



SNC • LAVALIN

SNC-LAVALIN GROUP INC.

ANNUAL INFORMATION FORM

Year Ended December 31, 2015

March 2, 2016

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1. CORPORATE STRUCTURE

1.1 INCORPORATION OF THE CORPORATION

SNC-Lavalin Group Inc. (the “**Corporation**”) was incorporated under the laws of Canada on May 18, 1967 and was continued under the *Canada Business Corporations Act* (“**CBCA**”) on March 24, 1980. The articles of the Corporation 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 $\frac{2}{3}$ of the directors must not be employees of the Corporation or its affiliates and the re-designation of its class A subordinate voting shares as common shares.

On March 8, 2013, the Board of Directors of the Corporation adopted a resolution to amend the articles of the Corporation so as 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 $\frac{1}{3}$ of the number of directors elected at the previous annual meeting of shareholders, in accordance with Section 106(8) of the CBCA. The shareholders of the Corporation adopted a special resolution on the matter at the Annual and Special Meeting of Shareholders held on May 2, 2013.

The Corporation’s head and registered office is located at 455 René-Lévesque Boulevard West, Montreal, Quebec, Canada H2Z 1Z3.

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

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 Corporation participates, their jurisdiction of incorporation (Canada or any of the provinces or territories, unless otherwise indicated) and the percentage of voting shares beneficially owned, or 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%	◊
Candu Energy Inc. (Canada)	100%	•
Crosslinx Transit Solutions Constructors G.P. (Alberta)	25%	◊
Evergreen Rapid Transit Holdings Inc. (Alberta)	100%	•
Infrastructure Famille Santé Inc. (Canada)	100%	•
Interfleet Technology Limited (U.K.)	100%	•
Itansuca Proyectos de Ingenieria S.A. (Colombia)	100%	•
JV Vault (Canada)	50%	◊
Kentz Corporation Limited (Channel Islands)	100%	•
MDH Engineered Solutions Corp. (Saskatchewan)	100%	•
P.T. SNC-Lavalin TPS (Indonesia)	95%	•
S.A. SNC-Lavalin N.V. (Belgium)	100%	•
Signature on the Saint Lawrence Construction G.P. (Quebec)	50%	◊
SLN-Aecon JV (Canada)	50%	◊
SNC-Lavalin (Malaysia) Sdn. Bhd. (Malaysia)	100%	•
SNC-Lavalin Aéroports S.A.S.U. (France)	100%	•
SNC-Lavalin Algérie EURL (Algeria)	100%	•
SNC-Lavalin Arabia LLC (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 S.A. (Chile)	100%	•
SNC-Lavalin Construction (Atlantic) Inc. (Canada)	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) Limited (England)	100%	•
SNC-Lavalin GEM Ontario Inc. (Ontario)	100%	•
SNC-Lavalin GEM Québec Inc. (Quebec)	100%	•
SNC-Lavalin Gulf Contractors LLC (United Arab Emirates)	49%	◊
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 Major Projects Inc. (Canada)	100%	•
SNC-Lavalin Nuclear Inc. (Canada)	100%	•
SNC-Lavalin O&M Solutions Inc. (Canada)	100%	•
SNC-Lavalin Operations & Maintenance Inc. (Canada)	100%	•
SNC-Lavalin Perú S.A. (Peru)	100%	•
SNC-Lavalin Polska Sp. Zo.o. (Poland)	100%	•
SNC-Lavalin Projetos Industriais Ltda (Brazil)	100%	•

Subsidiaries, Joint Arrangements and Associates (continued)	Percentage of voting securities held	
SNC-Lavalin Romania S.A. (Romania)	100%	•
SNC-Lavalin S.A.S. (France)	100%	•
SNC-Lavalin (Proprietary) Limited (South Africa)	100%	•
SNC-Lavalin Stavibel Inc. (Canada)	100%	•
SNC-Lavalin UK Limited (United Kingdom)	100%	•
The SNC-Lavalin Corporation (Delaware)	100%	•
UGL Kentz Joint Venture (Australia)	50%	◊
Valerus Field Solutions Holdings LLC (Delaware)	100%	•

Capital Investments

407 East Development Group General Partnership (Ontario)	50%	♣
407 International Inc. (Ontario)	16.77%	♣
Astoria Project Partners II LLC (New York)	6.2271%	♣
Chinook Roads Partnership (Alberta)	50%	♣
Crosslinx Transit Solutions General Partnership (Alberta)	25%	♣
Groupe infrastructure santé McGill, S.E.N.C. (Quebec)	60%	♣
InPower BC General Partnership (British Columbia)	100%	♣
InTransit BC Limited Partnership (British Columbia)	33.3%	♣
Malta International Airport p.l.c. (Malta)	15.5%	♣
Myah Tipaza S.p.A. (Algeria)	25.5%	♣
Okanagan Lake Concession Limited Partnership (British Columbia)	100%	♣
Rainbow Hospital Partnership (New Brunswick)	100%	♣
Rayalseema Expressway Private Limited (India)	36.9%	♣
Rideau Transit Group Partnership (Canada)	40%	♣
Shariket Kahraba Hadjret En Nouss S.p.A. (Algeria)	26%	♣
Signature on the Saint-Laurent Group G.P. (Quebec)	50%	♣
Société d'Exploitation de l'Aéroport de Mayotte S.A.S. (France)	100%	♣
TC Dôme S.A.S. (France)	51%	♣

- Subsidiary
- ◊ Associate
- ♣ Investment entity
- ◊ Joint Arrangement

2. GENERAL DEVELOPMENT OF THE BUSINESS

The highlights relating to the development of the Corporation's business over the past three (3) years are described below.

2015

Changes in CEO and Reporting Structure

On October 5, 2015, Neil Bruce, formerly Chief Operating Officer ("COO"), was named President and Chief Executive Officer ("CEO") and a member of the Board of Directors, succeeding Robert G. Card. Following Neil Bruce's appointment as CEO, the position of COO has been eliminated from the Company's reporting structure.

In 2015, the role of the Executive Vice-President and General Counsel was expanded to oversee both the Legal and Ethics & Compliance functions.

As at December 31, 2015, the Company's leadership team, reporting to the CEO, is composed of:

- Operations:
 - Christian Brown, President, Oil & Gas;
 - Ian Edwards, President, Infrastructure;
 - José J. Suárez, President, Mining & Metallurgy;
 - Alexander (Sandy) Taylor, President, Power.
- Capital:
 - Chantal Sorel, Managing Director, Capital.
- Functions:
 - Dale Clarke, Executive Vice-President, Integrated Management Systems;
 - Marie-Claude Dumas, Executive Vice-President, Global Human Resources;
 - Hartland J. A. Paterson, Executive Vice-President and General Counsel;
 - Alain-Pierre Raynaud, Executive Vice-President and Chief Financial Officer;
 - Erik J. Ryan, Executive Vice-President, Marketing, Strategy and External Relations.

Changes to the Board of Directors

On November 5, 2015, the Corporation announced the appointment of two new Board members, Steven L. Newman and Jean Raby:

- Mr. Newman brings more than 25 years of experience in the energy industry. From 2010 to 2015, he was President and CEO of Transocean Ltd., the world's largest offshore contract driller. Mr. Newman is also a Board member of Bumi Armada Berhad, a Malaysia-based international oilfield services, and Dril-Quip Inc., a leading manufacturer of highly engineered products for the offshore oil and gas industry;
- Mr. Raby brings more than 25 years of experience in investment banking, law and finance. Since 2013, he has been the Executive Vice-President, Chief Financial and Legal Officer of Alcatel-Lucent SA. Prior to his role at Alcatel-Lucent SA, he spent 16 years in roles of increasing responsibility at the investment banking division of Goldman Sachs & Co., in Paris, France, where he notably became co-CEO of the division in France in 2006 (then CEO in 2009), and then in 2011 co-CEO of Goldman Sachs' activities in Russia and the Commonwealth of Independent States.

Restructuring and Right-Sizing Plan

In 2015, the Company successfully completed its previously announced “STEP Change” program. This program has delivered increased competitiveness and agility, as well as identified a significant number of cost reduction initiatives. It has also aligned our organization with market conditions. For the year ended December 31, 2015, the Company recorded a total of CA\$87.7 million after taxes (CA\$116.4 million before taxes) of charges relating to its restructuring and right-sizing plan, including the “STEP Change” program, which is CA\$7 million after taxes less than previously announced.

Addition of Capital Investments and Disposals of Ownership Interests in Capital

In June 2015, the Corporation announced that the consortium Signature on the Saint-Laurent Group (“**SSL**”), of which SNC-Lavalin is a 50% partner, finalized an agreement with the Government of Canada to design, build, finance and maintain the New Champlain Bridge Corridor project. SSL will operate and maintain the bridge for the duration of the concession period until 2049.

In July 2015, the Corporation announced that the consortium Crosslinx Transit Solutions General Partnership, of which SNC-Lavalin is a 25% partner, finalized an agreement on the Eglinton Crosstown Light Rail Transit project (the “**Eglinton Crosstown**”) in Toronto, Canada. Under the project agreement, Crosslinx Transit Solutions General Partnership will provide the design, build, financing and 30-year maintenance and rehabilitation of the Eglinton Crosstown.

On September 30, 2015, the Company announced that it exercised its option to divest its 5% ownership interest and the balance of its loans in the Ambatovy Nickel Joint Venture Project to Sumitomo Corporation, an existing partner, for a cash consideration of US\$449.7 million (CA\$600.7 million).

Subsequent to year-end, on February 1, 2016, SNC-Lavalin announced that it has reached an agreement to sell its indirect ownership interest in SNC-Lavalin (Malta) Limited (“**SNCL Malta**”) to an affiliate of Flughafen Wien AG for cash consideration of approximately €63 million (approximately CA\$96 million), pending the satisfaction of certain closing conditions by both parties and subject to working capital adjustments. SNCL Malta is the indirect owner of the Company’s 15.5% ownership interest in Malta International Airport p.l.c.

