CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No.: 500-06-000975-199

SUPERIOR COURT
(Class Action)

RUEDIGER MARTIN GRAAF, domiciled at 807 Hidden Grove Lane, Mississauga, Province of Ontario, L5H 4L3

And

NORMAND LAFRENIÈRE, domicilied at 15 Lakeview, Gatineau, Province of Québec, J9H 2A2

Plaintiffs

-v-

SNC-LAVALIN GROUP INC., a moral person incorporated pursuant to the laws of Canada, having its principal place of business at 455 René-Lévesque Boulevard West, in the city and district of Montréal, Province of Québec, H2Z 1Z3

and

NEIL BRUCE, doing business at 455 René-Lévesque Boulevard West, in the city and district of Montréal, Province of Québec, H2Z 1Z3

and

SYLVAIN GIRARD, doing business at 455 René-Lévesque Boulevard West, in the city and district of Montréal, Province of Québec, H2Z 1Z3

Defendants

AMENDED MOTION FOR AUTHORIZATION OF A CLASS ACTION AND FOR AUTHORIZATION TO BRING AN ACTION PURSUANT TO SECTION 225.4 OF THE QUÉBEC *SECURITIES ACT*

SISKINDS, DESMEULES, AVOCATS
S.E.N.C.R.L.

IN SUPPORT OF THEIR AMENDED MOTION FOR AUTHORIZATION, THE PLAINTIFFS RESPECTFULLY SUBMIT AS FOLLOWS:

I. DEFINITIONS

1. In this document, in addition to the terms that are defined elsewhere herein, the following terms have the following meanings:

   a. "**AIF**" means Annual Information Form;

   b. "**AMF**" means the Autorité des marchés financiers;

   c. "**Annual CEO Certification**" means Form 52-109F1, Certification of Annual Filings Full Certificate certified by **Bruce** on February 22, 2018, communicated herewith as **Exhibit P-1**;

   d. "**Annual CFO Certification**" means Form 52-109F1, Certification of Annual Filings Full Certificate certified by **Girard** on February 22, 2018, communicated herewith as **Exhibit P-2**;

   e. "**Bruce**" means the **Defendant**, Neil Bruce;

   f. "***CCP***" means the *Code of Civil Procedure*, CQLR c C-25.01, as amended;

   g. "***CCQ***" means the *Civil Code of Québec*, CQLR c CCQ-1991, as amended;

   h. "**CEO**" means Chief Executive Officer;

   i. "**Class**" and "**Class Members**" means all persons and entities, wherever they may reside or be domiciled, other than the **Excluded Persons** who acquired **Common Shares** in the secondary market during the **Class Period** and held some or all of such **Common Shares** [...] through one or more of the following: (i) the release of **SNC**'s news release entitled "SNC-Lavalin announces lower than anticipated Q4 results impacting full year 2018" on January 28, 2019, communicated herewith as **Exhibit P-3**; (ii) the release of **SNC**'s news release entitled "SNC-Lavalin provides update on new facts about the Mining & Metallurgy project" on February 11, 2019, communicated herewith as **Exhibit P-4**; (iii) the release of **SNC**'s news release entitled "SNC-Lavalin reports first quarter results for 2019" on May 2, 2019, communicated herewith as **Exhibit P-5**; and (iv) the release of **SNC**'s news release entitled "SNC-Lavalin Forges New Strategic Direction with Corporate Reorganization" on July 22, 2019, communicated herewith as **Exhibit P-6**;

j. "**Class Period**" means the period from the time of the release of **Impugned Documents** on February 22, [...] 2018, to the time of the release of **SNC**'s news release entitled "SNC-Lavalin Forges New Strategic Direction with Corporate Reorganization" on July 22, 2019 (inclusive);

k. "[...] **Codelco**" means the [...] Corporación Nacional del Cobre de Chile;

l. "**Codelco Project**" means engineering, procurement and construction performed by **SNC** related to the 2050 MTPD sulphuric acid plants No. 3 and 4 for **Codelco** at **Codelco**'s Chuquicamata smelter site in Calama, Chile, which was the subject of an **EPC Fixed-Price Contract** between **SNC** and **Codelco**;

m. "**Common Shares**" means common shares of **SNC**;

n. "**DC&P**" means disclosure controls and procedures;

o. "**Defendants**" means **SNC** and the **Individual Defendants**;

p. "**EIMISA**" means Echeverría Izquierdo Montajes Industriales S.A.;

q. "**EPC Fixed-Price Contract**" means a contract under which **SNC** provides engineering services, provides materials and provides or fabricates equipment, and undertakes construction activities for a lump-sum price;

r. "**Excluded Persons**" means the **Defendants**, members of the immediate families of the **Individual Defendants**, and **SNC**'s past and present directors, officers, subsidiaries, affiliates, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns;

s. "**Girard**" means the **Defendant**, Sylvain Girard;

t. "**ICFR**" means internal control over financial reporting;

u. "**IFRS**" means International Financial Reporting Standards;

v. "**IFRS 15**" means IFRS 15 – *Revenue from Contracts with Customers*;

w. "**Impugned Documents**" [...] means, collectively:

i. the **MD&A** for the quarter ended December 31, 2017 and year ended December 31, 2017 dated February 21, 2018 and filed on **SEDAR** on February 22, 2018, communicated herewith as **Exhibit P-7**;

ii. the audited annual financial statements for the quarter ended December 31, 2017 and year ended December 31, 2017 dated February 21, 2018 and filed on **SEDAR** on February 22, 2018, communicated herewith as **Exhibit P-8**;

iii. the **AIF** for the year ended December 31, 2017 dated February 21, 2018 and filed on **SEDAR** on February 22, 2018, communicated herewith as **Exhibit P-9**;

iv. the **Annual CEO Certification** for the year ended December 31, 2017 dated February 21, 2018 and filed on **SEDAR** on February 22, 2018, communicated herewith as Exhibit P-1;

v. the **Annual CFO Certification** for the year ended December 31, 2017 dated February 21, 2018 and filed on **SEDAR** on February 22, 2018, communicated herewith as Exhibit P-2;

vi. [...] **SNC**'s annual report for 2017 filed on **SEDAR** on [...] April 3, 2018, communicated herewith as **Exhibit P-10**;

vii. [...];

vii. the **MD&A** for the quarter ended March 31, 2018 dated May 2, 2018 and filed on **SEDAR** on May 3, 2018, communicated herewith as **Exhibit P-11**;

viii. the interim financial statements for the quarter ended March 31, 2018 dated May 2, 2018 and filed on **SEDAR** on May 3, 2018, communicated herewith as **Exhibit P-12**;

ix. the **Interim CEO Certification** for the quarter ended March 31, 2018 dated May 2, 2018 and filed on **SEDAR** on May 3, 2018, communicated herewith as **Exhibit P-13** *en liasse*;

x. the **Interim CFO Certification** for the quarter ended March 31, 2018 dated May 2, 2018 and filed on **SEDAR** on May 3, [...] 2018, communicated herewith as **Exhibit P-14** *en liasse*;

xi. the **MD&A** for the quarter ended June 30, 2018 dated August 1, 2018 and filed on **SEDAR** on August 2, 2018, communicated herewith as **Exhibit P-15**;

xii. the interim financial statements for the quarter ended June 30, 2018 dated August 1, 2018 and filed on **SEDAR** on August 2, 2018, communicated herewith as **Exhibit P-16**;

xiii. the **Interim CEO Certification** for the quarter ended June 30, 2018 dated August 1, 2018 and filed on **SEDAR** on August 2, 2018, communicated herewith as Exhibit P-13 *en liasse*;

xiv. the **Interim CFO Certification** for the quarter ended June 30, 2018 dated August 1, 2018 and filed on **SEDAR** on August 2, [...] 2018, communicated herewith as Exhibit P-14 *en liasse*;

xv. the **MD&A** for the quarter ended September 30, 2018 dated October 31, 2018 and filed on **SEDAR** on November 1, 2018, communicated herewith as **Exhibit P-17**;

xvi. the interim financial statements for the quarter ended September 30, 2018 dated October 31, 2018 and filed on **SEDAR** on November 1, 2018, communicated herewith as **Exhibit P-18**;

xvii. the **Interim CEO Certification** for the quarter ended September 30, 2018 dated October 31, 2018 and filed on **SEDAR** on November 1, 2018, communicated herewith as Exhibit P-13 *en liasse*; and

xviii. the **Interim CFO Certification** for the quarter ended September 30, 2018 dated October 31, 2018 and filed on **SEDAR** on November 1, [...] 2018, communicated herewith as Exhibit P-14 *en liasse*;

in each case, where applicable, including all documents incorporated by reference therein;

x. "**Impugned Public Oral Statements**" means the public oral statements referred to in paragraph [...] 23 hereof, as appear in a transcript of the conference call held on November 1, 2018, communicated herewith as **Exhibit P-19**;

y. "**Individual Defendants**" (each being an "**Individual Defendant**") means, collectively, **Bruce** and **Girard**;

z. **"Infrastructure Division"** means **SNC**'s Infrastructure division, which is occasionally referred to as Infrastructure segment;

aa. [...]**"Interim CEO Certifications"** (each being an **"Interim CEO Certification"**) means the Form 52-109F2, Certification of Interim Filings, Full Certificates certified by **Bruce**, communicated herewith as Exhibit P-13 *en liasse*;

bb. **"Interim CFO Certifications"** (each being an **"Interim CFO Certification"**) means the Form 52-109F2, Certification of Interim Filings, Full Certificates certified by **Girard**, communicated herewith as Exhibit P-14 *en liasse*;

cc. **"Kentz"** means Kentz Corporation Limited;

dd. **"KSA"** means the Kingdom of Saudi Arabia;

ee. **"MD&A"** means Management's Discussion and Analysis;

ff. **"M&M [...] Division"** means **SNC**'s Mining & Metallurgy division, which is occasionally referred to as the Mining & Metallurgy segment;

gg. **"O&G [...] Division"** means **SNC**'s Oil & Gas division, which is occasionally referred to as Oil & Gas segment;

hh. **"Other Securities Legislation"** means, collectively, the *Securities Act*, RSO 1990, c S.5, as amended; the *Securities Act*, RSA 2000, c S-4, as amended; the *Securities Act*, RSBC 1996, c 418, as amended; the *Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act, 1988*, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended;

ii. **"Plaintiffs"** and "[...] **Representative Plaintiffs**" means Ruediger Martin Graaf and Normand Lafrenière;

jj. "***QSA***" means the Québec *Securities Act*, CQLR c V-1.1, as amended;

kk. **"Resources Division"** means **SNC**'s Resources Division, which was established on or around March 28, 2019 and comprised the former **M&M Division** and **O&G Division**;

ll. "**SNC**" means the Defendant, SNC-Lavalin Group Inc. and, as the context dictates, its subsidiaries and affiliates, including its wholly-owned Chilean subsidiary, SNC-Lavalin Chile S.A.;

mm. "**SEDAR**" means the system for electronic document analysis and retrieval of the Canadian Securities Administrators; and

nn. "**TSX**" means the Toronto Stock Exchange;

II. OVERVIEW

1.1 This securities class proceeding arises from SNC's misrepresentations relating to: (1) SNC's execution of EPC Fixed-Price Contracts and the design and operation of its ICFR and DC&P concerning the forecasted costs and revenue for those EPC Fixed-Price Contracts; and (2) SNC's ability to secure business in the KSA and Middle East;

1) Misrepresentations relating to SNC's EPC Fixed-Price Contracts

1.2 An EPC Fixed-Price Contract is a contract under which SNC provides engineering, procurement and construction for a lump-sum price. The lump-sum price includes SNC's estimate of the total costs to complete the project as well as a profit margin. The ability of SNC to earn a profit on an EPC Fixed-Price Contract is, therefore, tied to SNC's ability to successfully execute the project at or below the initial estimated costs. Projects carried out under EPC Fixed-Price Contracts are also referred to by SNC as a "lump-sum turnkey" or "LSTK" projects.

