- Regular Meetings Attended	Board of Directors- Special Meetings Attended	Audit Committee Meetings Attended	EH&S Committee Meetings Attended	Remuneration Committee Meetings Attended	G&N Committee Meetings Attended
George J. Bunze[1]	2 of 5	4 of 5	3 of 4	N/A[2]	6 of 7	3 of 4
Katherine A. Lehman	5 of 5	5 of 5	N/A[3]	N/A[2]	N/A[3]	N/A[2]
Karen Laflamme	5 of 5	5 of 5	4 of 4	N/A[2]	4 of 4[4]	N/A[2]
James A. Manzi, Jr.	5 of 5	5 of 5	2 of 2[5]	1 of 1[5]	7 of 7	N/A[2]
Brian McManus[6]	2 of 2[6]	2 of 4[6]	N/A[2]	N/A[2]	N/A[2]	N/A[2]
Douglas Muzyka[7]	N/A[7]	1 of 1[7]	N/A[2]	N/A[7]	N/A[2]	N/A[7]
Nycol Pageau-Goyette[8]	2 of 2[8]	2 of 2[8]	2 of 2[8]	0 of 1[8]	3 of 3[8]	2 of 2[8]
Simon Pelletier	5 of 5	5 of 5	4 of 4	2 of 2	N/A[2]	4 of 4
Daniel Picotte[8]	2 of 2[8]	1 of 1[8]	N/A[2]	1 of 1[8]	N/A[2]	N/A[2]
Éric Vachon[9]	3 of 3[9]	1 of 1[9]	N/A[2]	N/A[2]	N/A[2]	N/A[2]
Mary Webster[10]	5 of 5	5 of 5	N/A[2]	2 of 2	N/A[2]	2 of 2[10]

(1) Ceased to be a Board member as of January 17, 2020.
(2) Not applicable as not a member of this Committee.
(3) Appointed to the Remuneration and Audit Committees on December 11, 2019, following the dates on which all meetings were held for this Committee during the year.
(4) Appointed to the Remuneration Committee on May 2, 2019. Only meetings which occurred during her membership were used to calculate attendance.
(5) Member of the Audit Committee until May 2, 2019 and member of the EH&S Committee since on May 1, 2019. As this director was not a member of these Committees for the entire year, only meetings which occurred during his respective memberships were used to calculate attendance.
(6) Ceased to be Board member on October 11, 2019. Only meetings which occurred during his tenure were used to calculate meetings attended.
(7) Appointed Board member and a member of the EH&S and G&N Committees on December 16, 2019. Only meetings which occurred since his appointment were used to calculate attendance.
(8) Retired as Board member on May 2, 2019. Only meetings which occurred during his/her tenure were used to calculate attendance.
(9) Appointed Board member on October 11, 2019. Only meetings which occurred since his appointment have been used to calculate attendance.
(10) Member of the G&N Committee since May 2, 2019. Only meetings which have occurred since commencement of her membership on the Committee were used to calculate attendance.

The Committees of the Board

The Board of Directors has four committees: the Audit Committee, the Remuneration Committee, the EH&S Committee and the G&N Committee. All four committees are composed exclusively of independent directors. The committees, their respective memberships and mandates are outlined below.

Membership of Board Committees

Committee	Membership
Audit Committee	Karen Laflamme (Chair) Robert Coallier Katherine Lehman Simon Pelletier
Environmental, Health and Safety Committee	Mary Webster (Chair) James A. Manzi, Jr. Douglas Muzyka Simon Pelletier
Governance and Nomination Committee	Simon Pelletier (Chair) Douglas Muzyka Mary Webster
Remuneration Committee	James A. Manzi, Jr. (Chair) Robert Coallier Karen Laflamme Katherine Lehman

Audit Committee

The Audit Committee meets quarterly with the Corporation's senior management, with its director, internal audit, and annually, with the Corporation's external auditors, to review financial statements prior to their approval by the Board and to address other financial matters as they may arise. The Committee receives reports from the Corporation's auditors and monitors compliance with appropriate internal control procedures. The Committee's role and responsibilities are set out in its mandate, which is reviewed by the Board of Directors on an annual basis.

The Audit Committee discusses accounting principles with the external auditors and has the opportunity to meet at least quarterly with the external auditors without the presence of management. The Committee is responsible for recommending to the Board of Directors, the nomination of the external auditors, external auditors' compensation and for hiring and evaluating the external auditors.

The Audit Committee is comprised exclusively of independent directors who all have the requisite financial literacy.

