

<ul style="list-style-type: none"> • MFI – Interview Summary 		
<ul style="list-style-type: none"> • Date: 	<ul style="list-style-type: none"> • June 20, 2018 	
<ul style="list-style-type: none"> • Location: 	<ul style="list-style-type: none"> • Conference Call 	
<ul style="list-style-type: none"> • Attendees: 	<ul style="list-style-type: none"> • David Malamed (Interviewer) • Angie Brown (Note taker) 	<ul style="list-style-type: none"> • Scott Thon (Interviewee) • Sheilagh Murphy (Ext Legal Counsel) • Melanie Proulx (St John’s NL, Legal Counsel in house) • Janet Oh – In house

This document contains summary notes of the interview held with the above noted attendees. These summary notes are not intended to be an official transcript of the interview. These notes were based on the taped recording of the interview. These notes are for discussion purposes only and should be shared only with the interviewee and his/her legal counsel. The purpose of these notes is to determine if the interviewee believes any responses are factually incorrect based on the interviewee’s recollection of the interview. Based on feedback from the interviewee revisions will be made if determined necessary.

Date of summary: June 20, 2018

Note: Bolded items represent questions asked by Grant Thornton LLP with the interviewee’s response immediately following in point form. Where the response was provided by legal counsel it has been noted.

- **Start at 1:30pm (NST)**
- **Can we speak about the April 2013 – SNC Risk Report – can you tell me why that was written?**
 - Yes sure
 - Can I give you background
 - I came in on an temporarily basis as Executive Vice-President of Global Power
 - I have a number of power projects with SNC across Canada, South America, new Zealand, Europe and in Africa
 - The lower Churchill project was a key project when I joined
 - Joined mid-January 2013
 - One of my first areas of focus was the Lower Churchill Project
 - I had my first meeting in St John’s with Ed Martin and Gilbert Bennet in first week of February
 - To get their feedback on the situation from the customers perspective
 - Customer was not happy with SNC Lavalin work to date
 - They had decided to move from EPCM model to an services contract
 - That contract hadn’t been renegotiated but that was clearly their intention because they were not happy with SNC Lavalin
 - I did raise my concern about the shift to that model as it shifted the accountability on to Nalcor
 - Without the experience held by SNC Lavalin – if I were in their shoes I would be concerned
 - CEO as utility in Alberta previous (and current role)
 - I understood their view based on my previous role

- I was in that role for just over a year early 2013 to early 2014
- I would have attended one CEO meeting between Bob Card and Ed Martin and others that we had in St John's, near the end of April 2013
- We did have a working off site to really set the new organization
- That was a pivotal meeting different from our normal course
- After that We had a quarterly sponsors meetings alternated between St John's and Montreal
- Did not include Ed Martin at Nalcor
- Included Lance Clarke, Paul Harrington, and Gilbert Bennett from Nalcor, with top people from SNC including myself
- Back to your original question – as I came on to the project and the shift from SNC being accountable shifted to providing services
- A number of concerns were being raised by my team (SNC) as I entered. So I had heard customers perspective and now I was hearing from my team about their inability to get information to properly assess the risks and of course there was going to be less and less data available to SNC Lavalin as it moved into a services contract
- In that moment we decided to do, with what information SNC Lavalin had, to do a review of the risks because the view that I was getting from the team was the risk was more qualitative in nature and less quantitative in nature.
- Information from SNC – LCP project and we pulled in other hydro experienced people not working on LCP
- Lastly we did that under the umbrella of our risk management group based in Montreal – they have standards and protocol around these processes for all SNC projects
- From what we can see before we turn this into a services contract we would like to have a marker on where we see the project going using our processes and reviews

- **Was the report ever given to Nalcor?**

- You know, that report, I just cannot remember
- I remember reviewing it a number of times I remember signing it off
- I don't recall that I gave it directly to them
- It may have been given by my team to them
- It was certainly our intention to communicate with them those risks
- I can't definitively remember whether we gave it to them directly or not
- But certainly in the quarterly meetings we were having, we spoke to the risks and our concerns around getting controls on those risks
- In the CEO meeting between Bob Card, myself, Ed Martin and a few other folks, we certainly did express the concerns of the risks that are in that report
- We had that one other extraordinary meeting to set the proper organizational leadership for the new model
- We really wanted this to be a big success even though we weren't on lead anymore
- Wanted to ensure our best hydro people were on it