1.3 EPC Fixed-Price Contracts carry significant financial risk for SNC because cost increases above forecasted costs, such as those that result from execution or operational issues, are absorbed by SNC and erode or eliminate the profitability of the projects for SNC. Collection of revenue from EPC Fixed-Price Contracts is contingent upon successful execution of the contractual undertakings, also creating significant risks for SNC;

1.4 During the Class Period, SNC had significant exposure to EPC Fixed-Price Contract work in its M&M Division in South America (including the Codelco Project), in its O&G Division and M&M Division in the Middle East, and in its Infrastructure Division in North America;

1.5 SNC made misrepresentations relating to its EPC Fixed-Price Contract work during the Class Period;

1.6 SNC represented, implicitly or explicitly, that it was successfully executing its EPC Fixed-Price Contracts, including the Codelco Project, and mitigating execution risks related thereto;

1.7 SNC's financial disclosures incorporated costs, forecasted costs and revenues from its EPC Fixed-Price Contracts. SNC also provided financial guidance for future reporting periods that incorporated forecasted costs and revenue for the completion of SNC's EPC Fixed-Price Contracts. SNC represented that it was complying with applicable IFRS standards in making its financial disclosures;

1.8 SNC also represented that its DC&P and ICFR were designed and operating effectively;

1.9 All of these representations in the Impugned Documents were misrepresentations;

1.10 In 2019, SNC belatedly described EPC Fixed-Price Contracts as the "root cause" of the performance problems that it suffered in 2018;

1.11 In a series of corrective disclosures on January 28, 2019, February 11, 2019, May 2, 2019 and July 22, 2019, SNC revealed that:

aa. SNC had material undisclosed operational and execution problems and failures on the Codelco Project and other EPC Fixed-Price Contracts in its M&M Division, O&G Division and Infrastructure Division that materially increased costs compared to forecasted costs, that created a material risk of increased costs compared to forecasted costs, that created a material risk to revenue collection and/or of a delay in the collection of revenue;

bb. SNC's financial disclosures were materially misleading due to the inclusion of materially overstated profits and revenues and/or understated losses on its EPC Fixed-Price Contracts in non-compliance with IFRS, including IFRS 15;

cc. the financial guidance provided by SNC was materially misleading due to the inclusion of materially overstated profits or understated costs and losses on its EPC Fixed-Price Contracts;

dd. SNC had material weaknesses in its ICFR and DC&P relating to the reporting of forecasted costs and related revenue on the Codelco Project and other EPC Fixed-Price Contracts in the M&M Division, O&G Division, Infrastructure Division and Resources Division (as applicable at the material time); and ee. SNC had materially deficient risk mitigation and cost and revenue forecasting controls on its EPC Fixed-Price Contracts;

1.12 In addition, SNC's failure to disclose that it had material execution and operational problems on the Codelco Project and on other EPC Fixed-Price Contracts in the M&M Division, O&G Division and Infrastructure Division during the Class Period was a failure to make timely disclosure of a material change;

2) Misrepresentations relating to SNC's ability to secure work in the KSA and Middle East

1.13 SNC acquired Kentz in 2014. Kentz, which was mainly incorporated into SNC's O&G Division, had significant oil and gas operations in the Middle East, including significant business in the KSA with customers controlled by the government of the KSA;

1.14 In early August 2018, Canada's foreign affairs minister made public statements via social media about human rights issues in the KSA. This resulted in a souring of diplomatic relations between Canada and the KSA, including the removal of Canada's diplomat and the suspension of new trade;

1.15 During the Class Period, SNC and Bruce represented that the souring of diplomatic relations between Canada and the KSA had no impact on SNC's business and operations in the KSA and Middle East, including SNC's ability to secure new work;

1.16 These representations were false. In a corrective disclosure dated January 28, 2019, SNC revealed that SNC was unable to obtain new work in the KSA and certain other countries in the Middle East, resulting in a material deterioration in the O&G Division's business and operations, necessitating a $1.24 billion impairment charge against the goodwill associated with the O&G Division;

1.17 The material deterioration in the O&G Division also constituted a material change that SNC failed to disclose during the Class Period;

1.18 Each of the corrective disclosures caused a material decline in the trading price of SNC's Common Shares. As a result, the Plaintiffs and the other Class Members have incurred significant loss and damage on their investment in SNC Common Shares. The Plaintiffs have commenced this action on their own behalf and on behalf of the Class to recover compensation for the loss and damage they have suffered;

III. THE PARTIES

1) The Plaintiffs [...] and the Class [...]

2. The proposed Class is defined at paragraph [...] 1.i;

3. The Plaintiff [...], Ruediger Martin Graaf, resides in Mississauga, Ontario. He purchased 3,000 Common Shares during the Class Period. He disposed of 200 Common Shares of SNC during the Class Period. He continues to hold 2,800 Common Shares, as appears from the Declaration of Ruediger Martin Graaf sworn on October 9, 2019, communicated herewith as **Exhibit P-20**;

3.1 The Plaintiff, Normand Lafrenière, resides in Gatineau, Québec. He purchased 150 Common Shares during the Class Period and he continues to hold those Common Shares, as appears from the Declaration of Normand Lafrenière sworn on October 3, 2019, communicated herewith as **Exhibit P-21**;

4. [...] The Representative [...] Plaintiffs seek the status of representatives for the Class;

5. [...] The Representative Plaintiffs also seek authorization pursuant to article 225.4 of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation;

2) The Defendant, SNC

6. SNC is a global fully integrated professional services and project management company and a major player in the ownership of infrastructure;

7. SNC is a reporting issuer and a responsible issuer in Québec and all other provinces of Canada. The AMF is SNC's principal regulator;

8. SNC's Common Shares are listed for trading on the TSX. During the Class Period, SNC's Common Shares traded under the ticker symbol "SNC" on the TSX and they also traded on other secondary market trading venues in Canada and elsewhere;

9. As a reporting issuer in Québec SNC was required during the Class Period to issue and file with the AMF and on SEDAR:

    (i) within 45 days of the end of each quarter, quarterly interim financial statements prepared in accordance with IFRS that must include a comparative statement to the end of each of the corresponding periods in the previous financial year;

(ii) within 90 days of the end of the fiscal year, annual financial statements prepared in accordance with IFRS, including comparative financial statements relating to the period covered by the preceding financial year;

(iii) contemporaneously with each of the above, an MD&A of each of the above financial statements; and

(iv) within 90 days of the end of the fiscal year, an AIF [...];

10. MD&As are a narrative explanation of how the company performed during the period covered by the financial statements, and of the company's financial condition and future prospects. The MD&A must discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in future;

11. AIFs are an annual disclosure document intended to provide material information about the company and its business at a point in time in the context of its historical and future development. The AIF must describe the company, its operations and prospects, risks and other external factors that impact the company specifically;

12. In addition, [...] upon the occurrence of a material change in SNC's affairs, SNC was required to issue a news release describing that change immediately. As soon as practicable and in any event within 10 days of the occurrence of a material change in the affairs of SNC, a material change report was required to be filed pursuant to National Instrument 51-102. A material change report must be filed in accordance with Form 51-102F3 and include a brief but accurate summary of the nature and substance of the material change as well as sufficient additional disclosure to enable a reader to appreciate the significance and impact of the material change without having to refer to [...] extrinsic material;

3) The Individual Defendants

13. [...] Bruce was SNC's President and [...] CEO from the start of the Class Period until June 11, 2019. He was also a director of SNC [...] for that same period. In his capacity as SNC's CEO, Bruce: (a) certified each of the Impugned Documents that are the quarterly and annual disclosures of SNC; (b) signed the Impugned Document that is SNC's AIF; and (c) certified and signed the Annual CEO Certification and Interim CEO Certifications for SNC. At all relevant times, Bruce

was a director and an officer of SNC within the meaning of the *QSA* and the Other Securities Legislation, if necessary;

14. At all material times during the Class Period, Girard was SNC's Executive Vice-President and [...] CFO. In his capacity as SNC's CFO, Girard: (a) certified each of the Impugned Documents that are the quarterly and annual disclosures of SNC; (b) signed the Impugned Document that is SNC's AIF; and (c) certified and signed the Annual CFO Certification and Interim CFO Certifications for SNC. At all relevant times, Girard was an officer of SNC within the meaning of the *QSA* and Other Securities Legislation, if necessary;

15. SNC and the Individual Defendants applied for, subscribed to and received the delivery of insurance contracts in Québec covering their liability for acts, errors and omissions relating to SNC's operations in Québec and throughout the world;

IV. BACKGROUND

1) Background on EPC Fixed-Price Contracts

15.1 During the Class Period, SNC had significant exposure to EPC Fixed-Price Contracts across a number of its divisions. They created significant financial risk for SNC. Execution or operational issues on such projects have a material adverse effect on SNC's financial performance and/or create a material risk of a material adverse effect on SNC's financial performance;

15.2 For instance, an increase in the estimated costs to complete an EPC Fixed-Price Contract above the initial estimated costs (referred to as an unfavourable or negative cost reforecast) are absorbed by SNC. As a consequence, SNC bears the risk of unaccounted for costs or inaccurately forecasted costs, including those associated with delay, poor performance and other issues with project execution;

15.3 Similarly, payment for services provided under EPC Fixed-Price Contracts can be tied to the successful completion of such projects or completion of stages of the project. Execution difficulties can delay receipt of revenue, reduce the revenue earned under the contract, or result in no revenue being received at all;

15.4 During the Class Period, SNC recognized revenues for EPC Fixed-Price Contracts according to the progress made towards satisfaction of its performance obligations (*i.e.* its contractual obligations). Progress was measured using an input method, whereby revenue was recognized based on the stage of completion of the project, which was done by measuring costs incurred to date relative to total estimated costs for completion of the project. Unaccounted for costs or delays in completion of the project arising from execution issues can lead to revenue being recognized too early;

2) Problems with the Codelco Project

15.5 One of SNC's EPC Fixed-Price Contracts during the Class Period was the Codelco Project;

15.6 SNC was awarded the contract for the Codelco Project on or around November 3, 2016, as appears from the contract at Exhibit C-11 to the Affidavit of Manuel Carvallo sworn October 14, 2019, the Affidavit together with 22 exhibits thereto communicated herewith as **Exhibit P-22**, and the certified English translation of the contract, communicated herewith as **Exhibit P-23**. The Codelco Project was being constructed for the Chilean state mining entity Codelco and was scheduled to be completed in early October 2018. Codelco was undertaking the project to comply with Chilean emissions standard DS No. 28. The standard came into force on December 13, 2018 and smelting operations could not continue if the Codelco Project was not completed by that time;

15.7 SNC's completion of the Codelco Project was subject to significant delays and cost overruns. On or around October 11, 2018, Codelco announced that the project would not be completed on time and smelting operations would have to be suspended until operations were complete, as appears from a *Bloomberg* news article entitled "Battle to Cut Emissions Leaves Top Copper Producer Facing Smelter Halt", communicated herewith as **Exhibit P-24**. SNC did not disclose the delay. The smelters were not fully operational until mid-August 2019;