Ms. Karen Laflamme holds a Bachelor's Degree in Business Administration (BBA) from HEC Montréal and has been a member of the Quebec CPA order since 1986 (CA). She holds the designation of certified corporate director and was named fellow of the Quebec Order of Chartered Professional Accountants (CPA) in 2012. From 2016 to early 2020, she served as Executive Vice-President and Chief Financial Officer, Retail, of Ivanhoé Cambridge, an investor and developer of superior quality real estate properties, projects and companies around the world. She joined Ivanhoé in 2012, where she served in various roles, including Executive Vice-President, Corporate Management & Institutional Affairs, where she was responsible for investor relations, internal audit and integrated risk management.

Mr. Robert Coallier holds a master's degree in Business Administration (M.B.A.) from Concordia University and a bachelor's degree (B.A.) in economics from McGill University. From 2012 to 2019, he served as Chief Executive Officer of Agropur Dairy Cooperative. He was Senior Vice President and Chief Financial Officer of Dollarama L.P. from 2005 to 2010 and held various senior positions at Molson Coors Brewing between 2000 and 2005, including Global Chief Development Officer, Executive Vice President, Corporate Strategy and International Operations, President and Chief Executive Officer, Brazilian Operations and Executive Vice-President and Chief Financial Officer. From 1996 to 2000, Mr. Coallier

Served as Vice President and Chief Financial Officer of C-MAC Industries Inc.

Ms. Katherine A. Lehman holds an MBA from Columbia Business School and a B.S. in Economics from The Wharton School, University of Pennsylvania. Since April of 2016, she has served as Founder and Managing Partner at Hilltop Private Capital, a private equity firm based in New York, NY, which invests in middle market industrial and business services companies. Prior to Hilltop, she held numerous positions at Lincolnshire Management Inc., also a private equity firm, including that of Managing Director, between 2009 and 2016, where, among others, she was a participant in its Investment Committee, and led M&A and financing transaction execution and had oversight for portfolio companies. Ms. Lehman has served on more than a dozen boards and she has been or is an active member of several audit committees including prior service from 2016-2018 on Stella-Jones' Audit Committee. She is also currently an Independent Board member of Navient Corp (NASDAQ:NAVI), an approximately US$2B revenue asset management and business processing company.

Mr. Simon Pelletier holds a Bachelor of Materials Engineering from the University of Windsor and is Senior Vice-President, North American Sales and Operations for Metso. With over 25 years of experience, Mr. Pelletier is responsible for 500 million Euro of equipment sales and services to the mining and aggregate industries. Mr. Pelletier's responsibilities also include the execution of service operations and detailed service contracts at mining and mineral processing sites. Listed on the Helsinki Stock Exchange, Metso is a global supplier of technology and services to the mining, construction, and oil & gas industry with annual sales of approximately 3.0 billion Euro and employs approximately 12,000 people globally.

Environmental, Health and Safety Committee

The EH&S Committee monitors issues related to the environment, health and safety, and the Corporation's responsibilities in connection therewith. The members of the EH&S Committee meet on a regular basis with the President and CEO, the Vice-President, Environment and Technology, the Vice-President and General Counsel, U.S. Operations and the Vice-President, Environment, Health and Safety, U.S. operations. The Corporation's Vice-President, Environment and Technology and the Vice-President Environmental Health and Safety, U.S. Operations, each work with a team of environmental, health and safety professionals, who, with the support of regional general managers, local plant managers, and dedicated health and safety supervisors, manage environmental and health and safety matters and ensure that the Corporation's environmental and health and safety programs and policies are carried out efficiently and in compliance with applicable legislation, in order to protect the environment, employees and the public.

Governance and Nomination Committee

The G&N Committee's key responsibilities include overseeing the Corporation's compliance with corporate governance guidelines and recommending modifications as applicable; monitoring the size of the Board to favour effective and timely decision making; monitoring the composition of the Board and establishing the competencies, skills and experience sought by the Board, taking into consideration the Corporation's current composition as well as the need for refreshment and future requirements and developing a process for recruiting and selecting suitable Board candidates who meet the established criteria.

Remuneration Committee

The Remuneration Committee advises and assists the Board regarding policies on compensation and benefits, salaries of senior management as well as profit sharing amounts, bonuses and the allocation of long-term incentive to senior management. The Remuneration Committee may engage and compensate such outside compensation advisors as it deems necessary to assist it in carrying out its duties . Further information on the Remuneration Committee's mandate is provided at Section 6.1(b) of this Management Proxy Circular.