2014

Business Acquisition

On June 23, 2014, in line with its strategy, the Corporation announced that it reached an agreement with Kentz Corporation Limited (“**Kentz**”), approved by the boards of directors of both companies, on the terms of a cash acquisition by which the entire ordinary share capital of Kentz, issued and to be issued, was to be acquired by SNC-Lavalin (the “**Acquisition**”) for a consideration estimated at approximately £1.2 billion (CA\$2.1 billion). Kentz is a global oil & gas services company. On August 22, 2014, the Corporation announced that it had completed the Acquisition.

Addition of Capital Investments and Disposals of Ownership Interests in Capital

In February 2014, the Corporation announced that InPower BC General Partnership, its wholly-owned subsidiary, signed an agreement with BC Hydro to design, build, partially finance, maintain and rehabilitate the John Hart Generating Replacement Facility, in Canada, under a 20-year contract. The wholly-owned subsidiary is an investment accounted for by the full consolidation method.

On May 1, 2014, SNC-Lavalin announced that it had entered into a binding agreement to sell 100% of its interest in AltaLink Holdings, L.P. (“**AHLP**”), the ultimate parent company of AltaLink, L.P. (together with other related holding entities referred to as “**AltaLink**”), the owner and operator of transmission lines and substations subject to rate regulation in Alberta, to Berkshire Hathaway Energy. On December 1, 2014, SNC-Lavalin completed the sale transaction. The total cash consideration received amounted to CA\$3.1 billion.

On September 30, 2014, SNC-Lavalin sold for a total consideration of CA\$77.6 million its 100% ownership interest in Ovation which principal activity was to build, operate and maintain an acoustic concert hall in Montreal, Canada. SNC-Lavalin will continue to provide operations and maintenance services for this acoustic concert hall and its new owner until 2038.

On October 15, 2014, SNC-Lavalin announced that it sold its 21% ownership interest in Astoria Project Partners LLC ("**Astoria**"), the owner of the legal entity that owns and operates a gas-fired combined-cycle power plant in New York City. The total cash consideration received amounted to US\$93.5 million (CA\$104.9 million).

Other Announcement

On November 6, 2014, the Corporation announced that it was going to take a number of steps to restructure and right-size certain areas of its business as it continues to execute its five-year strategic plan to build a global Tier-1 engineering and construction firm. At that time, SNC-Lavalin expected to incur charges over a period of 18 months of approximately CA\$200 million after taxes to scale back certain underperforming activities and adjust, consolidate and streamline some of its operations and corporate structure to improve efficiency, effectiveness and competitive positioning. Over the same period, the Corporation also expected to record approximately CA\$100 million after taxes of non-cash charges.

2013

Addition of Capital Investments

In February 2013, the Corporation announced that the Rideau Transit Group Partnership, a consortium of which SNC-Lavalin is a partner at 40%, finalized an agreement with the City of Ottawa to design, build, finance and maintain the Confederation Line, the city's first-ever light rail transit system. The Rideau Transit Group Partnership is responsible for the construction of 12.5 km of guideway, 10 above-ground stations, three underground stations and a 2.5-km tunnel beneath the downtown core. The consortium will also widen a portion of Highway 417, supply the light rail transit vehicles, build a maintenance and storage facility, and provide ongoing maintenance of the system for a 30-year period. The Corporation committed to invest an amount of CA\$30 million in equity.

Decreased Ownership Interest in Capital

In December 2013, SNC-Lavalin announced it reached financial close on the sale of 66% of its ownership interest in Astoria Project Partners II LLC ("**Astoria II**"), the owner of the legal entity that owns and operates the Astoria II power plant in New York City, for an agreed price of US\$82.4 million (CA\$87.6 million), resulting in net cash proceeds of CA\$86.3 million after certain adjustments. Prior to financial close, SNC-Lavalin had an 18.5% ownership interest in Astoria II. This transaction resulted in the recognition of a gain before taxes of CA\$73.0 million (gain net of taxes of CA\$36.2 million) in the consolidated income statement from the partial disposal of this investment, including the gain on remeasurement at fair value of the Corporation's remaining ownership interest upon the loss of significant influence on this investment.

3. DESCRIPTION OF THE BUSINESS

3.1 GENERAL

Founded in 1911, SNC-Lavalin is one of the leading engineering and construction groups in the world and a major player in the ownership of infrastructure. From offices in over 50 countries, SNC-Lavalin's employees are proud to build what matters. Our teams provide engineering, procurement and construction services to clients in a variety of industry sectors, including Oil & Gas, Mining and Metallurgy, Infrastructure and Power. SNC-Lavalin can also combine these services with its financing and operations and maintenance ("O&M") capabilities to provide complete end-to-end project solutions.

The Corporation reports its results separately for **Engineering and Construction** and **Capital**, as described below.

Engineering & Construction ("E&C")

SNC-Lavalin provides engineering services, feasibility studies, planning, detailed design, contractor evaluation and selection, project and construction management, and commissioning. Certain contracts also include materials and/or multi-disciplinary construction services, namely provision of structural mechanical, electrical, instrumentation and piping services. The Corporation might also be responsible for not only rendering professional and technical services, but also to undertake the responsibility for supplying materials and providing or fabricating equipment, and could also include construction activities. In addition, SNC-Lavalin offers O&M services for many infrastructures, such as highways, buildings, light rail transit systems and power plants, and logistics solutions for construction camps and the military.

Contracts that provide for engineering, procurement and construction management 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, E&C revenues are derived primarily from two major types of contracts: reimbursable contracts and fixed-price contracts.

- **Reimbursable contracts:** Under reimbursable contracts, the Company charges the customer for the actual cost incurred plus a mark-up that could take various forms such as a fixed-fee per unit, a percentage of costs incurred or an incentive fee based on achieving certain targets, performance factors or contractual milestones. Reimbursable contracts also include unit-rate contracts for which a fixed amount per quantity is charged to the customer, and reimbursable contracts with a cap.
- **Fixed-price contracts:** Under fixed-price contracts, the Company completes the work required for the project at a lump-sum price. Before entering into such contracts, the Company estimates the total cost of the project, plus a profit margin. The Company's actual profit margin may vary based on its ability to achieve the project requirements at or below the initial estimated costs.

Capital

Capital is the investment and asset management arm of SNC-Lavalin. Its main purpose is to invest equity or subordinated debt into projects to generate integrated/whole-lifecycle engineering, construction, operations and maintenance revenues. All investments are structured to earn a return on capital adequate for the risk profile of each individual project. SNC-Lavalin makes capital investments in certain infrastructure for public services such as airports, bridges, cultural and public service buildings, highways, mass transit systems, power and water treatment facilities.

The table below details the revenues for E&C and Capital for each of the two (2) most recently completed financial years:

YEAR ENDED DECEMBER 31 (IN THOUSANDS OF CANADIAN DOLLARS)	2015	2014
Revenues		
From E&C	\$9,363,508	\$7,334,676
From Capital	223,446	904,086
	\$9,586,954	\$8,238,762

The Corporation's results are analyzed by segment. The segments regroup related activities within SNC-Lavalin **consistent with the way management performance is evaluated.**

In the first quarter of 2015, the Corporation revised its reportable segments to reflect a change made to its internal reporting structure and retrospectively reclassified the Environment & Water sub-segment included in the previously named Resources, Environment and Water segment to the Infrastructure & Construction sub-segment included in the Infrastructure segment. In addition, in April 2015, the Corporation announced certain organizational changes in order to further align its business structure with its markets. This reorganization resulted in certain changes in the way activities are regrouped and reportable segments are presented and analyzed. As such, the Corporation's reportable segments are now i) **Mining & Metallurgy**; ii) **Oil & Gas**; iii) **Power**; iv) **Infrastructure**; and v) **Capital**.

The description of each of the segment and related sub-segments is as follows:

Mining & Metallurgy combines global-caliber expertise with deep local capabilities to provide tailored solutions for projects of any size, scope or complexity in the aluminium, gold, copper, iron ore, nickel, fertilizers and sulphur product sectors, among others. It includes a full range of activities and services in studies, sustaining capital and consulting, and major projects.

Oil & Gas includes projects in the upstream, midstream, downstream (and supporting infrastructure) sectors for major oil and gas and resources companies, supporting these clients operating across the asset lifecycle from front end evaluation through decommissioning (capital expenditures and operational expenditures). Consistent with the way the Corporation's performance is evaluated, the Oil & Gas segment includes all projects executed by Kentz at the time of its acquisition by the Corporation in August 2014.

Power includes projects and services in hydro, nuclear and thermal power generation, renewable power generation, energy from waste, and electrical transmission and distribution systems.

Infrastructure includes the following:

- **Infrastructure & Construction** includes projects in a broad range of sectors, including hospitals, mass transit, heavy rail, roads, bridges, airports, ports and harbours, facilities architecture and engineering (structural, mechanical, electrical), industrial (pharmaceutical, agrifood, life sciences, automation, industrial processes), geotechnical engineering and materials testing as well as water infrastructure and treatment facilities. In addition, Infrastructure & Construction includes engineering activities in the areas of acoustics, air quality and climate change, impact assessments and community engagement, geo-environmental services, site assessments and remediation, risk assessments and water resource management.

- **O&M** activities are provided to clients in the following lines of business:
 - Integrated Real Estate Solutions: includes all aspects of building operations and management, realty management, advisory services, project delivery and commissioning, energy management and sustainability initiatives, and program management;
 - Industrial: includes specialized expertise to oversee the O&M of assets such as turbines, steam generators, boilers, water supply and treatment systems, oil and gas facilities, electrical systems, mechanical systems and manufacturing installations;
 - Transportation: includes operations, maintenance and rehabilitation management for large infrastructure assets including airports, public transit systems, highways, bridges and tunnels; and
 - Defence & Logistics: includes support to Canada's Navy, servicing many different types of vessels, from research and defence boats to tugs and many other classes of ships, and also includes support to Canada's Armed Forces, strategic airlift as well as large mining, metallurgy, petrochemical, and oil and gas operations by building and maintaining remote accommodations and living facilities around the world.

SNC-Lavalin's expertise in O&M activities, in addition to obtaining stand-alone O&M contracts, allows the Company to expand on its Engineering & Construction and Capital investments activities by offering all-inclusive expertise that meets clients' needs, and complements its Capital investments.

Capital as described above.

