SNC·LAVALIN

SNC-Lavalin Group Inc.

Annual Information Form

Year Ended December 31, 2020

March 8, 2021

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Interpretation

Reference in this Annual Information Form to "**SNC-Lavalin**" means, as the context may require, the Company and all or some of its subsidiaries, joint arrangements or associates, or the Company or one or more of its subsidiaries, joint arrangements or associates.

Unless otherwise stated, currency amounts in this Annual Information Form are presented in Canadian dollars, or "**$**". Certain totals, subtotals and percentages may not agree due to rounding.

Information in this Annual Information Form is as at December 31, 2020 unless otherwise indicated.

Caution Regarding Forward-Looking Statements

Statements made in this Annual Information Form that describe the Company's or management's budgets, estimates, expectations, forecasts, objectives, predictions, projections of the future or strategies may be "forward-looking statements", which can be identified by the use of the conditional or forward-looking terminology such as "aims", "anticipates", "assumes", "believes", "cost savings", "outlooks", "estimates", "expects", "goal", "intends", "may", "plans", "projects", "forecasts", "should", "synergies", "target", "vision", "will", "likely", or the negative thereof or other variations thereon. Forward-looking statements also include any other statements that do not refer to historical facts. Forward-looking statements also include statements relating to the following: i) future capital expenditures, revenues, expenses, earnings, economic performance, indebtedness, financial condition, losses and future prospects; ii) business and management strategies and the expansion and growth of the Company's operations; and iii) the expected additional impacts of the ongoing COVID-19 pandemic on the business and its operating and reportable segments as well as elements of uncertainty related thereto. All such forward-looking statements are made pursuant to the "safe-harbour" provisions of applicable Canadian securities laws. The Company cautions that, by their nature, forward-looking statements involve risks and uncertainties, and that its actual actions and/or results could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes. Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Company's current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Company's business and anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking statements made in this Annual Information Form are based on a number of assumptions believed by the Company to be reasonable on March 8, 2021. The assumptions are set out throughout the Company's 2020 Management's Discussion and Analysis dated March 8, 2021 (the "**2020 Management's Discussion and Analysis**") (particularly, in the sections entitled "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" and "How We Analyze and Report our Results" in the Company's 2020 Management's Discussion and Analysis). If these assumptions are inaccurate, the Company's actual results could differ materially from those expressed or implied in such forward-looking statements. In addition, important risk factors could cause the Company's assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in or implied by these forward-looking statements. These risks include, but are not limited to: (a) additional impacts of the COVID-19 pandemic; (b) execution of the strategic direction announced in 2019; (c) fixed-price contracts or the Company's failure to meet contractual schedule, performance requirements or to execute projects efficiently; (d) remaining performance obligations; (e) contract awards and timing; (f) being a provider of services to government agencies; (g) international operations; (h) Nuclear liability; (i) ownership interests in investments; (j) dependence on third parties; (k) joint ventures and partnerships; (l) information systems and data and compliance with privacy legislation; (m) competition; (n) professional liability or liability for faulty services; (o) monetary damages and penalties in connection with professional and engineering reports and opinions; (p) insurance coverage; (q) health and safety; (r) qualified personnel; (s) work stoppages, union negotiations and other labour matters; (t) extreme weather conditions and the impact of natural or other disasters and global health crises; (u) divestitures and the sale of significant assets; (v) intellectual property; (w) liquidity and financial position; (x) indebtedness; (y) impact of operating results and level of indebtedness on financial situation; (z) security under the CDPQ Loan Agreement; (aa) dependence on subsidiaries to help repay indebtedness; (bb) dividends; (cc) post-employment benefit obligations, including pension-related obligations; (dd) working capital requirements; (ee) collection from customers; (ff) impairment of goodwill and other assets; (gg) the impact on the Company of legal and regulatory proceedings, investigations and litigation settlements; (hh) further regulatory developments as well as employee, agent or partner misconduct or failure to comply with anti-bribery and other government laws and regulations; (ii) reputation of the Company; (jj) inherent limitations to the Company's control framework; (kk) environmental laws and regulations; (ll) Brexit; (mm) global economic conditions; (nn) fluctuations in commodity prices; and (oo) income taxes.

The Company cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties, and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the sections "Risks and Uncertainties", "How We Analyze and Report Our Results" and "Critical Accounting Judgments and Key Sources of Estimation Uncertainty" in the Company's 2020 Management's Discussion and Analysis filed with the securities regulatory authorities in Canada, available on SEDAR at **www.sedar.com** or on the Company's website at **www.snclavalin.com** under the "Investors" section.

The Company may, from time to time, make oral forward-looking statements. The Company advises that the above paragraphs and the risk factors described in this Annual Information Form and in the Company's other documents filed with the securities regulatory authorities in Canada should be read for a description of certain factors that could cause the actual results of the Company to differ materially from those in the oral forward-looking statements. The forward-looking statements herein reflect the Company's expectations as at March 8, 2021, when the Company's Board of Directors approved this document, and they are subject to change after this date. The Company does not undertake to update publicly or to revise any written or oral forward-looking information or statements whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

1. Corporate Structure

1.1 Incorporation of the Company

SNC-Lavalin Group Inc. (the "**Company**") was incorporated under the laws of Canada on May 18, 1967 and was continued under the Canada Business Corporations Act on March 24, 1980. The articles of the Company were amended on several occasions, including for the following purposes: the split (in 1996) of its outstanding shares on a three-for-one basis, the change of its name, the creation of new classes of shares and the reorganization of its outstanding share capital, the modification of the maximum number of directors, the addition of a requirement that at least two-thirds of the directors must not be employees of the Company or its affiliates, the re-designation of its class A subordinate voting shares as common shares, and to permit the appointment by the Board of Directors of one or more additional directors to hold office until the close of the next annual meeting of shareholders, subject to the total number of directors so appointed not exceeding one-third of the number of directors elected at the previous annual meeting of shareholders.

The Company's head and registered office is located at 455 René-Lévesque Boulevard West, Montréal, Québec, Canada H2Z 1Z3.

1.2 Subsidiaries, Joint Arrangements and Associates

The chart appearing on the next page lists the main subsidiaries, joint arrangements and associates of SNC-Lavalin, as well as the principal capital investments in which the Company participates, their jurisdiction of incorporation and the percentage of voting shares or other interests beneficially owned, controlled or directed, directly or indirectly, by SNC-Lavalin.

Subsidiaries, Joint Arrangements and Associates	Percentage of voting securities held	
407 East Construction General Partnership *(Ontario)*	50%	◊
Atkins China Limited *(Hong Kong)*	100%	•
Atkins Danmark A/S *(Denmark)*	100%	•
Atkins International Holdings Limited *(England & Wales)*	100%	•
Atkins Limited *(England & Wales)*	100%	•
Atkins North America, Inc. (*Florida*)	100%	•
Atkins Nuclear Secured Holdings Corporation *(Delaware)*	100%	•
AUSHI LLC (previously, Atkins US Holdings, Inc.) *(Delaware)*[1]	100%	•
Canadian National Energy Alliance Ltd. (*Canada*)	50%	◊
Candu Energy Inc. *(Canada)*	100%	•
Central Plateau Cleanup Company LLC (*Delaware*)	22%	◊
Comprehensive Decommissioning International, LLC (*Delaware)*	40%	◊
Crosslinx Transit Solutions Constructors G.P. *(Alberta)*	25%	◊
Faithful+Gould, Inc. *(Minnesota)*	100%	•
Faithful+Gould Limited *(England & Wales)*	100%	•
Faithful+Gould Saudi Arabia Limited *(Saudi Arabia)*	51%	•
Kentz Canada Holdings Limited *(Canada)*	100%	•
Kentz Corporation Limited *(Jersey)*	100%	•
Kentz Pty Ltd. *(Australia)*	100%	•
Kentz US Resources Corporation *(Delaware)*	100%	•
Linxon Gulf LLC (*United Arab Emirates*)	49%	•
Linxon Pvt Ltd *(England & Wales)*	51%	•
Linxon Switzerland Ltd *(Switzerland)*	100%	•
NouvLR General Partnership *(Quebec)*	24%	◊
Protrans BC Operations Ltd. *(British Columbia)*	100%	•
P.T. SNC-Lavalin - TPS *(Indonesia)*	95%	•
Saudi Arabian Kentz Co. LLC *(Saudi Arabia)*	75%	•
Signature on the Saint Lawrence Construction G.P. *(Quebec)*	45%	◊
SLN-Aecon JV (*Canada*)	40%	◊
SNC-Dragados-Pennecon G.P. *(Newfoundland)*	40%	◊
SNC-Lavalin Algérie, EURL *(Algeria)*	100%	•
SNC-Lavalin Arabia Co. Ltd. *(Saudi Arabia)*	100%	•
SNC-Lavalin ATP Inc. *(Canada)*	100%	•
SNC-Lavalin Australia Pty. Ltd. *(Australia)*	100%	•
SNC-Lavalin Capital Inc. *(Canada)*	100%	•
SNC-Lavalin Chile SpA *(Chile)*	100%	•
SNC-Lavalin Colombia S.A.S *(Colombia)*	100%	•
SNC-Lavalin Construction Inc. *(Canada)*	100%	•
SNC-Lavalin Construction (Ontario) Inc. *(Canada)*	100%	•
SNC-Lavalin Constructors Inc. *(Delaware)*	100%	•
SNC-Lavalin Constructors International Inc. *(Canada)*	100%	•
SNC-Lavalin Constructors (Pacific) Inc. *(Canada)*	100%	•
SNC-Lavalin Defence Programs Inc. *(Canada)*	100%	•
SNC-Lavalin Engineering India Private Limited *(India)*	100%	•
SNC-Lavalin Engineers & Constructors Inc. *(Texas)*	100%	•
SNC-Lavalin Europe B.V. *(Netherlands)*	100%	•
SNC-Lavalin Europe S.A.S. *(France)*	100%	•
SNC-Lavalin (GB) Holdings Limited *(England & Wales)*	100%	•

Subsidiaries, Joint Arrangements and Associates (continued)	Percentage of voting securities held	
SNC-Lavalin (GB) Limited *(England & Wales)*	100%	•
SNC-Lavalin GEM Ontario Inc. *(Ontario)*	100%	•
SNC-Lavalin GEM Québec Inc. *(Quebec)*	100%	•
SNC-Lavalin (Guernsey) Holdings Ltd. *(Guernsey)*	100%	•
SNC-Lavalin Inc. (*Canada*)	100%	•
SNC-Lavalin International Inc. (*Canada*)	100%	•
SNC-Lavalin International Inc. and Zuhair Fayez Engineering Consultancies Company (*Saudi Arabia*)	50%	◊
SNC-Lavalin International S.A.S. (*France*)	100%	•
SNC-Lavalin Investments Inc. *(Canada)*	100%	•
SNC-Lavalin Major Projects Inc. (*Canada*)	100%	•
SNC-Lavalin (Malaysia) Sdn. Bhd. (*Malaysia*)	100%	•
SNC-Lavalin Nuclear Inc. (*Canada*)	100%	•
SNC-Lavalin Operations & Maintenance Inc. (Canada)	100%	•
SNC-Lavalin Peru S.A. (Peru)	100%	•
SNC-Lavalin Polska Sp. z.o.o. (*Poland*)	100%	•
SNC-Lavalin Projetos Industriais Ltda (*Brazil*)	100%	•
SNC-Lavalin Rail & Transit Limited (*England & Wales*)	100%	•
SNC-Lavalin Romania S.A. *(Romania)*	100%	•
SNC-Lavalin Stavibel Inc. *(Canada)*	100%	•
SNC-Lavalin UK Limited *(England & Wales)*	100%	•
The Atkins North America Holdings Corporation *(Florida)*	100%	•
The SNC-Lavalin Corporation *(Delaware)*	100%	•
UGL Kentz Joint Venture *(Australia)*	50%	◊
WS Atkins International Limited *(England & Wales)*	100%	•
WS Atkins Limited *(England & Wales)*	100%	•

Capital Investments

407 East Development Group General Partnership *(Ontario)*	50%	♣
407 International Inc. *(Canada)*	6.76%	♣
Crosslinx Transit Solutions General Partnership *(Alberta)*	25%	♣
InPower BC General Partnership *(Alberta)*	100%	♣
Myah Tipaza S.p.A. (*Algeria*)	25.5%	♣
Rideau Transit Group General Partnership *(Ontario)*	40%	♣
Shariket Kahraba Hadjret En Nouss S.p.A. *(Algeria)*	26%	♣
SNC-Lavalin Highway Holdings Inc. *(Canada)*	100%	•
SNC-Lavalin Infrastructure Partners LP *(Canada)*	20%	♣
Signature on the Saint-Laurent Group G.P. *(Quebec)*	50%	♣
TC Dôme S.A.S. (*France*)	51%	♣
TransitNEXT General Partnership (*Ontario*)	100%	♣

- • Subsidiary
- ♦ Associate
- ♣ Capital investment entity
- ◊ Joint Arrangement

[1] On December 31, 2020, Atkins US Holdings, Inc. was converted from a Delaware corporation into a Delaware limited liability company bearing the name AUSHI LLC.