15.8 SNC's key subcontractor for the Codelco Project was EIMISA. SNC entered into an agreement with EIMISA on or around January 27, 2017, as appears from the contract at Exhibit C-4 to the Affidavit of Manuel Carvallo sworn October 14, 2019, communicated herewith as Exhibit P-22, and the certified English translation of the contract, communicated herewith as **Exhibit P-25**;

15.9 In August 2018, SNC agreed to modifications to the agreement with EIMISA, as appears from a modification at Exhibit C-5 to the Affidavit of Manuel Carvallo sworn October 14, 2019, communicated herewith as Exhibit P-22, and the certified English translation of the modification, communicated herewith as **Exhibit P-26**. SNC agreed to another extension and modification of the contract on October 24, 2018, as appears from a modification at Exhibit C-6 to the Affidavit of Manuel Carvallo sworn October 14, 2019, communicated herewith as Exhibit P-22, and the certified English translation of the modification, communicated herewith as **Exhibit P-27**. The modifications were beyond the scope of the EPC Fixed-Price Contract with Codelco for the Codelco Project and were not approved by Codelco. As a consequence, SNC would have to bear the extra costs of the modifications agreed with EIMISA;

15.10 Starting in early 2017 and continuing through the Class Period, SNC faced material execution and operational problems on the Codelco Project, including, among others:

a. errors in project scope design;

b. errors and delays in project engineering;

c. the underperformance of EIMISA, including poor workmanship, productivity issues and onsite vandalism;

d. problems with the supply chain, including delays in the supply of equipment and materials, forcing deviations from project design and resulting in increased construction costs and delays;

e. problematic site conditions, including the need to move massive amounts of earth to prepare the site;

f. environmental and safety issues; and

g. other site problems, including labour unrest;

as appears from:

i. the Expert Report of Bryce Jones (to be signed), communicated herewith as **Exhibit P-28**;

ii. a claims letter from EIMISA at Exhibit C-7 to the Affidavit of Manuel Carvallo sworn October 14, 2019, communicated herewith as Exhibit P-22, and the certified English translation of the claims letter, communicated herewith as **Exhibit P-29**; and

iii. a writ filed by EIMISA at Exhibit C-1 to the Affidavit of Manuel Carvallo sworn October 14, 2019, communicated herewith as Exhibit P-22, and the certified English translation of the writ, communicated herewith as **Exhibit P-30**;

15.11 On or around March 25, 2019, Codelco cancelled the Codelco Project contract due to SNC's execution issues;

15.12 The execution and operational problems on the Codelco Project were not disclosed by SNC during the Class Period;

3) Problems with other EPC Fixed-Price Contracts

15.13 SNC also had significant EPC Fixed-Price Contracts in the Middle East and North America in its O&G Division, M&M Division and Infrastructure Division. This included, among others, the Ottawa LRT project, the Champlain Bridge project in Québec, two oil and gas projects in the Middle East and one mining and metallurgy project in the Middle East. These projects faced significant delays, contractual late fees and expenses, cost overruns, problems with materials utilized and inaccurate cost forecasts;

15.14 For instance, the Champlain Bridge was supposed to open in December 2018. However, the bridge was not fully opened until the Summer of 2019. In addition to the extra project costs caused by delay, the consortium of which SNC was a part was also contractually obliged to pay late fees of $100,000 per day for the first seven days and $400,000 per day after that up to a maximum of $150 million. The cost of construction of the bridge was also $235 million above initial estimated costs, as appears from *The Globe & Mail* article entitled "Montreal's new, $4.4-billion Champlain Bridge opens to traffic for first time" dated June 24, 2019, communicated herewith as **Exhibit P-31**;

15.15 Similarly, the Ottawa LRT project was scheduled to be completed in May 2018. The project was not completed until September 2019. In addition to the extra project costs caused by the delay, the consortium of which SNC is a part is contractually obliged to pay late penalties of $4 million. Moreover, the City of Ottawa is claiming $36 million as a consequence of the extra expenses it incurred due to the delay in completing the project, as appears from the *Global News* article entitled "City of Ottawa now has control of Confederation LRT line: memo" dated September 3, 2019, communicated herewith as **Exhibit P-32**;

15.16 These execution problems, and their impact on SNC's financial performance, were not disclosed by SNC during the Class Period;

4) SNC's KSA and Middle Eastern business

15.17 On June 23, 2014, SNC announced its plans to acquire Kentz. Kentz was a global oil and gas services company. Kentz had a significant presence in the Middle East and the KSA in particular. After its acquisition, Kentz was mainly incorporated into SNC's O&G Division. The former Chief Executive Officer of Kentz, Christian Brown, later became the President of SNC's O&G Division;

15.18 On August 2, 2018, the Canadian Foreign Affairs Minister made public statements via social media that two human rights activists jailed in the KSA should be immediately released. On August 5, 2018, the Canadian embassy in the KSA translated the statement into Arabic and re-posted it. Following the August 5 re-posting, the KSA recalled its ambassador, barred Canada's envoy from returning to the KSA and placed a ban on all new trade;

15.19 By no later than October 31, 2018, SNC was unable to secure contracts for new work in the KSA and other countries in the Middle East. The inability to secure new contracts continued throughout the remainder of the Class Period;

V. ~~III.~~ THE DEFENDANTS' MISREPRESENTATIONS

16. [...];

17. [...];

18. [...];

19. [...];

20. [...];

21. [...];

1) Misrepresentations regarding SNC's execution of the Codelco Project

15.20 The Impugned Documents represented that SNC was achieving operational excellence and was otherwise successfully executing its projects, including its EPC Fixed-Price Contract projects;

15.21 In SNC's MD&A for the quarter and year ended December 31, 2017 released on February 22, 2018, SNC stated that it was "continuing our progress in operational excellence" and that "[f]rom an operational excellence standpoint, we continue to focus on efficient and effective resource sharing, rigorous risk mitigation and disciplined capital allocation." The MD&A also represented that SNC was sustainably and profitably growing by maintaining "world-class" practices related to governance and business de-risking. The MD&A for the quarter and year ended December 31, 2017 was incorporated by reference into the MD&As for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018. They, therefore, contained the same representations;

15.22 Similarly, SNC's AIF for the year ended December 31, 2017 touted SNC's ability to execute projects, stating that part of its competitive advantage was the "ability to execute projects of varying sizes calling for a wide range of services and technologies";

15.23 SNC's Annual Report for 2017 also emphasized SNC's project execution capabilities. The Annual Report stated that "[o]ur effective execution strategies allow us to expertly manage project risk and ensure our clients' return on investment. Today, we're recognized for our sustainable project execution and tangible contributions to improving people's lives around the world." In the Annual Report, Bruce stated that "[w]e made significant progress against our strategy of achieving Operational Excellence, building a client-centric organization, a performance-driven culture, and delivering both business growth and shareholder returns." He also stated that "[a]t SNC-Lavalin, we've taken systematic steps to build an efficient platform to support our ambitious growth agenda. We divested some non-core and low-growth businesses, further de-risked our business model and applied tighter governance mechanisms to proactively manage our project portfolio. A broader service mix reinforces our resilience and profitability across sectors, geographies and key customers";

15.24 All of these statements were misrepresentations because, during the Class Period, SNC was experiencing material undisclosed operational and execution risks, problems and/or failures on the Codelco Project. These risks, problems and/or failures materially increased costs relative to initial estimated costs, created a material risk of increased costs relative to initial estimated costs, created a material risk to revenue collection and/or created a material risk of a delay in the collection of revenue. The specific operational and execution risks, problems and/or failures included:

a. errors in project scope design;

b. errors and delays in project engineering;

c. the underperformance of EIMISA, including poor workmanship, productivity issues and onsite vandalism;

d. problems with the supply chain, including delays in the supply of equipment and materials, forcing deviations from project design and resulting in increased construction costs and delays;

e. problematic site conditions, including the need to move massive amounts of earth to prepare the site;

f. environmental and safety issues;

g. other site problems, including labour unrest; and

h. that SNC entered into agreements with EIMISA that were beyond the scope of its EPC Fixed-Price Contract for the Codelco Project and that were not approved by Codelco, resulting in SNC bearing the additional costs of the agreements with EIMISA; and

15.25 Further or in the alternative, the above statements were misrepresentations because, during the Class Period, SNC had materially deficient risk mitigation and cost and revenue forecasting controls for the Codelco Project, which had a material adverse effect on SNC's business at the time such statements were made and/or were reasonably likely to have a material adverse effect on SNC's business in the future;

15.26 In addition, the MD&As released during the Class Period contained misrepresentations because of the failure to disclose the material risk that SNC would incur a significant loss or materially reduced profit on the Codelco Project as a result of the operational and execution risks, problems and/or failures, which would materially affect SNC's future performance;

2) Misrepresentations regarding SNC's execution of EPC Fixed-Price Contracts in the Middle East and in North America

15.27 During the Class Period, SNC was experiencing material undisclosed operational and execution risks, problems and/or failures on EPC Fixed-Price Contract projects in the Middle East and in North America;

15.28 These projects included, among others, the Ottawa LRT project, the Champlain Bridge project, two oil and gas projects in the Middle East and one mining and metallurgy project in the Middle East;

15.29 These operational and execution risks, problems and/or failures materially increased costs relative to initial estimated costs, created a material risk of increased costs relative to initial estimated costs, created a material risk to revenue collection and/or created a material risk of a delay in the collection of revenue. The specific operational and execution risks, problems and/or failures included:

a. significant delay (*e.g.* over eight months for the Champlain Bridge project and over thirteen months for the Ottawa LRT project);

b. significant contractual late fees (*e.g.* $100,000 to $400,000 per late day on the Champlain Bridge project) and other expenses associated with delay (*e.g.* the cost of lane closures for the Ottawa LRT project);

c. other cost overruns;

d. defective materials; and

e. inaccurate cost forecasts.