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 Corporation 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 E&C segment are principally: AECOM, AMEC Foster Wheeler, The Bechtel Group Inc., Fluor Corporation, Hatch Ltd, Jacobs Engineering Group Inc., Technip S.A. and Worley Parsons Ltd. Companies that compete within our O&M sub-segment are principally: Aker Solutions, Atco Group, Brookfield Global Integrated Solutions, Bombardier Inc., Carillion, CBRE Group Inc., Jones Lang LaSalle, Keolis, PTI Group Inc., Serco, Transfield Services and Veolia. Companies that compete with our Capital segment are principally: Acciona S.A., Aecon Group Inc., Bechtel, Cintra (Ferrovia), Fluor Corporation, Kiewit, Iridium (ACS), Odebrecht, Samsung Engineering Co. Ltd., Skanska, and Vinci Concessions.

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

Clients of engineering-construction firms in Canada range from small to large industrial companies and Crown corporations to municipal, provincial and federal governments. 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 Corporation 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 over 50 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, 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 Corporation's most recent Management's Discussion and Analysis, under the heading "Revenue Backlog" which discussion is incorporated herein by reference. The Corporation's most recent Management's Discussion and Analysis is available on SEDAR at www.sedar.com and on the Corporation'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 Corporation's most recent Management's Discussion and Analysis under the heading "Risks and Uncertainties" which discussion is incorporated herein by reference. The Corporation's most recent Management's Discussion and Analysis is available on SEDAR at www.sedar.com and on the Corporation's website at www.snclavalin.com under the "Investors" section.

3.4 HUMAN RESOURCES

The table below shows the approximate number of employees in the SNC-Lavalin group of companies:

Number of employees as at December 31	2015	2014	2013
Total	36,754	42,003	29,700

The number of employees varies depending on the number and nature of ongoing projects, acquisitions, divestitures and restructuring initiatives.

3.5 THE VALUES THAT GUIDE US

Our values keep us anchored and on track. They speak to how we run our business, how we express ourselves as a group, and how we engage with our stakeholders and inspire their trust. Our values reiterate SNC-Lavalin's commitment to teamwork and excellence, health, safety, security and environment, ethics and compliance, and customer focus, strong investor return and respect. The "Values that guide us" have become the framework for ongoing corporate sectors and individual business unit initiatives and programs in support of each of these values. Our executive officers ensure continuity in our corporate programs and the development of new ones to maintain a high level of awareness throughout the Corporation of the importance of "living" these core values.

Teamwork and Excellence

SNC-Lavalin fosters a climate where employees can thrive, develop and achieve their full potential and makes every effort to ensure policies, programs and structures are in place to safeguard the health, safety and security of its employees.

To enable and support that aspiration, the Corporation provides employees with a work environment that:

- Prohibits harassment, discrimination and any form of violence;
- Promotes diversity and equal opportunity;
- Fosters mutual trust and respect at all levels of the organization;
- Enables employees to report misconduct without fear of retaliation; and
- Provides employees with the opportunity to develop their potential.

In addition, the Corporation is committed to offering:

- Market competitive employment conditions in line with the roles and responsibilities inherent to each position and tailored to reflect the social and legal reality of every region where the Corporation does business;
- Tools and processes allowing employees to receive the appropriate feedback on their performance, express their career aspirations, have clarity as to what is expected of them and discuss development plans and opportunities with their manager; and
- Internal mobility opportunities as they are fundamental to sustaining and enhancing employee performance and engagement.

Health, Safety, Security and Environment

SNC-Lavalin is committed to the health, safety and security of our people and the prevention of harm to the environment as a result of our projects and operations.

SNC-Lavalin has a Global Health, Safety, Security and Environment Policy ("**HSSE**") that sets the tone for any work we undertake. The Corporation also has strategies and tools to ensure that this policy is implemented in all its activities across the globe. The policy is based on the principles of visible safety leadership, creating secure working conditions and respect for the environment at all levels. From these basic commitments a series of tools have been developed, which include the implementation of our global health and safety and environmental management systems.

SNC-Lavalin's HSSE management processes are risk-based, systematic, and responsive to change. This strategy is designed to mitigate and reduce risks which may exploit SNC-Lavalin's vulnerabilities, cause harm to employees, loss of or damage to assets, attack SNC-Lavalin's reputation and/or impact its digital information.

Identification and assessment of HSSE risks is accomplished by having all business sectors perform comprehensive risk assessments to ensure all hazards are identified, assessed and evaluated to effectively eliminate and/or control risk levels. For risk assessment purposes, SNC-Lavalin has developed corporate H&S, S and E Risk Matrices, used to determine risk levels. All SNC-Lavalin controlled sites use them as a part of their HSSE Risk Management process.

Our executive officers receive monthly reports including statistics and data relating to the HSSE performance throughout the Corporation. In 2015, the implementation of the health, safety, security and environmental programs and the Company's HSSE performance against these programs was monitored and reviewed by the Safety, Workplace and Project Risk Committee of the Board of Directors which met four (4) times during the year.

Ethics and Compliance

SNC-Lavalin is committed to ethics excellence and has a best in class compliance program implemented that includes a number of measures aimed at verifying standards of conduct through certification of training, and strengthening internal controls and processes. We will continue to review and improve our compliance environment as part of our promise to our stakeholders to be a Company that operates with the highest ethical standards.

SNC-Lavalin has established a dedicated team of professionals whose mandate is to develop and maintain a comprehensive ethics and compliance framework that impacts all of our activities. Compliance officers were appointed for each sector and for each region in which SNC-Lavalin operates. An internal compliance investigations team was also constituted.

SNC-Lavalin's Code of Ethics and Business Conduct is made available in eleven (11) 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.

In-person anti-corruption training is being provided globally to employees in "sensitive roles", comprising all executive, senior and general management functions, as well as all staff in business development, procurement, project management, general management and government relations.

SNC-Lavalin has established a confidential hotline operated by an external service provider that allows employees anywhere in the world to report potential violations of SNC-Lavalin's Code of Ethics and Business Conduct or any other potential violation of Company policy or the law without fear of retaliation.

Employees seeking information or advice on how to address ethics and compliance and anti-corruption matters that arise in the course of business can consult with the Compliance Consultation Centre.

SNC-Lavalin's Human Resources Department has established mechanisms for conducting due diligence on new hires and appointees to the Management Committee and its leadership team by retaining the services of credible, independent service providers.

Customer Focus, Strong Investor Return and Respect

SNC-Lavalin's business exists to serve and add long-term value to our customers' organizations. We listen and respond to their feedback, and are grateful for their contribution to SNC-Lavalin's continuing success. We strive to complete projects on time and budget and with the highest health and safety standards, forming strong partnerships across the globe.

We seek to reward our investors' trust by delivering competitive returns. SNC-Lavalin is committed to continual improvement with a strong focus on efficiency, agility and operational excellence. By constantly working to improve our delivery performance and market responsiveness, we aim to offer our investors a strong return on their investments.

We consistently demonstrate respect toward our stakeholders. Whether we are earning a social license to operate, conducting our business in an environmentally responsible manner, or ensuring the well-being of our employees and partners, the interests of our stakeholders is always paramount in all of our operations from beginning to end.

4. DIVIDENDS

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 (3) fiscal years, SNC-Lavalin has declared and paid the following quarterly dividends per common share:

	Q1 (\$)	Q2 (\$)	Q3 (\$)	Q4 (\$)	Annual (\$)
2015	0.25	0.25	0.25	0.26	1.01
2014	0.24	0.24	0.24	0.25	0.97
2013	0.23	0.23	0.23	0.24	0.93

5. CAPITAL STRUCTURE

General Description

The Corporation'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. Only common shares are currently outstanding.

The following summarizes certain provisions relating to the Corporation'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

Dividend: The holders of the Corporation'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 Corporation's assets subject to the prior rights of First Preferred Shares and Second Preferred Shares.

First Preferred Shares

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

Dividend: 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:Dividend:

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 Corporation for an amount paid on the shares and all accrued unpaid dividends.

Second Preferred Shares

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

Dividend: Priority over all other classes of shares except 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 First Preferred Shares.

Credit Ratings

The following table shows the ratings for the Corporation's outstanding long-term debt securities as at March 2, 2016.

	Standard & Poor's Ratings Services (" S&P ")		DBRS Limited (" DBRS ")	
	Rating	Outlook	Rating	Trend
Long-Term Debt (i.e. \$350 million, 6.19% debenture due in July 2019)	BBB	Negative	BBB	Stable

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.

S&P

On February 19, 2015, S&P revised the Corporation's outlook to negative from stable while affirming the ratings of the Corporation and its long-term debt at "BBB" following charges of fraud and corruption being laid by the Public Prosecution Service of Canada against the Corporation and two (2) of its subsidiaries. The negative outlook reflects S&P's concern as to the extent and magnitude that the Corporation's competitive position will be affected following the charges being laid. It also incorporates S&P's view that resources and management attention will be used to address the charges, which may impact the Corporation's operations. However S&P continues to expect the Corporation will maintain strong liquidity over the next 18 months and that net cash will exceed recourse debt preserving the financial flexibility to manage possible financial penalties. The Corporation retains its investment grade status from S&P.

Long-term debt obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. This rating falls within the fourth 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 negative outlook means that a rating may be lowered. An outlook is not necessarily a precursor of a rating change or future CreditWatch action.

DBRS

On February 19, 2015, DBRS issued a press release to comment on Public Prosecution Service of Canada's charges against the Corporation and two (2) of its subsidiaries. DBRS believes no rating action is warranted in view that there is limited near-term impact on the Corporation, the legal process could be lengthy and the outcome is highly uncertain. On September 8, 2015, DBRS confirmed the ratings of the Corporation and its long-term debt at "BBB" with stable trend. In confirming the ratings, DBRS recognizes the Corporation's progress in completing almost all challenging legacy projects (accounting for only 1.8% of backlog at June 30, 2015) and executing the sale of AltaLink and the Kentz acquisition, which together have materially enhanced the Corporation's scale and execution capability in the oil and gas sector without material increase in recourse debt. The Corporation retains its investment grade status from DBRS.

Long-term debt rated "BBB" is of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable but may be vulnerable to future events. This rating falls within the fourth highest of DBRS's 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's rating trends provide guidance in respect of DBRS's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – "Positive", "Stable" or "Negative". DBRS's 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. DBRS's stable trend reflects that the Corporation's rating is likely to remain unchanged.