2. General Development of the Business

The highlights relating to the development of the Company's business over the past three years are described below.

2018

Various Developments

On May 22, 2018, the Company reached a settlement agreement in relation to class actions in Quebec and Ontario filed in 2012 on behalf of shareholders, with the Company agreeing to pay $88.0 million to the plaintiffs. The settlement was subsequently approved by the Ontario and Quebec courts.

On July 18, 2018, SNC-Lavalin and Holtec International group announced a new US-based joint venture company named CDI. The joint venture company was established to bring together the expertise of both companies with a goal of performing accelerated decommissioning of retired nuclear power plants using innovative technologies to cut the total time elapsed to release plant sites for unrestricted use to eight years or fewer.

Transactions

On April 30, 2018, the Company and its lenders entered into a second amended and restated credit agreement (as amended, the "**Credit Agreement**"), which effectively amended, restated and replaced the Company's prior credit agreement for the purposes of, among other things: i) making available a new 5-year non-revolving term loan in the principal amount of $500 million maturing on April 30, 2023 and ii) making other amendments to the provisions of the unsecured revolving facility. The net proceeds from the issuance of the term loan of $500 million were used by the Company to repay tranche B of the $1.5 billion loan (as amended, the "**CDPQ Loan**") made by CDPQ Revenu Fixe Inc. ("**CDPQ RF**"), a wholly-owned subsidiary of the Caisse de dépôt et placement du Québec, to SNC-Lavalin Highway Holdings Inc. ("**Highway Holdings**") under a loan agreement dated as of April 20, 2017. The unsecured revolving credit facility under the Credit Agreement is comprised of two tranches: (i) tranche A in an amount of $2.0 billion; and (ii) tranche B in an amount of $600 million. Borrowings under tranche A may be obtained in the form of: (i) prime rate loans; (ii) acceptances; (iii) US base rate loans; (iv) Libor loans in US dollars, Euros and British pounds; and (v) non-financial, financial or documentary letters of credit. Borrowings under tranche B may be obtained only in the form of non-financial or documentary letters of credit. The revolving facility maturity date is May 15, 2022 or such other date as may be agreed pursuant to extension provisions of the Credit Agreement. The aggregate outstanding amount of uncommitted bilateral letters of credit allowed under the Credit Agreement is $3.0 billion. The revolving facility and term loan under the Credit Agreement are committed and subject to affirmative, negative and financial covenants, including a requirement to maintain, at all times on a rolling 12-month basis, a specifically defined net recourse debt to EBITDA ratio, as defined in the Credit Agreement not to exceed a certain limit.

On June 28, 2018, SNC-Lavalin announced that it had completed the transfer of its investment in McGill Healthcare Infrastructure Group joint venture through an intermediary holding company to SNC-Lavalin Infrastructure Partners LP ("**SNCL IP Partnership**"). The transaction for a total consideration of approximately $115 million, followed on the sale and transfer in September 2017 of SNC-Lavalin's interest to SNCL IP Partnership in four other mature Canadian P3 assets, namely Okanagan Lake Concession Limited Partnership, InTransit BC Limited Partnership, Chinook Roads Partnership and Rainbow Hospital Partnership.

On August 28, 2018, SNC-Lavalin announced an agreement to sell its remaining interest in Astoria Project Partners II LLC, the legal entity that owns and operates the Astoria II power plant in New York City. On October 24, 2018, SNC-Lavalin completed the sale of its ownership interest in Astoria Project Partners II LLC for a total consideration of US$41.4 million ($54.1 million).

On September 1, 2018, SNC-Lavalin acquired, from a subsidiary of ABB Ltd (“**ABB**”), a 51% ownership interest in Linxon Pvt Ltd (“**Linxon**”), incorporated under the laws of England and Wales, for the execution of turnkey electrical substation projects. Turnkey solutions include project design, engineering, procurement, construction, management, commissioning and after-sales support. The primary reason for this business combination was to combine ABB’s technology leadership with SNC-Lavalin’s expertise in managing projects to deliver enhanced customer value. As at March 8, 2021, Linxon is 51% owned by SNC-Lavalin and 49% owned by Hitachi ABB Power Grids (a joint venture between ABB and Hitachi Ltd).

2019

Various Developments

On January 22, 2019, the Company announced the appointment of Craig Muir to the role of President, Resources, effective in April 2019.

On June 18, 2019, the Company appointed Nigel W.M. White as Executive Vice-President, Project Oversight, effective August 1, 2019. Mr. White reports to the President and Chief Executive Officer and leads the then newly created Project Oversight function. Project Oversight is an operational function that focuses on assisting all operating segments in achieving timely delivery and on-budget project execution. The objective is to drive consistency and assess risk for the Company in a way that enhances its ability to foresee and fix project-related issues in a timely fashion.

On July 22, 2019, the Company announced a new strategic direction that would be focusing on the high-performing and growth areas of the business and that it was exiting lump-sum turnkey (“**LSTK**”) construction contracting.

The Company also announced a reorganization into two separate business lines:

- SNCL Engineering Services which includes Engineering, Design & Project Management (“**EDPM**”), Nuclear, Infrastructure Services (including Linxon) and Capital.
- SNCL Projects which includes Resources (Oil & Gas and Mining & Metallurgy) and the then existing Infrastructure LSTK construction projects.

The Company also announced that it was exploring all options for its Resources activities, particularly its Oil & Gas business, including transition to a services-based business or divestiture. At the end of 2019, the Company decided to exit the unprofitable midstream fabrication business, including its compression and production equipment product lines, which were also known under the Valerus brand.

The reorganization and exit from LSTK construction contracting were aligned with the strategic direction of the Company that has been focused on de-risking the business and generating more consistent earnings and cash flow.

On September 18, 2019, the Company announced the appointment of Charlene A. Ripley to the role of Executive Vice-President and General Counsel, effective October 15, 2019.

On October 11, 2019, the Company announced that it had reached a full and final settlement with Corporacion Nacional del Cobre de Chile (Codelco), following the latter’s decision to terminate its Mining & Metallurgy contract, as announced on March 25, 2019. This settlement eliminated the potential for future risk stemming from the disputes related to the contract termination.

Effective October 31, 2019, Ian L. Edwards was appointed as President and Chief Executive Officer of the Company. Mr. Edwards was previously appointed as SNC-Lavalin’s Interim President and Chief Executive Officer on June 11, 2019, after spending approximately five months in the role of Chief Operating Officer.

On December 18, 2019, the Company announced that the federal charges arising from legacy activities in Libya between 2001 and 2011 had been settled with the Public Prosecution Service of Canada ("**PPSC**"). The Court of Quebec accepted a guilty plea from SNC-Lavalin Construction Inc. (a subsidiary of the Company) to a single charge of fraud. All other charges against the Company, SNC-Lavalin International Inc., and SNC-Lavalin Construction Inc. were withdrawn. As part of the settlement, SNC-Lavalin Construction Inc. agreed to pay a fine in the amount of $280 million, payable over five years, and is subject to a three-year probation order.

Transactions

On March 29, 2019, the Company announced that its wholly-owned subsidiary, TransitNEXT General Partnership ("**TransitNEXT**"), had finalized an agreement on the Trillium Line Extension project with the City of Ottawa. Through TransitNEXT, SNC-Lavalin will design, build, finance and maintain the new extension, and will also assume long-term maintenance of the existing Trillium Line. The project, including the long-term cost to maintain and rehabilitate both the existing Trillium Line and its new extension, was valued at $1.6 billion.

On August 15, 2019, SNC-Lavalin announced that it completed the sale of 10.01% of the shares of 407 International Inc. ("**Highway 407 ETR**") to a company controlled by Canada Pension Plan Investment Board ("**CPPIB**") pursuant to a share purchase agreement dated August 14, 2019 (the "**407 Sale SPA**"). At closing and in accordance with the terms and conditions of the 407 Sale SPA, SNC-Lavalin received the base purchase price proceeds of $3.0 billion, with up to an additional $250 million contingently payable over a period of ten years, conditional on the attainment of certain financial thresholds related to the ongoing performance of Highway 407 ETR. Through Highway Holdings, SNC-Lavalin continues to own 6.76% of the outstanding shares of Highway 407 ETR.

Amendments to Credit Agreement and CDPQ Loan

On February 1, 2019, the Company amended its Credit Agreement, modifying the definition of EBITDA to provide that losses related to engineering, procurement and construction ("**EPC**") contracts in Mining & Metallurgy, a segment of the Company at that time, be considered as non-recurring items, up to an amount of $310 million. The Credit Agreement was also amended to provide that the net recourse debt to EBITDA ratio calculation be temporarily increased to 4x. It should be noted that the ratio calculation in the Credit Agreement excludes interest and depreciation and amortization resulting from the adoption of IFRS 16, Leases, on January 1, 2019. In the third quarter of 2019, the Company and its lenders amended the Credit Agreement to extend the temporary increase in the net recourse debt to EBITDA ratio to 4x from June 30, 2019 to December 31, 2019.

In the second quarter of 2019, the Company and CDPQ RF renegotiated certain terms of the CDPQ Loan, which included, among others, the following amendments: (i) modification to the net recourse debt to EBITDA ratio covenant to align it with the Credit Agreement and extend the application of such covenant from March 31, 2019 to June 30, 2019; (ii) following the then expected disposal by the Company of 10.01% of the shares of Highway 407 ETR, the Company committed to repay an amount of $600 million out of $1 billion outstanding under tranche A of the CDPQ Loan; and (iii) decrease of the margin applicable to the base rate. On October 15, 2019 and similar to the last amendments to the Credit Agreement, the CDPQ Loan was also amended to extend the temporary increase in the net recourse debt to EBITDA ratio to 4x from June 30, 2019 to December 31, 2019.

2020

COVID-19

Early on in the pandemic, the Company announced actions taken in response to the economic disruptions resulting from the COVID-19 pandemic while continuing to closely monitor and adjust its plans for its different business segments and customers in response to the then rapidly evolving situation. Most of the Company's SNCL Engineering Services personnel continued servicing clients from non-office-based locations throughout large parts of 2020 and the Company transitioned work among different jurisdictions as required. The Company also announced that management had undertaken actions and measures focused on reducing costs and managing cash flow across the Company to provide flexibility in addressing varying levels of revenue and customer business, including significantly reducing discretionary expenditure where not required to directly support client delivery and carefully managing capital expenditure. Where it was not possible for employees to carry on productive client work, either due to temporary or extended shutdowns or the nature of the client service, remedial actions were taken. Across the broader employee population, this included reductions in base pay and hours, temporary leaves of absence and furloughs. All of SNC-Lavalin's executive leadership took a 20% reduction in base salary and members of the Company's Board of Directors took a 20% reduction in cash compensation for the second quarter of 2020.

Given the nature of the Company's activities, including in the important infrastructure space, the Company continued, in compliance with international, federal, provincial, state, municipal and local requirements, to materially operate in 2020 despite the pandemic. However, notwithstanding the continued operations of the Company, COVID-19 has actually negatively impacted the Company's business and it will likely continue to have further adverse impacts on its operations and financial results.

From among its lines of business, the Company's SNCL Engineering Services business remained resilient in 2020 in the face of COVID-19, with only modest revenue decrease in 2020, compared to the corresponding prior year, and a solid financial performance, as the decisive and early actions that management took to align costs, as described above, proved to be effective and allowed the Company to continue delivering for its customers. In some geographies, the Company benefited from government support in 2020 that was primarily aimed at preventing job losses, re-hiring workers previously laid off as a result of COVID-19, and better positioning the Company to resume normal operations following the crisis.

Various Developments

On January 22, 2020, the Company announced the appointment of Louis G. Véronneau to the newly created role of Chief Transformation Officer (CTO), charged with rapidly simplifying the Company's structure and processes, while supporting the new strategic direction with a focus on Information Technology (IT) and divestitures.

On February 10, 2020, the Company announced the appointment of Jeffrey Allan Bell as Executive Vice-President and Chief Financial Officer (CFO), effective April 14, 2020.

On May 7, 2020, Gary C. Baughman, Christie J.B. Clark, Michael B. Pedersen and. Mary-Ann Bell were elected to the Company's Board of Directors as part of the ongoing renewal process focusing on meeting the evolving needs of the Company and supporting its strategic objectives and long-term sustainability.

On August 25, 2020, the Company appointed Robert E. Alger, as President, Infrastructure Projects, replacing Jonathan Wilkinson.

On September 10, 2020, the Company announced the appointment of William L. Young as Chair of the Board of Directors, effective September 9, 2020 replacing Kevin G. Lynch who had previously announced his intention to step down.

On November 2, 2020 the Company appointed Dale Clarke as President, Infrastructure Services.

Transactions

On December 10, 2020, SNC-Lavalin completed the sale of its ownership interests in three of its subsidiaries in South Africa, which were part of the Oil & Gas business previously included in the Resources segment, in exchange of total consideration of $14.9 million, resulting in a 6.4 million gain.

