

Employee Q&As – CCAA Filing

On August 24, 2018, following the filing of joint application made by Alaris Royalty Corp. and Integrated Private Debt Fund V LP, the Superior Court of Quebec (Commercial Division) (the "**Court**") rendered an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA" and the "**CCAA Proceedings**") in respect of each of The SMI Group Inc., The S.M. Group Inc., Claulac Inc., SMi Construction Inc., Énerpro Inc. and S.M. International Group (Construction) Inc. as well as some of their respective affiliated entities (collectively the "**Company**" or the "**SM Group**"). As part of the Initial Order, LGBM Inc. and Deloitte Restructuring Inc. were respectively appointed as chief restructuring officer (the "**CRO**") and monitor (the "**Monitor**") of the SM Group.

Business Continuity

- The initiation of the CCAA Proceedings does not mean that SM Group is going out of business. The day-to-day operations of the SM Group are expected to continue.

Company Impact

- As part of the CCAA Proceedings, the SM Group, together with the CRO and the Monitor and their advisors, will review a number of critical financial and business issues, including the need to improve the SM Group's financial situation and, if circumstances permit, develop and submit to its creditors a plan of compromise and/or arrangement, which will need to be approved by them and by the Court.
- During this period, the SM Group's operations will continue in the normal course.
- We expect that this process may take several months. While there is no fixed timeline for completing this process, we will work towards resolving the situation as quickly as possible.
- Many companies have gone through a similar process and have emerged as successful, operating businesses.

Employee Questions

Q. Is the SM Group going out of business?

A. No, the initiation of the CCAA Proceedings does not mean that the SM Group is going out of business. The day-to-day operations of the Company are expected to continue as it delivers uninterrupted services to customers. One indication of confidence in this process is that the Company has secured \$2 million in financing to support its operating needs, including wages, benefits and other operating expenses.

Q. What is the *Companies' Creditors Arrangement Act* (CCAA)?

A. The CCAA is a Canadian law intended to assist a company in developing and implementing solutions allowing it to restructure its business and financial affairs. In order to allow such company to continue its operations normally while it conducts its restructuring, the CCAA protects it from certain actions that creditors might take to collect money for goods and services, including loans and similar arrangements, delivered prior to the initiation of the CCAA Proceedings.

Q. What is "protection from creditors"?

A. One of the benefit of the CCAA is that it essentially provides a company with necessary "breathing room" or protection from its creditors so that it can develop a plan to restructure its business and financial affairs. In the context of the CCAA Proceedings, the SM Group will be protected from certain actions that its creditors might take to collect previous amounts owing for goods and services, including loans or similar debts, delivered prior to the initiation of the CCAA Proceedings. This protection will allow the SM Group to continue its operations while it develops a plan to deal with its existing debts. The SM Group will pay for all goods and services delivered after the initiation of the CCAA Proceedings, as it continues normal operations.

Q. Will there be any changes in employee pay going forward?

A. Processing of wages, salaries and benefits will continue in the ordinary course at this time.

Q. Will overtime still be offered?

A. Yes, as required.

Q. Will the filings affect employee health care benefits (such as medical, vision or dental plans) and employee life insurance or disability benefits?

A. The SM Group received authority to pay pre-filing amounts related to such benefits, and to continue such benefits in the ordinary course going forward.

Q. Can I still file my medical and dental insurance claims?

A. Yes, you can and should file your claims as you normally would.

Q. Will employees continue to receive holidays and vacation pay?

A. The SM Group has received authority to pay pre-filing amounts related to such benefits, and to continue such benefits in the ordinary course going forward.

Q. I am a temporary employee. Will I still get paid?

A. The processing of wages, salaries and benefits for temporary employees will continue in the ordinary course at this time.

Q. I am on a leave of absence. Before beginning my leave, my supervisor told me that when I returned, I would be reinstated to the job I previously held, or if that position was eliminated, that I would be reinstated in a similar position. Now that SM Group has made this filing, does that still apply?

A. Yes. The filing of the CCAA Proceedings should not affect SM Group's policies for employees on leave of absence.

Expense Claim Questions

- Q. Am I going to be paid as usual now that the Company has made this filing under the CCAA?
- A. The initiation of the CCAA Proceedings does not mean that the SM Group is going out of business. Its day-to-day operations will continue and the processing of wages, salaries and benefits will continue in the ordinary course at this time.
- Q. Will my bank/credit union still accept my direct deposit?
- A. Every direct deposit made by the SM Group should be honored. However, if you experience any problems having an institution honor your direct deposit, please contact H.R. Service.
- Q. Can I continue to charge my business expenses?
- A. Yes. You may do so as you have in the past, following the same procedures for submitting any qualified business expenses in accordance with the SM Group policy.

Role of the CRO and of the Monitor

- Q. What is the role of the CRO?
- A. As part of the Initial Order, LGBM Inc. was appointed as chief restructuring officer of the SM Group, namely with the power to conduct and control the financial affairs and operations of the SM Group and carry on its business during the CCAA Proceedings. As such, all decision in relation with the business, financial affairs and operations of the SM Group and any execution of any agreement in relation thereto should be made with the prior approval of the CRO.
- Q. What is the role of the Monitor?
- A. As part of the Initial Order, Deloitte Restructuring Inc. was appointed to monitor the business and financial affairs of the SM Group, as officer of the Court. As such, during the CCAA Proceedings, the Monitor shall namely monitor the SM Group's business and financial affairs, assist the SM Group and the CRO in connection with the SM Group's restructuring under the CCAA, including with its dealing with its creditors and other interested persons, and report back to the Court.

Other

- Q. Where can I get more information?
- A. The S.M. Group is committed to keeping suppliers informed of significant developments., and, with the assistance of the CRO and of the Monitor, may be communicating with certain interested parties directly. Otherwise, all relevant information and documents related to the CCAA Proceedings will be made available on the Monitor's website at <http://www.insolvencies.deloitte.ca/en-ca/pages/SM-Group.aspx?searchpage=&Source=Groupe-SM.aspx>.

Should you have any further questions, please do not hesitate to contact the Monitor at 1-833-369-9699 or at groupesmccaa@deloitte.ca or the CRO at 514-982-6001 Ext. 7001