15.30 The existence of the operational and execution risks, problems and/or failures on the EPC Fixed Price Contract projects in the Middle East and in North America rendered materially false and misleading the statements in the Impugned Documents referred to in paragraphs 15.20 to 15.23 above;

15.31 Further or in the alternative, the statements were misrepresentations because, during the Class Period, SNC had materially deficient risk mitigation and cost and revenue forecasting controls for those projects, which had a material adverse effect on SNC's business at the time such statements were made and/or were reasonably likely to have a material adverse effect on SNC's business in the future;

15.32 In addition, the MD&As released during the Class Period contained misrepresentations because of the failure to disclose the material risk that SNC would incur a significant loss or materially reduced profit on those projects as a result of the operational and execution risks, problems and/or failures, which would materially affect SNC's future performance;

3) Misrepresentations in SNC's financial disclosures

15.33 In the MD&A and financial statements for the quarter and year ended December 31, 2017, and for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, SNC reported various financial performance measures, including revenue (broken down by business segment), adjusted diluted EPS from its engineering and construction business, EBIT (including EBIT per business segment), EBITDA, net income or net loss attributable to shareholders (including for its engineering and construction business specifically), assets and liabilities, amongst other financial measures;

15.34 In the MD&A and financial statements for the quarter and year ended December 31, 2017, and for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, SNC recorded significant revenue for the M&M Division. SNC attributed the M&M Division revenue, in material part, to SNC's work on the Codelco Project;

15.35 In the MD&A for the quarter and year ended December 31, 2017, SNC stated that "we plan on continuing to consistently deliver on our objectives and to achieve profitable growth by attaining a $5 adjusted consolidated EPS." That MD&A and the guidance contained therein was incorporated by reference into the MD&A for the quarters ending March 31, 2018, June 30, 2018 and September 30, 2018;

15.36 These financial disclosures and guidance were materially misstated because SNC was recognizing revenue from EPC Fixed-Price Contracts that was artificially inflated by a material amount due to the inclusion of revenue that did not meet the requirements of IFRS, and because the estimated costs to complete the EPC Fixed-Price Contracts were materially understated and did not accurately reflect the costs incurred or the costs that could reasonably be expected to be incurred to complete those projects;

15.37 In SNC's financial statements and MD&A for the quarter and year ended December 31, 2017, and for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, SNC represented that its financial statements were prepared in accordance with IFRS;

15.38 In SNC's financial statements for the quarter and year ended December 31, 2017, and for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, SNC represented that it was applying a revenue recognition policy that was consistent with IFRS, including that it recognized revenue over time using an input method, based on costs incurred to date relative to total estimated costs at completion, to measure progress toward satisfying performance obligations;

15.39 In SNC's financial statements and MD&A for the quarter and year ended December 31, 2017, and for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, SNC represented that it was complying with IFRS rules with respect to the recognition of revenue arising from contract modifications;

15.40 In SNC's financial statements and MD&A for the quarter and year ended December 31, 2017, and for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, SNC represented that it had updated and implemented revised procedures and controls in order to meet the requirements of IFRS 15;

15.41 These statements were materially misleading because the financial disclosures released during the Class Period did not comply with IFRS, including in particular IFRS 15, and SNC failed to implement adequate procedures and controls to meet the requirements of IFRS 15. They were also materially misleading because the estimated costs to complete the EPC Fixed-Price Contract projects in the M&M Division, the O&G Division, the Infrastructure Division and the Resources Division (as applicable at the material time) were inaccurate and, therefore, costs were understated and revenue recognized on the basis of those estimated costs were inaccurate. Further, SNC was not complying with IFRS rules with respect to the recognition of revenue arising from contract modifications and was booking revenue from contract modifications when the conditions for revenue recognition were not satisfied;

15.42 All as appears from the report of Cyrus Khory dated October 15, 2019, communicated herewith as **Exhibit P-33**;

4) Misrepresentations regarding SNC's business in the KSA

15.43 By no later than October 31, 2018, SNC ought to have been aware that it was unable to obtain new business in the KSA and other countries in the Middle East, resulting in a material deterioration in the future prospects of [...] SNC's O&G Division;

15.44 SNC's MD&A for the quarter ended September 30, 2018, which was released on November 1, 2018, contained a misrepresentation because of the failure to disclose the material risk that SNC would not obtain new business in the KSA and other countries in the Middle East consistent with historical levels of business and/or SNC's forecasts for new business, which would materially affect SNC's future performance;

~~22.~~ [...]

23. During a conference call on November 1, 2018 discussing the results for the quarter ended September 30, 2018, Bruce stated that (as appears from a transcript of the conference call, communicated herewith as Exhibit P-19):

> So I was there [[...]the KSA] last week. I went there to visit with our clients in their operations [...] And basically, as I said before, at the time that we had the unfortunate diplomatic incident between Canada and [the KSA]. And we had just over 9,000 employees there, actively progressing, working. And to me, [it would go] exactly the same. And our clients are really happy, are employees are continuing to deliver, and its basically all on track. So no effect there.
>
> [...]
>
> I mean, what we're winning is contracts that are real and there [[...] in the KSA] today, and we are lining up and executing on them. So from that perspective, the prospects, the additional work we're getting, completion of the existing work we've got, is going very much according to plan.

23.1 [...] These statements were misrepresentations because, at the time the statements were made, SNC was not winning new business in the KSA consistent with historical levels of business and/or SNC's forecasts for new business;

24. [...];

5) Misrepresentations with respect to ICFR and DC&P

23.2 SNC's MD&A for the year and quarter ended December 31, 2017 stated that:

> The CEO and CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that:
>
> › Material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and
>
> › Information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.
>
> Based on their evaluation carried out to assess the effectiveness of the Company's disclosure controls and procedures, the CEO and the CFO have concluded that the disclosure controls and procedures were designed and operated effectively as at December 31, 2017.
>
> [...]
>
> The CEO and CFO have also designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
>
> Based on their evaluation carried out to assess the effectiveness of the Company's internal control over financial reporting, the CEO and the CFO have concluded that the internal control over financial reporting was designed and operated effectively as at December 31, 2017, using the *Internal Control - Integrated Framework* (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013 Framework").

23.3 The MD&A for the quarters ended March 31, 2018, June 30, 2018 and September 31, 2018 stated, or stated in a substantively identical manner, for the relevant reporting period that:

> The Company's Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures as well as its internal control over financial reporting, as those terms are defined in National Instrument 52-109 – *Certification*

of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") of the Canadian securities regulatory authorities.

The CEO and CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that:

› Material information relating to the Company is made known to them by others, particularly during the period in which the interim filings are being prepared; and

› Information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have also designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

23.4 In the MD&A for the quarters ended March 31, 2018, June 30, 2018 and September 31, 2018, SNC also stated that there had been no changes in its ICFR that occurred during the most recent reporting period that materially affected or was reasonably likely to materially affect SNC's ICFR other than in relation to its Atkins DTS and Linxon acquisitions (as applicable at the material time);

23.5 These statements constituted misrepresentations because SNC's ICFR and DC&P were not effective at the time the statements were made, and were not effective at any time during the Class Period, as a result of a material weakness in SNC's controls over the reporting of estimated costs and the related assessment of variable consideration on the Codelco Project and other EPC Fixed-Price Contracts in the M&M Division, the O&G Division, the Infrastructure Division and the Resources Division (as applicable at the material time);

25. […];

26. […];

23.6 Further or in the alternative, these statements constituted misrepresentations because SNC's DC&P was not designed to provide, and did not provide, reasonable assurance that material information was made known to Bruce and Girard or that the information required to be disclosed in SNC's periodic financial reporting was disclosed within the relevant time periods;

23.7 Further or in the alternative, these statements constituted misrepresentations because SNC's ICFR was not designed to provide, and did not provide, reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS;

23.8 All as appears from the report of Cyrus Khory dated October 15, 2019, communicated herewith as Exhibit P-33;

6) Misrepresentations in the CEO and CFO certifications

27. Pursuant to National Instrument 52-109, Bruce and Girard certified [...] the Impugned Documents [...], including certifying that:

a. such documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made;

b. they were responsible for establishing and maintaining SNC's DC&P [...] and ICFR;

c. they had designed [...] DC&P, or caused it to be designed under their supervision, to provide reasonable assurance that material information relating to SNC was made known to them by others, particularly during the period in which the documents were being prepared, and information required to be disclosed by SNC in its annual filings, interim filings or other reports filed or submitted under securities legislation was recorded, processed, summarized and reported within the time periods specified in securities legislation;

d. they had designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS;

e. they had evaluated, or caused to be evaluated under their supervision, the effectiveness of SNC's DC&P and [...] determined that the DC&P was designed and operating effectively; and

f. they had evaluated, or caused to be evaluated under their supervision, the effectiveness of SNC's ICFR and [...] determined that the ICFR was designed and operating effectively;

27.1 These statements were misrepresentations for the reasons pleaded in paragraphs 15.20 to 23.8 above;

27.2 Bruce and Girard oversaw the preparation and reporting of SNC's disclosures to the market and knew or should have known of these misrepresentations;

27.3 Bruce and Girard authorized, permitted or acquiesced in the release of the Impugned Documents, which contained these misrepresentations;

7) Failure to make timely disclosure of material changes

27.4 During the Class Period, SNC failed to make timely disclosure of the following material changes to its business, operations and capital:

a. SNC was unable to obtain new contracts or work in the KSA and certain other countries in the Middle East, resulting in a material deterioration in the future prospects of SNC's O&G Division; and

b. that SNC was experiencing material operational and execution risks, problems and/or failures on the Codelco Project and on other EPC Fixed-Price Contracts in the M&M Division, O&G Division and Infrastructure Division;

28. The Individual Defendants oversaw the preparation and reporting of SNC's disclosures to the market and knew or should have known of [...] these material changes;

29. The Individual Defendants authorized, permitted or acquiesced [...] in the failure to make timely disclosure of these material changes;

VI. CORRECTIVE DISCLOSURES AND SUBSEQUENT EVENTS

30. The Defendants' [...] misrepresentations and failure to disclose material changes were corrected by [...] a series of [...] corrective disclosures [...] starting on January 28, 2019;

31. [...] **The first corrective disclosure** was a news release entitled "SNC-Lavalin announces lower than anticipated Q4 results impacting full year 2018" issued by SNC before the commencement of trading on the TSX on January 28, 2019, communicated herewith as Exhibit P-3. It revealed a "serious problem" with a project in SNC's M&M Division (which was subsequently confirmed to be the Codelco Project) leading to significantly lower EBIT for 2018, problems with projects in SNC's O&G Division, and a $1.24 billion impairment charge against goodwill attributable to the O&G Division, in large part due to the impact of

KSA/Canada relations on SNC's ability to secure future work in that region. These disclosures also implicitly revealed that there was a material weakness in SNC's ICFR and a significant weakness in SNC's DC&P;

31.1 The January 28, 2019 news release stated that:

> SNC-Lavalin Group Inc. (TSX: SNC) announces that its full year 2018 results will be lower than expected.
>
> Neil Bruce, President and Chief Executive Officer said "**A serious problem has just come to light in relation to a single project in the Mining & Metallurgy segment**. The contract was awarded in 2016 and its year-end under-performance relative to internal budgets will materially affect our Q4 results, and therefore our full year 2018 results. This isolated incident is unacceptable and I intend to take appropriate actions to mitigate the financial impacts for the Company."
>
> **The Mining & Metallurgy Segment EBIT[5] will be lower in 2018 than the Company expected due to the under-performance of aforementioned project, mainly due to the fact that we cannot meet the required level of agreement at this time with our client in order to meet the IFRS standards for revenue recognition, as well as the substantially increased costs in Q4 associated with delivering this project. This unfavorable cost reforecast surfaced as we were closing 2018**. We will be aggressively pursuing our project claims through the contract protocols up to and including engaging in a dispute resolution process.
>
> In addition, we are experiencing worse than expected trading challenges in Oil & Gas in the Middle East, and Saudi Arabia in particular, the potential impact of which was highlighted in our August disclosure http://www.snclavalin.com/en/media/press-releases/2018/snc-lavalin-comments-canada-kingdom-saudi-arabia-commercial-relations.aspx. Since that announcement, relations between Saudi Arabia and Canada have further deteriorated. Over 15% of our global workforce is employed on work in Saudi Arabia, which has been an important source of revenue growth for our Company in recent years.
>
> **The Oil & Gas Segment EBIT[5] will be lower in 2018 than the Company expected, mainly due to lower revenue recognition on some costs incurred on projects whereby we cannot meet the required level of agreement at this time with our clients to meet the IFRS 15 standards for revenue recognition**. We will continue to progress these contracts and are confident that over time a proportion of these revenues will be agreed with our clients. We also lost an arbitration process with a client for an Oil & Gas project in Australia, in respect of which we recently received a preliminary decision, the financial impact of which we are recognizing in the final quarter of 2018.