Financing Activities

In August 2020, SNC-Lavalin issued, on a private placement basis, new unsecured Series 6 Debentures in the principal amount of $300 million, which bear interest at the rate of 3.80% per annum and mature on August 19, 2024 (the "**Series 6 Debentures**"). The net proceeds from this offering amounted to $297.6 million and were used as follows: (i) to repay certain outstanding indebtedness under SNC-Lavalin's revolving facility; (ii) to fund the repurchase, through open market purchases, of $40 million of the outstanding unsecured 2.689% Series 1 Debentures (the remainder of which subsequently matured on November 24, 2020) (plus accrued and unpaid interest thereon up to closing); and (iii) for general corporate purposes.

2021

COVID-19

On February 9, 2021, the Company announced that, due to unprecedented COVID-19 related challenges involving lower productivity attributable to revised working conditions caused by the pandemic and supply chain disruptions, it was taking a $90 million charge on its remaining three Canadian LSTK infrastructure projects. In light of the ongoing uncertainty on the timing and scope of reimbursement of certain COVID-19 incremental costs, no revenue associated with the additional COVID-19 costs was recognized by the Company for these projects in the fourth quarter of 2020 and, until greater clarity is forthcoming, it will continue to only recognize COVID-19 expenses on the ongoing LSTK infrastructure projects. The Company believes that, in 2021, these types of infrastructure projects may continue to represent the areas of the Company's business that would likely be most adversely impacted by the ongoing COVID-19 pandemic.

For a more fulsome description of the various risks and uncertainties posed by COVID-19 to the Company and its business and financial affairs and the Company's assessment of how the pandemic may continue to affect its business and operations in 2021, please refer to the risk factor entitled "Additional impacts of the COVID-19 Pandemic" in section 14 of the Company's 2020 Management's Discussion and Analysis.

Various Developments

On February 10, 2021, the Company announced that Steve Morriss, who has recently joined the Company as President, Middle East and Asia Pacific, will assume the executive leadership of the Latin America region as well as the Mining & Metallurgy business globally. In addition, following the announcement of the strategic divestiture of the Oil & Gas business, Craig Muir, President, Resources, will be leaving the Company at the end of March 2021.

Transactions

Agreement to Dispose of the Oil & Gas Business

On February 9, 2021, the Company announced that it entered into a binding agreement to sell its Resources Oil & Gas business, including services and LSTK projects. The transaction is subject to regulatory approvals and satisfaction of customary closing conditions and is expected to close in the second quarter of 2021.

In line with the Company's strategy, the sale of this business, which includes all ongoing and recently completed Oil & Gas LSTK projects, is expected to significantly reduce operational and execution risks and will simplify the Company's corporate structure and enable management to dedicate more time, effort and resources to growing the higher margin and more stable Engineering Services business. Upon closing, the transaction is expected to generate a gain on disposal due to the reclassification of the foreign exchange cumulative translation adjustments balance from equity to the income statement at that time.

3. Description of the Business

3.1 General

Founded in 1911, SNC-Lavalin is a fully integrated professional services and project management company with offices around the world.

SNC-Lavalin connects people, technology and data to help shape and deliver world-leading concepts and projects, while offering comprehensive innovative solutions across the asset lifecycle. Our expertise is wide-ranging – consulting & advisory, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, operations & maintenance ("**O&M**"), decommissioning and sustaining capital.

SNC-Lavalin maintains exceptionally high standards for health and safety, ethics and compliance, and environmental protection. The Company is committed to delivering quality projects on budget and on schedule to the complete satisfaction of its clients.

How We Conduct our Business and Report our Results: Business Lines, Segments, E&C and Capital

In accordance with its strategy, the Company carries out its business through two broad lines of business, SNCL Engineering Services and SNCL Projects, which are in turn comprised of five operating and reportable segments, as well as Capital as described below.

We report and break down the results of our SNCL Engineering Services line of business through three operating and reportable segments, namely: (i) EPDM; (ii) Nuclear; and (iii) Infrastructure Services; while we report and break down the results of our SNCL Projects line of business through two operating and reportable segments, namely: (i) Resources; and (ii) Infrastructure EPC Projects. The results of Capital are presented separately.

In addition, we further report certain results and provide certain financial information separately for (i) Professional Services & Project Management ("**PS&PM**", formerly referred to as "**E&C**" or Engineering and Construction) activities across our lines of business, which is thus comprised of five of our six operating and reportable segments, namely EDPM, Nuclear, Infrastructure Services, Resources and Infrastructure EPC Projects, and (ii) Capital.

Operating and Reportable Segments

EDPM incorporates all consultancy, engineering, design and project management services around the world. It also leads our efforts to transform the global infrastructure sector by leveraging data and technology to improve the delivery of our clients' projects from conception through to eventual operation. EDPM projects are mainly in transportation (including rail, mass transit, roads and airports), civil infrastructure, aerospace, defence and security and technology, including some of the world's most transformational projects. A significant portion of EDPM revenues are derived from the public sector, including national, provincial, state and local and municipal authorities.

Nuclear supports clients across the entire nuclear life cycle with the full spectrum of services from consultancy, EPC management ("**EPCM**") services, field services, technology services, spare parts, reactor support & decommissioning and waste management. As stewards of the CANDU technology, it also provides new-build and full refurbishment services of CANDU reactors.

Infrastructure Services includes O&M projects, as well as the Company's repetitive EPC offerings that are lower-risk, standardized solutions for: i) district cooling plants; and ii) power substations executed through its Linxon subsidiary. The segment also includes engineering solutions in hydro, transmission and distribution, renewables, energy storage, and intelligent networks and cybersecurity.

Combined, the three segments described above are presented under the SNCL Engineering Services line of business, while in previous periods, SNCL Engineering Services also included Capital.

Resources provides a full suite of delivery services primarily to the Mining & Metallurgy sector, covering the project lifecycle from project development through project delivery and support services. On February 9, 2021 the Company announced the sale of its Resources Oil & Gas business which comprises a significant portion of Resources segment. Subject to regulatory approvals and satisfaction of customary closing conditions, the transaction is targeted to close in the second quarter of 2021. Until closing, the Oil & Gas business will continue to operate independently from the purchaser and is presented as discontinued operations. The Mining & Metallurgy services business, which comprises most of the remainder of the Resources segment will remain with the Company and will continue to offer a full suite of delivery services covering the project lifecycle from project development through project delivery and support services. The Resources segment also includes the operating phase of a Build-Own-Operate (BOO) contract in the United States.

Infrastructure EPC Projects includes LSTK construction contracts related to mass transit, heavy rail, roads, bridges, airports, ports and harbours and water infrastructure. In addition, Infrastructure EPC Projects includes the LSTK construction contracts related to the former Clean Power segment, as well as from thermal power activities which the Company exited in 2018. In July 2019, the Company decided to cease bidding on new LSTK construction contracts.

Combined, the Resources and Infrastructure EPC Projects segments are presented under the SNCL Projects line of business.

Capital is SNC-Lavalin’s investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modeling and managing its infrastructure investments for optimal returns. Its activities are principally concentrated in infrastructure, such as: bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals). The Capital segment includes SNC-Lavalin’s 20% ownership interest in and management of SNCL IP Partnership.

Please refer to Note 4 to the Company’s 2020 audited annual consolidated financial statements.

PS&PM

What we report in **PS&PM** includes contracts generating revenues related mainly to consulting & advisory, intelligent networks & cybersecurity, design & engineering, procurement, project & construction management, O&M, decommissioning and sustaining capital. It also includes revenues from LSTK construction contracts, for which the Company ceased to bid in 2019, except for certain repetitive EPC offerings that are lower-risk, standardized solutions.

Contracts that provide for EPCM services are often referred to as “EPCM contracts”. Contracts that include engineering services, providing materials and providing or fabricating equipment, and construction activities are often referred to as “EPC contracts”.

While our contracts are negotiated using a variety of contracting options, PS&PM revenues are derived primarily from three major types of contracts: reimbursable and engineering services contracts, LSTK construction contracts, and standardized EPC contracts. PS&PM contracts can be found in the following segments and lines of business:

PS&PM Breakdown

	SNCL Engineering Services Line of Business			SNCL Projects Line of Business	
	EDPM Segment	Nuclear Segment	Infrastructure Services Segment	Infrastructure EPC Segment	Resources Segment
Reimbursable and engineering service contracts	✓	✓	✓	✓	✓
LSTK construction contracts	N/A	N/A (1)	N/A	✓	✓
Standardized EPC contracts	N/A	N/A	✓	N/A	N/A

(1) Nuclear includes certain legacy LSTK construction contracts.

Capital

As stated above, **Capital** is SNC-Lavalin's investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modeling and managing its infrastructure investments for optimal returns. Its activities are principally concentrated in infrastructure, such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure (e.g. hospitals). The Capital segment includes SNC-Lavalin's 20% ownership interest in and management of SNCL IP Partnership.

Competitive Conditions

SNC-Lavalin derives its competitive strength from its project management expertise, its reputation for quality and delivery, its ability to work globally, its highly skilled and experienced technical personnel, its commitment to health and safety matters and to a sustainable environment, the scope of its geographical presence and its ability to execute projects of varying sizes calling for a wide range of services and technologies.

The Company operates in a highly competitive environment and has numerous competitors in all of its market segments. The competitive landscape varies by industry, geographic region and project type. Companies that compete within its PS&PM activities are principally: AECOM, Arcadis, Bechtel, Fluor Corporation, Jacobs Engineering Group Inc., Parsons, Stantec, WSP Global and Wood. Companies that compete with its Capital segment are principally: ACS Group, Bechtel, Ferrovial, Fluor Corporation, Kiewit, Vinci Concessions, Plenary, Fengate, Ellis Don for North American Infrastructure P3 and Aecon Concessions for Canadian P3, Engie and Marubeni for the power industry.

SNC-Lavalin has clients worldwide; many of which are repeat clients. In any given year, a single client may represent a material portion of the Company's consolidated revenues due to the size of a particular project and the progress accomplished on such project.

Clients of engineering firms in Canada range from small to large industrial companies and Crown corporations to municipal, provincial and federal governments as well as other statutory entities, such as the Caisse de dépôt et placement du Québec. Most international clients of Canadian engineering-construction firms are in developing countries or are large industrial companies.

Cash Management Policy

SNC-Lavalin's cash management policy requires that cash balances be invested in highly secure and highly liquid instruments that provide yields comparable to those available on the market for high-grade investment instruments. The Company invests its cash balances, primarily, in high-yield bank accounts, money market instruments and bonds of high-credit quality.

Organizational Structure

SNC-Lavalin has a network of marketing and operating offices across Canada and in many other countries. At any given time, its employees are active around the world carrying out projects, pursuing business opportunities and marketing its products and services. To gain better access to markets outside Canada and to facilitate the financing of international projects, SNC-Lavalin may form alliances or joint ventures, either with firms possessing expertise that is complementary to SNC-Lavalin's existing capabilities, or with leading local firms in such markets.

3.2 Revenue Backlog

A discussion of the revenue backlog of SNC-Lavalin is presented in the Company's 2020 Management's Discussion and Analysis, under the heading "Backlog (Remaining Performance Obligations)" which discussion is incorporated herein by reference. The Company's 2020 Management's Discussion and Analysis is available on SEDAR at **www.sedar.com** and on the Company's website at **www.snclavalin.com** under the "Investors" section.

3.3 Risk Factors

A discussion of the risks and uncertainties to which SNC-Lavalin is subject is presented in the Company's 2020 Management's Discussion and Analysis under the heading "Risks and Uncertainties" which discussion is incorporated herein by reference. The Company's 2020 Management's Discussion and Analysis is available on SEDAR at **www.sedar.com** and on the Company's website at **www.snclavalin.com** under the "Investors" section.

3.4 Number of Employees

SNC-Lavalin had a global workforce of 37,584 as at December 31, 2020. The number of employees varies depending on the number and nature of ongoing projects, acquisitions, divestitures and restructuring initiatives.

3.5 Social and Other Important Policies: The Values that Guide Us

SNC-Lavalin is a truly global company – our employees live and work in many countries, represent some 130 nationalities and speak more than 70 languages. There's only one way to bring together a group that is so large, diverse and dispersed – and that's through a set of values that form the bedrock for our collective journey. Our shared values of Safety, Integrity, Collaboration and Innovation are the essence of our Company's identity. They represent how we act, speak and behave together, and how we engage with our clients and stakeholders.

Safety

For SNC-Lavalin, safety means protecting people, assets and the environment from harm and is regarded as an ethical responsibility. Safety is imbedded in everything we do. Safety is about more than numbers, processes and procedures. It is about looking out for one another and ensuring that every person involved in our operations returns home safely at the end of each day and has put in place environmental protection measures.

