

DATA Group Ltd.

Annual Information Form
for the year ended December 31, 2015

March 30, 2016

TABLE OF CONTENTS

EXPLANATORY NOTES	1
General.....	1
Currency and Fiscal Periods of the Corporation.....	1
Forward-Looking Statements	1
CORPORATE STRUCTURE	2
Name, Address and Organization	2
Intercorporate Relationships	2
GENERAL DEVELOPMENT OF THE BUSINESS.....	2
Partial Redemption of the Debentures	2
Refinancing of Senior Credit Facilities.....	3
Corporate Rebranding.....	3
BUSINESS OF DATA	3
Principal Service Offerings – Overview	4
Commercial Printing	4
Content and Workflow Management	6
DATA Management and Analytics.....	6
Direct Marketing Services.....	7
Event Ticket and Gift Card Production.....	8
Labels and Automated ID Solutions	8
Logistics and Fulfillment Services.....	8
Regulatory Communications.....	8
Operations.....	8
Sales and Marketing	9
Manufacturing and Warehousing.....	9
Raw Materials	10
Competition	10
Properties	10
Employees	12
Information Technology	12
Intellectual Property.....	12
Seasonality.....	12
Environmental Regulations.....	12
MATERIAL CONTRACTS.....	13
Credit Facilities.....	13
Trust Indenture.....	14
The Debentures	14
Conversion Privilege.....	15
Redemption and Purchase	16
Payment upon Redemption or at Maturity	16
Subordination	16
Change of Control of the Corporation.....	17
Interest Payment Option.....	17
Events of Default	18
Offers for Debentures.....	18
Modification.....	18
Book-Entry System	18
Shareholder Rights Plan.....	19
CAPITAL STRUCTURE	19

Dividend Policy	20
DIVIDENDS	20
MARKET FOR SECURITIES	20
Trading Price and Volume	20
Prior Sales	21
MANAGEMENT OF DATA	21
Directors and Officers	21
Biographies of Directors	23
Committees of the Board of Directors of DATA	25
Audit Committee	25
Charter of the Audit Committee	25
Composition of the Audit Committee	25
Relevant Education and Experience of the Audit Committee Members	25
Audit Fees	25
Pre-approval Policies and Procedures	26
RISK FACTORS	26
Risks Related to the Business	26
Limited Growth in the Traditional Printing Industry	26
Inability to Sustain and Manage Organic Growth	27
Failure to Develop and Successfully Market New Product and Service Options	27
Competition from Competitors Supplying Similar Products and Services	27
Credit Facilities and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives	27
Availability of Capital	29
The Bank Credit Facility is Subject to Floating Interest Rates	29
Uncertainty in Economic Conditions	29
Expansion Through Acquisitions	30
Increases in the Cost of Paper or Other Raw Materials	30
Customer Relationships	31
Operating Hazards	31
Negotiation of Collective Agreements	31
Negotiation of Facilities Leases	31
Adverse Change in Labour Relations	31
Pension and Other Post-Employment Benefit Plans	32
Seasonality	33
Proprietary Rights May Not be Adequately Protected	33
Uninsured and Underinsured Losses and Insurance Costs	33
Environmental, Health and Safety Requirements	33
Dependence on Key Personnel	34
Risk of Legal Proceedings	34
Doing Business in the United States	34
Risks Related to the Structure of DATA	34
We do not Currently Pay Dividends on our Common Shares and do not Intend to do so for the Foreseeable Future 34	
The Corporation May Issue Additional Common Shares Diluting Existing Shareholders' Interests	34
LEGAL PROCEEDINGS	35
TRANSFER AGENT AND REGISTRAR	35
AUDITORS	35
INTEREST OF EXPERTS	35
ADDITIONAL INFORMATION	35

EXPLANATORY NOTES

General

The information in this Annual Information Form, or AIF, is stated as at December 31, 2015, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, in this AIF, the term “**Corporation**” refers to DATA Group Ltd. and “**DATA**”, “**we**” “**us**” and “**our**” refers to the Corporation and its subsidiary, DATA Group (US) Corp.

Unless otherwise indicated or the context otherwise requires, in this AIF, “**Common Shares**” refers to common shares of the Corporation, “**Shareholders**” refers to holders of Common Shares, and “**Debentures**” refers to the 6.00% convertible unsecured subordinated debentures of the Corporation.

Currency and Fiscal Periods of the Corporation

Unless otherwise indicated, all dollar amounts in this AIF are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

In this AIF, unless otherwise indicated, all references to fiscal years of the Corporation refer to the 12 months ended December 31.