Credit ratings established by S&P and DBRS are based on quantitative and qualitative considerations relevant to the Corporation. The credit ratings are intended to indicate the risk that the Corporation 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 (2) years, the Corporation paid customary rating fees to S&P and DBRS in connection with the above-mentioned ratings. The Corporation reasonably expects that such payments will continue to be made in the future. In addition, during the last two (2) years, the Corporation has, in the ordinary course of business, made payments to S&P and DBRS in respect of other services provided to the Corporation.

6. MARKET FOR SECURITIES

Market

The common shares of the Corporation are listed for trading on the Toronto Stock Exchange (“TSX”) under the symbol “SNC”. The Corporation’s common shares are included in the S&P/TSX Composite Index as well as the S&P/TSX Industrials Index, S&P/TSX 60 Index and the S&P/TSX Canadian Dividend Aristocrats Index.

Trading Price and Volume

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

2015	Volume (in 000s)	High*	Low*	Close
January	15,913	44.94	40.52	42.05
February	16,891	45.00	38.34	39.34
March	28,179	41.68	36.24	39.33
April	12,840	44.37	39.02	43.50
May	10,906	46.32	42.20	44.96
June	15,727	47.40	41.73	41.96
July	9,314	44.63	41.02	42.83
August	11,831	43.95	35.89	39.50
September	17,102	40.54	37.16	37.98
October	13,208	43.94	38.24	41.91
November	11,730	43.09	40.12	42.42
December	14,489	43.42	39.78	41.12

* Intra-day highs and lows during each month

7. DIRECTORS AND OFFICERS

The following table lists the directors of the Corporation, as at March 2, 2016, their place of residence, and their respective principal occupations during the preceding five (5) years:

Name and Place of Residence	Principal Occupations During the Preceding Five (5) Years	Director Since
Jacques Bougie, O.C. ^{(2), (3), (4)} Quebec (Canada)	Corporate Director	2013
Neil Bruce Quebec (Canada)	President and Chief Executive Officer (“CEO”) of the Corporation; Former Chief Operating Officer of the Corporation; Former Senior Executive Vice-President (Group President), Resources, Environment & Water, of the Corporation; Former Executive Director and Chief	2015

<u>Name and Place of Residence</u>	<u>Principal Occupations During the Preceding Five (5) Years</u>	<u>Director Since</u>
	Operating Officer at AMEC (Consultancy, engineering, and project management services)	
Patricia A. Hammick, Ph.D. ^{(1), (2), (3)} Virginia (United States of America)	Corporate Director	2007
Lise Lachapelle ^{(2), (4)} Quebec (Canada)	Corporate Director and Strategic and Economic Consultant	2013
Steven L. Newman ⁽³⁾ Utah (United States of America)	Corporate Director; Former President and CEO at Transocean Ltd. (Oil & Gas Drilling and Exploration); Former President and Chief Operating Officer at Transocean Ltd.	2015
Michael D. Parker, CBE ^{(2), (4)} London (United Kingdom)	Corporate Director	2010
Jean Raby ⁽¹⁾ Paris (France)	Executive Vice-President, Chief Financial and Legal Officer, Alcatel-Lucent S.A. (Communication Equipment); Former Co-CEO, Investment Banking Division, Russia and Commonwealth of Independent States' activities at Goldman Sachs & Co. (Moscow) (Investment banking, securities, and investment management); Former CEO, Investment Banking Division, France, Belgium and Luxembourg activities at Goldman Sachs & Co. (Paris)	2015
Alain Rhéaume ^{(1), (3)} Quebec (Canada)	Corporate Director and Co-Founder and Managing Partner of Trio Capital Inc. (Private investment management company)	2013
Chakib Sbiti ^{(1), (4)} Dubai (United Arab Emirates)	Corporate Director; Former Executive Advisor to the CEO, Schlumberger Limited (International oilfield services)	2012
Eric D. Siegel, ICD.D. ^{(1), (2), (4)} Ontario (Canada)	Corporate Director and Ottawa Chapter Executive, Institute of Corporate Directors (Not-for-profit association representing Canadian directors and boards); Former President and CEO, Export Development Canada (Canada's export credit agency)	2012

Name and Place of Residence	Principal Occupations During the Preceding Five (5) Years	Director Since
Lawrence N. Stevenson Ontario (Canada)	Corporate Director and Chairman of the Board of the Corporation; Managing Director, Clearspring Capital Partners (formerly Callisto Capital LP) (Private equity firm)	1999
(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		

The directors of the Corporation are elected at the annual meeting of shareholders of the Corporation. 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 Corporation, in the last ten (10) 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 (30) consecutive days. In addition, to the knowledge of the Corporation, in the last ten (10) 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.

- i) Mr. Jacques Bougie, a director of the Corporation, served as a director of AbitibiBowater Inc. ("**AbitibiBowater**") (formerly Abitibi-Consolidated Inc. and now Resolute Forest Products Inc.) from 2004 to December 2010. In April 2009, AbitibiBowater, together with certain of its U.S. and Canadian subsidiaries, filed voluntary petitions in the U.S. Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the U.S. Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the Companies' Creditors Arrangement Act ("**CCAA**") with the Superior Court of Quebec in Canada. AbitibiBowater completed its reorganization and emerged from creditor protection proceedings under the CCAA in Canada and Chapter 11 of the U.S. Bankruptcy Code in December 2010. In addition, Mr. Bougie served as a director of Novelis Inc. ("**Novelis**") from 2005 until 2006. In his capacity as a director of Novelis, Mr. Bougie was subject to management cease trade orders issued by certain of the Canadian provincial securities administrators in 2005 against the directors, officers and insiders of Novelis due to Novelis' failure to file its interim unaudited financial statements for the interim period ended on September 30, 2005. Temporary management cease trade orders were issued in November 2005 and were replaced by permanent management cease trade orders in December 2005. Novelis filed its interim unaudited financial statements for the interim period ended on September 30, 2005 on May 17, 2006. As such, the permanent cease trade orders issued in December 2005 were revoked and/or allowed to lapse/expire, as the case may be, in October 2006.
- ii) Dr. Patricia A. Hammick, a director of the Corporation, became a director of Dynegy Inc. ("**Dynegy**") in April 2003 and ceased to be a director of Dynegy on June 15, 2011. On December 1, 2011, Dynegy and its direct subsidiary Dynegy Holdings LLC ("**Dynegy Holdings**") filed, as co-plan proponents, a plan of reorganization in respect of Dynegy Holdings. On April 3, 2012, Dynegy announced that it had reached an agreement with key Dynegy Holdings creditors contemplating the resolution of all disputes with such creditors. On July 6, 2012, Dynegy filed a voluntary petition for relief pursuant to the U.S. Bankruptcy Code. On September 5, 2012, Dynegy announced that its Chapter 11 Plan of Reorganization under the U.S. Bankruptcy Code was confirmed and, on October 1, 2012, announced that it had

consummated its reorganization under Chapter 11 of the U.S. Bankruptcy Code and had emerged from bankruptcy protection. Dr. Hammick was never a director of Dynegy Holdings.

- iii) Mrs. Lise Lachapelle, a director of the Corporation, also served as a director of AbitibiBowater from 2002 to December 2010. See the description of AbitibiBowater's U.S. bankruptcy and Canadian creditor protection proceedings above as described with respect to Mr. Bougie.
- iv) Mr. Alain Rhéaume, a director of the Corporation, served as a director of Quebecor World Inc. ("**Quebecor World**") from 1997 until July 2009. Quebecor World placed itself under the protection of the CCAA on January 21, 2008 and implemented a capital restructuring plan approved by its creditors in 2009, after obtaining a court order authorizing it.

Furthermore, to the knowledge of the Corporation, in the last ten (10) years, no director or officer of the Corporation 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 Corporation currently has four (4) 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 2, 2016, membership of the Board Committees was as follows:

Audit Committee

P.A. Hammick (Chair)
J. Raby
A. Rhéaume
C. Sbiti
E.D. Siegel

Governance and Ethics Committee

J. Bougie (Chair)
P.A. Hammick
L. Lachapelle
M.D. Parker
E.D. Siegel

Human Resources Committee

J. Bougie
P.A. Hammick
S. L. Newman
A. Rhéaume (Chair)

Safety, Workplace and Project Risk Committee

J. Bougie
L. Lachapelle
M.D. Parker
C. Sbiti
E.D. Siegel (Chair)

The following table lists the executive officers of the Corporation (who qualify as such under applicable securities regulations) who are not also directors of the Corporation, as at March 2, 2016, their place of residence and their respective principal occupations during the preceding five (5) years:

<u>Name and Place of Residence</u>	<u>Principal Occupations During the Preceding Five (5) Years</u>
Christian Brown Texas (United States of America)	President, Oil & Gas Sector at SNC-Lavalin and CEO and Board Member at Kentz Corporation Limited (Engineering and construction); Former Executive Vice-President (BU President), Oil & Gas at SNC-Lavalin; Former Chief Operating Officer at Kentz Corporation Limited; Former Managing Director, Global Sales and Marketing at Foster Wheeler USA (Engineering, procurement, construction contractor and power equipment supplier); Former Senior Vice-President at Foster Wheeler USA; Former Director and Member of the Executive Committee of