Our business continues to face several well-documented macro challenges as well as some Company specific headwinds, which are impacting our ability to grow. **Inter-governmental relations between Canada and Saudi Arabia, together with unpredictable commodity prices and uncertain client investment plans, have led to deterioration in our near-term prospects which we cannot ignore. Consequently, the impairment tests we carry out on an on-going basis indicate that the fair value of our Oil & Gas segment is lower than the carrying value in our financial statements. We will therefore be taking a non-cash after-tax goodwill impairment charge of approximately $1.24 billion, or $7.06 per diluted share**.

Mr. Bruce also commented "We have already announced the appointment of Craig Muir as President, Oil & Gas – see disclosure http://www.snclavalin.com/en/media/press-releases/2019/craig-muir-appointed-president-oil-gas-effective-april-2019.aspx and I will ensure a smooth transition takes place in the leadership team of Oil & Gas. A further update on our plans will be provided with our results announcement on February 22, 2019."

Due to the above mentioned forecasted loss in Q4 and revised revenue forecasts, **the Company expects that its adjusted diluted EPS from E&C(1) for the year ended December 31, 2018 to be in the range of $1.15 to $1.30, and expects that its adjusted consolidated diluted EPS(2) to be in the range of $2.15 to $2.30**.

As a result of all these factors, unavoidably we will take a more cautious view towards our 2019 prospects to reflect these uncertainties. Details on our 2019 guidance will be provided in our upcoming fourth quarter earnings release, on February 22, 2019, at which time the Company will also provide further details concerning our 2018 results and goodwill impairment during its conference call and webcast.

[Emphasis added]

32. Following [...] the first corrective disclosure, the price of SNC's Common Shares declined by $13.49 or approximately 28% [...] from a closing price of $48.50 on the TSX on January 25, 2019 to a closing price of $35.01 on the TSX on January 28, 2019;

32.1 The decline in the price of SNC's Common Shares on January 28, 2019 was statistically significant, as appears from the Expert Report of Michael L. Hartzmark, Ph.D. dated October 15, 2019, communicated herewith as **Exhibit P-34**;

32.2 In a separate but related news release issued the same date, communicated herewith as **Exhibit P-35**, SNC announced the appointment of Ian Edwards to a newly created Chief Operating Officer position with a project oversight function in an attempt to rectify the issues that had arisen with the Codelco Project and other EPC Fixed-Price Contract projects;

32.3 In other management changes connected to the problems first disclosed on January 28, 2019, in a news release issued on January 22, 2019, communicated herewith as **Exhibit P-36**, SNC had announced the departure of Christian Brown as the head of the O&G Division;

32.4 On a conference call with analysts on January 28, 2019 to discuss the information released that day, Bruce confirmed that the goodwill impairment was driven by the inability to secure work in the KSA and certain other Middle Eastern countries and stated that SNC was getting its fair share of work in the KSA and Middle East "up until – round about October-November time", as appears from a transcript of the conference call, communicated herewith as **Exhibit P-37**;

32.5 On the conference call, Bruce also identified some of the execution and operational issues on the Codelco Project that led to the material decline in 2018 results. He stated that one of the issues with the Codelco Project was that SNC had made agreements with subcontractors/the supply chain in an effort to meet project deadlines, which was outside of the scope of the contract with Codelco. Without Codelco's approval of the contract modification, SNC was unable to recognize revenue related thereto pursuant to IFRS 15. Bruce also explained that there were cost overruns on the Codelco Project. Bruce further stated that the issues were also driven in part by problems with site conditions, environmental issues, subcontractor problems and supply chain performance;

32.6 On January 29, 2019, SNC filed a material change report, communicated herewith as **Exhibit P-38**. The material change report confirmed that the misrepresentations with respect to the Codelco Project, other EPC Fixed-Price Contracts in the O&G Division and the ability to secure future business in the KSA and Middle East were material changes within the meaning of the *QSA* and the Other Securities Legislation (if necessary). However, the disclosure of these material changes was not timely;

32.7 SNC and the Individual Defendants maintained in the January 28, 2019 corrective disclosure and in other disclosures around that time that the problems with the Codelco Project had just arisen. However, given the magnitude of the issues with the project and SNC's later admissions with respect to material weaknesses in its ICFR and DC&P related to the project, these statements were either inaccurate or, in the alternative, the problems were readily discoverable with reasonable diligence;

32.8 Despite revealing part of the truth, SNC failed to disclose the extent of execution issues and thus the revenue recognition and costs issues with the Codelco Project or the extent of the execution issues on other EPC Fixed-Price Contracts and associated cost and revenue recognition issues. The references in the January 28, 2019 news release and in the conference call held on January 28, 2019 to the issues with the Codelco Project being an "isolated" incident were inaccurate and misleading;

32.9 **The second corrective disclosure** occurred via a news release entitled "SNC-Lavalin provides update on new facts about the Mining & Metallurgy project" issued by SNC on February 11, 2019, communicated herewith as Exhibit P-4. In that news release, SNC described the cause of the execution failures on the Codelco Project and revealed that the financial impact of the Codelco Project on 2018 financial results would be far greater than previously disclosed due to revenue recognition problems. SNC also disclosed that as a result of the issues it would no longer bid on EPC Fixed-Price Contracts in the M&M Division. The increase in the size of the loss and cessation of bids on EPC Fixed-Price Contracts in the M&M Division again implicitly revealed that there was a material weakness in SNC's ICFR and a significant weakness in SNC's DC&P;

32.10 The press release stated that:

> SNC-Lavalin Group Inc. (TSX: SNC) announces that its full year 2018 results will be lower than expected and announced on January 28, 2019 (www.snclavalin.com/en/media/press-releases/2019/snc-lavalin-announces-lower-than-anticipated-q4-results-impacting-full-year-2018.aspx), due to the inability to reach an agreement with the Company's client on the Mining & Metallurgy project indicated in the January 28th press release.
>
> Following further negotiations and discussions with the Mining & Metallurgy client in question subsequent to January 28, 2019, the parties have agreed to settle the dispute through an accelerated arbitration process, out of which the Company currently expects significant recoveries in the future. Management concluded that having the project claims fast-tracked into arbitration by an independent third party was the appropriate alternative, given the circumstances. In the meantime, SNC-Lavalin will continue to work to complete the project. **Due to the fact that SNC-Lavalin cannot achieve the necessary required level of agreement at this time with the client to meet the IFRS standards for revenue recognition, the loss in the Company's Mining & Metallurgy Segment EBIT(5) will be higher in 2018 than the Company expected or could have known on January 28, 2019. The challenges on this mining project are mainly due to unexpected site conditions, greater than expected environmental and safety measures, and under-performance from sub-contractors**. As the Company expects some

recoveries in the future, significant of the current write-downs on the project should not be considered a permanent write-off until the arbitration process is concluded. The project is located in Latin America and is anticipated to be completed in the second quarter of 2019. Due to the negative impact from the above-mentioned project, **the Mining & Metallurgy fourth quarter Segment EBIT(5) will be up to negative $350 million**.

The Company continues to view this as an isolated incident of a non recurring nature. The Company does not have any other Mining & Metallurgy projects that have similar characteristics.

To address this disappointing result, management has so far taken the following actions: stopped all bidding on future Mining EPC projects, reviewed the Mining & Metallurgy management structure and asked Mr. Ian Edwards, the new Chief Operating Officer, to personally engage to immediately strengthen the local project team.

The Company has discussed the cash flow impact of this project with its lenders, with whom it has been agreed that the net recourse debt to EBITDA covenant and ratio calculation be temporarily increased to 4 times and that the forecasted loss on the Mining & Metallurgy project be considered as a non-recurring item, up to a maximum of $310 million. The Company confirms that it has no plans to raise equity, as it continues to have nearly $1.8 billion drawings available under its credit facility and it is not in breach of its covenants under its credit agreement, as amended.

Due solely to the above mentioned Mining & Metallurgy project revised forecasts resulting from newly uncovered facts and developments since January 28th, the Company now expects that its adjusted diluted EPS from E&C(1) for the year ended December 31, 2018 to be in the range of $0.20 to $0.35, and expects that its adjusted consolidated diluted EPS(2) to be in the range of $1.20 to $1.35.

The Company is also establishing its initial 2019 outlook for the adjusted diluted EPS from E&C(1) in the range of $2.00 to $2.20, and for the adjusted consolidated diluted EPS(2) in the range of $3.00 to $3.20.

[Emphasis added]

32.11 Following the second corrective disclosure, the price of SNC's Common Shares declined by $2.71 or approximately 7.4% from a closing price of $36.71 on February 8, 2019 to a closing price of $34.00 at the close of trading on February 11, 2019.

32.12 The decline in the price of SNC's Common Shares on February 11, 2019 was statistically significant, as appears from the Expert Report of Michael L. Hartzmark, Ph.D. dated October 15, 2019, communicated herewith as Exhibit P-34;

32.13 Despite the revelations in the second corrective disclosure, SNC failed to disclose the extent of the execution issues, including the inaccuracy of its forecasted costs, affecting its other EPC Fixed-Price Contracts. Indeed, SNC continued to maintain in the second corrective disclosure that the problems with the Codelco Project were an "isolated incident" and that it did not have any other projects with similar characteristics;

32.14 On February 15, 2019, DBRS placed SNC's rating under review due to "concerns regarding risk management and project control issues following the Company's announcement of a considerable project loss within the Mining and Metallurgy division", as appears from a DBRS news release dated February 15, 2019, communicated herewith as **Exhibit P-39**;

32.15 On February 22, 2019, SNC filed its financial statements and accompanying MD&A for the quarter and year ended December 31, 2018, and issued a related news release, communicated herewith as **Exhibit P-40**, **Exhibit P-41** and **Exhibit P-42**, respectively. SNC also held a conference call on February 22, 2019, as appears from a transcript of the conference call, communicated herewith as **Exhibit P-43**. The MD&A confirmed what the January 28, 2019 and February 11, 2019 corrective disclosures made evident, namely that SNC had a material weakness in its ICFR and a significant weakness in its DC&P with respect to the reporting of estimated costs and related assessment of revenue:

> Based on these evaluations, the CEO and the CFO have concluded that, as at December 31, 2018, the Company did not maintain effective controls over the reporting of forecasted costs and revenues of a major project in the Mining & Metallurgy segment. Specifically, **the Company's controls over the reporting of estimated costs and related assessment of variable consideration were not operating effectively because project management did not appropriately consider the terms and conditions of the project contract and their impact on the overall project forecast. Additionally, the CEO and the CFO noted that there was no compensating control that detected the control deficiencies on a timely basis.** The control deficiencies did not result in any material adjustment to the 2017 annual or 2018 interim consolidated financial statements. However, in light of the overall magnitude of the project these control deficiencies could have resulted in a misstatement to the estimated costs to complete this contract and its related variable consideration resulting in a material misstatement to the interim financial statements that would not be prevented or detected. Accordingly, management determined that these control deficiencies constitute a "material

weakness" (as that term is defined in NI 52-109) relating to the operational effectiveness of the Company's internal control over financial reporting as at December 31, 2018.