Forward-Looking Statements

Certain statements in this AIF constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, objectives or achievements or industry results to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this AIF, words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect our current views regarding future events and operating performance, are based on information currently available us, and speak only as of the date of this AIF. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause our actual results, performance, objectives or achievements to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that we made or took into account in the preparation of these forward-looking statements include the limited growth in the traditional printing industry and the potential for further declines in sales of our printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by us which are related to reduced demand for our printed products will continue to adversely affect our financial results; the risk that we may not be successful in reducing the size of our legacy print business, reducing costs, reducing our long-term debt, repaying or refinancing our outstanding Debentures, and growing our digital communications business; the risk that we may not be successful in managing our organic growth; our ability to invest in, develop and successfully market new digital and other products and services; competition from competitors supplying similar products and services, some of whom have greater economic resources than us and are well-established suppliers; our ability to grow our sales or even maintain historical levels of our sales of printed business documents; the impact of economic conditions on our businesses; risks associated with our acquisitions; increases in the costs of paper and other raw materials used by us; and our ability to maintain relationships with our customers. Additional factors are discussed elsewhere in this AIF and under the heading “Risks and Uncertainties” in the Corporation’s publicly available disclosure documents, as filed by the Corporation on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this AIF as intended, planned, anticipated, believed estimated or expected. Unless required by applicable securities law, we do not intend and do not assume any obligation to update these forward-looking statements.

CORPORATE STRUCTURE

Name, Address and Organization

The Corporation is governed by the *Business Corporations Act* (Ontario), or the OBCA, pursuant to articles of amalgamation dated January 1, 2014 and is a reporting issuer under applicable securities laws in Canada. Our head and registered offices are located at 9195 Torbram Road, Brampton, Ontario, Canada L6S 6H2.

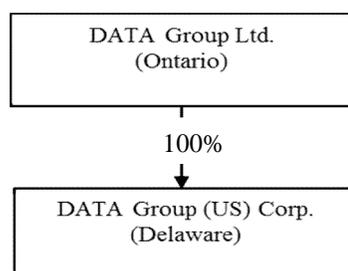
The Corporation is the successor to DATA Group Inc., or DGI, which was an entity governed by the OBCA. Effective January 1, 2014, DATA completed an internal reorganization, or the Amalgamation, pursuant to which DGI amalgamated with its Canadian subsidiaries, DATA Group Ltd., The Fulfillment Solutions Advantage Inc., or FSA, and FSA Datalytics Canada Inc., to form a new corporation called “DATA Group Ltd.” Pursuant to the Amalgamation, all of the issued and outstanding shares of DGI’s Canadian subsidiaries were cancelled and the assets and liabilities of the amalgamating corporations became the assets and liabilities of the Corporation. No securities were issued in connection with the Amalgamation and the authorized and issued share capital of the Corporation remained the same as that of DGI immediately prior to the Amalgamation becoming effective. For a description of DGI, please refer to DGI’s annual information form dated March 28, 2013, which was filed with Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

DGI was the successor to The DATA Group Income Fund, or the Fund, which was an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario. On January 1, 2012, the Fund completed a reorganization of its income trust structure into a corporation, being DGI, pursuant to a plan of arrangement under the OBCA. For a description of the Fund, please refer to the Fund’s annual information form dated March 31, 2011, which was filed with Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com.

Additional information with respect to the Corporation will be set out in its Management Information Circular in respect of its upcoming annual and special meeting of Shareholders, a copy of which will be filed with Canadian securities regulatory authorities and will be available on SEDAR at www.sedar.com, and is incorporated by reference in this AIF.

Intercorporate Relationships

The following chart illustrates the organizational structure of the Corporation and its subsidiary, including the jurisdiction of establishment or incorporation of the entities:



GENERAL DEVELOPMENT OF THE BUSINESS

On January 1, 2012, DGI adopted a shareholder rights plan, which became a contract of the Corporation pursuant to the Amalgamation. On June 17, 2014, Shareholders re-confirmed the shareholder rights plan for a further three years. See “Material Contracts – Shareholder Rights Plan”.

Partial Redemption of the Debentures

On December 23, 2015, we redeemed \$33.53 million, or approximately 75%, of the aggregate principal amount of the Debentures outstanding as of December 23, 2015, or the Redemption Date, upon payment of a redemption amount

of \$1,000 for each \$1,000 principal amount of Debentures, or the Redemption Price, plus accrued and unpaid interest thereon up to but excluding the Redemption Date, less any applicable withholding taxes. We satisfied our obligation to pay the Redemption Price of Debentures redeemed by issuing and delivering to the applicable holders of Debentures, or the Debentureholders, Common Shares in lieu of cash. The redemption of the Debentures was completed in accordance with the terms of the amended and restated trust indenture, or the Trust Indenture, dated January 1, 2012 between DGI and Computershare Trust Company of Canada, or the Debenture Trustee, as supplemented by a supplemental indenture dated January 1, 2014 between the Corporation and the Debenture Trustee, which governs the Debentures, and did not require the consent of the Debentureholders. See “Material Contracts – Trust Indenture” for a description of the Trust Indenture and the Debentures.