Since the beginning of the COVID-19 pandemic, SNC-Lavalin has implemented its region-specific pandemic management plans for offices, projects and facilities. The implementation of these management plans supported a well managed response to the pandemic in order to limit further spread; to ensure satisfactory communication throughout the organisation; and to maintain continuity of essential services in a safe manner and in line with applicable governmental guidelines. Post-pandemic plans were developed in order to ensure a safe and orderly return to the workplace when appropriate. The physical and mental wellbeing of our employees is paramount and throughout the pandemic, numerous initiatives were and continue to be deployed.

SNC-Lavalin has a Global Health, Safety and Environment Policy Statement that sets the tone for any work we undertake across the globe. This Policy Statement is available on the Company's website at **www.snclavalin.com**. The Policy Statement is based on the principles of visible safety leadership, consulting our employees, creating secure working conditions and respecting the environment at all levels. Our Global Health, Safety and Environmental Management System along with a series of tools have been developed from these principles. Global Health, Safety and Environment metrics form part of the Company's annual incentive plan, highlighting their importance for our Company.

Integrity

SNC-Lavalin is committed to doing the right thing, whatever it takes. We are accountable for both our successes and our shortcomings. We focus on respecting each other, our communities and our environment, on having the courage to stand up for what's right and on keeping our promises.

Our Integrity Program is a benchmark in our industry and is an integral part of our daily work and decision-making process. We demand integrity and professionalism of ourselves, just as others – such as our shareholders and clients – expect it of us. To that end, we continue to formalize our best practices, solidify them and make them more observable. Our Integrity Program is there to help us act on our values. It is more than just a program – it's a way of doing business. Integrity metrics also form part of the Company's annual incentive plan, reminding our employees of their importance.

Our Integrity team encompasses highly experienced professionals who work in three areas: the corporate Integrity & Regulatory compliance function; dedicated sector, regional and functional Integrity officers; and the Compliance remediation and monitoring group.

Our Integrity team's responsibilities include developing, implementing and maintaining a comprehensive Integrity Program that influences the Company's activities and supports our sectors and regions. Integrity officers are appointed for each sector of activity and for each region in which SNC-Lavalin operates, and ultimately report to the Chief Integrity Officer, ensuring true independence of the compliance function. The Chief Integrity Officer reports to the Executive Vice-President and General Counsel, with a direct reporting line to the Board of Directors.

Highlights of our Integrity Program are available on the Company's website at **www.snclavalin.com**.

SNC-Lavalin's Code of Conduct is made available in nine languages. Every employee working for SNC-Lavalin must, as a condition of employment, certify on an annual basis that they will abide by its provisions. The Company's Code of Conduct is available on SEDAR at **www.sedar.com** and on the Company's website at **www.snclavalin.com**.

SNC-Lavalin expects its business partners to adhere to its business principles, culture and values and comply with all applicable laws and regulations. Our business units perform risk assessments as well as compliance due diligence on prospective business partners. A Supplier Code of Conduct applies to all of our suppliers, including our business partners. The Supplier Code of Conduct is available on the Company's website at **www.snclavalin.com**.

For a second time, our commitment to integrity has earned us the prestigious Compliance Leader Verification effective 2021 and 2022 from the Ethisphere Institute, an independent centre for research, best practices and thought leadership. Ethisphere conducted a thorough assessment of our Integrity Program and benchmarked it against its 2020 World's Most Ethical Companies data set, providing insight into the programs and practices of leading companies around the world.

Collaboration

We work together to achieve success by embracing our differences to deliver amazing results. SNC-Lavalin fosters an environment where respectful and collegial interactions can take place, where we can harness the power of teamwork, where everyone has a voice, and where relationships can be based on trust and openness.

At SNC-Lavalin, we nurture collaboration across our sectors, functions and regions in order to offer the best solutions to our clients and to unlock new sources of growth. Working collaboratively among our teams and creating enduring partnerships with clients is equally important to our long-term success and competitiveness.

To enable and support our aspirations, the Company provides employees with a work environment that:

- Prohibits harassment, discrimination and any form of violence;
- Promotes equality, diversity, and inclusion;
- Fosters mutual trust and respect at all levels of the organization;
- Enables employees to report misconduct without fear of retaliation; and
- Supports an inclusive culture where everyone feels they belong, can be their true self, and can reach their full potential.

Innovation

At SNC-Lavalin, we want to be one step ahead. To do so, we put the focus on reimagining our collective capabilities to better serve our clients by nurturing a culture conducive to new ideas, by thinking boldly, proudly and differently. We also strive to leverage technology, our competencies and our assets.

By cultivating an innovative company culture that empowers employees to engage one another, embrace new ideas and challenge the status quo, we will change our business for the better and have a meaningful impact on the way we approach our work.

Sustainability

In a society which is changing at a rapid pace, we are not alone in fundamentally transforming the way we operate to respond to climate change, population growth and other major risks and opportunities facing society. SNC-Lavalin puts sustainability at the heart of its business strategy and undertakes business activities in a way that is beneficial to the environment, society and global and local economies. Our sustainable business strategy is aligned with the UN Sustainable Development Goals and recognizes the importance of advancing the triple bottom line of environmental, social and economic sustainability. A copy of our 2019 Sustainability Report is available on the Company's website at **www.snclavalin.com**.

Modern Slavery and Human Trafficking Statement

At SNC-Lavalin, we do all we can to prevent modern slavery and human trafficking, including in our supply chain. We are dedicated to protecting every individual working directly or indirectly for SNC-Lavalin from any form of modern slavery and human trafficking by promoting our core values: Safety, Integrity, Collaboration and Innovation. Our Modern Slavery and Human Trafficking Statement is available on the Company's website at **www.snclavalin.com**.

Equality, Diversity and Inclusion

At SNC-Lavalin, we are proud of our diverse and dedicated workforce. Our employees speak about 70 languages, represent some 130 nationalities and work from offices on six continents. Our diversity is a key strength in helping us to understand and meet client needs worldwide. Our sustainable business strategy (referred to above under

“Sustainability”) includes an Equality, Diversity and Inclusion program. We believe that greater diversity will further strengthen our talent pool, enabling us to better serve clients and achieve our business objectives. Further details regarding our Equality, Diversity and Inclusion strategy is available on the Company’s website at **www.snclavalin.com**.

Commitment to Indigenous Peoples

In July 2020, the Company published its inaugural Commitment to Indigenous Peoples. The Company is committed to establishing and maintaining mutually respectful and meaningful relationships between Indigenous communities, our clients and our Company. Consistent with this, SNC-Lavalin is committed to increased collaboration with communities and partnering with indigenous businesses for the benefit of all parties. Our Commitment to Indigenous Peoples is available on the Company’s website at **www.snclavalin.com**.

Environmental Protection

Our business involves in part the planning, engineering, design, project management, construction and construction management, and operations and maintenance at various sites, including but not limited to, nuclear facilities, mining sites, oil and gas facilities, and military and other infrastructure-related facilities. Some of our work can be performed adjacent to environmentally sensitive locations such as wetlands, lakes and rivers. These activities can require us to manage, handle, remove, treat, transport or dispose of certain radioactive or hazardous substances. In the conduct of our operations, accidental releases of such substances can result in fines, penalties and other sanctions under environmental laws and regulations, and many of these laws call for joint and several and/or strict liability, which can render a party liable without regard to negligence or fault. To prevent such releases, SNC-Lavalin is committed to protect the environment by implementing effective systems and pollution prevention practices as stated in its Global Health, Safety and Environment Policy Statement which is available on the Company’s website at **www.snclavalin.com**.

The Company’s management is not aware of any pending violations of environmental legislation or significant cost of compliance with environmental legislation which would be likely to have a material impact on any of the Company’s operations, capital expenditure requirements or competitive position. Some factors, however, could result in additional expenditures or the provision of additional accruals in expectation of such expenditures. These include the imposition of more stringent requirements under environmental laws or regulations, new developments or changes regarding site cleanup costs or the allocation of such costs among potentially responsible parties, or a determination that the Company is potentially responsible for the release of hazardous substances at sites other than those currently identified.

The Company has certain asset retirement obligations and environmental liabilities, and as a result, a provision is made for the associated costs in the financial period when the related event occurs, based on estimated future costs using information available at the date of the statement of financial position.

Specialized Skill and Knowledge

We are a knowledge-based organization, always seeking talented and skilled professionals for all of our specialized services. As we operate in a competitive industry where turnover costs are high and long-term relationships are key, the Company’s future prospects depend to a significant extent on its ability to attract sufficient skilled workers. Constant upskilling and re-skilling in a continuously evolving environment are key to attract, develop and retain the best talent. A shortage of talent may limit the ability of the Company to take advantage of opportunities otherwise available or alternatively may impact the profitability of such endeavours on a going forward basis.

Foreign Operations

A significant portion of the Company’s revenues are attributable to projects in international markets outside of Canada. The Company’s business is dependent on the continued success of its international operations, and the Company expects its international operations to continue to account for a significant portion of total revenues. To the extent that the Company's international or Canadian operations are affected by unexpected or adverse economic, political and other conditions, the Company's business, financial condition and results of operations may be adversely affected. The Company continually evaluates its exposure to unusual risks inherent in international projects and, where deemed appropriate in the circumstances, mitigates these risks. Foreign exchange risks are actively managed and hedged where possible and considered cost effective, but the Company does not have hedging strategies in place with respect to all currencies to which it is exposed in the conduct of its business. The Company's hedging strategy includes the use of forward foreign exchange contracts, which also contain an inherent credit risk related to default on obligations by the counterparties to such contracts.

4. Dividends

In 2020, SNC-Lavalin declared and paid cash dividends on a quarterly basis. SNC-Lavalin's Board of Directors considers several factors when reviewing dividend payments, including present and future: (i) earnings, (ii) cash flows, and (iii) capital requirements. There can be no assurance as to the amount or timing of such dividends in the future.

In the past three fiscal years, SNC-Lavalin has declared and paid the following quarterly dividends per common share:

	Q1 ($)	Q2 ($)	Q3 ($)	Q4 ($)	Annual ($)
2020	0.02	0.02	0.02	0.02	0.08
2019	0.10	0.10	0.02	0.02	0.24
2018	0.287	0.287	0.287	0.287	1.148

5. Capital Structure

General Description

The Company's authorized share capital consists of an unlimited number of common shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares (collectively, the "**Preferred Shares**"). Only common shares are currently issued and outstanding.

The following summarizes certain provisions relating to the Company's common shares, first preferred shares and second preferred shares. This summary is qualified in its entirety by the actual rights, privileges, restrictions and conditions attached to such shares.

Common Shares

Dividends: Holders of the Company's common shares are entitled to receive dividends as and when declared by the Board of Directors.

Voting rights: Entitled to one vote per share.

Rights upon liquidation, winding up or dissolution: Right to receive the residual of the Company's assets subject to the prior rights of the holders of any then issued and outstanding Preferred Shares.

First Preferred Shares

Issuable in series: The Company's Board of Directors is allowed to fix, before issuance, the designation, rights, privileges, restrictions and conditions attached thereto.

Dividends: Priority over all other classes of shares.

Voting rights: Not entitled to vote separately as a class except as provided by law.

Rights upon liquidation, winding up or dissolution: Priority over all other classes of shares.

Series A:

Dividends: Priority over all other classes of shares. Cumulative for an amount equal to 77% of the prime rate set by the National Bank of Canada. Payable quarterly. No redemption or repurchase of other shares is permitted until the cumulative dividend is paid in full.

Voting rights: Not entitled to vote separately as a class except as provided by law.

Rights upon liquidation, winding up or dissolution: Priority over all other classes of shares. Right to receive amount equal to the amount paid on the shares and all accrued unpaid dividends.

Redemption Right: At the option of the Company for an amount paid on the shares and all accrued unpaid dividends.

Second Preferred Shares

Issuable in series: The Company's Board of Directors is allowed to fix, before issuance, the designation, rights, privileges, restrictions and conditions attached thereto.

Dividends: Priority over all other classes of shares, except for the First Preferred Shares.

Voting rights: Not entitled to vote separately as a class except as provided by law.

Rights upon liquidation, winding up or dissolution: Priority over all other classes of shares, except for the First Preferred Shares.

Debentures

The following table summarizes the principal amounts outstanding as at March 8, 2021 under the Company's unsecured debentures, which are described in greater detail below.

Type	Maturity Date	Principal Amount Outstanding
Series 4 Debentures	March 2, 2023	$200 million
Series 6 Debentures	August 19, 2024	$300 million

On November 24, 2017, the Company, as issuer, and Computershare Trust Company of Canada, as trustee, entered into a trust indenture (the "**Master Trust Indenture**" and, together with any and all trust indentures supplemental thereto, the "**2017 Trust Indenture**").

On March 2, 2018, the Company issued, pursuant to trust indentures supplemental to the Master Trust Indenture, $525 million aggregate principal amount of unsecured debentures in three series by way of private placement consisting of (i) $150 million in floating rate debentures due March 4, 2019, (ii) $175 million in floating rate Series 3 Debentures due March 2, 2021 (the "**Series 3 Debentures**"), and (iii) $200 million in 3.235% Series 4 Debentures due March 2, 2023 (the "**Series 4 Debentures**"). The Series 3 Debentures were repaid in full at their maturity on March 2, 2021. The Series 4 Debentures bear interest at a fixed annual rate of 3.235%, payable in equal semi-annual installments over the 5-year term, on the 2nd day of March and September of each year.