- **Was the content of the report shared with Nalcor?**

- Like I said, I can't remember whether we gave it to them or not

- We certainly did on a number of occasions, walk through the key areas of the report and our concerns around the risk, yes. We did go through that in a number of meetings
- As I recall in the CEO meeting, certainly we talked about those risks and I think both the teams shared the concerns around the risk. I think it was more about what actions were being taken upon on it or not.
- New model was for SNC to provide hours and not be involved in the information on strategy of contracting
- That was one of the key things we talked about in that CEO meeting
- Technical and people leadership to make the decisions to make the right decisions to manage the risks
- We brought in Deloitte to set up the new organization charts under the new services model
- **Was the \$2.4B cost referred to in the report discussed with Nalcor?**
- I recall preparing briefing notes prior to the CEO meeting
- In the briefing notes that number was included
- The team had given us that information
- Report was not complete at the time of the CEO meeting but we knew where it was heading for that meeting
- **Would you still have those notes?**
- I would believe so but I would have to check with SNC Lavalin
- **Sheilagh – can you add that to your list?**
- *Legal – yes*
- **The public SNC report – you didn't actually sign that report?**
- Right and I'm not sure
- That's why it is a question for me about whether we gave it or not
- I definitely reviewed the report
- I believe that I signed it at the end of the day
- I don't know why there wasn't a signature on it
- That's what makes me wonder whether we actually finalized it and gave it to them or not
- Regardless of whether or not I signed it I did review it
- **That report that was in the public – was that the report you seen?**
- Yes
- **Was that how it was formatted?**
- Yes – similar
- There were a number of drafts as we were working on making it more concise
- **Would that report had been revised subsequent to the meeting with Ed Martin?**
- My recollection is that we were working on the report when we had that April meeting. It was not complete and it was not completed until after that meeting. So there would have been some revisions
- I don't believe that there was anything that Nalcor provided us that changed the contents of that report
- **Why wasn't it shared with Nalcor?**
- That was the intention
- The project director in St John's was supposed to share the document or at a minimum the outcomes of that

- At that point while we shared things it really was not changing things on the project
- They were moving in a different direction and they were less interested in our views of where the risks and costs were
- **Your project manager in Montreal or St Johns?**
 - St. John's – project director
 - Bob Card to Scott Thon then Bernard Gagné hydro east then Normand Bechard
 - Normand was brought in to help provide better service to Nalcor
 - He had built a number of hydro projects with Hydro Quebec and had been VP
 - Normand is who I am referring to
- **Normand said the report was given to Ed and he refused. Bob Card said he didn't do that. Do you know anything about that?**
 - No I don't– I would be pretty in touch with Bob
 - And I obviously would have been the one who would have given it to Bob to give to Ed
 - So I don't have that recollection that it was given to Bob Card so if Bob said he didn't give it to him, I would believe that
- **So if someone delivered it, it would have been you or Bob?**
 - That's right, and I just can't remember that I delivered it
 - My recollection would have been that it would have been delivered by Normand, so if he didn't deliver it then
 - I know it was our intention to give it to them, but I just really can't recollect.
 - And I thought it was given to them because that was our intention. I can tell you what our intention was.
 - Our intention was to first of all, to really understand where it was with the information that we had, and we did not have all the information. Because it was not provided to us. I can remember these words that I said on a number of occasions was, given that I had come from that, I was a customer is that we owed it to Nalcor to tell them where this is at. That is really why we started the committee and why we were going to provide the report
 - Normand would have provided it, and if it didn't get provided I am not sure why that is
- **One of the things that Normand told us was that he knew at the time that doing the risk report was taking a risk. The contract was clear that we were not allowed to get the risk report?**
 - I'm not familiar with that
 - It was a risk from a relationship point of view
 - If Nalcor had knowledge of a large cost overrun on a public project – Nalcor would not be happy that we would be writing that in a report
- *Legal – it's not quite an accurate statement - you are taking the statement out of context*
- **The costs were paid for by SNC and was performed outside of regular hours?**
 - The first part is normal
 - We wouldn't charge the client for that
 - No direction to do it outside of working hours – might have happened that way because people had a lot of work
 - It's just normal course of internal assessment on SNC dime and not the customers dime