The Debentures redeemed were selected by the Debenture Trustee on a pro rata basis to the nearest multiple of \$1,000 in accordance with the principal amount of the Debentures registered in the name of the Debentureholders. No Debenture was redeemed in part unless the principal amount redeemed was \$1,000 or a multiple thereof.

The number of Common Shares issued and delivered to Debentureholders whose Debentures were redeemed was equal to 29,086 Common Shares per \$1,000 aggregate principal amount of Debentures redeemed, being the Redemption Price divided by 95% of the volume-weighted average trading price of the Common Shares on the Toronto Stock Exchange, or the TSX, for the 20 consecutive trading days ending December 16, 2015.

Any accrued and unpaid interest on the redeemed Debentures was paid in cash on the Redemption Date and was equal to \$28.93 per \$1,000 aggregate principal amount of Debentures redeemed, less applicable withholding taxes. Pursuant to the redemption of the Debentures described above, we issued a total of 975,262,140 Common Shares, such that immediately following the completion of the redemption, the Corporation had 998,752,732 Common Shares outstanding.

Refinancing of Senior Credit Facilities

On March 11, 2016, we refinanced our former senior credit facilities by establishing a revolving credit facility, or the Bank Credit Facility, with a Canadian chartered bank, or the Bank, and an amortizing term loan facility, or the IAM Credit Facility, from the Integrated Private Debt division, or IAM, of Integrated Asset Management Corp. pursuant to separate credit agreements, each dated March 10, 2016, between the Corporation and the Bank and IAM, respectively. Approximately \$43.3 million of the total available principal amount available to us under the credit agreement with IAM, or the IAM Credit Agreement, and the credit agreement with the Bank, or the Bank Credit Agreement, has been used to fully repay our outstanding indebtedness under the Third Amended and Restated Credit Agreement dated December 19, 2014, or the Amended Credit Agreement, between the Corporation and a syndicate of Canadian chartered banks. The credit facilities established pursuant to the Amended Credit Agreement would have matured on August 31, 2016 and had a maximum available principal amount of \$55.0 million, comprised of a \$10.0 million revolving credit facility, a \$5.0 million swing line facility and a \$40 million amortizing term loan. See “Material Contracts – Credit Facilities”.

Corporate Rebranding

To support our efforts to stabilize and grow revenue, we have been developing a renewed strategic plan, customer value story and marketplace identity. In March 2016, we announced a complete corporate rebranding, including a new operating name. On March 7, 2016, we began operating as “DATA Communications Management”. In connection with our new operating name, in March 2016, we also announced plans to change our legal name to “DATA Communications Management Corp.” The legal name change is subject to the approval of our Shareholders, and we will be seeking such approval at our upcoming annual and special meeting of Shareholders.

BUSINESS OF DATA

At DATA we are focused on helping our clients plan and execute business communications. We help marketers and agencies unify and execute communications campaigns across multiple channels, and we help operations teams streamline and automate document and communications management processes. Our core capabilities include direct marketing, commercial print services, labels and automated identification, or ID, solutions, event tickets and gift cards, logistics and fulfilment, content and workflow management, data management and analytics, and regulatory communications. We serve clients in key vertical markets such as financial services, healthcare, lottery and gaming,

retail, not-for-profit, and energy. We are strategically located across Canada to support clients on a national basis, and serve the United States, or the US, market through our facilities in Chicago, Illinois.

Our marketing solutions and our operations solutions are primarily offered as a bundled package of products and services pursuant to multi-year, preferred partner and/or single source agreements with our clients. Increasingly, we are leveraging our relationships with our long-standing operations solutions clients to also offer our marketing solutions to the same clients. We refer to our bundled set of solutions as the “execution engine for business communications“. Our solutions are also sold individually.

We target mid to large-sized businesses and organizations with major distribution networks and critical customer-facing communications management requirements. Historically, we have derived most of our revenues from sales to clients located in Canada. In 2012, we established operations in the State of Illinois in the US and going forward we expect that a larger portion of our revenues will be derived from our US operations.