On August 18, 2020, the Company issued, by way of private placement, $300 million aggregate principal amount of unsecured debentures with a fixed annual interest rate of 3.80%, payable in equal semi-annual installments over the four-year term, on February 19 and August 19 of each year (the Series 6 Debentures and, together with the Series 4 Debentures, the "**Outstanding Debentures**"). The Series 6 Debentures were issued pursuant to a trust indenture supplemental to the Master Trust Indenture.

The 2017 Trust Indenture contains customary restrictive covenants (including with respect to incurrence of certain indebtedness and a negative pledge) with respect to the Company and certain of its subsidiaries and customary events of default.

The Outstanding Debentures are solidarily (jointly and severally) guaranteed, on an unsecured basis, as to the payment of principal, interest and premium, if any, and certain other amounts specified in the 2017 Trust Indenture, by certain material subsidiaries of the Company.

The Outstanding Debentures are redeemable at the Company's option, under certain circumstances and at the redemption prices set forth in the 2017 Trust Indenture.

Under the 2017 Trust Indenture, if a "Change of Control Triggering Event" (as defined in the 2017 Trust Indenture) occurs, unless the Company has exercised its optional right to redeem all of the Outstanding Debentures of the relevant series (where applicable), the Company will be required to make (or arrange for a third party to make) an offer to repurchase all or, at the option of each holder of Outstanding Debentures, part of such holder's Outstanding Debentures, at a purchase price payable in cash equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

Amended and Restated Shareholder Rights Plan Agreement

The Company entered into an Amended and Restated Shareholder Rights Plan Agreement dated as of March 2, 2017, with Computershare Investor Services Inc. as rights agent, the continued existence of which was subsequently ratified by the Company's shareholders on May 7, 2020 and filed under the Company's SEDAR profile on May 7, 2020.

Credit Ratings

The Debentures are currently rated BB+ by Standard & Poor's Rating Services ("**S&P**") and BBB (low) by DBRS Limited ("**DBRS**").

The definitions of each rating as well as the outlook/trend set forth below have been obtained from S&P's and DBRS's respective websites.

Credit ratings established by S&P and DBRS are based on quantitative and qualitative considerations relevant to the Company. The credit ratings are intended to indicate the risk that the Company will not satisfy its obligations on a timely basis and disregard certain factors such as market risk or price risk. These factors should be considered by investors as risk factors in their process of investment decision making. Such ratings do not constitute a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agencies.

During the last two years, the Company has paid customary rating fees to S&P and DBRS in connection with their ratings of the Company's outstanding debt. The Company reasonably expects that such payments will continue to be made in the future. In addition, during the last two years, the Company has, in the ordinary course of business, made payments to S&P and DBRS in respect of other services provided to the Company.

S&P (Rating: BB+, Outlook: Negative)

On August 19, 2019, S&P downgraded the Company's rating to BB+ from BBB- and maintained its negative outlook. The downgrade primarily reflected the significant losses realized on LSTK construction contracts year-to-date.

On May 15, 2020, S&P affirmed its BB+ rating and maintained its negative outlook. The negative outlook primarily reflects uncertainty in the Company's ability to improve earnings and cash flow so that the adjusted debt-to-EBITDA ratio, as per S&P's methodology, returns below 3x.

On August 17, 2020, S&P assigned a BB+ issued-level rating on the Series 6 Debentures.

Long-term debt obligations rated "BB" exhibit less vulnerability in the near-term but face major ongoing uncertainties or exposure to adverse, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitment on the obligations. This rating falls within the fifth highest of S&P's ten long-term credit rating categories which range from "AAA" to "D". The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

An S&P rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. A stable outlook means that a rating is not likely to change. An outlook is not necessarily a precursor of a rating change or future CreditWatch action.

DBRS (Rating: BB (high))

On July 24, 2019, DBRS issued a rating report downgrading the Company to BBB (low) from BBB and changed the trend to Negative from Stable.

On April 7, 2020, DBRS issued a rating report confirming the Company's rating of BBB (low) and maintaining the trend to Negative. This rating confirmation was supported by a relatively better performance, comfortable liquidity position with cash balances of $1.2 billion as at December 31, 2019, and the Company's ongoing efforts to execute the new strategy focusing on engineering service offerings and exiting LSTK contracting.

On August 14, 2020, DBRS assigned a BBB (low) Negative trend rating on the Series 6 Debentures.

On November 2, 2020, DBRS announced that it was downgrading the Company's rating to BB (high) from BBB (low). This downgrade was driven by recurrent losses in the "Projects" business and continued underperformance in the Company's earnings and credit metrics during 2020 when compared to other investment grade peers.

On February 10, 2021, DBRS placed the Company's Issuer Rating and Unsecured Debentures rating, both currently rated BB (high), Under Review with Negative Implications. The rating actions were taken following the Company's announcement of approximately $295 million in additional provisions taken for legacy LSTK litigation matters and commercial claims. The Company is also taking approximately $90 million in charges on its remaining LSTK projects that continue to be affected by the COVID-19 pandemic. As a result of this announcement, key credit metrics continue to face short-term deterioration, below that of the current rating. DBRS anticipates gradual improvement in the Company's business profile in the medium term; however, earnings recovery and stability remain key issues in the near term. DBRS stated that it expects to resolve the Under Review with Negative Implications status once the Company releases its 2020 financial results and upon further discussions with management about risk control processes and restructuring strategies as the Company continues to navigate the challenges surrounding its legacy business.

Long-term debt rated "BB" is of non-investment grade credit quality. The capacity for the payment of financial obligations is considered uncertain and vulnerable to future events. This rating falls within the fifth highest of DBRS' ten long-term debt rating categories which range from "AAA" to "D". All rating categories other than "AAA" and "D" also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category.

DBRS' rating trends provide guidance in respect of its opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – "Positive", "Stable" or "Negative". DBRS' rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed.

6. Market for Securities

Market

The common shares of the Company are listed for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "SNC".

Trading Price and Volume

The following table sets out the trading prices and volumes of the Company's common shares on the TSX and alternative trading systems for the periods indicated.

2020	Volume (in '000s)	High*	Low*	Close
January	19,770	32.41	28.83	30.44
February	25,049	34.36	25.54	31.20
March	39,090	34.11	17.77	20.76
April	21,104	26.50	18.49	25.67
May	24,019	25.17	18.68	20.88
June	22,414	24.63	20.48	22.91
July	17,023	25.00	20.55	21.25
August	18,151	25.84	21.46	23.08
September	19,122	24.35	20.65	21.35
October	18,334	22.60	17.50	18.64
November	22,949	24.73	18.81	23.84
December	16,425	24.66	21.26	21.73

* Intra-day highs and lows during each month.

7. Directors and Officers

The following table lists the directors of the Company, as at March 8, 2021, their place of residence, and their respective principal occupations during the preceding five years:

Name, Place of Residence and Year of Appointment to SNC-Lavalin Board of Directors	Principal Occupations During the Preceding Five Years
Gary C. Baughman (3), (4) North Carolina (United States of America) Director since: 2020	- Corporate Director; - Chief Operating Officer at Elixsys Inc. (Chemicals) since May 2020; - President at Back Tee Sports, LLC (Event Management) since 2006; - Former Chairman and CEO at APTIM (Professional Services) from 2017 to 2019; - Former CEO, Americas and COO, Americas at M+W Group GmbH (Global High Technology Engineering Services) from 2015 to 2017.

Name, Place of Residence and Year of Appointment to SNC-Lavalin Board of Directors	Principal Occupations During the Preceding Five Years
Mary-Ann Bell, P. Eng. (1), (2) Quebec (Canada) Director since: 2020	- Corporate Director.
Christie J.B. Clark, FCPA, FCA, CA (1), (3) Ontario (Canada) Director since: 2020	- Corporate Director.
Isabelle Courville (2), (3) Quebec (Canada) Director since: 2017	- Corporate Director.
Ian L. Edwards Quebec (Canada) Director since: 2019	- President and CEO of the Company since 2019; - Former Interim President and CEO of the Company from June 2019 to October 2019; - Former Chief Operating Officer of the Company from January 2019 to June 2019; - Former President, Infrastructure Sector, of the Company from 2015 to 2019.
Steven L. Newman (1), (2), (4) Utah (United States of America) Director since: 2015	- Corporate Director.
Michael B. Pedersen (3), (4) Ontario (Canada) Director since: 2020	- Corporate Director; - Former President and CEO at TD Bank US Holding Company (Financial Institution) from 2013 to 2017; - Former Special Advisor to the CEO at The Toronto-Dominion Bank (Financial Institution).
Jean Raby (1), (4) Paris (France) Director since: 2015	- Corporate Director; - CEO of Natixis Investment Managers S.A. (Global Asset Management) since 2017; - Former Chief Financial Officer at SFR Group (Telecommunications) from May 2016 to November 2016; - Former Advisor to the Chief Financial Officer at Nokia Corporation (Telecommunications Equipment) from March 2016 to April 2016.
Zin Smati, Ph.D. (2), (4) Texas (United States of America) Director since: 2016	- Corporate Director; - Senior Advisor at EVP Private Equity (Asset Management) since December 2020; - Former Board Member, Chairman and CEO at LifeEnergy LLC (Delivery of Energy Products) from 2016 to 2019; - Former Senior Advisor at LS Power (Power Generation, Transmission and Investment Group) from 2016 to 2018.

Name, Place of Residence and Year of Appointment to SNC-Lavalin Board of Directors	Principal Occupations During the Preceding Five Years
Benita M. Warmbold, FCPA, CPA, ICD.D (1), (3) Ontario (Canada) Director since: 2017	- Corporate Director; - Former Senior Managing Director and Chief Financial Officer at CPPIB (Professional Investment Management Organization) from 2013 to 2017.
William L. Young, P.Eng Massachusetts (United States of America) Director since: 2020	- Chair of the Board of the Company since September 2020; - Corporate Director; - Former Partner at Monitor Clipper Partners LLC (Asset Management) from 1996 to 2018.

(1) Member of the Audit Committee
(2) Member of the Governance and Ethics Committee
(3) Member of the Human Resources Committee
(4) Member of the Safety, Workplace and Project Risk Committee

Directors of the Company are elected at the annual meeting of shareholders of the Company. They hold office until their term expires at the following annual meeting, subject to re-election, retirement, resignation or vacancy caused by death, removal or other cause.

Except as described below, to the knowledge of the Company, in the last ten years, none of the above-named directors is or has been a director or officer of any company that, while that person was acting in that capacity was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than thirty consecutive days. In addition, to the knowledge of the Company, in the last ten years, none of the above-named directors is or has been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, except as described below.

- Mr. William L. Young was a director of Pharmetics (2011) Inc., a private company, until he resigned in connection with the sale of Pharmetics in September 2017. Following the sale of Pharmetics, in February 2018, a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada) was filed and Pharmetics was subsequently declared bankrupt as of March 16, 2018.

Furthermore, to the knowledge of the Company, in the last ten years, no director or officer of the Company has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his/her assets.

The Board of Directors of the Company currently has four standing Board Committees, namely the Audit Committee, the Governance and Ethics Committee, the Human Resources Committee, and the Safety, Workplace and Project Risk Committee. The Board of Directors does not have an executive committee. As at March 8, 2021, membership of the Board Committees was as follows:

Audit Committee
B.M. Warmbold (Chair)
M.-A. Bell
C.J.B. Clark
S.L. Newman
J. Raby

Governance and Ethics Committee
S.L. Newman (Chair)
M.-A. Bell
I. Courville
Z. Smati

Human Resources Committee
I. Courville (Chair)
G.C. Baughman
C.J.B. Clark
M.B. Pedersen
B.M. Warmbold

Safety, Workplace and Project Risk Committee
Z. Smati (Chair)
G.C. Baughman
S.L. Newman
M.B. Pedersen
J. Raby

The following table lists the executive officers of the Company (who qualify as such under applicable securities regulations) who are not also directors of the Company, as at March 8, 2021, their place of residence and their respective principal occupations during the preceding five years:

Name and Place of Residence	Principal Occupations During the Preceding Five Years
Robert E. Alger Connecticut (United States of America)	- President, Infrastructure Projects Sector at SNC-Lavalin since August 2020; - Former Chairman at The Lane Construction Corporation from 2019 to 2020; - Former President and CEO at The Lane Construction Corporation from 2001 to 2019.
Jeffrey Allan Bell Ontario (Canada)	- Executive Vice-President and Chief Financial Officer at SNC-Lavalin since April 2020; - Former Non-Executive Director of Spirit Energy (Exploration & Production) from 2018 to 2020; - Former Financial Advisor at Centrica Plc (Energy Services) from 2018 to 2019; - Former Group Chief Financial Officer at Centrica Plc (Energy Services) from 2014 to 2018.
Dale Clarke Ontario (Canada)	- President, Infrastructure Services Sector at SNC-Lavalin since November 2020; - Former Executive Vice President, Strategy & Growth at SNC-Lavalin from 2019 to 2020; - Former Executive Vice President, Operations & Maintenance, Infrastructure at SNC-Lavalin from 2016 to 2019; - Former Executive Vice President, Integrated Management Systems at SNC-Lavalin from 2015 to 2016.
James Cullens London (United Kingdom)	- Executive Vice-President, Human Resources at SNC-Lavalin since 2017; - Former Group Director Human Resources & Marcomms and Executive Director Atkins at SNC-Lavalin from July 2017 to November 2017; - Former Executive Director, Group HR and Marcomms of Atkins from 2014 to 2017.