- **Do you remember the date that it was approved to do the investigation and do the report?**
 - I don't
 - Sometime in March
 - First week of February I was there understanding from the customer
 - Then I spent time with SNC team to understand their concerns
 - When I understood the role was changing and the door was changing quickly and our ability to get information was closing
 - Because the role was changing
 - Suggested we meeting with Ed martin late April
 - In March we would have started
 - It wasn't complete for the April meeting
- **Normand said he handed that report to Bob Card, Scott Thon, Bernard Gagné. Do you remember being handed that report?**
 - I don't recall that
- **Would the final report have come to your email box?**
 - I would assume so
 - I don't have it but that would be a logical assumption
- **Sheilagh – can you provide that email and any correspondence around that report?**
 - *Legal – yes – I will check and see if there is one*
- **Do you know why subsequently SNC would have turned over the report to Nalcor?**
 - No
- **Subsequent to 2013 (after you left that role) that report was not brought up to you again?**
 - Well there was one instance
 - There was a news conference that the premier was in about a year ago where that report was-
- **Legal – I think what you are asking if anyone asked him to sign the report after the April meeting**
 - No it was not brought up to me again
 - I was advised by telephone (SNC) that the report was being referred to in a press conference held by the minister of energy
- **Was that in advance of the news conference?**
 - No
 - It was the same day as the news conference
- **The difficulty I'm having – is any direction on someone who would have known about the report or had input or feedback into the report from the Nalcor side – would you have a direction to point me in?**
 - Normand would be the key source of that
 - We didn't talk about the report directly with Gilbert and that would have been my main contact – Gilbert Bennett
 - It would be more Normand and Paul Harrington level the conversation would happen if the report was delivered

- **Are you aware of anyone in SNC that would have let Nalcor know that the investigation, or report was underway?**
 - No
 - Other than Normand
 - Bernard Gagné
 - They would be the two that may have said something
 - There was Surge D. he was project controls manager working for Normand
 - He would have been the one able to get any information we needed to work on the report
- *Legal – you are asking him if there was anyone else on the Nalcor team that could provide information on this internal report created by SNC and discussed by Bob Card and Scott with the senior Nalcor reps regardless of if it changed hands. You are trying to find other people who would have been*
- **I would like to speak to someone who can say they knew we were doing the report and this is who it was discussed with and this was the contents**
- *Legal - Other than the people who have already discussed the report. The commission has all of the emails from all of the SNC employees. I am not sure if they have delivered them to you.*
- **That's the formal list of questions that I have for you. Is there anything I should have asked you that I didn't?**
 - There is the one off site meeting that isn't connected to the report
 - There were initial meetings, quarterly review meetings, one CEO meeting and the offsite
 - The offsite was really to try to put the best foot forward and bring resources of SNC from other areas in our company to help
 - We hired Deloitte to do that
 - Deloitte had worked on the project in the past to help with some of the spirit of working together
 - I reached out to Deloitte looking for someone from Deloitte Canada that had working on major projects – in my experience major projects are much different
 - They had a group of folks from Calgary
 - I asked if we could include them in the offsite
 - Nalcor declined
 - We did have someone from Deloitte attend and facilitate a working group
 - To understand the drivers from the project from both sides
 - The meeting resulted in the org chart.
 - Assessed all individuals based on:
 - 1) technical (ex: Civil engineer)
 - 2) experience on hydro
 - 3) leadership skills
 - We put leaders in each box to make sure the project had the best people on it
 - That objective review had about 50% of the leadership roles were SNC at 50% were Nalcor employees or Nalcor direct contractors
 - After that, it reverted back and no SNC were leaders except for Normand
 - That was a difficult piece – a turning point for me personally

- We were really trying to do the best thing for the project and couldn't get there
- That was the only other thing that sticks in my mind.
- **Thank you for taking the time. If we have follow up can we reach out again?**
- Sure – just reach out to SNC team
- *Legal – one question – we were trying to do the best thing for the project and we just couldn't get there. What did you mean? 50% SNC / 50% Nalcor was what you guys came up with at the meeting. How did it revert back? What happened?*
- Even though we did that review by criteria but then none of the leaders were going to be SNC employees
- We took some very experienced folks from SNC on hydro were removed from leadership roles
- It was a real turning point for me at that point
- We had some very capable people that were not allowed to be in leadership roles
- We did continue to bring SNC people forward
- We brought forward a very experienced SNC employee from mining brought to Nalcor
- They were interested but Nalcor would not put him in a leadership role
- So SNC employee didn't want to take the lower level role
- We did continue to try that it was just not able to happen
- **End 2:14pm**