Our marketing solutions support downstream execution strategies that improve campaign performance for marketing departments and their creative agencies. These solutions focus on three key aspects of marketing – data analysis, content collaboration, and communication delivery to allow us to help clients implement unified communication strategies. Our operations solutions support clients’ critical operational document requirements. These solutions focus on delivering meaningful document production, inventory and distribution insights to provide process automation, best-in-class production and superior fulfillment strategies.

We have a well-diversified client base of “blue chip” customers that includes Canadian Schedule A banks, insurance companies, federal, provincial and municipal government agencies, healthcare services providers, provincial lottery and gaming providers, retailers, not-for-profit entities, and energy companies. More than 60% of our revenues in fiscal 2015 were derived from long-term, customer relationships supported by service level agreements. Such contracts typically have terms between one to five years and generally have price adjustment clauses based on volume, cost of raw materials (in particular paper pricing), labour and/or the Consumer Price Index. Smaller customer relationships are not typically subject to long-term contracts. We have enjoyed continuing relationships for more than 10 years with the majority of our 25 largest customers based on fiscal 2015 sales. No single customer accounted for more than 10% of revenues during each of the last five fiscal years.

We have one operating segment: the DATA Communications Management segment. See “Business of DATA – Operations”.

Principal Service Offerings – Overview

Our service offerings are described in greater detail below.

Commercial Printing

For more than 50 years, DATA has managed print production for some of the largest companies across Canada. We are also increasingly serving the US market. Serving clients in sectors such as financial services, healthcare, lottery and gaming, retail, not-for-profit and energy, we can manage one-off web-to-print requirements up to million-plus runs on our rotary offset equipment. Our commercial printing offering includes products such as corporate collateral, marketing brochures, calendars, posters, point of purchase displays and promotional products as well as business forms.

Process Improvement. We analyze print production from end-to-end and support it with the right processes and technology to make it more efficient. Working closely with document owners, we: design and re-engineer documents in ways that help lower their costs (i.e., minimize bleeds, reduce waste, and develop improved print production processes without compromising document quality); convert documents to digital print-on-demand to allow for small-run flexibility and less waste; consolidate like items; and use web-to-print and communications management tools to automate production, shorten turnarounds and improve oversight.

Web-to-print. DATA’s flexible web-to-print platform empowers front-line marketers and administrators while maintaining corporate oversight. Simple catalogue menus and thumbnail browsing let users select, customize and order

branded material. Key content remains locked down while approval bottlenecks are eliminated. Back-end reporting tracks all usage and expenses to allow clients to achieve optimal inventory while minimizing cost.

Wide-format Print Services. From store openings and special events to conferences and trade shows, DATA produces a full range of wide-format products, in both rigid and non-rigid substrates. With decades of experience in sectors like retail and financial services, we provide a complete array of wide format print services, from planning and creation to printing, shipping, put-up, and take-down. Our national facilities are staffed by expert logistics and fulfillment teams who work to ensure timely production, reduced courier costs and accurate delivery.

Print-on-demand. Digital print-on-demand, or POD, production provides small-run flexibility that lets users trial and test communications while minimizing waste and inventory. Converting documents to on-demand can result in cost reductions of 35% or more. Typically we find that more than 75% of the documents in an organization are ideal candidates for conversion.

We offer a wide range of commercial printed products and related services in the following categories:

Business Forms. We offer a complete line of custom and stock documents, such as invoices, purchase orders, statements, new account opening kits and employee enrollment kits.

Print-Related Security Products. We offer a line of exclusive security paper stocks for use with our secure printing processes and government certified secure production facilities. Together, these offer improved protection against fraud for sensitive documents such as money orders, cheques and gift certificates.

Business Cards, Letterhead and Envelopes. We receive template-based orders via our DATA Online ecommerce ordering system and produce business cards, letterhead and envelopes to meet consistent customer brand expectations.

Lottery Rolls and Selection Slips. We are a leading provider of lottery ticket roll products in Canada. We supply the majority of Canadian provincial lotteries with the base roll thermal paper material from which lottery tickets are printed on thermal printers and imaged at the point of purchase, together with lottery ticket selection slips. We manufacture these products to exacting standards in secure facilities across the country and then warehouse, inventory and distribute roll products and selection slips to our customers as required.

Custom Point of Sale Transaction Rolls. We produce small rolls of paper with a customer's logo pre-printed on them. These products are often used for point of sale cash register receipts, automatic teller machine receipts and other similar products, in a variety of sizes.