<u>Name and Place of Residence</u>	<u>Principal Occupations During the Preceding Five (5) Years</u>
	the Construction Labour Relations Association of Alberta at Kellogg, Brown & Root Inc. (Engineering, procurement, construction and services); Former President of Canadian Operations at Kellogg, Brown & Root Inc.
Dale Clarke Ontario (Canada)	Executive Vice-President, Integrated Management Systems at SNC-Lavalin; Former Executive Vice-President, Mining & Metallurgy at SNC-Lavalin; Former Senior Vice-President, Global Mining and Metallurgy at SNC-Lavalin
Marie-Claude Dumas Quebec (Canada)	Executive Vice-President, Global Human Resources at SNC-Lavalin; Former Executive Vice-President, Hydro at SNC-Lavalin; Former Deputy Project Manager, CHU Ste-Justine Expansion Project at SNC-Lavalin; Former Vice-President, Operations, Hydro Division at SNC-Lavalin
Ian Edwards Quebec (Canada)	President, Infrastructure Sector at SNC-Lavalin; Former Executive Vice-President, Infrastructure Construction at SNC-Lavalin; Former Managing Director, Leighton Asia, India and Offshore at Leighton Holdings Limited (General contractors); Former Associate Director at Leighton Holdings Limited; Former Executive General Manager at Leighton Asia Limited, Leighton Holdings Limited
Hartland J. A. Paterson Quebec (Canada)	Executive Vice-President and General Counsel at SNC-Lavalin; Former General Counsel, Chief Compliance Officer and Secretary at CAE Inc. (Aerospace and Defence Products and Services)
Alain-Pierre Raynaud Quebec (Canada)	Executive Vice-President and Chief Financial Officer at SNC-Lavalin; Former Chairman and Chief Executive Officer at Areva UK (Nuclear and renewable energy); Former Chief Financial Officer at Areva
Erik J. Ryan Quebec (Canada)	Executive Vice-President, Marketing, Strategy and External Relations at SNC-Lavalin; Former Senior Vice-President, Communications and External Relations at Rio Tinto Alcan (Aluminium producer and supplier)
Chantal Sorel Quebec (Canada)	Managing Director, Capital at SNC-Lavalin; Former Senior Vice-President, Business Development, Infrastructure Sector at SNC-Lavalin; Former Vice-President and Project Director, McGill University Health Centre, Glen site at SNC-Lavalin; Former Vice-President, Strategic Development, Mining and Metallurgy at SNC-Lavalin

Name and Place of Residence	Principal Occupations During the Preceding Five (5) Years
José J. Suárez Quebec (Canada)	President, Mining & Metallurgy Sector at SNC-Lavalin; Former Executive Vice-President, Integrated Management Systems at SNC-Lavalin; Former Managing Director, North America Mining Industry Lead and Global Mining Capital Projects Lead at Accenture (Management consulting, technology services and outsourcing); Former Senior Vice-President, Business Development, Global Mining and Metallurgy at SNC-Lavalin; Former Vice-President, Business and Strategic Development, Mining and Metallurgy at SNC-Lavalin
Alexander (Sandy) Taylor Quebec (Canada)	President, Power Sector at SNC-Lavalin; Former Senior Executive Vice-President (Group President), Power at SNC-Lavalin; Former Senior Group Vice-President, Head of Global Sales and Marketing, Process Automation (PA) Division at ABB (power and automation technologies); Former Senior Group Vice-President, Global Oil, Gas and Petrochemicals Business Unit at ABB; Former President and Chief Executive Officer at ABB Canada and Member of ABB's North American Executive Committee

As at December 31, 2015, the above directors and executive officers of the Corporation, as a group, held, either directly or indirectly, or exercised control over 96,860 common shares, representing approximately 0.06% of the common shares of the Corporation.

8. LEGAL PROCEEDINGS

SNC-Lavalin and its Capital investments are or can be party to litigation in the normal course of business. Since the Company engages in engineering and construction, and O&M activities for facilities and projects where design, construction or systems failures can result in substantial injury or damage to employees or others, the Company is exposed to substantial claims and litigation if there is a failure at any such project. Such claims could relate to, among other things, personal injury, loss of life, business interruption, property damage, pollution, and environmental damage and be brought by clients or third parties, such as those who use or reside near clients' projects. SNC-Lavalin can also be exposed to claims if it agreed that a project will achieve certain performance standards or satisfy certain technical requirements and those standards or requirements are not met. In many contracts with clients, subcontractors, and vendors, the Company agrees to retain or assume potential liabilities for damages, penalties, losses and other exposures relating to projects that could result in claims that greatly exceed the anticipated profits relating to those contracts. In addition, while clients and subcontractors may agree to indemnify the Company against certain liabilities, such third parties may refuse or be unable to pay.

Moreover, on March 1, 2012, a "Motion to Authorize the Beginning of a Class Action and to Obtain the Status of Representative" (the "**Quebec Motion**") was filed with the Quebec Superior Court, on behalf of persons who acquired SNC-Lavalin securities from and including March 13, 2009 through and including February 28, 2012, whether in a primary market offering or in the secondary market. The defendants in the Quebec Motion are the Corporation and certain of its current and former directors and former officers. The Quebec Motion raises both statutory and negligent misrepresentation claims.

On May 9, 2012, two proposed class actions were commenced in the Ontario Superior Court on behalf of all persons who acquired SNC-Lavalin securities during different time periods. These two actions were consolidated into a single action (the "**Ontario Action**") on June 29, 2012. The defendants in the Ontario Action are the Corporation and certain of its current and former directors and former officers. The Ontario Action seeks damages on behalf of all persons who acquired securities of SNC-Lavalin between November 6,

2009 and February 27, 2012 (the “**Class Period**”). The Ontario Action raises, among other things, both statutory and common law misrepresentation claims.

The Quebec Motion and the Ontario Action (collectively, the “**Actions**”) allege that certain documents filed by SNC-Lavalin contained misrepresentations concerning, among other things, SNC-Lavalin’s corporate governance practices, adequacy of controls and procedures, reported net income for the year ended December 31, 2010, and adherence to SNC-Lavalin’s Code of Ethics.

The Actions each seek damages based on the decline in market value of the securities purchased by proposed class members when the Corporation issued a press release dated February 28, 2012, as well as other damages and costs. The Ontario Action seeks additional damages based on various further drops in share price.

On September 19, 2012, the Ontario judge agreed to the discontinuance of the plaintiffs’ claims other than the statutory misrepresentation claims under securities legislation in accordance with an agreement with the plaintiffs. The judge granted the plaintiffs leave to proceed with those statutory claims and has certified a class action covering shareholders who bought the Corporation’s shares during the Class Period except for Quebec residents. On January 24, 2013, a judge of the Quebec Superior Court rendered a similar judgment covering Quebec residents.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of these lawsuits or determine the amount of any potential losses, if any, and SNC-Lavalin may, in the future, be subject to further class action lawsuits or other litigation. While SNC-Lavalin has directors’ and officers’ liability insurance insuring individuals against liability for acts or omissions in their capacities as directors and officers, the Corporation does not maintain any other insurance in connection with the Actions. The amount of coverage under the directors’ and officers’ policy is limited and such coverage may be an insignificant portion of any amounts the Corporation is required or determines to pay in connection with the Actions. In the event the Corporation is required or determines to pay amounts in connection with these lawsuits or other litigation, such amounts could be significant and may have a material adverse impact on SNC-Lavalin’s liquidity and financial results.

On June 12, 2014, the Quebec Superior Court rendered a decision in the matter commonly referred to as the “Pyrrhotite Case” in Trois-Rivières, Quebec and in which SNC-Lavalin is one of numerous defendants. The Superior Court ruled in favour of the plaintiffs, awarding an aggregate amount of approximately CA\$168 million in damages apportioned amongst the defendants, on an in solidum basis. SNC-Lavalin, among other parties, filed a Notice to Appeal the Superior Court decision both on merit and apportionment of liability. Based on the current judgment, SNC-Lavalin’s share of the damages would be approximately 70%, a significant portion of which the Corporation would expect to recover from its external insurers. In addition to the Appeal of the decision, recourses in warranty have been filed against another party, which may result in reduction of SNC-Lavalin’s share of the damages.

Due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of the Company’s appeal or these and other related proceedings generally, determine if the amount included in the Corporation’s provisions is sufficient or determine the amount of any potential losses, if any, that may be incurred in connection with any final judgment on these matters.

SNC-Lavalin maintains insurance coverage for various aspects of its business and operations. The Corporation’s insurance programs have varying coverage limits and maximums, and insurance companies may seek to deny claims the Corporation might make. In addition, SNC-Lavalin has elected to retain a portion of losses that may occur through the use of various deductibles, limits and retentions under these programs. As a result, the Corporation may be subject to future liability for which it is only partially insured, or completely uninsured.

In addition, the nature of the Corporation’s business sometimes results in clients, subcontractors, and vendors presenting claims for, among other things, recovery of costs related to certain projects. Similarly, SNC-Lavalin occasionally presents change orders and other claims to clients, subcontractors, and vendors. If

the Company fails to document properly the nature of claims and change orders or is otherwise unsuccessful in negotiating reasonable settlements with clients, subcontractors and vendors, the Company could incur cost overruns, reduced profits or, in some cases, a loss for a project. A failure to promptly recover on these types of claims could have a material adverse impact on SNC-Lavalin's liquidity and financial results. Additionally, irrespective of how well the Company documents the nature of its claims and change orders, the cost to prosecute and defend claims and change orders can be significant.

Litigation and regulatory proceedings are subject to inherent uncertainties and unfavourable rulings can and do occur. Pending or future claims against SNC-Lavalin could result in professional liability, product liability, criminal liability, warranty obligations, and other liabilities which, to the extent the Company is not insured against a loss or its insurer fails to provide coverage, could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company is also subject to other ongoing investigations which could subject the Company to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant. These charges and investigations, and potential results thereof, could harm the Company's reputation, result in suspension, prohibition or debarment of the Company from participating in certain projects, reduce its revenues and net income and adversely affect its business.

In February 2012, the Board of Directors initiated an independent investigation (the "**Independent Review**"), led by its Audit Committee, of the facts and circumstances surrounding certain payments that were documented (under certain agreements presumed to be agency agreements) to construction projects to which they did not relate, and certain other contracts. On March 26, 2012, the Corporation announced the results of the Independent Review and related findings and recommendations of the Audit Committee to the Board of Directors and provided information to the appropriate authorities. The Corporation understands that investigations by law enforcement and securities regulatory authorities remain ongoing in connection with this information, which are described in greater detail below. The Corporation also continues to review compliance matters (including matters beyond the scope of the Independent Review), including to assess whether amounts may, directly or indirectly, have been improperly paid to persons owing fiduciary duties to the Corporation, and as additional information, if any, arises as a result thereof, the Corporation will continue to investigate and review such information as it has in the past.