Name and Place of Residence	Principal Occupations During the Preceding Five Years
Philip Hoare Bristol (United Kingdom)	- President, EPDM Sector at SNC-Lavalin since 2019; - Former CEO, Atkins, UK and Europe Region, at SNC-Lavalin from 2018 to 2019; - Former Managing Director, UK and Europe Transportation Division, of Atkins from 2015 to 2018.
Steve Morriss California (United States of America)	- President, Middle East and Asia Pacific at SNC-Lavalin since January 2021; - Former President, Design and Consulting Services, Americas at AECOM from 2017 to 2020; - Former President and Chief Executive, EMIA at AECOM from 2014 to 2017.
Craig Muir (1) Dubai (United Arab Emirates)	- President, Resources Sector at SNC-Lavalin since 2019; - Former Chief Commercial Officer – Engineering & Construction at Petrofac International Ltd. (Oil & Gas) from 2018 to 2019; - Former Group Managing Director – Engineering & Production Services at Petrofac International Ltd. (Oil & Gas) from 2016 to 2018.
Charlene Ripley Quebec (Canada)	- Executive Vice-President and General Counsel at SNC-Lavalin since 2019; - Former Executive Vice-President and General Counsel at Goldcorp Inc. (Mining) from 2013 to 2019.
Erik J. Ryan Quebec (Canada)	- Executive Vice-President, Strategy, Marketing and External Relations at SNC-Lavalin since 2013.
Alexander Taylor Quebec (Canada)	- President, Nuclear Sector at SNC-Lavalin since 2018; - Former President, Power Sector at SNC-Lavalin from 2014 to 2017.
Stéphanie Vaillancourt Quebec (Canada)	- Executive Vice-President, Capital and Treasurer at SNC-Lavalin since 2019; - Former Senior Vice-President and Treasurer at SNC-Lavalin from 2016 to 2019; - Former Vice-President, Treasury and Capital Allocation at Bombardier Recreational Products (Vehicles Manufacturer) from 2015 to 2016.
Louis G. Véronneau Quebec (Canada)	- Executive Vice-President and Chief Transformation Officer at SNC-Lavalin since January 2020; - Former Senior Vice-President, Strategy and Corporate Development at Bombardier (Aviation and Rail Transportation) from 2018 to 2019; - Former Vice-President, Mergers & Acquisition at Bombardier (Aviation and Rail Transportation) from 2015 to 2018.
Nigel W.M. White Staffordshire (United Kingdom)	- Executive Vice-President, Project Oversight at SNC-Lavalin since 2019; - Former Executive Director at Gammon Construction Limited (General Contractors) from 2011 to 2019.

(1) Following the announcement of the strategic divestiture of the Oil & Gas business, Mr. Muir will be leaving the Company at the end of March 2021.

As at December 31, 2020, the above directors and executive officers of the Company, as a group, held, either directly or indirectly, or exercised control over 203,146 common shares, representing approximately 0.12% of the issued and outstanding common shares of the Company.

8. Legal Proceedings

Ruediger Class Action

On February 6, 2019, a Motion for authorization of a class action and for authorization to bring an action against SNC-Lavalin and certain of its directors and officers (collectively, the "**Ruediger Defendants**") pursuant to section 225.4 of the Securities Act (Québec) (the "**Ruediger Class Action Motion**") was filed with the Superior Court of Québec (the "**Ruediger Class Action**"), on behalf of persons who acquired SNC-Lavalin securities from February 22, 2018 through January 27, 2019 (the "**Ruediger Class Period**") and held some or all of such securities as of the commencement of trading on January 28, 2019.

The Ruediger Class Action Motion alleges that certain documents filed by SNC-Lavalin and oral statements made by its then Chief Executive Officer during the Ruediger Class Period contained misrepresentations related to SNC-Lavalin's revenue forecasts and to the financial performance of the Mining & Metallurgy and Oil & Gas segments, which misrepresentations would have been corrected by way of SNC-Lavalin's January 28, 2019 press release.

The Ruediger Class Action Motion seeks leave from the Quebec Superior Court to bring a statutory misrepresentation claim under the Securities Act (Québec). The plaintiff in the proposed action claims damages and seeks the condemnation of the Ruediger Defendants to pay the class members an unspecified amount for compensatory damages with interest and additional indemnity as well as full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution.

On October 15, 2019, the plaintiffs in the Ruediger Class Action Motion delivered an amended "Motion for authorization of a class action and for authorization to bring an action pursuant to section 225.4 of Quebec's Securities Act". The amendments extend the class period for the Ruediger Class Action Motion to July 22, 2019 and broaden the scope of the claim to include, among other things, disclosure alleged to have been made regarding the Company's ability to execute certain fixed price contracts.

The authorization hearing on the amended Ruediger Class Action Motion is scheduled between May 18 and May 21, 2021.

Drywall Class Action

On June 5, 2019, a Statement of Claim was filed against SNC-Lavalin and certain of its directors and officers (collectively, the "**Drywall Defendants**") with the Ontario Superior Court of Justice (the "**Drywall Class Action**"), on behalf of persons who acquired SNC-Lavalin securities from February 22, 2018 through May 2, 2019 (the "**Drywall Class Period**").

The Drywall Class Action claim alleges that disclosures by SNC-Lavalin during the Drywall Class Period contained misrepresentations related to: (i) its IFRS 15 reporting systems and controls compliance; (ii) its revenue recognition in respect of the Mining & Metallurgy segment being non-compliant with IFRS 15; (iii) revenue from the Company's Codelco project in Chile having been overstated in 2018 due to non-compliance with IFRS 15; (iv) the failure of the Company's disclosure controls and procedures and its internal control over financial reporting which led to a $350 million write-down on the Codelco project; (v) when IFRS 15 was applied to the Mining & Metallurgy segment results in 2019, this led to the Company disbanding its Mining & Metallurgy segment; and (vi) the Company's financial statements during the Drywall Class Period being materially non-compliant with IFRS.

The Drywall Class Action seeks leave from the Ontario Superior Court of Justice to bring a statutory misrepresentation claim under the Securities Act (Ontario). The plaintiffs in the proposed action claim damages and seek the condemnation of the Drywall Defendants to pay the class members $1.2 billion or such other compensatory damages as the court may award, with interest and additional indemnity as well as full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution.

On October 15, 2019, the plaintiffs in the Drywall Class Action delivered a proposed Amended Statement of Claim that contemplates expanding the Drywall Class Period to include SNC-Lavalin's July 22, 2019 and August 1, 2019 press releases and increasing the claim for damages from $1.2 billion to $1.8 billion. On November 5, 2019, the plaintiffs delivered a motion record for leave under the Securities Act (Ontario) and certification under the Class Proceedings Act (Ontario). The leave and certification hearing was scheduled for October 19 to 23, 2020 and prior to the hearing, the plaintiffs agreed to dismiss the Drywall Class Action on the basis that the claims asserted therein can be brought in the Ruediger Class Action.

Peters Class Action

On February 25, 2019, a Notice of action was issued with the Ontario Superior Court of Justice by a proposed representative plaintiff, Mr. John Peters, on behalf of persons who acquired SNC-Lavalin securities from September 4, 2018 through October 10, 2018. On March 25, 2019, a Statement of Claim was filed with the Ontario Superior Court of Justice with respect to the claims set out in the Notice of Action (together, the Notice of Action and the Statement of Claim are the "**Peters Class Action**").

The Peters Class Action alleges that the defendants, including the Company, its Chairman and certain of its then officers, failed to make timely disclosure of a material change in the business, operations or capital of SNC-Lavalin, by failing to disclose that on September 4, 2018, the Director of the PPSC communicated her decision to SNC-Lavalin not to award an opportunity to negotiate a remediation agreement.

The Peters Class Action seeks leave from the Ontario Superior Court of Justice to bring a statutory misrepresentation claim under the Securities Act (Ontario) and the comparable securities legislation in other provinces and also asserts a claim for common law negligent misrepresentation. The Peters Class Action claims damages in the sum of $75 million or such other amount as the Superior Court may determine plus interest and costs.

On March 5, 2020, the plaintiff in the Peters Class Action brought a motion for leave and certification of the Peters Class Action. On December 15, 2020, counsel to the defendants delivered their responding motion for the leave and certification hearing which is scheduled to be held between June 1 and June 3, 2021.

SNC-Lavalin believes that the claims outlined in the Ruediger Class Action Motion and the Peters Class Action are, in each case, entirely without merit and is vigorously defending these claims. Due to the inherent uncertainties of litigation, it is not possible to predict the final outcomes of the Ruediger Class Action or the Peters Class Action, or determine the amount of any potential losses resulting therefrom, if any, and SNC-Lavalin may, in the future, be subject to further class action lawsuits or other litigation. SNC-Lavalin has directors' and officers' liability insurance insuring individuals against liability for acts or omissions in their capacity as directors and officers, and the Company itself has coverage for such claims. The amount of coverage under the directors' and officers' policy is limited and such coverage may be less than any amounts the Company is required or determines to pay in connection with these proceedings. If the Company is required or determines to pay an amount in connection with any or all of the Ruediger Class Action and/or the Peters Class Action, such amount could have a material adverse effect on SNC-Lavalin's liquidity and financial results.

Pyrrhotite Case

On June 12, 2014, the Quebec Superior Court rendered a decision in "Wave 1" of the matter commonly referred to as the "Pyrrhotite Case" in Trois-Rivières, Quebec and in which SNC-Lavalin is one of numerous defendants. The Quebec Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately $168 million in damages apportioned amongst the then-known defendants, on a solidary (in solidum) basis (the "**Wave 1 Claims**"). The Quebec Superior Court ruled that SNC-Lavalin's share of the damages award was approximately

70%. The Company's external insurers dispute the extent of the insurance coverage available to the Company and this dispute is included in the Pyrrhotite Case. The Company, among other parties, appealed the Quebec Superior Court's ruling and, on April 6, 2020, the Quebec Court of Appeal rendered its decision dismissing most of the appeals filed by all parties and upheld: (i) the Quebec Superior Court's ruling regarding SNC-Lavalin's approximate 70% share of liability; and (ii) the solidary nature of the defendants' liability. In a further ruling, on June 12, 2020, the Quebec Court of Appeal confirmed SNC-Lavalin's allocated share of the damages, inclusive of interest and costs at approximately $200 million, and the Company paid this amount of damages awarded to the plaintiffs on August 3, 2020. The Company has filed a notice seeking leave to appeal to the Supreme Court of Canada.

The Quebec Court of Appeal also dismissed an appeal from SNC-Lavalin's external insurers and confirmed that multiple insurance policy towers were triggered by the Wave 1 Claims, resulting in multiple years of coverage. The Company's external insurers have filed notices seeking leave to appeal to the Supreme Court of Canada.

Given that SNC-Lavalin's external insurers initially refused to comply with terms contained in the relevant policies of insurance and the orders of the Quebec Superior Court and the Quebec Court of Appeal requiring them to pay a substantial portion of the $200 million damages award, SNC-Lavalin filed an application with the Quebec Superior Court seeking an order requiring the Company's external insurers to comply with the Quebec Court of Appeal's order and facilitate execution of the $200 million damages award by way of the multiple towers of insurance. On October 16, 2020, the Quebec Superior Court ruled in favour of SNC-Lavalin ordering SNC-Lavalin's external insurers to pay the Company approximately $141 million. The Quebec Superior Court also ruled that the order is enforceable notwithstanding any appeal and most of the amount receivable was received in the fourth quarter of 2020. An additional $33 million in insurance proceeds was received by the Company in December 2020 through a reinsurance policy which was not subject to this court ruling. As at December 31, 2020, the remaining amount receivable of insurance proceeds totaled approximately $38 million and was included in "Other current financial assets" on the Company's consolidated statement of financial position as at December 31, 2020.

SNC-Lavalin filed a recourse in warranty claim against Lafarge Canada Inc. ("**Lafarge**") seeking its contribution to the damages awarded against SNC-Lavalin in the Wave 1 judgement. The trial commenced in March 2019 and concluded in 2020. On February 4, 2021, the Quebec Superior Court dismissed SNC-Lavalin's claim and SNC-Lavalin will appeal the Quebec Superior Court's ruling to the Quebec Court of Appeal.