Print-on-Demand Technology. Many of the items listed above are produced using our print-on-demand services that allow customers to have their materials printed immediately direct-from-file, thereby bypassing the usual pre-production steps of film and plates and eliminating the need for large preprinted inventories of items. Files can be accepted in a wide variety of formats and program platforms. This technology is designed for customers who need fast turnaround times and short print runs. Print-on-demand services are available through our on-demand digital print centres, which may be incorporated into the customer's premises with our staff on-site to provide the customer with convenient, ready-access to our services.

Retail Promotion Management. We offer an end-to-end suite of services to help retailers increase speed-to-market, drive store traffic, influence in-store buying decisions and develop consumer insights. These services are focused on the marketing communications of in-store promotions, including the planning, creating, production, fulfillment, delivery, put up/take down, data analysis and reporting of retail promotions. Standard features include in-store signage, shelf labels, point of sale signage and supporting web pages, omni-channel direct marketing and promotional material.

Finishing. We maintain expertise in certain services related to the post-production phase of a document's lifecycle, such as binding, cutting, folding and laminating services.

Content and Workflow Management

DATA offers an array of content and workflow management solutions to make our clients' document processes more efficient. From e-forms that streamline data capture and sharing to robust platforms for collaboration and print-on-demand, we work with clients' marketing and operations teams to increase communications efficiency while lowering costs and improving oversight.

Marketing Campaign Management. Marketing Campaign Management, or MCM, is an easy-to-use portal that lets marketers work collaboratively with agencies, suppliers and project managers to plan, budget, create and execute campaigns. MCM enables users to create briefs, assign tasks, manage files and track time, all against clearly listed job specs and deadlines. It includes features like collaborative proofing, real-time updates, cost management and detailed reporting to help simplify and streamline campaign execution.

Print-on-Demand. Digital print-on-demand, or POD, production provides small-run flexibility that lets clients trial and test communications without running the risk of piles of material sitting on warehouse shelves. POD also offers the benefit of direct e-ordering using DATA's proprietary web-to-print platform. Simple catalogue menus and thumbnail browsing let users select, customize and order approved material, ensuring locked-down branding while providing usage and cost oversight.

e-forms and e-presentation. From digital invoices that improve payment tracking and shorten billing cycles, to 'talking' Portable Document Format documents, or PDFs, that enhance communication access for customers, we help our clients realize the many benefits of paper digitization and process automation.

Retail Campaign Management. DATA's retail campaign management solution reduces the effort needed to plan, create and execute retail promotions. Through features like unique store profiles, flexible task and workflow scheduling, and historical campaign access, retailers benefit from more automated, stream-lined execution that minimizes the risk of error. Additionally, we support our retail campaign management solution with national warehousing, distribution, put-up and take-down, so our clients can focus on achieving results without being bogged down by logistics.

Variable Composition. Our variable composition system enables clients to simply and quickly create dynamic brochures, booklets and kits, all fully branded and customized for a variety of audiences. Using a web browser and secure login, users can: combine various files (i.e., Word documents, PDFs, JPEGs, etc.), reorder components in the document, proof documents online, prepare files for print or digital download, send files directly to us for printing and ship finished products straight to their customers or employees.

Digital Asset Management. Our secure digital asset management platform enables users to locate and share brand assets quickly and easily. All-in-one-place access simplifies storage while helping to maintain consistency.

DATA Management and Analytics

We help our clients find their best customers, strengthen loyalty and close gaps in their communication supply chains. Our data management and analysis — cleansing, analyzing, profiling, modelling — helps drive efficiency, response, and revenue.

Data Management. From national direct-mail programs to triggered email and personalized landing pages, we help clients maximize their direct-marketing impact and spend through effective data management that includes: **data integration and merge-purge** - we combine and de-duplicate lists from multiple sources to drive better targeting and marketing spend; and **data cleansing and optimization** - we identify, correct and append addresses through Canada Post's National Change of Address service and databases such as Universe Canada™ and Info-Direct™.

Process Improvement. We use data not only to increase marketing impact but also to improve operations, from providing content creation tools that empower frontline staff and eliminate bottlenecks, to digitizing paper transactions and improving information access, as well as inventory management that prevents stock-outs and allows for bundled

distribution. By collecting data at different stages of the communication lifecycle, we help clients streamline workflows and drive down costs.

DATA Analytics. We help our clients target their customers in ways that matter to them including: **profiling** - identifying the best customers using factors ranging from social demographics and affluence to age and stage of life; **modeling** - estimating probability (i.e., possible responders, likely upsell opportunities, at-risk customers) to inform decision-making and optimize spend; **post-campaign analysis** - getting in-depth, channel-specific reporting on campaign response; and **trade-area analysis** - locating customers' proximity to retail locations using factors like drive-time analysis, distance-decay modelling and postal-walk ranking.