Charges and RCMP Investigations

On February 19, 2015, the Royal Canadian Mounted Police (the "**RCMP**") and the Public Prosecution Service of Canada laid charges against the Corporation and its indirect subsidiaries SNC-Lavalin International Inc. and SNC-Lavalin Construction Inc. Each entity has been charged with one count of fraud under section 380 of the Criminal Code (Canada) (the "**Criminal Code**") and one count of corruption under Section 3(1)(b) of the Corruption of Foreign Public Officials Act (Canada) (the "**CFPOA**") (the "**Charges**"). These Charges follow the RCMP's formal investigation (including in connection with the search warrant executed by the RCMP at the Corporation on April 13, 2012) into whether improper payments were made or offered, directly or indirectly, to be made, to a government official of Libya to influence the award of certain engineering and construction contracts between 2001 and 2011. This investigation, referred to as Project Assistance by the RCMP, also led to criminal charges being laid against two former employees of the Corporation. The Corporation understands that the charges laid against one or both of these former employees include bribery under the CFPOA, fraud, laundering the proceeds of crime and possession of property obtained by crime under the Criminal Code, and contravention of the *Regulations Implementing the United Nations Resolutions on Libya* in Canada. Due to the inherent uncertainties of these proceedings, it is not possible to predict the final outcome of the Charges, which could possibly result in a conviction on one or more of the Charges. The Corporation cannot predict what, if any, other actions may be taken by any other applicable government or authority or the Corporation's customers or other third parties as a result of the Charges, or whether additional charges may be brought in connection with the RCMP investigation of these matters.

The RCMP is also conducting a formal investigation into whether improper payments were made or offered to government officials in Bangladesh to influence the award of a proposed construction supervision consulting contract to a subsidiary of the Company in violation of the CFPOA and its involvement in projects in certain

North African countries (the “**RCMP Investigation**”). This investigation has led to criminal charges being laid against three former employees of a subsidiary of the Company pursuant to the anti-bribery provisions of the CFPOA. Although, to date, the Company has not been charged in connection with the subject matter of this RCMP Investigation, it may result in criminal charges being laid against the Corporation and/or certain of its subsidiaries under the CFPOA and could result in a conviction on one or more of such charges.

The Charges and the RCMP Investigation and potential outcomes thereof, and any negative publicity associated therewith, could adversely affect the Company’s business, results of operations and reputation and could subject the Company to sanctions, fines and other penalties, some of which may be significant. In addition, potential consequences of the Charges and/or the RCMP Investigation could include, in respect of the Corporation or one or more of its subsidiaries, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain governments (such as the Government of Canada and/or Canadian provincial governments) or by certain administrative organizations under applicable procurement laws, regulations, policies or practices. The Corporation derives a significant percentage of its annual global revenue (and an even larger percentage of its annual Canadian revenue) from government and government-related contracts. As a result, suspension, prohibition or debarment, whether discretionary or mandatory, from participating in certain government and government-related contracts (in Canada, Canadian provinces or elsewhere) would have a material adverse effect on the Corporation’s business, financial condition and liquidity and the market prices of the Corporation’s publicly traded securities.

AMF Investigation; AMF Certification under the Quebec Act Respecting Contracting by Public Bodies

The Corporation understands that there is an ongoing investigation being conducted in the context of applicable securities laws and regulations by the securities regulator in the Province of Quebec, the *Autorité des marchés financiers* (the “**AMF**”).

In addition, as announced on February 5, 2014, certain subsidiaries of the Corporation obtained the requisite certification from the AMF to contract with public bodies in the Province of Quebec, as required pursuant to the *Act Respecting Contracting by Public Bodies*. In the event an entity or any of its affiliates is convicted of certain specified offences under the Criminal Code or the CFPOA, AMF certification can be automatically revoked. In addition, the AMF has the discretionary power to refuse to grant an authorization or revoke an authorization if it determines that the enterprise concerned fails to meet the high standards of integrity that the public is entitled to expect from a party to a public contract or subcontract.

World Bank Settlement

On April 17, 2013, the Corporation announced a settlement in connection with the previously announced investigations by the World Bank Group relating to the project in Bangladesh referred to above and a project in Cambodia, which includes a suspension of the right to bid on and to be awarded World Bank Group-financed projects by SNC-Lavalin Inc., a subsidiary of the Corporation, and its controlled affiliates for a period of 10 years (the “**World Bank Settlement**”). The suspension could be lifted after eight years, if the terms and conditions of the settlement agreement are complied with fully. According to the terms of the World Bank Settlement, the Corporation and certain of its other affiliates continue to be eligible to bid on and be awarded World Bank Group-financed projects as long as they comply with all of the terms and conditions imposed upon them under the terms of the World Bank Settlement, including an obligation not to evade the sanction imposed. The World Bank Settlement also requires that the Corporation cooperate with the World Bank on various compliance matters in the future. The World Bank Settlement does not include a financial penalty. The World Bank Settlement has led to certain other multilateral development banks following suit, debarring SNC-Lavalin Inc. and its controlled affiliates on the same terms.

African Development Bank Settlement

On October 1, 2015, the Corporation announced a settlement with the African Development Bank relating to allegations of corruption in two African countries. The settlement included the payment by the Corporation of CA\$1.9 million to the African Development Bank (the “**African Development Bank Settlement**”). The African Development Bank Settlement also requires that the Corporation cooperate with the African Development Bank on various compliance matters in the future.

Canada’s Integrity Regime

The Canadian government announced the Integrity Regime for procurement and real property transactions on July 3, 2015. The scope of offences which may cause a supplier to be deemed ineligible to carry on business with the federal government are broad and encompass offences under the Criminal Code, the Competition Act, and the CFPOA, among others. Some of the offences qualifying for ineligibility include: bribery, fraud, money laundering, falsification of books and documents, extortion, and offences related to drug trafficking. A determination of ineligibility to participate in federal government procurement projects may apply for 10 years for listed offences. However, the Integrity Regime permits the ineligibility period to be reduced by up to five years if a supplier can establish that it has cooperated with law enforcement authorities or addressed the causes of misconduct.

If a supplier is charged with a listed offence (as is presently the case with the Corporation), it may under the Integrity Regime be ineligible to do business with the Canadian government while legal proceedings are ongoing.

If a supplier applies for a reduced ineligibility period, or if a supplier charged with a listed offence is notified that it could be ineligible to do business with the Canadian government, as a condition of granting the reduced ineligibility period or not suspending the supplier an administrative agreement may be imposed to monitor the supplier. Administrative agreements include conditions and compliance measures that the supplier must meet to remain eligible to contract with the federal government.

The Corporation announced on December 10, 2015 that it has signed an administrative agreement with Public Services and Procurement (“**PSP**”) of the Government of Canada under the Integrity Regime.

Failure of the Corporation to abide by the terms of any of its certification from the AMF, the World Bank Settlement, the African Development Bank Settlement and/or the PSP Administrative Agreement could result in serious consequences for the Corporation, including new sanctions, legal actions and/or suspension from eligibility to carry on business with the government or agency involved or to work on projects funded by them. The Corporation is taking steps that are expected to mitigate this risk.

Other Investigations

The Corporation understands that there are also investigations by various authorities ongoing in various jurisdictions with respect to the above and other matters. In addition, Pierre Duhaime and Riadh Ben Aïssa, former Corporation employees, have been charged by authorities in the Province of Quebec with various fraud offences allegedly in connection with a Corporation project in the Province of Quebec.

On October 1, 2014, Mr. Ben Aïssa entered guilty pleas to certain criminal charges in the Federal Criminal Court of Switzerland following a lengthy investigation by Swiss authorities and the detention of Mr. Ben Aïssa by Swiss authorities from April 2012 to October 2014. The Corporation was recognized as an injured party in the context of the Swiss proceedings and has been awarded for certain offences for which Mr. Ben Aïssa pleaded guilty, a sum equivalent to CA\$17.2 million (representing the equivalent of 12.9 million CHF and US\$2.0 million) plus interests, out of which a sum of CA\$11.9 million has been received as at December 31, 2015 with the balance expected to be received upon the forced execution of seized assets.

The Corporation is currently unable to determine when any of the above investigations will be completed, whether other investigations of the Corporation by these or other authorities will be initiated or the scope of current investigations broadened. While the Corporation continues to cooperate and communicate with authorities in connection with all ongoing investigations as noted above, if regulatory, enforcement or administrative authorities or third parties determine to take action against the Corporation or to sanction the Corporation in connection with possible violations of law, contracts or otherwise, the consequences of any such sanctions or other actions, whether actual or alleged, could require the Corporation to pay material fines or damages, consent to injunctions on future conduct or lead to other penalties including temporary or permanent, mandatory or discretionary suspension, prohibition or debarment from participating in projects by certain administrative organizations (such as those provided for in the World Bank Settlement) or by governments (such as the Government of Canada and/or the Government of Quebec) under applicable procurement laws, regulations, policies or practices, each of which could, materially adversely affect the Corporation's business, financial condition and liquidity and the market price of the Corporation's publicly traded securities.

The outcomes of the above investigations or the Charges could also result in, among other things, (i) covenant defaults under various project contracts, (ii) third party claims, which may include claims for special, indirect, derivative or consequential damages, or (iii) adverse consequences on the Corporation's ability to secure or continue its own financing, or to continue or secure financing for current or future projects, any of which could materially adversely affect the Corporation's business, financial condition and liquidity and the market prices of the Corporation's publicly traded securities. In addition, the Charges, these investigations and outcomes of these investigations or Charges (including the World Bank Settlement) and any negative publicity associated therewith, could damage SNC Lavalin's reputation and ability to do business. Finally, the findings and outcomes of the Charges or these investigations (including the World Bank Settlement) may affect the course of the class action lawsuits (described above).

Due to the uncertainties related to the outcome of the Charges and each of the above investigations, the Corporation is currently unable to reliably estimate an amount of potential liabilities or a range of potential liabilities, if any, in connection with the Charges or any of these investigations.

The Corporation's senior management and Board of Directors have been required to devote significant time and resources to the investigations described above, the World Bank Settlement and ongoing related matters which have distracted and may continue to distract from the conduct of the Corporation's daily business, and significant expenses have been and may continue to be incurred in connection with these investigations including substantial fees of lawyers and other advisors. In addition, the Corporation and/or other employees or additional former employees of the Corporation could become the subject of these or other investigations by law enforcement and/or regulatory authorities in respect of the matters described above or other matters which, in turn, could require the devotion of additional time of senior management and the diversion or utilization of other resources.

