

TRANSCRIPT

2014 ANALYST AND INVESTOR DAY

JUNE 19, 2014, MONTREAL

2:00 PM **JEAN-LUC SÉGUIN, Vice President, Human Capital**
Employees, our #1 assets

Jean-Luc Séguin: Hi. My name is Jean-Luc Séguin, the VP of HR for WSP. I am new with the firm. I am with WSP for the last nine months. I'm quite pleased to be here. I'm pleased to be with this team. It's a high-skilled team, enthusiastic, passionate, trustworthy, caring, united, by the way, this is our five values. And believe it, they really live it. They walk the talk, really.

So what I'd like to start with – I'd like to start with the employee testimony. We are going to have a two minutes video. It's from (Jane Richard). Jane is an employee based in London. She's a structural engineer. And the reason why I'd like to show you this short video is maybe because I'd like you to see what's on the perspective of the employee, what it means to work with and in WSP.

Yes, this is what I was thinking too. Yes, yes.

(Off-mike)

Jean-Luc Séguin: If there is a problem, maybe I can go on, and then we can come back if, you know ...

(Off-mike)

Jean-Luc Séguin: Yes. So, I'll – you know what, I'm going to ...

(Off-mike)

Jean-Luc Séguin: OK. I'm going to continue (inaudible). Oh yes. So, I'm the entertainment officer.

OK. So what I'd like to cover today, it's really two topics. I'd like to cover the HR approach that we did develop six months ago. This is the first stream of the presentation. And then, I'd like to give you an overview of our HR service delivery model, how do we effectively deploy and control the HR practices across the firm.

So this was my introduction. I was a better dancer, but I don't think that I am good enough now. Here we are. Thank you.

(Start of Video Presentation)

(Jane Richard): I think the core of WSP is the people. We're a people business in everything we do. We communicate and that's both internally and as clients. We have good relationships with our clients. We want to deliver sort of excellence for our clients and for ourselves as well is what keeps us motivated and interested in what we do. So I think back to my early days in engineering and I think that you are hugely influenced by that time by the people around you and by the fact that you're given the space and the encouragement to make mistakes, try out ideas, make suggestions to people. That's something I really want to prosper in the team. And I think it exists (as part of that culture) of WSP.

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There's a lot of flexibility on how you actually go about your project work and how you deliver things. We've been to the role of the normal (inaudible) but that just sort of assists you. You're given a lot of flexibility to actually deliver something in your way at the scene. And that's what I think keeps you really motivated, really interested to create a process and we bring a sort of technical side to it in what we do. I mean that's the key thing and that's why I enjoy most because you will never deliver a project single handedly.

As a structure engineer, particularly working in London, what inspires me is not so much the iconic buildings or very tall high rise buildings and in isolation. I'm interested in those but I'm actually interested in London topography as a whole project, so complex, yes, London projects particularly. We might have very deep basements, (top) against, sensitive network work route structures, London underground structures that type of things. The great things about our job, our profession is so variable. We say true engineering-led where you come in as an engineer and you continue to develop as an engineer (inaudible).

(End of Video Presentation)

Jean-Luc Séguin: Excellent. So you can really feel and see the passion of being the consulting and engineering, really. So what nice about this, it's really bringing forward our five values because, yes, we do challenge established idea to solve the problems that our clients are facing. We do put value and qualities in everything we do. And I'm sure that you did understand this from the presentation that we have had this morning. We do care about our clients because we do listen to their problems, and we do support each other as a team. We have just went through the presentation of Tom and how connectivity is so important to make sure that we meet our client expectations.

So why do we think values are so important to us? Why do we think this? It's because it is driving the behavior that we think are right for our organization. And because of this, it creates trust between each other, not only within our employee baseline, but with our clients and with our shareholders. Values are key for us.

Well, look at me. OK. So we just went through the content of the presentation. I'm going to walk you through some of the matrix, then we'll see what is the HR approach within the company and a brief overview of our HR service delivery model, and then I'll be open to questions.