In parallel to the Wave 1 Claims, notices of additional potential claims have been made and continue to be made against numerous defendants, including SNC-Lavalin, in "Wave 2" of the Pyrrhotite Case. SNC-Lavalin expects some insurance coverage for the Wave 2 claims. In addition, SNC-Lavalin has filed recourse in warranty claims against Lafarge with respect to the Wave 2 claims. Wave 2 claims are in a preliminary stage and SNC-Lavalin's liability exposure in respect of the Wave 2 claims remains subject to several uncertainties.

Dubai Civil Case

In November 2018, WS Atkins & Partners Overseas, a subsidiary of the Company, was named as respondent together with other parties by the subrogated insurers of a property developer in a civil case initiated before the courts of Dubai. The claimant is seeking damages jointly from the respondents on account of the alleged refurbishment costs and loss of income arising from a fire at the property developer's building. WS Atkins & Partners Overseas was a subcontractor in the hotel's design and construction supervision and the claim revolves around alleged negligence in the specification, testing and installation of the building cladding which is claimed to have exacerbated the fire, thereby increasing the damage to the building. The claim is in preliminary stages and, as such, the Company is not currently in a position to estimate potential liability or amount of loss, if any.

Ongoing and Potential Investigations

The Company understands that there are investigations by various authorities which may remain ongoing in connection with certain legacy matters in various jurisdictions, including, without limitation, Algeria.

The Company also understands that a Royal Canadian Mounted Police investigation relating to alleged payments in connection with a 2002 contract for the refurbishment of the Jacques Cartier Bridge by a consortium which included SNC-Lavalin and which led to a guilty plea by the former head of the Canada Federal Bridges Corporation in 2017, continues and its scope may include the Company.

Other Legal Proceedings

SNC-Lavalin Inc. has initiated court proceedings against a Canadian client stemming from engineering, procurement, and construction management services that SNC-Lavalin Inc. provided in relation to the client's expansion of an ore-processing facility. SNC-Lavalin Inc. claimed from the client certain amounts due under the project contract. The client has counterclaimed alleging that SNC-Lavalin Inc. defaulted under the project contracts and is seeking damages.

9. Interest of Management and Others in Material Transactions

Other than the CDPQ Loan (as amended) or as elsewhere described in this Annual Information Form, to the knowledge of the Company, none of the (i) directors or executive officers of the Company, (ii) shareholders of the Company that beneficially own, or control or direct, directly or indirectly, more than 10% of any class of shares of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction during the three most recently completed financial years or the current financial year that has materially affected or is reasonably expected to materially affect the Company or any of its affiliates or subsidiaries.

10. Transfer Agent and Registrar

Computershare Investor Services Inc. is the Company's transfer agent and registrar for the Company's common shares, with principal offices in the cities of Montreal (Quebec), Toronto (Ontario), and Vancouver (British Columbia).

11. Material Contracts

Other than those contracts entered into during the normal course of business, the only contracts that are material to the Company and that were entered into within the fiscal year ended December 31, 2020, or before such year and after January 1, 2002 that are still in effect, and which are required to be filed with the Canadian securities regulatory authorities pursuant to applicable securities laws, are (i) the 407 Sale SPA, and (ii) the Credit Agreement and the CDPQ Loan. Each of the 407 Sale SPA, the Credit Agreement and the CDPQ Loan is described in section 2 of this Annual Information Form, "General Development of the Business" and has been filed on SEDAR at **www.sedar.com** under the Company's issuer profile. As at December 31, 2020, an aggregate of $205 million was outstanding under the Credit Agreement (the entire amount of which is related to letters of credit issued thereunder) and $400 million was outstanding under the CDPQ Loan.

12. Experts

Deloitte LLP is the auditor of the Company and is independent within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

13. Audit Committee

Mandate of the Audit Committee

The mandate of the Audit Committee of SNC-Lavalin is attached as Schedule "A" to this Annual Information Form.

Composition of Audit Committee

The Audit Committee of the Company consists of Ms. Benita M. Warmbold (Chair), Ms. Mary-Ann Bell, Mr. Christie J.B. Clark, Mr. Steven L. Newman, and Mr. Jean Raby. Each member of the Audit Committee is independent as determined by the Board including in light of Canadian securities legislation and regulations, and none receives, directly or indirectly, any compensation from the Company other than for service as a member of the Board of Directors and its Committees. All members of the Audit Committee are financially literate, as this phrase is defined under National Instrument 52-110 (Audit Committees) of the Canadian Securities Administrators (the "CSA"). In considering the criteria for determining financial literacy, the Board considers the ability of the director to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Professional Qualifications and Experience of Audit Committee Members

Each of the members of the Company's Audit Committee has professional qualifications or business experience, or both, that are relevant to the performance of his/her responsibilities as a member of the Audit Committee.

Benita M. Warmbold (Chair) has more than 30 years of experience in the finance industry. She is the former Senior Managing Director and CFO of CPPIB, a position she held from December 2013 to July 2017. Prior to that, she was Senior Vice-President and COO from 2008 to 2013. CPPIB is a professional investment management organization responsible for investing funds on behalf of the Canada Pension Plan. Before joining CPPIB, she served as Managing Director and CFO for Northwater Capital Management Inc. from 1997 to 2008. She previously held senior positions with Canada Development Investment Corporation and KPMG. Ms. Warmbold is currently a director of The Bank of Nova Scotia (where she is a member of the audit and conduct review committee), Methanex Corporation (where she is chair of the audit, finance and risk committee) and Crestone Peak Resources (where she is chair of its audit and risk committee). She chairs the Canadian Public Accountability Board and is a member of the Board of Trustees of Queen's University and acts as chair of its capital asset and finance committee. She is also a former chair of the audit committee of Canada Development Investment Corporation. She holds an Honours Bachelor of Commerce degree from Queen's University, is a Fellow of the Institute of Chartered Accountants of Ontario and has been granted the ICD.D designation by the Institute of Corporate Directors.

Mary-Ann Bell has more than 30 years of experience in the telecommunications sector. Prior to her retirement in 2014, she was Senior Vice-President, Quebec and Ontario at Bell Aliant Regional Communications Inc. from 2009 to 2014, and from 2005 to 2009, Chief Operating Officer, Quebec, where she led different operational functions, including engineering, field services and customer services. Ms. Bell is a director of Cogeco Inc. and NAV Canada (where for both entities she serves on the audit committee) and a former director Energir Inc./Valener Inc. (where she was chair of the audit committee) and Cominar Real Estate Investment Trust (where she was a member of the audit committee). In addition to these public company memberships, Ms. Bell is director and chair of the audit Committee of the Institute for Governance of Private and Public Organizations (IGOPP) and was previously a director of the Institut National de la Recherche Scientifique (INRS) (where she was chair of the audit Committee from 2009 to 2012). Ms. Bell holds a Bachelor's degree in Industrial Engineering from École Polytechnique de Montréal and a Master of Science degree from the Institut National de la Recherche Scientifique (INRS).

Christie J.B. Clark has more than 30 years experience in the accounting, finance and professional services industries. From 2005 to 2011, he was CEO and Senior Partner of PricewaterhouseCoopers LLP (professional services). Prior to being elected as CEO, Mr. Clark served as National Managing Partner and member of the firm's executive committee from 2001 to 2005. Mr. Clark is a director and chair of the audit committee of Air Canada, Choice Properties Real Estate Investment Trust and Loblaw Companies Limited. In addition to these public company memberships, Mr. Clark is a director and chair of the audit Committee of the Canadian Olympic Committee, the Canadian Olympic Foundation, Own The Podium and the Sunnybrook Hospital Foundation. He is a member of the advisory council of the Stephen J.R. Smith School of Business at Queen's University. Mr. Clark graduated from Queen's University with a Bachelor of Commerce degree and from the University of Toronto with a Master of Business Administration. He is a Fellow of Chartered Professional Accountants of Ontario and former National Academic Director for the Institute of Corporate Director's course entitled "Audit Committee Effectiveness".

Steven L. Newman is a corporate director and has more than 25 years of experience in the energy industry. From March 2010 to February 2015, he was President and CEO and a director of Transocean, Ltd. (oil and gas drilling and exploration). Mr. Newman joined Transocean in 1994 and held various management and operational positions. He served as President and COO from May 2008 until March 2010 when he was appointed President and CEO. In his early career, Mr. Newman was Financial Analyst at Chevron Corporation and Reservoir Engineer at Mobil E&P US. Mr. Newman is a director of Dril-Quip, Inc. (where he is a member of the audit committee), Rubicon Oilfield International Holdings GP, Ltd. (where he is a member of the financial and audit committee) as well as a limited partner of Rubicon Oilfield International Holdings, L.P. Mr. Newman holds a Bachelor of Science degree in Petroleum Engineering from the Colorado School of Mines and a Master of Business Administration from Harvard Graduate School of Business. He is a member of the Society of Petroleum Engineers and the National Association of Corporate Directors.

Jean Raby is the CEO of Natixis Investment Managers (global asset management). He was previously CFO of SFR Group (telecommunications operator) from May to November 2016. Prior to his role at SFR Group, Mr. Raby was Executive Vice-President, Chief Financial and Legal Officer of Alcatel-Lucent S.A. from September 2013 to February 2016. Following the acquisition of Alcatel-Lucent by Nokia Corporation, he served as adviser to the CFO of Nokia from March to April 2016. Mr. Raby has more than 25 years of experience in investment banking, law and finance. Prior to his role at Alcatel-Lucent, he spent 16 years in roles of increasing responsibility at the investment banking division of Goldman Sachs & Co., in Paris, France, where he became Co-CEO of the division in France in 2006 (then CEO in 2009), and in Russia where he became Co-CEO of this company's activities in Russia and the Commonwealth of Independent States in 2011. He retired from Goldman Sachs & Co. at the end of 2012. In his early career, Mr. Raby was a corporate lawyer with the law firm Sullivan & Cromwell in New York (1989-1992) and in Paris (1992-1996). Mr. Raby is a member of the board of Fiera Capital Corporation and a former member of the board of Université Laval. He holds a law degree from Université Laval, a Master of Philosophy in International Relations from University of Cambridge in the U.K., and a Master of Laws from Harvard Law School. Mr. Raby is also a member of the New York State Bar Association.

Auditor's Fees

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditor's independence. The aggregate fees paid, including the Company's pro-rata share of the fees paid by its joint ventures and other investees, for professional services rendered by Deloitte LLP and its affiliates, for the year ended December 31, 2020 and the year ended December 31, 2019, are presented in the following table:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Audit fees (1)	$10,347,148	$12,006,326
Audit-related fees (2)	$1,649,817	$446,477
Tax fees (3)	$1,340,462	$1,123,649
Other fees (4)	$133,906	$99,178
Total (5)	**$13,471,333**	**$13,675,630**

(1) Audit fees include fees for professional services rendered for the audit of the Company's annual financial statements and the review of the Company's quarterly reports. They also include fees for services that generally only the Company's auditor can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions.

(2) Audit-related fees include fees for assurance services that are reasonably related to the audit or review of the financial statements and are not reported under "Audit fees", including special attest services not required by statute or regulation, reporting on the effectiveness of internal controls as required by contract or for business reasons, accounting consultations in connection with various transactions, and the audit of the Company's various pension plans.

(3) Tax fees comprise fees for income, consumption and other tax compliance, advice and planning services relating to domestic and international taxation, review of tax returns and preparation of expatriate employee tax returns.

(4) Other fees include fees for services other than those described under "Audit fees", "Audit-related fees" and "Tax fees".

(5) The aggregate fees paid to Deloitte LLP, irrespective of the Company's proportionate interests in its joint ventures and other investees, totaled $13,818,732 in 2020 and $13,931,697 in 2019.

14. Additional Information

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Management Proxy Circular relating to the May 7, 2020 annual meeting of shareholders of the Company.

Additional financial information, including comparative financial statements for the Company's most recently completed financial year, is contained in the Company's 2020 Management's Discussion and Analysis.

To order paper copies of this Annual Information Form, the most recent Management Proxy Circular, Annual Report and Financial Report, please visit the "Investors" section at **www.snclavalin.com**. These documents are also available on the CSA's website at **www.sedar.com**. Additional information relating to the Company may also be found on SNC-Lavalin's website at **www.snclavalin.com** and on the CSA's website at **www.sedar.com**.

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Schedule "A"

Mandate of the Audit Committee

The Audit Committee is a committee of the Board of Directors of SNC-Lavalin Group Inc. (the "Company") which assists the Board in supervising the Company's financial controls and reporting. The Audit Committee also monitors through reasonable measures whether the Company complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

1. COMPOSITION

The Audit Committee shall be composed of not less than three (3) and not more than seven (7) Directors, all of whom must be "independent" as determined by the Board in compliance with Canadian securities legislation and regulations.

Furthermore, every Committee member must be financially literate or must become financially literate within a reasonable period of time following appointment to the Committee (provided, however, in the latter case, that the Board of Directors determines that the fact that the Committee member is not initially financially literate will not materially adversely affect the ability of the Committee to act independently and fulfill its mandate). An individual is financially literate if he/she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. It is the Board that shall determine whether a Director who is to be appointed as member of the Committee satisfies the above criteria of financial literacy.