Other Legal Proceedings

SNC-Lavalin becomes involved in various legal proceedings as a part of its ordinary course of business and this section describes certain important ordinary course of business legal proceedings. See also Section 13 "Risks and Uncertainties – Risks Related to Litigation, Regulatory Matters and Investigations" of the Corporation's most recent Management's Discussion and Analysis, including the general cautionary language relating to the risks inherent to all litigation and proceedings against SNC-Lavalin, which is equally applicable to the legal proceedings described below.

While SNC-Lavalin cannot predict with certainty the final outcome or timing of the legal proceedings described below, based on the information currently available (which in some cases remains incomplete), SNC-Lavalin believes that it has strong defences to these claims and intends to vigorously defend its position.

SNC-Lavalin's subsidiary SNC-Lavalin Inc. and a joint arrangement partner are in arbitration with a client which has claimed damages in relation to the design and construction of a mining facility. The client is alleging, among other things, breach of contract and negligence, gross negligence and negligent misrepresentation. SNC-Lavalin Inc. and its joint arrangement partner have launched a separate arbitration to recover amounts due but unpaid under the agreement with the client. The dispute resolution process is subject to confidential and binding arbitration.

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 claimed from the client certain amounts due under the project contract. The client has counterclaimed alleging that SNC-Lavalin defaulted under the project contracts and seeking damages.

A project-specific wholly-owned subsidiary of SNC-Lavalin ("**SNC SUB**") has received a notice of arbitration from a client for, amongst other things, breach of contract and gross negligence in relation to the design and construction of a facility. SNC SUB has counterclaimed for unpaid invoices and costs arising from termination, plus the return of funds improperly drawn under a bank guarantee.

9. AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

The Corporation entered into an Amended and Restated Shareholder Rights Plan Agreement dated as of March 4, 2011, with Computershare Investor Services Inc. as rights agent, which was subsequently ratified by the Corporation's shareholders on May 5, 2011 and filed under the Corporation's SEDAR profile on May 6, 2011. On May 8, 2014, the Corporation's shareholders adopted a resolution to reconfirm the Amended and Restated Shareholder Rights Plan Agreement dated as of March 4, 2011.

10. TRANSFER AGENT AND REGISTRAR

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

11. EXPERTS

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

12. 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 Corporation consists of Dr. Patricia A. Hammick (Chair), Mr. Jean Raby, Mr. Alain Rhéaume, Mr. Chakib Sbiti and Mr. Eric D. Siegel. 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 Corporation 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 Corporation's financial statements.

Relevant Professional Qualifications and Experience of Audit Committee Members

Each of the members of the Corporation'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 (for additional disclosure regarding the qualifications and experience of these directors, see the "Information on our Director Nominees" and the "Board Committee Reports – Report of the Audit Committee" sections of the 2015 management proxy circular of the Corporation relating to the May 5, 2016 annual meeting of shareholders of the Corporation - the "**Management Proxy Circular**").

Patricia A. Hammick has over 12 years of experience as an independent director at multiple boards, including audit committee tenures. She is a former director and member of the Audit & Finance Committee of Consol Energy Inc. and former Chairman of the Board, lead director and *ex officio* member of the Audit & Compliance Committee of Dynegy Inc. In 2002 and 2003, she was a lecturer and adjunct professor at George Washington University Graduate School of Political Management. Prior to that, Dr. Hammick was Senior Vice-President of Strategy & Communications and a member of the eight-member senior management team at Columbia Energy Group. She graduated from George Washington University with a Ph.D. in Mathematical Statistics and from the University of California with an M.A. in Physics. Dr. Hammick also completed the Wharton Business School executive management training, as well as various trainings in financial statement evaluation and audit committee issues from the National Association of Corporate Directors and the National Investor Relations Institute.

Jean Raby is the Executive Vice-President, Chief Financial and Legal Officer of Alcatel-Lucent S.A., a position he has held since 2013. 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. ("**Goldman Sachs**"), in Paris, France, where he became Co-CEO of the division in France in 2006 (then CEO in 2009), and then in 2011 Co-CEO of Goldman Sachs' activities in Russia and the Commonwealth of Independent States. He retired from Goldman Sachs in 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 director of One Drop, a Montreal-based non-governmental organization focused on enhancing access to clean water. Mr. Raby 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. He is also a member of the New York State Bar Association.

Alain Rhéaume is the Co-Founder and Managing Partner of Trio Capital Inc. and has over 25 years of senior management experience in the private and public sectors. He worked for the Ministry of Finance of the Québec Government from 1974 to 1996, acting as Associate Deputy Minister, Financial Policies and Operations from 1988 to 1992, and from 1992 to 1996 as Deputy Minister. In 1996, Mr. Rhéaume joined Microcell Telecommunication Inc. as CFO. He was subsequently promoted to President and CEO of Microcell PCS (2001-2003) and President and COO of Microcell Solutions Inc. (2003-2004). Until June 2005, Mr. Rhéaume was Executive Vice-President, Rogers Wireless Inc., and President of Fido Solutions Inc. (a division of Rogers Wireless Inc.), a role he assumed when Microcell Telecommunications Inc. was acquired by Rogers. Mr. Rhéaume is the Chair of the Audit Committee of Resolute Forest Products Inc. and a member of its Finance Committee. He is also a member of the Audit Committee of Boralex Inc., as well as Chairman and public director of the Canadian Investor Protection Fund. Mr. Rhéaume is a former public director of the Canadian Public Accountability Board and a former audit committee member of five (5) publicly-traded corporations. Mr. Rhéaume graduated from Université Laval in 1973 with a License in Business Administration (Finance and Economics).

Chakib Sbiti is the former Executive Advisor to the CEO of Schlumberger Limited (“**Schlumberger**”), a position he held until 2014. Mr. Sbiti spent over 30 years with Schlumberger. From Field Engineer in 1981, he became Director of Personnel, Oilfield Services in 1998, President for the Middle East and Asia in 2001, and Executive Vice-President of Oilfield Services in 2003, which position he held until 2010 when he was appointed Executive Advisor to the CEO. Mr. Sbiti graduated from École Nationale Supérieure d’Ingénieurs in France with a degree in Electrical Engineering and a Master’s in the same field. Mr. Sbiti is a member of the Society of Petroleum Engineers. He is currently a director of Genel Energy and a member of its Audit Committee.

Eric D. Siegel is the former President and CEO of Export Development Canada (EDC), a position he held from 2007 until his retirement in December 2010. Mr. Siegel joined EDC in 1979. In 1997, he was appointed Executive Vice-President and in 2005, Chief Operating Officer, assuming overall leadership for EDC’s business development and transacting groups until his appointment as President and CEO in 2007. He is currently a director of Citibank Canada as well as a member of its Audit Committee. Mr. Siegel graduated from the University of Toronto with a Bachelor of Arts in history and economics and from York University with a Master’s of Business Administration.

Pre-Approval Policies and Procedures

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditor’s independence. The Audit Committee has adopted a procedure whereby the Chair of the Audit Committee shall pre-approve any non-audit services totalling segments of \$50,000 or less per occurrence, up to a total of \$500,000 per year, and shall be required to report on this at the first scheduled Committee meeting following such pre-approval. Any amounts exceeding the \$500,000 threshold must be pre-approved by the Committee, as set out in the terms of the Audit Committee’s mandate (see Schedule “A” to this Annual Information Form).

Auditor’s Fees

The aggregate fees paid, including the Corporation’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, 2015 and the year ended December 31, 2014, are presented in the following table:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Audit fees⁽¹⁾	\$5,804,859	\$3,961,856
Audit-related fees⁽²⁾	\$1,999,273	\$1,856,944
Tax fees⁽³⁾	\$487,289	\$505,683
Other fees⁽⁴⁾	\$506,702	\$441,702
Total⁽⁵⁾	\$8,798,123	\$6,766,185

- (1) Audit fees include fees for professional services rendered for the audit of the Corporation’s annual financial statements and the review of the Corporation’s quarterly reports. They also include fees for audit services provided in connection with other statutory and regulatory filings, such as the audit of the financial statements of the Corporation’s subsidiaries, as well as services that generally only the Corporation’s auditor can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions.

The increase of \$1,843,003 from \$3,961,856 in 2014 to \$5,804,859 in 2015 is mainly due to additional audit scope regarding Kentz, as well as timing in paying 2014 fees.

- (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 (performed as an integrated audit started in 2013), accounting consultations in connection with various transactions, and the audit of the Corporation’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 Corporation’s proportionate interests in its joint ventures and other investees, totaled \$9,211,439 in 2015 and \$7,125,398 in 2014.

13. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Statements made in this Annual Information Form that describe the Corporation’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”, “estimates”, “expects”, “goal”, “intends”, “may”, “plans”, “projects”, “should”, “synergies”, “will”, 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; and (ii) business and management strategies and the expansion and growth of the Corporation’s operations and potential synergies resulting from the Acquisition. All such forward-looking statements are made pursuant to the “safe-harbour” provisions of applicable Canadian securities laws. The Corporation 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 Corporation’s current objectives, strategic priorities, expectations and plans, and in obtaining a better understanding of the Corporation’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 Corporation to be reasonable on March 2, 2016. The assumptions are set out throughout the Corporation’s 2015 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 Corporation’s 2015 Management’s Discussion and Analysis). If these assumptions are inaccurate, the Corporation’s actual results could differ materially from those expressed or implied in such forward-looking statements. In addition, important risk factors could cause the Corporation’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) the outcome of pending and future claims and litigation could have a material adverse impact on the Corporation’s business, financial condition and results of operation; (b) on February 19, 2015, the Corporation was charged with one count of corruption under the CFPOA and one count of fraud under the Criminal Code, and is also subject to other ongoing investigations which could subject the Corporation to criminal and administrative enforcement actions, civil actions and sanctions, fines and other penalties, some of which may be significant. These charges and investigations, and potential results thereof, could harm the Corporation’s reputation, result in suspension, prohibition or debarment of the Corporation from participating in certain projects, reduce its revenues and net income and adversely affect its business; (c) further regulatory developments could have a significant adverse impact on the Corporation’s results, and employee, agent or partner misconduct or failure to comply with anti-bribery and other government