Furthermore, in light of the substantial overlap in the definitions of disclosure controls and procedures and internal control over financial reporting contained in NI 52-109, **the CEO and the CFO have also concluded that this material weakness in the Company's internal control over financial reporting also represented a weakness relating to the operation of the Company's disclosure controls and procedures that was significant and existing as at December 31, 2018**, such that there was a reasonable possibility that the Company would not disclose material information required to be disclosed under applicable securities legislation within the time periods specified in such legislation. Accordingly, management could not conclude that the Company's disclosure controls and procedures were effective as at December 31, 2018.

32.16 SNC claimed that the control deficiencies were detected in the fourth quarter of 2018. However, this statement was false given the significance of the execution problems on the Codelco Project and SNC's suggestion that the material weaknesses could have resulted in a material misstatement in the previously released interim financial financials that would not be prevented or detected or, in the alternative, because the control deficiencies were detectable with the exercise of reasonable diligence;

32.17 Further, in the annual financial statements released on February 22, 2019, SNC stated that the O&G Division goodwill was impaired as at October 31, 2018, which constituted an admission that the facts indicating a material decline in the future prospects of the O&G Division, including in particular a material decline in new business wins in the KSA, were in existence as of October 31, 2018, many months before the first corrective disclosure on January 28, 2019;

32.18 On March 25, 2019, Codelco announced that it had terminated its contract with SNC for the construction of the Codelco Project for cause due to a "serious breach of contractual milestones" and that "[a]mong the non-compliances are the delay in payments to its subcontractors, delays in the execution of the project and problems in the quality of works, among others", as appears from a statement issued by Codelco on March 25, 2019, communicated herewith as **Exhibit P-44**. SNC later confirmed the cancellation in a news release issued on March 25, 2019, communicated herewith as **Exhibit P-45**;

32.19 In a news release issued by SNC on March 28, 2019, communicated herewith as **Exhibit P-46**, SNC announced a new operating structure designed to "de-risk the business", including introducing a Project Oversight function to ensure delivery and execution of projects and to allow SNC to "foresee and fix project-related issues in a timely fashion";

32.20 **The third corrective disclosure** was SNC's reporting of its financial results for the quarter ended March 31, 2019 on May 2, 2019. SNC filed its financial statements and accompanying MD&A, communicated herewith as **Exhibit P-47** and **Exhibit P-48**, respectively, and issued a related news release (communicated herewith as Exhibit P-5). SNC also held a conference call on May 2, 2019, as appears from a transcript of the conference call, communicated herewith as **Exhibit P-49**. The third corrective disclosure revealed a significant loss in SNC's Resources Division caused by unfavourable cost reforecasts "on certain major Oil & Gas and Mining & Metallurgy projects and delay in claim settlements." This corrective disclosure revealed that the execution and financial reporting problems with SNC's EPC Fixed-Price Contracts extended beyond the Codelco Project and were significantly greater than previously disclosed. It also revealed that the material weakness in SNC's ICFR and significant weakness in SNC's DC&P extended beyond the Codelco Project to other EPC Fixed-Price Contracts;

32.21 When asked on the conference call on May 2, 2019 what caused the reforecast issues in the O&G Division, Bruce blamed project execution failures, among other items: "I mean there's clearly performance issues where we need to acknowledge that we performed badly. And therefore, you just need to recognize that";

32.22 In the quarterly financial disclosures and conference call discussing the results, SNC also announced that it was exiting all EPC Fixed-Price Contract work outside of its core areas of expertise and that it was looking to reduce its EPC Fixed-Price Contract work generally. SNC also confirmed the continuing material weakness in ICFR and significant weakness in DC&P and that SNC was still unable to secure new work in the KSA;

32.23 Following the third corrective disclosure, the price of SNC's Common Shares declined by \$4.38 or approximately 13.1% from a closing price of \$33.35 on the TSX on May 1, 2019 to \$28.97 at close on May 2, 2019;

32.24 The decline in the price of SNC's Common Shares on May 2, 2019 was statistically significant, as appears from the Expert Report of Michael L. Hartzmark, Ph.D. dated October 15, 2019, communicated herewith as Exhibit P-34;

32.25 In making the third corrective disclosure, SNC revealed that the execution problems on the Codelco Project were not isolated but extended into other EPC Fixed-Price Contracts. However, SNC again failed to disclose the true extent of the execution issues;

32.26 The full truth was finally revealed via the **fourth corrective disclosure**. The fourth corrective disclosure was a news release issued by SNC on July 22, 2019 entitled "SNC-Lavalin forges New Strategic Direction with Corporate Reorganization, Exits Lump-Sum Turnkey Contract, Q2 Financial Results Lower than Anticipated, 2019 Financial Guidance Withdrawn", communicated herewith as Exhibit P-6. That news release revealed that the execution issues with SNC's EPC Fixed-Price Contracts were more financially significant than previously disclosed, by revealing negative cost reforecasts on EPC Fixed-Price Contracts resulting in a significant loss for the second quarter of 2019 in the Resources Division and necessitating a complete exit from bidding on EPC Fixed-Price Contract work. SNC was also forced to take a $1.9 billion goodwill impairment charge in the Resources Division (primarily in what was formerly the O&G Division from the goodwill accumulated from the Kentz acquisition). The revelations confirmed the material weakness in SNC's ICFR and significant weakness in SNC's DC&P on all of SNC's EPC Fixed-Price Contracts;

32.27 The news release stated in material part that:

> SNC-Lavalin Group Inc. (TSX:SNC) today announced that it is exiting lump-sum turnkey (LSTK) contracting and will reorganize the Company's Resources (Oil & Gas and Mining & Metallurgy) and Infrastructure Construction segments into a separate business line following continued poor performance of these segments. The Company is also exploring all options for its Resources segment, particularly its Oil & Gas (O&G) business, including transition to a services-based business or divestiture.
>
> [...]
>
> "**Lump-sum, turnkey projects have been the root cause of the Company's performance issues**. By exiting such contracting and splitting it off from what is otherwise a healthy and robust business, we are tackling the problem at the source, and as a result we expect to see a material improvement in the predictability and clarity of our results," said Ian L. Edwards, Interim President and Chief Executive Officer. "We have a very impressive integrated professional services offering in EDPM, Nuclear, Infrastructure Operations & Maintenance (O&M) and Linxon, as well as a robust investment in Capital, the results of which have been overshadowed by LSTK projects. Going forward, the reorganization will allow us to focus on leveraging growth opportunities and end-to-end project management capabilities that we have in SNCL Engineering Services, delivering consistent earnings and cash flow, with a leaner capital structure, to our shareholders."
>
> [...]

The Company expects significantly lower results in 2019 than previously anticipated, due in large part to LSTK construction project cost reforecasts required at the end of Q2 on projects in the Resources (O&G and Mining & Metallurgy) and Infrastructure segments. The Company will be aggressively pursuing its project claims through the contracts' protocols. Due to the above, the Company expects that the Q2 2019 adjusted EBITDA from E&C(1) to be in the range of negative $150 million to negative $175 million. Complete details of the Company's Q2 2019 results will be released on August 1, 2019.

The Company will be taking an additional non-cash, pre-tax, goodwill impairment charge and an intangible assets impairment charge relating to the Company's O&G business, specifically Kentz, totalling approximately $1.9 billion. This non-cash charge is largely attributable to the Company's decision to cease bidding on LSTK projects, as well as lower than expected performance by Resources in the first half of the year.

Given today's announcements, the Company is withdrawing all previously issued annual financial guidance for 2019.

It is important to note that the reorganization described above will reinforce the Company's strong EDPM and Nuclear segments, which will form the backbone of the SNCL Engineering Services business line. In 2019 the Company's SNCL Engineering Services are expected to deliver Segment EBIT(2) margin consistent with prior periods. Now that we are exiting LSTK contracting, the Company will run off the vast majority (over 80%) of its $3.2 billion of LSTK backlog by the end of 2021 with the remaining two projects estimated to be fully completed by 2024. We expect that reasonably anticipated reforecasts in SNCL Projects will be reflected in Q2 results. The Company's objectives in relation to the SNCL Projects reorganization are to mitigate risks and intensify the Company's focus on claim receivables and recoveries while enhancing transparency on performance.

[Emphasis added]

32.28 Following the fourth corrective disclosure, the price of SNC's Common Shares declined by $1.71 or approximately 6.7% from a closing price of $25.51 on the TSX on July 19, 2019 to $23.80 at the close of trading on July 22, 2019. Following the corrective disclosure, SNC's Common Share price continued to decline reaching a low of $16.36 by August 6, 2019;

32.29 The decline in the price of SNC's Common Shares on July 22, 2019 was statistically significant, as appears from the Expert Report of Michael L. Hartzmark, Ph.D. dated October 15, 2019, communicated herewith as Exhibit P-34;

32.30 The contents of the news release were replicated in a material change report filed on SEDAR on July 25, 2019, communicated herewith as **Exhibit P-50**. However, that disclosure of the material change was not timely;

32.31 The contents of the news release were further confirmed in SNC's financial disclosures for the quarter ending June 30, 2019. On August 1, 2019, SNC filed its interim financial statements and accompanying MD&A for that quarter, and issued a related news release, communicated herewith as **Exhibit P-51**, **Exhibit P-52** and **Exhibit P-53**, respectively. SNC also held a conference call on August 1, 2019, as appears from a transcript of the conference call, communicated herewith as **Exhibit P-54**. SNC's MD&A stated that:

> An impairment loss of $1.8 billion was recognized for the Resources CGU, largely attributable to the Company's decision to cease bidding on lump-sum turnkey construction projects, as well as lower than expected performance in Resources in the first half of the year and challenges in replenishing the backlog. At the same time, the intangible assets related to business combinations in the Resources segment were impaired by $72.8 million.
>
> [...]
>
> Resources Segment EBIT was negative $181.6 million, compared with a positive EBIT of $15.8 million for the corresponding quarter of 2018, mainly reflecting net unfavorable reforecasts on certain major projects for a combined impact totalling approximately $150 million from higher forecasted costs, increased warranty costs or partial descoping primarily for three lump-sum turnkey construction projects in Oil & Gas and Mining & Metallurgy in the Middle East
>
> [...]
>
> Infrastructure EPC Projects Segment EBIT was negative $126.1 million, compared with negative $4.5 million for the corresponding quarter of 2018. For the first six months of 2019, Infrastructure EPC Projects Segment EBIT was negative $132.2 million, compared with a positive Segment EBIT of $3.7 million for the first six months of 2018. The decrease in Segment EBIT in the second quarter and first six months of 2019 is mainly attributable to net unfavorable reforecasts totalling approximately $130 million on certain major projects resulting from higher forecasted costs or increased warranty costs, primarily on two lump-sum turnkey construction projects nearing completion and on smaller clean power projects, combined with a lower level of activity.

32.32 SNC's MD&A also disclosed that the previously reported material weakness in ICFR and significant weakness in DC&P continued to exist as of June 30, 2019;

32.33 On the analyst conference call discussing the results for the quarter ended June 30, 2019, Ian Edwards stated that execution of EPC Fixed-Price Contracts was at the root of SNC's financial underperformance:

> Looking at our results, it's clear that **volatility and unfavorable cost reforecast stemming from LSTK construction projects were the root cause of the company's financial underperformance.** And thus, I took the decision to exit this type of project and contracting model.
>
> […]
>
> **As I said, the root cause of our past performance has been in the execution of LSTK contracts**. In addition to this, we had exposure to geopolitical risk in the Middle East. I believe our new strategic direction significantly reduces the risk in both of these areas.