Assessment of the Board's Performance

The Chair of the Board is responsible to assess the effectiveness of the Board, the performance of its committees and the contribution of individual directors. This assessment is carried out formally on an annual basis through the use of detailed anonymous on-line questionnaires completed by all members of the Board, providing ample opportunity to provide comments and suggestions regarding the Board as a whole and each committee, with a particular focus on areas of improvement. The Chair carries out ongoing informal assessments throughout the year through regular dealings with the members of the Board. In carrying out her annual formal assessment, the Chair presents the results of the questionnaires via a verbal report to the entire Board, wherein she also reviews the overall performance of the Board and the committees, evaluating their performances against their respective mandates. Individual performances may also be evaluated before the entire Board. All Board members are then invited to contribute their individual comments either to the whole Board or to the Chair privately.

The Chair of each committee annually presents to the Chair and to all Board members, a verbal evaluation of his or her committee members and the committee's overall performance over the past year.

Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the Board of Directors, management must seek Board approval for major decisions, including those transactions which would materially affect the financial position of the Corporation and changes in senior management. Nevertheless, the Corporation continues to operate in a manner which enables it to respond quickly to changes and to take advantage of opportunities as they arise.

Shareholder Engagement and Communications Policy

Stella-Jones keeps shareholders informed of its activities and progress through news releases, quarterly reports and conference calls, comprehensive annual reports and a regularly updated website.

The Board of directors reviews all material written communications and the Corporation's President and CEO, along with the Senior Vice-President and CFO, are primarily responsible to speak for the Corporation in its communication with the investment community, and are in charge of responding to individual queries made directly to the Corporation by shareholders, investors, analysts and the media. Both regularly meet with investment analysts and financial advisors to ensure that accurate information is available.

The Corporation's Disclosure/Communications policy is designed to ensure the continued transparency in the communication of information to all shareholders, clients and the general public, and to ensure that all disclosure of information shall continue to be complete, accurate and timely. The Disclosure/Communications Policy is reviewed on an annual basis by the Board of Directors and revised at that time, if deemed necessary.

The Board's Expectations of Management

In general, the Board of Directors expects management to utilize its resources in an efficient way

in order to attain the objectives in light of the strategy identified by the Board of Directors. In this regard, management must be involved in the planning, organization, implementation and control of the strategic plans and operations. Management must act within the law and respect ethical business principles as well as act as a model to be followed by the employees of the Corporation.

12. Normal Course Issuer Bid

On December 18, 2018, the Corporation announced a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 3,000,000, or 4.3% of its outstanding common shares. As of December 14, 2018, Stella-Jones had 69,364,204 common shares issued and outstanding. A total of 1,942,093 common shares of the Corporation were purchased under the NCIB during the 12-month period commencing December 20, 2018 and ending December 19, 2019 on the open market through the facilities of the Toronto Stock Exchange ("TSX"). The price paid for common shares was the market price on the TSX at the time of acquisition. All common shares purchased under the NCIB were cancelled at the time of settlement of all transactions.

13. Voting of Shares Represented by Management Proxy

The accompanying form of proxy, subject to any specific directions given therein by any shareholder, confers discretionary voting authority upon those persons designated therein. If a direction is given in the accompanying form of proxy with respect to any matter for which a choice is provided therein, the shares represented thereby will, on any ballot that may be called for, be voted or withheld from voting in accordance with such direction; if no direction is given, the said shares will be voted in favour of the said matters.

The management of the Corporation knows of no other matter to come before the Meeting. If, however, any other matters properly come before the Meeting, the persons designated in the accompanying form of proxy shall vote on such matters in accordance with their best judgment pursuant to the discretionary authority conferred thereon by the proxy with respect to such matters.

14. Additional Information

Additional information regarding the Corporation is available on SEDAR at www.sedar.com**.** The Corporation's financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for its most recently completed financial year and may be viewed on SEDAR as noted above.

Shareholders of the Corporation may request copies of the Corporation's consolidated financial statements and management's discussion and analysis by contacting Ms. Marla Eichenbaum, Vice-President, General Counsel and Secretary c/o Stella-Jones Inc. at 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec H4R 2J8. Tel. (514) 940-3889.

15. Submission of Proposals

Any shareholder wishing to submit a proposal at the Corporation's next annual shareholders meeting must deliver the proposal to the Secretary's office of the Corporation, 3100 de la Côte-Vertu Blvd., Suite 300, Saint-Laurent, Québec H4R 2J8, by December 10, 2020.

16. Approval of Directors

The directors of the Corporation have approved in substance the contents of this management proxy circular and have authorized the sending thereof.