Some of the matrix. So, we are a 17,000 companies. That number increased by 13 percent since the first (June) of this year, mainly driven by acquisition, so 12 percent of that growth is coming from acquisitions. We are on track to get our new recruits on (there). We do expect having 3,000 new staff there this year. Most of them are already with us. And within that number, we do expect about 325 people from engineering schools.

We see some of the improvements in the turnover rates and the voluntary turnover rates, especially in Australia and New Zealand, in Southeast Asia and in the U.K. So you've – we went through the presentation of Mark, where he said that he did put in place retention incentives so it is working. We see the results.

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Gender type. Again, why do you think that diversity is important for us? Diversity is important for us, not in term of male and female. It is important for us, because we do believe that this is bringing an alternative, another perspective when we do or working as a team with our clients.

So the female and male distribution, we have 30 percent female, which is about 5,000, and 12,000 male, which is – if we compare this to engineering, the graduate school from engineering, I think we are in good shape. It's quite balanced because if I take the benchmark in U.S., it's 25 percent. So, I think that we are doing good in this matter.

What do we do to increase diversity? We do target specific recruitment campaign. We do offer a flexible working condition, and we do put in place specific training, coaching and mentoring for people.

Age distribution. What it says here, it says that about 20 percent of higher (inaudible) are going to retire in the next 10 to 15 years. So what is our challenge here? It's to find the right replacement for the physical positions. So I can see that in each of the WSP entities, we have succession planning in place, and we have talents (available management tool) in place and development programs to ensure that we are going to be able to fill the position being opened.

Roles. The main – our main population is really project-driven. Eighty percent of our population is project-driven. So what do we do to make sure that we have the right skill sets? We have different programs in place. We have induction programs to ensure that we do enhance networking across the organization. We have task force for young professionals. Task force are our training program for young (IPO). We select about eight to 12 young professionals per country, and we give them task to solve, a real business problems. And we do have, as an objectives, to build up their leadership skills, presentation skills, networking as well. By the way, it's now the – we're going to celebrate our anniversary, 20th anniversary of the task force. And I'm quite pleased to say that Tom Smith was on the first task force 20 years ago. Mark was in as well, Tom, was on the task force. So, you do see that it does work.

For the business leaders, we have specific programs such as business development, sales development programs, leadership development programs, soft skills and technical skills. And we have, as well, in place, programs for successors as defined in our succession plan.

Attrition rate. Here, what we see is we have, in 2013, 14 percent of attrition rate, voluntary departure. We do estimate in 2014 that it's going to be exactly the same. So it's good, especially in a challenging market where we have, especially in the U.K. and Middle East, war of talents. So I think that we're doing a good job here. The important things here, it's really to identify the people that we don't want to lose upfront before even thinking going outside. So the dialogue, the continuous dialogue in between the managers and their people are key to ensure commitment and engagement going forward.

Our approach. Well, our world is changing. The way we do work with our clients is changing, driven mainly by new technologies, globalization of services. So what it means, it means that we need to ensure that we are going to have the right talent in place to tackle those challenges. So this is the key driver of our HR approach.

Vision and objectives. This is a really strong question of why we do have an HR strategy in place. We want to be always the first choice for talented in the market, talented people in the market. We want



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to be the first choice, employer first choice. We need to provide the people in the expertise to our organization and we'll see what it means completely into our priorities, and we have, as objectives to be – continue to be employer of choice. Now I'm quite proud to say that in Australia, we went through the best employer survey a few months ago and we've been defined as best employer in Australia, and in Honolulu. Our priorities are really, really straightforward and really practical. What does it mean? It means that we need to attract the best people, and what are we going to do with this. It means that we need to develop our people and we need to retain the best and engage the best.