Direct Marketing Services

As part of our direct marketing solutions, we offer a wide range of marketing services in the categories of direct mail marketing, order, rebate and returns processing, promotional contest management and retail consumer cards, which are described in greater detail below.

Direct Mail Marketing. Direct mail remains a highly effective medium for engaging people. Our direct mail capabilities range from highly personalized 1:1 full-colour digital to long-run addressed and unaddressed airmail. We also provide extensive commercial-print production of base stock for variable printing. Through national lettershop resources, we can insert hundreds of thousands of pieces a day across Canada, using capabilities like matched-mail inserting, ink jet, poly-bagging, and dimensional mail. We distribute mail directly through Canada Post, USPS and Royal Mail to provide rapid delivery. Providing full creative consultation, we offer specialized expertise in areas like gift cards and labels, financial statement-inserts, retail promotions and not-for-profit premium packages along with one of Canada's largest selections of eco-friendly and FSC® options, including envelopes.

Variable Print / Personalization. We help clients integrate variability into their direct marketing strategies to create custom communications that are relevant, timely and affordable. We receive our clients' customer data and apply it as personalized information onto custom or preprinted material such as statements and invoices, which we then mail to the end consumer.

Email. We offer a complete suite of email marketing solutions, including newsletters, welcome emails, automated campaigns, triggered campaigns, transactional email and e-flyers. Our email marketing solutions are available as a standalone service and as part of an omni-channel strategy that might include variable direct mail, triggered email, personalized landing pages and dashboard reporting.

DATA Management. Our experienced project managers are skilled at managing large, national data-driven programs. By applying rigorous processes for cleansing, validation and augmentation, we can ensure optimal hygiene and list management, helping customers maximize response and return on investment.

Kitting and Delivery. We assemble and deliver packaged kits of documents and promotional items for customers, as required by their businesses. Fulfillment services can be provided on demand (such as in the case where a customer signs up for a new bank account and is mailed a welcome kit the next day), or as part of a scheduled service (such as a monthly statement, bill or invoice mailing).

Order, Rebate and Returns Processing. We receive telephone and online orders, process payments (cash, cheque or credit card), fulfill orders and track shipments on behalf of our clients, and provide full database documentation and reporting. We also manage rebate programs, including communication, mailing and reporting, as well as handling returns. We receive, open and assess returned items and manage restocking or refurbishing.

Promotional Contest Management. We manage all aspects of contest promotion, including entries, communication and prize fulfillment.

Event Ticket and Gift Card Production

Event Tickets. We develop and produce event tickets with security features aimed at deterring counterfeiting and fraud and promotional elements that enhance the customer's brand. We manufacture event tickets for a variety of Canadian and American professional sporting organizations and universities and colleges. Our ticket services include high-end seat-holder packages, and third party management of premiums for premier ticket holders.

Gift and Loyalty Cards. We produce and support a full range of customer loyalty programs, including membership and reward cards and pre-paid gift cards and related transaction services, including creative development, variable one-off printing, database management and secure production and warehousing (including caging of inventory and card fulfilment services).

Labels and Automated ID Solutions

Retail In-Store Signage. We design, manage, print and distribute specialty labels used in marketing applications. These include labels used as part of a direct mail package, retail shelf pricing labels, promotional labels and product labels for consumer packaged goods.

Bar Code and RFID Solutions. We produce labels, integrated form/label combinations, and barcoding, RFID and RLTS (real-time location systems) solutions to help improve efficiency and safety in supply chain management, patient medication and asset tracking, inventory management and real-time tracking.

Specialty Marketing Labels. We design, manage, print and distribute specialty labels used in marketing applications. These include labels used as part of a direct mail package, retail shelf pricing labels, promotional labels and product labels for consumer packaged goods.

Logistics and Fulfillment Services

Inventory Management and Improvement. Our inventory management capabilities include pallet, shelf, secure cage and vault storage. We support our inventory management with real-time reporting through our automated web-to-print platform and help clients gain better understandings of their inventory and print spend. By analyzing printed material requirements and assessing usage, we help eliminate obsolescence, reduce over-age inventory, speed up processes and lower costs.

Warehousing. We store, maintain and manage customers' printed materials in a controlled warehouse environment. We reduce our customers' document costs by eliminating the need for them to maintain warehouses or document inventory, thus freeing up capital for more productive uses.

Distribution and Fulfillment. We work with clients to establish day-to-day service level agreements, or SLAs, as well as one-off comping requirements. Our national warehousing facilities ensure optimal deliver efficiency and our custom kitting and e-kitting can accommodate variable material and premium items.