laws and regulations could harm the Corporation's reputation, reduce its revenues and net income, and subject the Corporation to criminal and administrative enforcement actions and civil actions; (d) if the Corporation is not able to successfully execute on its strategic plan, its business and results of operations would be adversely affected; (e) a negative impact on the Corporation's public image could influence its ability to obtain future projects; (f) fixed-price contracts or the Corporation's failure to meet contractual schedule or performance requirements may increase the volatility and unpredictability of its revenue and profitability; (g) the Corporation's revenue and profitability are largely dependent on the awarding of new contracts, which it does not directly control, and the uncertainty of contract award timing could have an adverse effect on the Corporation's ability to match its workforce size with its contract needs; (h) the Corporation's backlog is subject to unexpected adjustments and cancellations, including under "termination for convenience" provisions, and does not represent a guarantee of the Corporation's future revenues or profitability; (i) SNC-Lavalin is a provider of services to government agencies and is exposed to risks associated with government contracting; (j) the Corporation's international operations are exposed to various risks and uncertainties, including unfavourable political environments, weak foreign economies and the exposure to foreign currency risk; (k) there are risks associated with the Corporation's ownership interests in Capital investments that could adversely affect it; (l) the Corporation is dependent on third parties to complete many of its contracts; (m) the Corporation's use of joint ventures and partnerships exposes it to risks and uncertainties, many of which are outside of the Corporation's control; (n) the competitive nature of the markets in which the Corporation does business could adversely affect it; (o) the Corporation's project execution activities may result in professional liability or liability for faulty services; (p) the Corporation could be subject to monetary damages and penalties in connection with professional and engineering reports and opinions that it provides; (q) the Corporation may not have in place sufficient insurance coverage to satisfy its needs; (r) the Corporation's employees work on projects that are inherently dangerous and a failure to maintain a safe work site could result in significant losses and/or an inability to obtain future projects; (s) the Corporation's failure to attract and retain qualified personnel could have an adverse effect on its activities; (t) work stoppages, union negotiations and other labour matters could adversely affect the Corporation; (u) the Corporation relies on information systems and data in its operations; Failure in the availability or security of the Corporation's information systems or in data security could adversely affect its business and results of operations; (v) any acquisition or other investment may present risks or uncertainties; (w) the Corporation may be unable to successfully integrate the businesses of SNC-Lavalin and Kentz and realize the anticipated benefits of the Acquisition; (x) a deterioration or weakening of the Corporation's financial position, including its cash net of recourse debt, would have a material adverse effect on its business and results of operations; (y) the Corporation may have significant working capital requirements, which if unfunded could negatively impact its business, financial condition and cash flows; (z) an inability of SNC-Lavalin's clients to fulfill their obligations on a timely basis could adversely affect the Corporation; (aa) the Corporation may be required to impair certain of its goodwill, and it may also be required to write down or write off the value of certain of its assets and investments, either of which could have a material adverse impact on the Corporation's results of operations and financial condition; (bb) global economic conditions could affect the Corporation's client base, partners, subcontractors and suppliers and could materially affect its backlog, revenues, net income and ability to secure and maintain financing; (cc) fluctuations in commodity prices may affect clients' investment decisions and therefore subject the Corporation to risks of cancellation, delays in existing work, or changes in the timing and funding of new awards, and may affect the costs of the Corporation's projects; (dd) inherent limitations to the Corporation's control framework could result in a material misstatement of financial information, and (ee) environmental laws and regulations expose the Corporation to certain risks, could increase costs and liabilities and impact demand for the Corporation's services. The Corporation cautions that the foregoing list of factors is not exhaustive. For more information on risks and uncertainties, and assumptions that would cause the Corporation'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" of the Corporation's most recent Management's Discussion and Analysis filed with the securities regulatory authorities in Canada, available on SEDAR at www.sedar.com or on the Corporation's website at www.snclavalin.com under the "Investors" section.

The forward-looking statements herein reflect the Corporation's expectations as at March 2, 2016, when the Corporation's Board of Directors approved this document, and are subject to change after this date. The Corporation does not undertake any obligation to update publicly or to revise any such forward-looking statements whether as a result of new information, future events or otherwise, unless required by applicable legislation or regulation.

14. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the 2015 Management Proxy Circular relating to the May 5, 2016 annual meeting of shareholders of the Corporation.

Additional financial information, including comparative financial statements for the Corporation's most recently completed financial year, is contained in the Corporation's most recent Management's Discussion & 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 Corporation 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 “Corporation”) which assists the Board in supervising the Corporation’s financial controls and reporting. The Audit Committee also monitors through reasonable measures whether the Corporation 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 including in light of 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 Corporation’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.

Subject to the By-Laws of the Corporation, 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.

To the extent possible, taking into account the regulatory and internal requirements with respect to the personal expertise of the members of the Committee (e.g., financial literacy), there will be a system of regular rotation of Directors on the Committee. Rotation should be staggered to ensure continuity from year to year.

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 Corporation’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 Corporation'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 Corporation's audited annual financial statements and accompanying notes, related press release as well as significant accounting changes and disclosure of issues; review the independent auditor's report on its annual audit and summary financial statements;
- (d) review and recommend approval by the Board before publication of the Corporation'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 principles, and estimates or reserves, and all significant variances between comparative reporting periods;
- (e) review all financial information to be included in annual information forms, annual reports, management proxy circulars, prospectuses, other offering memoranda and other documents containing similar financial information and recommend approval by the Board of Directors before their public disclosure or filing with regulatory authorities;
- (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) review specific financial matters and issues on a quarterly basis; at least annually review the results of the impairment testing;

Accounting Policies

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

Risk and Uncertainty

- (i) review on a quarterly basis any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and ensure appropriate disclosure thereof; review on an annual basis tax filing compliance (corporate and employee) and reserve for legal claims;
- (j) ensure through reasonable means that financial, accounting, auditing, control and reporting risks are identified and that the appropriate measures to mitigate and manage such risks are implemented;
- (k) monitor progress on corrective and mitigation actions;

Controls and Control Deviations / CEO/CFO Certification

- (l) monitor the quality and integrity of the Corporation's internal controls, disclosure controls and procedures and management information systems, with particular emphasis on accounting and financial controls, recommending changes where appropriate;

- (m) 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;
- (n) conduct special investigations, if deemed necessary, having at all times access to personnel, books, records and facilities of the Corporation;
- (o) 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;

Independent Auditor

- (p) 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 Corporation and the auditor that relate to the auditor's opinion or a qualification thereof or a comment by the auditor;
- (q) recommend to the Board of Directors an independent auditor, which the Committee shall have established is independent, for approval by the shareholders of the Corporation; 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;
- (r) review and approve **audit, review or attest services** to be provided by the independent auditor and the fees thereof, consider any impact of the provision of any such services on its independence and determine appropriate funding for payment of its fees. With respect to **non-audit services**, the Chair of the Committee shall pre-approve any **non-audit services** totalling segments of \$50,000 or less per occurrence, up to a total of \$500,000 per year, and shall be required to report on this at the first scheduled Committee meeting following such pre-approval. Any amounts exceeding the above \$500,000 threshold must be pre-approved by the Committee;
- (s) 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 Corporation's shareholders, and perform an annual review of the mandate, organization, staffing, qualifications, independence, performance and effectiveness of the independent auditor;
- (t) 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;
- (u) supervise 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 Corporation;
- (v) review with the independent auditor (i) the contents of its annual audit report 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 Corporation;

- (w)** 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 Corporation, and management's response thereto;
- (x)** review any unresolved significant issues between management and the independent auditor that could affect the financial reporting or internal controls of the Corporation;
- (y)** resolve any disagreements between management and the independent auditor regarding financial reporting;
- (z)** review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditor of the Corporation;
- (aa)** ensure the respect of applicable requirements regarding the rotation of applicable partners of the independent auditor, as required;

Internal Audit Function

- (bb)** 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;
- (cc)** quarterly review the audit plan status, including a progress report on the Internal Audit mandates and a follow-up on past due recommendations;
- (dd)** review Internal Audit reports issued on a quarterly basis, including management responses, and ensure that the necessary steps are taken to follow up on report recommendations;
- (ee)** review Internal Audit reports on systemic internal control issues resulting from investigations on fraud and irregularities;
- (ff)** ensure the independence and effectiveness 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;
- (gg)** approve the appointment and dismissal of the Vice-President, Internal Audit as well as approve his/her performance evaluation and compensation;

Other Responsibilities and Issues

- (hh)** review and recommend approval by the Board of the Corporation's Disclosure 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; annually review such Policy to ensure that it conforms with applicable legal and regulatory requirements and make recommendations to the Board regarding any required changes; adopt and annually review the Disclosure Committee charter;
- (ii)** monitor the implementation of the Corporation's information technology ("I.T.") security and disaster recovery plan, periodically review this plan and make recommendations to the Board regarding any required changes;

- (jj) review of treasury policy and portfolio;
- (kk) annually review a report on the Corporation'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, including any changes to relevant By-Laws of the Corporation with respect to D&O indemnification;
- (ll) monitor the application of the procedures established by the Committee for: (a) the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. To this end, the Committee shall quarterly review the report of the Chair of the Ethics and Compliance Committee with respect to: (i) issues, violations or complaints reported to the Corporation 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 Corporation's Management Override Policy; and
- (mm) receive reports on and review any other items deriving from the foregoing, either in respect of the Corporation or a subsidiary or any other entity in which the Corporation has a significant interest, as requested by the Board.

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 as required. The Chair of the Committee, the President and Chief Executive Officer, the Chairman 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 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, the Vice-President, Internal Audit 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 attend all meetings of the Committee as non-voting participants.
- (e) The President and Chief Executive Officer and the Chairman 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 Corporation, 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 Corporation.
- (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 Corporation resources to research, investigate and report on matters within the Committee's responsibilities. The Chief Financial Officer will 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 Chairman of the Board and the President and Chief Executive Officer, engage outside advisors at the expense of the Corporation 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 forward agenda and make recommendations thereon to the Governance and Ethics Committee 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 Corporation or the members of the Committee.

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ATTACHMENT "A"

(to the mandate of the Corporation's Audit Committee)

**Policy for the Hiring of Employees and Former Employees of Present
and Former Independent Auditor of the Corporation**

The Corporation and its subsidiaries shall not retain the services as an officer, employee or consultant in a position to influence the preparation of the Corporation'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 Corporation 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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