So what do we do in building agility? I'm now going through the Ontario list of HR incentives that have been developed for 2014, 2015. But just to illustrate one or two per streams. For building agility, we are currently developing the leadership profile, so that we are going to be able to assess our leaders based on our new values and new sets of behaviors, and then being able to develop our leaders properly. Second thing, we are implementing a new learning management system. Canada is going to be deployed first this year, 2014, and Middle East as well is going to be deployed this year. Recruit for excellence. Here, we are going as well to deploy a new market-managed system. U.K. is going to be the first to be deployed. And I'm sorry, branding. Mark did tell you about the recruitment campaign that did happen a few weeks ago in London. This is really part of us being seen as the employer of choice in the market. I don't know if some of you did see the campaign, but it was mind blowing, really.

Engage and retain top talent. We are going to have the first global engagement survey in May, June 2015. And we are detailing the career path, specifically for project managers. Project managers are the cornerstone of our organization, so these 2 initiatives are key to engage and retain. Obviously, compensation is another one. So we have short-term and long-term incentive in place, who are driven by a specific – different objectives, such as net revenue, such as EBITDA, such as DSO, as well as specific objectives linked to the behaviors of our people.

Governance model. So how do we deliver our services? I'm not Spoken in French, by the way, I'm Belgian.

(Off-mike)

Jean-Luc Séguin:

It's true. I'm born here, though. Yes, I'm a diverse person. So globally, how do we control and deploy? We do control and deploy by guiding the strategy for group-wide investments. We do, at the corporate level, clearly phase the implementation of our strategy, and we do report on our talent analytics. So we are not good in all of those streams as we speak because we are currently building it.

So what does it mean completely? What are we in control? Globally, we are in control to define the people strategy. We are in control for the leadership development including the IPO development. We want to be consistent. We are in charge, together with communication and marketing about employee branding. We are in charge together with IT. My colleague, (inaudible), that you probably met during lunchtime, we're in charge of HR IT platforms, and we are as well responsible to properly inform the executive team on the talent dashboard.

Now a global organization like ours, you don't manage this from the head office, 16th floor. OK. Oh did you hear what I was saying for the last five minutes? OK. So we cannot manage, really, properly from a 16th floor at Montréal, a global company. So we need to rely on talent and people across the

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organizations. So it means that the guidelines that we are defining will have – and it's certainly normal to be adjusted to meet the expectations of each of the local markets. So this is what is said here. So, we have, yes, global fund ablation, but we have local adjustments to our global guidelines, again, to meet the local expectations. We want to stay agile and flexible.

So how do we deploy this? I don't have a team based in Montréal. I rely on each of the VP HR of each of the regions of the countries. And by doing this, we are sure, as an executive team, that we are really meeting what needs to be done in each of the country we are in.

Question?

Adel Kanso: Adel Kanso, BMO Capital Markets. As have been emphasized (inaudible) presentation, people is the priority and connectivity between people across the globe. At the same time, is there, like, already, like, preset strategy with respect to non-compete agreements because all this talent, given that people will – they could probably move on and develop their own kind of practice? So is there like already preset arrangement for that especially for the ones like 40-plus with 20-plus years in service?

Jean-Luc Séguin: Yes, the answer is yes.

Adel Kanso: OK.

Jean-Luc Séguin: Yes.

Adel Kanso: Great.

Jean-Luc Séguin: (There is no solicitation, too).

(Benoit Poirer): (Benoit Poirer)from Desjardins. Just in terms of acquisition, you've been very successful in the past integrating, digesting very big acquisitions. So from an HR standpoint, what were the key elements that led to successful integration? And especially, since you're – you've been at WSP for the last nine months, what have impressed you in terms of the way WSP is digesting, integrating those acquisition from an HR standpoint?

Jean-Luc Séguin: It's really agility, flexibility. And I will say the way that the due diligence are done, the process of the new deal embed upstream the culture assessment of the companies that we are targeting in the market. So by doing this, we are ensuring that we will have a smoother integration process going forward, so this is really, really key.

(Benoit Poirer): Again, maybe just another quick one. You said that turnover is close to 14 percent right now. How would you compare against peers or at the industry, I guess?

Jean-Luc Séguin: The industry is about 15 percent. Yes, about 15 percent, if I'm not mistaken.