At least one (1) member of the Human Resources Committee shall sit on the Audit Committee and vice versa. At least one (1) member of the Safety, Workplace and Project Risk Committee shall sit on the Audit Committee and vice versa.

Audit Committee members may not simultaneously serve on more than three (3) audit committees of public issuers unless the Board determines that such service does not impair the ability of such member to serve effectively on the Committee

Subject to the By-Laws of the Company, the Chair and members of the Committee shall be recommended by the Governance and Ethics Committee and appointed by the Board. The appointment of the Chair of the Committee shall be considered annually by the Governance and Ethics Committee. If desired, a new Chair of the Committee shall be recommended by the Governance and Ethics Committee for appointment by the Board.

So as to promote new membership and ideas on the Committee and, taking into account the regulatory and internal requirements with respect to the personal expertise of the members of the Committee (e.g., financial literacy), a rotation of Committee members will occur ideally within 5 years of their joining the Committee. Upon the recommendation of the Governance and Ethics Committee, the tenure of a Committee member may be extended up to a maximum of 8 years. This rotation should be staggered to ensure continuity from year to year. The Committee shall also develop a succession and rotation plan for the Committee Chair and provide the Governance and Ethics Committee with its recommendation with respect to Chair succession.

2. RESPONSIBILITIES

The duties and responsibilities of the Committee shall include the following:

Primary Accountability

(a) Assist the Board of Directors in the discharge of its responsibilities relating to the Company's accounting policies, reporting practices and internal controls, in compliance with applicable legal and regulatory requirements.

Financial Reporting

(b) Review and recommend approval by the Board before publication of the Company's unaudited quarterly financial statements and accompanying notes and related press release; review the independent auditor's report on its quarterly review.

(c) Review and recommend approval by the Board before publication of the Company's audited annual financial statements and accompanying notes, related press release as well as significant accounting changes and disclosure of issues and review the independent auditor's report on its annual audit.

(d) Review and recommend approval by the Board before publication of the Company's Management's Discussion and Analysis with particular attention to the presentation of unusual or sensitive matters such as disclosure of related party transactions, significant non-recurring events, significant risks, changes in accounting policies, and estimates or reserves, and all significant variances between comparative reporting periods.

(e) Periodically receive reports and assess the adequacy of the procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure documents set out in paragraphs (b), (c) and (d) above.

(f) Review the statement of management's responsibility for the financial statements as signed by senior management and to be included in any published document.

(g) Quarterly review specific financial matters and issues; at least annually review the results of the goodwill impairment testing.

Accounting Policies, Reserves & Tax Matters

(h) Review and discuss the appropriateness of the accounting policies used in the preparation of the Company's financial statements, including an annual review of the key accounting policies and accounting treatments that are particular to the Company, and consider any proposed changes to such policies.

(i) Quarterly review the list of projects that required a policy escalation to the Corporate Controller in determining the project forecast; discuss specific policy escalation to ascertain the risk of potential reversals in the future, as required.

(j) Quarterly review the adequacy of the Company's reserves for litigation, claims or other contingencies and disclosure thereof.

(k) Quarterly review tax assessments that could have a material effect upon the financial position or operating results of the Company, and review appropriateness of related disclosure.

(l) Annually review the tax filing compliance for corporate and employee tax matters.

Controls and Control Deviations / CEO/CFO Certification

(m) Monitor the quality and integrity of the Company's internal controls, disclosure controls and procedures and management information systems, with particular emphasis on accounting and financial controls, recommending changes where appropriate.

(n) Supervise management's reporting on internal controls and disclosure controls and procedures, including: (i) disclosure of significant deficiencies in the design and operation of internal controls, (ii) disclosure of significant changes in internal controls, and (iii) disclosure of fraud involving management or an employee with significant impact on internal controls.

(o) Conduct special investigations, if deemed necessary, having at all times access to personnel, books, records and facilities of the Company.

(p) Review the Chief Executive Officer's ("CEO") and Chief Financial Officer's ("CFO") annual certification plan; receive CEO/CFO certification of interim and annual filings to be made in accordance with National Instrument 52-109; review the results of interim and annual CEO/CFO certification testing.

(q) Monitor the application of the procedures established by the Committee for: (a) the receipt, retention and treatment of complaints or concerns received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. To this end, the Chair of the Ethics and Compliance Committee shall report quarterly to the Committee on: (i) issues, violations or complaints reported to the Company regarding accounting, internal accounting controls, auditing or fraud (as the latter term is defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings), and (ii) all instances where management overrode or departed from prescribed policies and procedures relating to accounting, internal accounting controls, auditing or fraud (as the latter term is defined in Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings), in accordance with the Company's Governance Framework (1I-APO-001).

(r) Receive reports on and review any other items deriving from the foregoing, either in respect of the Company or a subsidiary, as requested by the Board.

<u>Independent Auditor</u>

(s) Formally consider the continuation of, or a change in, the independent auditor and review all issues related to a change of independent auditor, including any differences between the Company and the auditor that relate to the auditor's opinion or a qualification thereof or a comment by the auditor.

(t) Recommend to the Board of Directors an independent auditor, which the Committee shall have established is independent, for approval by the shareholders of the Company; review the annual confirmation of independence provided by independent auditor and engage in dialogue with the independent auditor with respect to any relationships or services that may impact the objectivity and independence of the independent auditor.

(u) Review and approve audit and non-audit services to be provided by the independent auditor and the fees thereof and consider any impact of the provision of any such services on its independence; periodically review and approve the audit/non-audit services policy.

(v) Establish with the independent auditor the Committee's expectations of the independent auditor, including that the independent auditor shall report directly to the Committee and shall be accountable to the Committee and to the Board of Directors as representative of the Company's shareholders, and perform an annual review of the mandate, organization, staffing, qualifications, independence, performance and effectiveness of the independent auditor.

(w) Review and approve the scope and timing of the independent auditor's reviews of the unaudited quarterly financial statements and of its annual audit plan.

(x) Monitor the work of the independent auditor engaged for the purpose of preparing or issuing an independent auditor's report or performing other audit, review or attest services for the Company.

(y) Review with the independent auditor (i) the contents of its annual audit report to the Committee as well as the results of the independent audit, and (ii) the results of its quarterly reviews, and any significant recommendations from the independent auditor to strengthen the internal controls of the Company.

(z) Engage with the independent auditor on an annual discussion on fraud risk.

(aa) Review any significant problems encountered by the independent auditor in performing the audit as well as the contents of any management letter issued by the independent auditor to the Company, and management's response thereto.

(bb) Review any unresolved significant issues between management and the independent auditor that could affect the financial reporting or internal controls of the Company.

(cc) Resolve any disagreements between management and the independent auditor regarding financial reporting.

(dd) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor of the Company (see Attachment A hereto).

(ee) Monitor that the requirements regarding the rotation of applicable partners of the independent auditor are completed, as required.

Internal Audit Function

(ff) Annually review and approve the charter, nature, scope of work and budget of the Internal Audit function as well as the annual audit plan and ensure that the Internal Audit function has the necessary resources to fulfill its mandate and responsibilities.

(gg) Quarterly review the audit plan status, including a progress report on the Internal Audit mandates and a follow-up on current, outstanding and past due recommendations.

(hh) Quarterly review Internal Audit reports' conclusion and summary of findings as issued.

(ii) Monitor the independence of the Internal Audit function, including by requiring that the function be free of any influence that could adversely affect its ability to objectively assume its responsibilities, by ensuring that it reports directly to the Committee and is accountable to the Committee and to the Board, and by meeting regularly with the Vice-President, Internal Audit without management being present in order to discuss, among others, the questions he/she raises regarding the relationship between the Internal Audit function and management and access to the information required.

(jj) Review succession plan for internal auditor as recommended by management.

(kk) Approve the appointment and dismissal of the Vice-President, Internal Audit as well as approve his/her performance evaluation and compensation.

(ll) Upon the recommendation of the CEO, approve the appointment and dismissal of the CFO as well as approve his/her performance evaluation.

Other Responsibilities and Issues

(mm) Review reports on significant litigation matters and material developments thereto.

(nn) Review and recommend approval by the Board of the Company's Disclosure and Insider Trading Policy which addresses the disclosure of financial results, declarations of dividends and material change information to its shareholders, the securities commissions, the Toronto Stock Exchange, financial analysts and stockbrokers and the general public; periodically review such Policy in light of applicable legal and regulatory requirements and make recommendations to the Board regarding any required changes; adopt and periodically review the Disclosure Committee charter as required and make recommendations to the Board regarding any required changes.

(oo) Review of treasury policy and portfolio; receive reports on the Company's credit rating and liquidity status.

(pp) Meet periodically with the General Counsel and Chief Integrity Officer to monitor compliance with finance-related legal and regulatory requirements.

(qq) Annually review a report on the Company's overall insurance coverage, including captive and directors' and officers' (D&O), review such report and make recommendations to the Board regarding any required changes.

(rr) Discuss management's views on the use of consistency of calculation of financial non-GAAP measures.

(ss) Periodically discuss earnings guidance with management, if applicable.

(tt) Reviewing all related party transactions in accordance with International Financial Reporting Standards (IFRS) and applicable laws and regulations.

3. ORGANIZATION AND PROCEDURES

(a) Members of the Committee are appointed and removed by the Board.

(b) Meetings of the Committee shall be held at least quarterly and more frequently as required. The Chair of the Committee, the President and Chief Executive Officer, the Chair of the Board, the Chief Financial Officer, the Vice-President, Internal Audit, the independent auditor or any member of the Committee may request a meeting of the Committee. At each of the regularly scheduled meetings and special meetings of the Committee, an in camera session of the independent Directors shall be held.

(c) The Chair of the Committee shall develop the agenda for each meeting of the Committee in consultation with the President and Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The agenda and appropriate material shall be provided to the members of the Committee in a timely manner prior to any meeting of the Committee.

(d) The Chief Financial Officer, the Vice-President, Internal Audit and the independent auditor shall have direct access to the Committee. They shall receive notice of and be invited to attend all meetings of the Committee, if they choose to, as non-voting participants.

(e) The President and Chief Executive Officer and the Chair of the Board shall have direct access to the Committee. They shall receive notice of and be invited to attend all meetings of the Committee as non-voting participants.

(f) The independent auditor, the Vice-President, Internal Audit and the Chief Financial Officer shall each meet separately, in camera with the Committee, at least quarterly.

(g) The Committee has the authority to communicate directly with the independent auditor, the Vice-President, Internal Audit and the Chief Financial Officer, and may also communicate directly with any employee of the Company, as it deems necessary.

(h) The Chair of the Committee shall preside at Committee meetings; in his/her absence, an alternate may be elected by the Committee.

(i) A majority of the members of the Committee constitute a quorum.

(j) The Corporate Secretary or, in the case where he/she is unable to attend, the Assistant Corporate Secretary, shall act as Secretary of the meeting.

(k) The proceedings of the Committee shall be conducted in accordance with the By-Laws of the Company.

(l) All minutes of Committee meetings will be forwarded by the Corporate Secretary to each Committee member in a timely manner.

(m) The Chair of the Committee shall report to the Board at the next regularly scheduled Board meeting following a Committee meeting with respect to its activities and with such recommendations as are deemed desirable in the circumstances.

(n) The Committee will require the assistance of Company resources to research, investigate and report on matters within the Committee's responsibilities. The Chief Financial Officer may, if he/she deems it necessary, appoint a member of management to be the prime interface, and to coordinate the Committee’s information requirements.

(o) The Committee may from time to time and in appropriate circumstances, normally but not necessarily in consultation with the Chair of the Board and the President and Chief Executive Officer, engage outside advisors at the expense of the Company to research, investigate and report on matters within the Committee’s responsibilities, approve their retention terms, supervise their work and set their compensation.

(p) The Committee will annually review its mandate to ensure it continues to be appropriate, establish its annual working plan and make recommendations thereon to the Board as required.

(q) The Committee will annually assess its performance and that of its members and make recommendations thereon to the Governance and Ethics Committee as required.

Nothing contained in this mandate shall expand applicable standards of conduct or other obligations under any law or regulation for the Directors of the Company or the members of the Committee.

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ATTACHMENT "A"

(to the Mandate of the Company's Audit Committee)

Policy for the Hiring of Employees and Former Employees of Present and Former Independent Auditor of the Company

The Company and its subsidiaries shall not retain the services as an officer, employee or consultant in a position to influence the preparation of the Company 's financial statements of any person if he/she or any member of his/her immediate family is participating on the engagement team of any firm that is acting as the independent auditor of the Company or any of its subsidiaries.

The same prohibition applies with respect to any person if he/she or any member of his/her immediate family previously participated on the engagement team of any firm that is so acting or has so acted, unless a period of at least one (1) year has elapsed from the date on which the financial statements audited by the engagement team were last filed with any regulatory authority.

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