Regulatory Communications

Regulatory Communications. In heavily regulated markets such as the utility and financial services markets, we help clients meet the challenges of communicating different regulations in different markets and rapidly changing information in applications ranging from welcome letters to billing statements. Our web-based solution helps streamline communications and maintain accuracy and timeliness of outbound communications, including SLAs, terms and conditions, logos, office information and disclaimers.

Operations

In 2015, we refocused our operations into "centres of excellence" at six key manufacturing/warehousing facilities, with their primary products as set out below:

Drummondville, Québec	<ul style="list-style-type: none"> • Business forms, lottery rolls and selection slips, long run direct mail and specialty courier envelopes
Brampton, Ontario	<ul style="list-style-type: none"> • Business forms and “jumbo rolls”, labels, form and label combinations
Mississauga, Ontario	<ul style="list-style-type: none"> • Digital printing, direct mail, kit fulfilment, event tickets and gift cards and wide format print
Mississauga, Ontario	<ul style="list-style-type: none"> • Multiple Pakfold® facility focuses on sales of business forms, cheques and labels primarily to independent brokers and resellers in Canada
Calgary, Alberta	<ul style="list-style-type: none"> • Digital printing, direct mail, commercial printing, kit fulfilment, event tickets and gift cards and wide format printing
Edmonton, Alberta	<ul style="list-style-type: none"> • Business forms, labels, lottery rolls and point of sale rolls

We sell our broad range of direct marketing, print services, labels and asset tracking, event tickets and gift cards, logistics and fulfilment, content and workflow management, data management and analytics, and regulatory communications services directly to our clients. We also maintain smaller specialty manufacturing/warehousing facilities in Granby, Québec; Regina, Saskatchewan; and Niles, Illinois. In addition, we manage six on-demand digital print centres, including several in our customers’ premises located across Canada and in the US, and two business service centres.

In December 2015, we completed the upgrade of our entire digital print production fleet and in January 2016, we announced that we had entered into an exclusive agreement with Xerox for the supply, installation and maintenance of digital printing equipment and workflow software. We now use Xerox digital presses for all our digital cut-sheet printing.

Sales and Marketing

We focus on establishing long-term arrangements and service level agreements with our customers to provide document management services, marketing solutions and printed products. In order to achieve our goal of developing value-added, cost efficient relationships with our customers, we form consultative sales relationships with each client that involve interaction for every phase from design through implementation and into online re-ordering. We believe that building and maintaining long-term relationships by providing high value-added, customized customer solutions demands significant sales knowledge, expertise and a consultative selling methodology. Our entire direct sales force, customer service representatives and key operations, finance and administrative staff have been trained in consultative selling processes.

In 2015, as part of our efforts to provide more highly specialized client service and a more integrated product offering, and to generally better serve our clients, we re-focused our sales force by forming distinct enterprise and small and medium-sized, or SMB, client focused account representatives and customer support representatives. In 2015, approximately 60% of our clients were enterprise clients and the balance were SMB clients.

Manufacturing and Warehousing

We lease all of our manufacturing and warehousing facilities. See “– Properties” below. We schedule production in our manufacturing facilities to meet the demand requirements of our customer base. We believe that our existing manufacturing facilities provide adequate production capacity to meet expected and anticipated demand.

Products purchased by our customers are either shipped directly to the customer or held in inventory and shipped as requisitioned by the customer. Products are transported to our customers primarily by nationally recognized couriers and other short-haul, regional, contract and custom carriers.

Raw Materials

We procure key raw materials including paper, carbon, stock ink, stock envelopes, adhesives, plates, film, chemicals and corrugated materials from a variety of qualified and pre-approved supply partners. The majority of these materials are contracted with set service level expectations for terms typically ranging from one to five years, dependent on market conditions and maximized cost effectiveness and value. The weakness of the Canadian dollar over the last year has increased the importance of passing on raw material increases to our customer base and is standard practice in the market place. Historically, it has been the industry's and our practice to pass along paper price increases to customers. Accordingly, our customer agreements typically provide for our ability to pass paper price increases along to our customers. Generally, DATA seeks to secure alternate sources of supply on all key raw materials in addition to maintaining business interruption insurance which provides insurance against the inability to secure an adequate supply of paper. In fiscal 2015, expenditures on raw materials represented approximately 35% of our related revenues.