MARLA EICHENBAUM
Vice-President, General Counsel and Secretary

Montréal, Québec, March 10, 2020

Schedule "A"

Resolutions Approving an Amendment to the Corporation's Employee Share Purchase Plans

BE IT RESOLVED:

1. **THAT** provided all applicable regulatory approvals are obtained, the terms of the Corporation's Employee Share Purchase Plans be amended and restated to increase the total number of common shares of the Corporation ("Common Shares") reserved for issuance under the Employee Share Purchase Plans from 1,000,000 Common Shares to 1,300,000 Common Shares; and

2. **THAT** any officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation, to do all such acts and things and to execute and deliver, whether under Corporate Seal of the Corporation or otherwise, all such documents, instruments and writings as in his or her sole discretion are necessary or desirable to give effect to the foregoing resolution.

Schedule "B"

Mandate of the Board of Directors of Stella-Jones Inc.

The Board of Directors of Stella-Jones establishes the overall policies for Stella-Jones Inc. and its subsidiaries, monitors and evaluates the Corporation's strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management. Accordingly, in addition to the duties of directors of a Canadian corporation as prescribed by statute, the mandate of the Board is to supervise the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation's resources are being managed in a manner consistent with enhancing short-term and long-term shareholder value, ethical considerations and corporate social responsibility. In order to better fulfill its mandate, the Board is responsible for, among other matters:

1. Reviewing and approving, prior to the beginning of each fiscal year, the business plan, capital budget and financial goals of the Corporation, as well as longer term strategic plans (taking into account the opportunities and risks of the business) prepared and elaborated by management and, throughout the year, monitoring the achievement of the objectives set.

2. Reviewing and approving all significant decisions relating to the business, among others, acquisitions, dispositions, senior management changes, budgets, capital expenditures and major financing.

3. Identifying, with management, the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks as well as monitoring, on a regular basis, the adequacy of such systems.

4. Ensuring the adequacy, efficiency and integrity of the Corporation's internal financial and/or disclosure control and management of information systems.

5. Adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account among other things, the opportunities and risks of the business.

6. Reviewing the content of and approving all regulatory filings such as the quarterly financial statements, the interim and annual Management's Discussion and Analysis, the interim and annual CEO and CFO certifications, and the annual audited consolidated financial statements, the Annual Report, Proxy Circular and Annual Information Form.

7. Selecting the Corporation's Chief Executive Officer ("CEO"), monitoring his/her individual performance, and reviewing and ratifying the Remuneration Committee's assessment of the performance of the CEO on an annual basis.

8. Developing a position description for the CEO and developing and approving the corporate goals and objectives that the CEO must meet.

9. Appointing the Corporation's officers.

10. Creating and approving compensation mechanisms for senior management.

11. To the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the organization.

12. Adopting, enforcing and monitoring good corporate governance practices, processes and disclosure.

13. Adopting a communications policy to ensure effective, timely and non-selective communications between the Corporation, its shareholders and the public.

14. Adopting a Code of Business Conduct and Ethics and monitoring its compliance from time to time.

15. Nominating or appointing directors, as appropriate, considering the size of the Board and the competencies and skills of directors and proposed directors.

16. Ensuring the new directors receive comprehensive orientation to the Board and that an appropriate continuing education program is made available to all directors.

17. Ensuring that the compensation of directors realistically reflects the time spent, responsibilities and risks involved in being an effective director.

18. Assessing annually the performance of the Board, its committees and each of its directors.

19. Recommending to shareholders, pursuant to the recommendation of the Audit Committee, the appointment of auditors and approving auditor compensation.

20. Approving the submission to the shareholders of the Corporation, any amendment to the articles of the Corporation or the approval of any adoption, amendment or repeal of any by-laws of the Corporation.

21. Declaring dividends on the shares of the Corporation.

22. Receiving timely reporting from the Environmental, Health and Safety Committee on the Corporation's execution of its environmental policies and management of environmental risk and health and safety measures.

23. Receiving timely reporting from the Governance and Nomination Committee on the adoption and application of governance guidelines.

The Board of Directors discharges its duties both directly and through its Audit, Remuneration, Governance and Nomination and Environmental, Health and Safety Committees.

In discharging its duties and responsibilities, and when the complexity of the situation dictates, members of the Board of Directors may conduct such examinations, investigations or inquiries, and engage such special legal, accounting or other advisors, at the expense of the Corporation, at such time or times and on such terms and conditions, including fees, as the Board of Directors considers appropriate.

The Board of Directors shall review and assess the adequacy of the mandate of the Board of Directors annually.

Reviewed and approved by the Board of Directors on November 6, 2019.



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