[Emphasis added]

32.34 On that same call, Girard clarified what caused the loss in the Resources Division and the Infrastructure Division as follows:

> This negative segment EBIT was mainly due to the unfavorable reforecast on certain major lump-sum turnkey construction projects for a combined net unfavorable impact totaling approximately CAD 280 million. This was mainly due to higher forecasted costs to complete on 2 infrastructure lump-sum turnkey construction projects, namely the Ottawa LRT and Champlain Bridge, both of which have now reached substantial completion, as well as on 2 oil and gas and 1 mining and metallurgy lump-sum turnkey construction projects in the Middle East.

32.35 On the call, Girard also explained that the second quarter results from the Resources Division created a number of impairment indicators that required SNC to revisit the impairment test;

32.36 In a news release issued by SNC on October 11, 2019 entitled "SNC-Lavalin reaches settlement with Codelco on Acid Plant Project, further de-risking the Lump-Sum Turnkey backlog", communicated herewith as **Exhibit P-55**, SNC announced that it had reached a full and final settlement with Codelco following Codelco's decision to terminate the EPC Fixed-Price Contract for the Codelco Project. The news release did not indicate that SNC had achieved any recoveries on its claims against Codelco, as had been suggested in SNC's news release dated February 11, 2019;

32.37 In sum, the corrective disclosures revealed the truth about the misstated or undisclosed material facts and undisclosed material changes pleaded herein;

VII. THE RIGHTS OF ACTION

1) Statutory right of action for misrepresentation in secondary market disclosures

33. On behalf of [...] themselves and all other members of the Class, the Plaintiffs assert, as against SNC and the Individual Defendants, the right of action found in sections 225.8 and 225.9 of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation;

34. This claim is being asserted in respect of all Impugned Documents and Impugned Public Oral Statements, which contained misrepresentations within the meaning of the *QSA*, as particularized herein;

35. SNC is a reporting issuer in Québec and is closely and significantly connected to Québec for the purposes of Title VIII, Chapter II, Division II of the *QSA*;

36. Bruce was a director of SNC at the time of the release of the Impugned Documents, and was an officer of SNC at those times and he authorized, permitted or acquiesced in the release of the Impugned Documents;

37. Girard was an officer of SNC at the time of the release of the Impugned Documents and he authorized, permitted or acquiesced in the release of the Impugned Documents;

38. Bruce made the Impugned Public Oral Statements;

39. Girard was an officer of SNC at the time of the making of the Impugned Public Oral Statements and he authorized, permitted or acquiesced in the making of the Impugned Public Oral Statements;

40. With respect to any Impugned Document that is not a "core document" for purposes of section 225.3 of the *QSA* (and, if necessary, the concordant provisions of the Other Securities Legislation) and the Impugned Public Oral Statements, the Defendants knew, at the time the Impugned Document was released or the Impugned Public Oral Statements were made, that the Impugned Document or the Impugned Public Oral Statements contained a misrepresentation; or, alternatively, the Defendants deliberately avoided acquiring knowledge of the misrepresentations in the Impugned Document or the Impugned Public Oral Statements at or before the time they were released or made; or, in the further alternative, the Defendants were guilty of gross fault in connection with the release of the Impugned Document or the making of the Impugned Public Oral Statements;

2) Statutory right of action for failure to make timely disclosure of a material change

41. On behalf of [...] themselves and all other members of the Class, the Plaintiffs assert, as against SNC and the Individual Defendants, the right of action found in section 225.11 of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation;

42. SNC failed to disclose a material change or material changes, as particularized herein;

43. SNC is a reporting issuer in Québec and is closely and significantly connected to Québec for the purposes of Title VIII, Chapter II, Division II of the *QSA*;

44. Bruce was a director and officer of SNC at the time of the failure to make timely disclosure and he authorized, permitted or acquiesced in the failure to make timely disclosure;

45. Girard was an officer of SNC at the time of the failure to make timely disclosure and he authorized, permitted or acquiesced in the failure to make timely disclosure;

3) Article 1457 of the *CCQ*

46. On behalf of [...] themselves and all other members of the Class, as against SNC and the Individual Defendants, the Plaintiffs plead a fault in violation of the general private law duty of diligence they owed the members of the Class, as particularized herein;

47. The Defendants failed to abide by the rules of conduct incumbent on them in the circumstances of their relationships with the members of the Class as well as the transactions in which they acted, at law and as reasonably required from them;

48. The Defendants' duties, which they breached, are particularized at paragraphs [...] 51 to [...] 56 below;

49. As a result, the Defendants committed a fault and therefore caused injuries to the members of the Class by causing their significant monetary damages and losses, and are bound to compensate the Class Members for those losses;

50. The negligence, want of due diligence, faults and breaches occurred in or emanated from Québec;

4) The Defendants' duties and breach thereof

51. During the Class Period, SNC and the Individual Defendants had legal obligations of periodic and timely disclosure of material facts and changes, under the *QSA* and the Other Securities Legislation. They violated those legal obligations;

52. Additionally, SNC and the Individual Defendants owed SNC's shareholders duties under article 1457 *CCQ*. These duties were informed by the *QSA*, the Other Securities Legislation, subsidiary instruments including National Instrument 51-102, National Instrument NI 52-109, National Instrument NI 52-110 and their related rules and policies and SNC's own stated policies, including the charter of its Board's Audit Committee;

53. During the Class Period, the Defendants committed a fault in respect of the Class by failing to comply with their duties and responsibilities and by making the misrepresentations pleaded herein;

54. The Individual Defendants oversaw the preparation and reporting of SNC's disclosures to the market and knew or should have known of the misleading statements and the omissions of material facts they contained;

55. The Individual Defendants authorized, permitted or acquiesced to the release of SNC's public disclosure documents during the Class Period by SNC which contained the omissions of material facts and the misrepresentations;

56. In addition to its direct liability, SNC is liable for the faults committed by the Individual Defendants and its other officers, directors, partners and/or employees;

57. As a result of the Defendants' conduct and their misrepresentations in the Impugned Documents and the Impugned Public Oral Statements, SNC's securities traded at artificially inflated prices during the Class Period and the Class acquired those securities at prices that were inflated and did not reflect their true value. When the truth emerged through a series of corrective disclosures, the market price or value of SNC's shares plummeted, causing significant losses and damages to the Plaintiffs and the Class;

57.1 The Defendants are liable to the Class under Title VIII, Chapter II, Division II of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation because:

   a. the Impugned Documents and/or the Impugned Public Oral Statements contained one or more misrepresentations within the meaning of the *QSA* and, if necessary, the Other Securities Legislation; and

b. SNC failed to make timely disclosure of a material change or material changes within the meaning of the *QSA* and, if necessary, the Other Securities Legislation;

57.2 The Plaintiffs and the other members of the Class sustained damages as a result of the breaches of the *QSA* and, if necessary, concordant provisions of Other Securities Legislation;

57.3 The Defendants owe a duty of diligence to the Class, which they failed to fulfill and, as a result, committed a fault against the Plaintiffs and Class under article 1457 *CCQ*. The Plaintiffs and the other members of the Class sustained damages as a result;

VIII. THE CRITERIA OF ARTICLE 575 *C.C.P.*

1) The claims of the members raise identical, similar or related questions of law or fact

57.4 The principal questions of fact and law to be dealt with collectively are the following:

a. did the Impugned Documents and/or the Impugned Public Oral Statements contain one or more misrepresentations within the meaning of the *QSA* and, if necessary, the Other Securities Legislation? If so, what documents contained what misrepresentations and what public oral statements contained what misrepresentations?

b. did SNC fail to make timely disclosure of a material change or material changes within the meaning of the *QSA* and, if necessary, the Other Securities Legislation? If so, when did that failure or failures occur?

c. are any of the Defendants liable to the Class, or any of them, under Title VIII, Chapter II, Division II of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation? If so, what Defendant is liable and to whom?

d. did any of the Defendants owe a duty of diligence to the Class, or any of them, under the general private law of Québec? If so, what Defendant owed a duty of diligence and to whom?

e. if some or all of the Defendants owed a duty of diligence to the Class, or any of them, did any of the Defendants violate such duty of diligence and commit a fault under article 1457 *CCQ*? If so, what Defendant committed a fault and with respect to whom?

f. what damages are sustained by the Plaintiffs and the other members of the Class?

g. are any of the Defendants liable to the Plaintiffs and the Class, or any of them, for damages? If so, what Defendant is liable, to whom and in what amount?

58. [...]

59. Consequently, the [...] Representative Plaintiffs and the members of the Class seek for this honourable Court to authorize the following conclusions to the proposed proceedings:

GRANT this class action on behalf of the Class;

GRANT the Plaintiffs' action against the Defendants in respect of the rights of action asserted against Defendants under Title VIII, Chapter II, Division II of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation, and article 1457 *CCQ*;

CONDEMN the Defendants to pay to the Plaintiffs and the Class compensatory damages for all monetary losses;

ORDER collective recovery in accordance with articles 595 to 598 [...] *CCP*;

THE WHOLE with interest and additional indemnity provided for in the *CCQ* and with full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action;

1) The facts alleged appear to justify the conclusions sought

60. As particularized herein, the Defendants violated their legal obligations and their duties and responsibilities to the Class, and made misrepresentations to the Class in the Impugned Documents and/or the Impugned Public Oral Statements and failed to make timely disclosure of material changes all within the meaning of the *QSA* and the Other Securities Legislation, supporting the Representative Plaintiffs' and the Class's claims;

2) The composition of the group makes it difficult or impracticable to apply the rules for mandates to take part in judicial proceedings on behalf of others or for consolidation of proceedings

61. SNC is a multinational company having issued approximately 175 million Common Shares which are publicly traded on worldwide stock exchanges, alternative electronic stock exchanges, over-the-counter exchanges and dark-pools;

62. There are thousands of investors that could be members of the putative Class and are likely located throughout the world;

63. In this context, it would be impracticable for each member of the Class to bring a separate action;

3) The class members appointed as representative plaintiffs are in a position to properly represent the class members

64. […] The Representative Plaintiffs understand the requirements of time and dedication required of […] their role and is prepared to devote the required resources to carry forward this proposed class action on behalf of the Class;

65. […] Each of the Representative Plaintiffs purchased SNC's Common Shares during the Class Period and endured a financial loss;

66. Each of the Representative Plaintiffs has no conflict of interest with other members of the Class and is represented by counsel that are experienced at litigating shareholders' claims in class actions against multinational corporations that list their securities on multiple stock exchanges;

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

AUTHORIZE the Class as described herein:

> "**Class**" and "**Class Members**" means all persons and entities, wherever they may reside or be domiciled, other than the Excluded Persons, who acquired Common Shares in the secondary market during the Class Period and held some or all of such Common Shares […] through one or more of the following: (i) the release of SNC's news release entitled "SNC-Lavalin announces lower than anticipated Q4 results impacting full year 2018" on January 28, 2019; (ii) the release of SNC's news release entitled "SNC-Lavalin provides update on new facts about the Mining & Metallurgy project" on February 11, 2019; (iii) the release of SNC's news release entitled "SNC-Lavalin reports first quarter results

for 2019" on May 2, 2019; and (iv) the release of SNC's news release entitled "SNC-Lavalin Forges New Strategic Direction with Corporate Reorganization" on July 22, 2019;

"**Class Period**" means the period from the time of the release of Impugned Documents on February 22, 2018, to the time of the release of SNC's news release entitled "SNC-Lavalin Forges New Strategic Direction with Corporate Reorganization" on July 22, 2019 (inclusive);

"**Excluded Persons**" means the Defendants, members of the immediate families of the Individual Defendants, and SNC's past and present directors, officers, subsidiaries, affiliates, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns;

NAME Ruediger Martin Graaf and Normand Lafrenière as the Class representatives;

DECLARE that the following questions of fact and law be dealt with collectively are:

a. did the Impugned Documents and/or the Impugned Public Oral Statements contain one or more misrepresentations within the meaning of the *QSA* and, if necessary, the Other Securities Legislation? If so, what documents contained what misrepresentations and what public oral statements contained what misrepresentations?

b. did SNC fail to make timely disclosure of a material change or material changes within the meaning of the *QSA* and, if necessary, the Other Securities Legislation? If so, when did that failure or failures occur?

c. are any of the Defendants liable to the Class, or any of them, under Title VIII, Chapter II, Division II of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation? If so, what Defendant is liable and to whom?

d. did any of the Defendants owe a duty of diligence to the Class, or any of them, under the general private law of Québec? If so, what Defendant owed a duty of diligence and to whom?

e. if some or all of the Defendants owed a duty of diligence to the Class, or any of them, did any of the Defendants violate such duty of diligence and commit a fault under article 1457 of the *CCQ*? If so, what Defendant committed a fault and with respect to whom?

f. what damages are sustained by the Plaintiffs and the other members of the Class?

g. are any of the Defendants liable to the Plaintiffs and the Class, or any of them, for damages? If so, what Defendant is liable, to whom and in what amount?

AUTHORIZE the class action proceedings to seek the following conclusions:

GRANT this class action on behalf of the Class;

GRANT the Plaintiffs' action against the Defendants in respect of the rights of action asserted against Defendants under Title VIII, Chapter II, Division II of the *QSA* and, if necessary, the concordant provisions of the Other Securities Legislation, and article 1457 *CCQ*;

CONDEMN the Defendants to pay to the Plaintiffs and the Class compensatory damages for all monetary losses;

ORDER collective recovery in accordance with articles 595 to 598 [...] *CCP*;

THE WHOLE with interest and additional indemnity provided for in the *CCQ* and with full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action;

AUTHORIZE these class action proceedings under section 225.4 of the *QSA*;

APPROVE the notice to the members of the Class in the form to be submitted to the Court;

ORDER the publication of the notice to the members of the Class no later than thirty (30) days after the date of the judgement authorizing the class proceedings;

ORDER that the deadline for a member of the Class to exclude themselves from the class action proceedings shall be sixty (60) days from the publication of the notice to the members of the Class;

THE WHOLE WITH COSTS including experts' fees.

Quebec City, October 15, 2019

SISKINDS, DESMEULES, AVOCATS
(Me Karim Diallo)
(Me Erika Provencher)
karim.diallo@siskindsdesmeules.com
erika.provencher@siskindsdesmeules.com
Lawyers for the Plaintiffs

43, rue de Buade, bureau 320
Québec (Québec) G1R 4A2
Téléphone: (418) 694-2009
Télécopieur: (418) 694-0281
notification@siskindsdesmeules.com

LIST OF EXHIBITS IN SUPPORT OF THE AMENDED MOTION FOR AUTHORIZATION OF A CLASS ACTION

Exhibits supporting the application

In support of the *Amended Motion for Authorization of a Class Action and for Authorization to Bring an Action Pursuant to Section 225.4 of the Quebec Securities Act*, the Plaintiff intend to use the following exhibits :

Exhibit P-1:	Form 52-109F1, Certification of Annual Filings Full Certificate certified by Neil Bruce, dated February 22, 2018
Exhibit P-2:	Form 52-109F1, Certification of Annual Filings Full Certificate certified by Sylvain Girard, dated February 22, 2018
Exhibit P-3:	News release, dated January 28, 2019 – "SNC-Lavalin announces lower than anticipated Q4 results impacting full year 2018"
Exhibit P-4:	News release, dated February 11, 2019 – "SNC-Lavalin provides update on new facts about the Mining & Metallurgy project"
Exhibit P-5:	News release, dated May 2, 2019 – "SNC-Lavalin reports first quarter results for 2019"
Exhibit P-6:	News release, dated July 22, 2019 – "SNC-Lavalin Forges New Strategic Direction with Corporate Reorganization"
Exhibit P-7:	MD&A for Q4 and year ended December 31, 2017 filed on SEDAR on February 22, 2018
Exhibit P-8:	SNC's Audited Financial Statements for Q4 and year ended December 31, 2017 filed on SEDAR on February 22, 2018
Exhibit P-9:	SNC's Annual Information Form for the year ended December 31, 2017 filed on SEDAR on February 22, 2018
Exhibit P-10:	SNC's Annual Report for year ended December 31, 2017 and filed on SEDAR on April 3, 2018
Exhibit P-11:	SNC's MD&A for Q1 ended March 31, 2018 filed on SEDAR on May 3, 2018
Exhibit P-12:	SNC's Interim Financial Statements for Q1 ended March 31, 2018 filed on SEDAR on May 3, 2018
Exhibit P-13:	SNC's Interim CEO Certification for Q1, Q2, Q3, 2018 (en liasse)
Exhibit P-14:	SNC's Interim CFO Certification for Q1, Q2, Q3, 2018 (en liasse)
Exhibit P-15:	SNC's MD&A for Q2 ended June 30, 2018 filed on SEDAR on August 2, 2018
Exhibit P-16:	SNC's Interim Financial Statements for Q2 ended June 30, 2018 filed on SEDAR on August 2, 2018
Exhibit P-17:	SNC's MD&A for Q3 ended September 30, 2018 filed on SEDAR on November 1, 2018
Exhibit P-18:	SNC's Interim Financial Statements for Q3 ended September 30, 2018 filed on SEDAR on November 1, 2018
Exhibit P-19:	Earnings Call Transcript, held November 1, 2018
Exhibit P-20:	Declaration of Ruediger Martin Graaf sworn October 9, 2019
Exhibit P-21:	Declaration of Normand Lafrenière sworn October 3, 2019

Exhibit P-22:	Affidavit of Manuel Carvallo sworn October 14, 2019 and exhibits
Exhibit P-23:	Contract between Codelco and SNC-Lavalin Chile S.A. dated November 3, 2016 (Certified English Translation)
Exhibit P-24:	*Bloomberg* Article titled - "Battle to Cut Emissions Leaves Top Copper Producer Facing Smelter Halt"
Exhibit P-25:	Subcontract between EIMISA and SNC-Lavalin Chile S.A., dated January 27, 2017 (Certified English Translation)
Exhibit P-26:	Modification to the Subcontract between EIMISA and SNC Chile S.A. dated, August 1, 2018 (Certified English Translation)
Exhibit P-27:	Further Modification to the Subcontract between EIMISA and SNC Chile S.A. dated, October 24, 2018 (Certified English Translation)
Exhibit P-28:	Expert Report of Bryce jones (to be signed)
Exhibit P-29:	Claims Letter from EIMISA (Certified English Translation)
Exhibit P-30:	Writ filed by EIMISA (Certified English Translation)
Exhibit P-31:	*The Globe & Mail* Article dated June 24, 2019 – "Montreal's new, $4.4-billion Champlain Bridge opens to traffic for the first time"
Exhibit P-32:	*Global News* Article dated September 3, 2019 –"City of Ottawa now has control of Confederation LRT line: memo"
Exhibit P-33:	Cyrus Khory Report dated October 15, 2019
Exhibit P-34:	Expert Report of Michael L. Hartzmark, Ph.D., dated October 15, 2019
Exhibit P-35:	News release, dated January 28, 2019 – "SNC-Lavalin appoints Ian Edwards as Chief Operating Officer"
Exhibit P-36:	News release, dated January 22, 2019 – "Craig Muir appointed as President, Oil & Gas, effective April 2019"
Exhibit P-37:	Edited Event Transcript, dated January 28, 2019
Exhibit P-38:	Material Change Report, dated January 29, 2019
Exhibit P-39:	DBRS News Release, dated February 15, 2019
Exhibit P-40:	SNC's Audited Financial Statements for Q4 and year ended December 31, 2018 filed on SEDAR on February 22, 2019
Exhibit P-41:	SNC's MD&A for Q4 and year ended December 31, 2018 filed on SEDAR on February 22, 2019
Exhibit P-42:	News release, dated February 22, 2019 announcing SNC's result for Q4 and year ended December 31, 2018 filed on SEDAR on February 22, 2019
Exhibit P-43:	Edited Event Transcript, dated February 22, 2019
Exhibit P-44:	Statement issued by Codelco dated March 25, 2019
Exhibit P-45:	News release, dated March 25, 2019 – "SNC-Lavalin confirms Codelco's decision to terminate its Mining & Metallurgy contract"
Exhibit P-46:	News release, dated March 28, 2019 – "SNC-Lavalin announces a simplified consolidated operational structure"
Exhibit P-47:	SNC's Interim Financial Statements for Q1 ended March 31, 2019 filed on SEDAR on May 2, 2019
Exhibit P-48:	SNC's MD&A for Q1 ended March 31, 2019 filed on SEDAR on May 2, 2019
Exhibit P-49:	Edited Event Transcript, dated May 2, 2019
Exhibit P-50:	Material Change Report, dated July 25, 2019
Exhibit P-51:	SNC's Interim Condensed Consolidated Financial Statements for Q2 ended June 30, 2019 filed on SEDAR on August 1, 2019
Exhibit P-52:	SNC's MD&A for Q2 ended June 30, 2019 filed on SEDAR on August 1, 2019

Exhibit P-53:	News release, dated August 1, 2019 – "SNC-Lavalin reports second quarter results for 2019"
Exhibit P-54:	Event Transcript (conference call – August 1, 2019)
Exhibit P-55:	News release, dated October 11, 2019 – "SNC-Lavalin reaches settlement with Codelco on Acid Plant Project, further de-risking the Lump-Sum Turnkey backlog"

These exhibits are available on request.

Québec City, February 4th, 2020

Siskinds Desmeules

SISKINDS, DESMEULES, AVOCATS
(Me Karim Diallo)
(Me Erika Provencher)
karim.diallo@siskindsdesmeules.com
erika.provencher@siskindsdesmeules.com
Lawyers for the Plaintiffs

43, rue de Buade, bureau 320
Québec (Québec) G1R 4A2
Téléphone: (418) 694-2009
Télécopieur: (418) 694-0281
notification@siskindsdesmeules.com

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL
(Chambre des actions collectives)
COUR SUPÉRIEURE
NO : 500-06-000975-199

RUEDIGER MARTIN GRAAF
et
NORMAND LAFRENIÈRE

Demandeurs

c.

SNC-LAVALIN GROUP INC.
et
NEIL BRUCE
et
SYLVAIN GIRARD

Défendeurs

AMENDED MOTION FOR AUTHORIZATION OF A CLASS ACTION AND FOR AUTHORIZATION TO BRING AN ACTION PURSUANT TO SECTION 225.4 OF THE QUÉBEC SECURITIES ACT

BB-6852 **Casier 15**

Me Karim Diallo
karim.diallo@siskindsdesmeules.com
N/D : 67-220
Courriel : notification@siskindsdesmeules.com

SISKINDS, DESMEULES AVOCATS SENCRL

Les Promenades du Vieux-Québec
43 rue de Buade, bureau 320
Québec, (Québec) GIR 4A2

Tél.: (418) 694-2009 Tél.: (418) 694-0281
www.siskinds.com