Competition

The industry segments in which we compete are highly competitive. We view our principal competitors to be the Canadian reporting unit of R.R. Donnelley & Sons Company, Xerox Canada Inc. and technology companies that have attempted to leverage their capabilities to provide a total document management and/or outsourcing solution. There are also many smaller regional and local companies that compete with us in certain other product offerings. Our principal competitors in the commercial printing and direct mail markets include Transcontinental Inc., St. Joseph's Printing Limited and several smaller, regional and local competitors. We also have a number of specialty competitors, such as CGI Group Inc., Symcor Inc. and Ricoh Canada Inc., and local and regional competitors, such as Gilmour Printing Services Inc.

We believe that the key factors within each of the segments in which we compete are breadth of offering, innovative solution development (including integrated print and digital capabilities), national representation across Canada, customer service (including meeting customers' savings and timing requirements), product quality, reliability and price.

Properties

As of March 25, 2016, we operated out of 25 leased facilities strategically located across Canada and two facilities in Illinois in the US for manufacturing/warehousing, on-demand digital print centres and sales/administrative offices. All leases are in good standing in all material respects. The following table lists our premises:

<u>Location</u>	<u>Square Feet</u>	<u>Lease Expiry Date</u>
Brampton, Ontario ⁽¹⁾⁽²⁾	269,044	December, 2025
Drummondville, Québec ⁽¹⁾	170,119	October, 2016
Edmonton, Alberta ⁽¹⁾⁽²⁾⁽³⁾	146,544	December, 2016
Calgary, Alberta ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	112,267	February, 2022
Granby, Québec ⁽¹⁾⁽²⁾	99,800	July, 2021
Mississauga, Ontario ⁽¹⁾⁽²⁾⁽⁴⁾	84,672	December, 2016
Mississauga, Ontario ⁽¹⁾⁽²⁾	60,000	July, 2017
Brossard, Quebec ⁽²⁾⁽³⁾	15,018	September, 2020
Brossard, Quebec ⁽²⁾⁽³⁾	8,788	October, 2016
Niles, Illinois ⁽¹⁾⁽²⁾⁽³⁾	20,028	October, 2017

<u>Location</u>	<u>Square Feet</u>	<u>Lease Expiry Date</u>
Regina, Saskatchewan ⁽¹⁾⁽²⁾	8,916	December, 2018
Nun's Island, Verdun, Québec ⁽²⁾	8,000	June, 2016
Richmond Hill, Ontario ⁽²⁾	7,137	April, 2019
Ottawa, Ontario ⁽²⁾	4,497	January, 2017
Kitchener, Ontario ⁽¹⁾⁽²⁾	4,270	February, 2017
Calgary, Alberta ⁽³⁾	3,500	Rent free – no expiry
Calgary, Alberta ⁽³⁾	2,022	Rent free
Toronto, Ontario ⁽²⁾⁽³⁾	2,000	Month to month
Burnaby, British Columbia ⁽²⁾	1,678	March, 2019
Winnipeg, Manitoba ⁽²⁾	1,600	October, 2018
Banff, Alberta ⁽³⁾	1,500	Rent free
Saint Laurent, Quebec ⁽²⁾	1,407	April, 2017
Québec, Québec ⁽²⁾	1,084	April, 2016
Dartmouth, Nova Scotia ⁽²⁾	1,041	December, 2016
Calgary, Alberta ⁽³⁾	750	Rent free
Chicago, Illinois ⁽³⁾	500	Rent free
North Bay, Ontario ⁽²⁾	350	Month to month

Notes:

- (1) Manufacturing/warehousing/distribution centre facility.
- (2) Sales/administrative office.
- (3) On-demand digital print centre.
- (4) Business services centres and distribution centres.

The following table lists premises we have vacated, either because we do not intend to renew the leases at the expiry of their terms or because we have sublet, or intend to sublease, the premises:

<u>Location</u>	<u>Square Feet</u>	<u>Lease Expiry Date</u>
Brampton, Ontario ⁽¹⁾	112,730	May, 2016
Brockville, Ontario ⁽¹⁾	93,633	October, 2017
Calgary, Alberta ⁽¹⁾⁽²⁾	65,131	March, 2016
Anjou, Québec ⁽¹⁾	61,223	December, 2016
Dorval, Québec ⁽¹⁾	42,457	July, 2021
Richmond, British Columbia ⁽¹⁾⁽²⁾	33,868	February, 2018
London, Ontario ⁽¹⁾⁽²⁾⁽³⁾	17,300	May, 2016

Notes:

- (1) Former manufacturing/warehousing/distribution centre facility.
- (2) Former sales/administrative office.
- (3) Former on-demand digital print centre.

Employees

As of March 1, 2016, we had 1,418 employees, including 891 in production, 86 in warehousing, 285 in sales, marketing and customer service and 156 in support functions. As a general matter, we require our sales representatives to enter into employment agreements with non-competition covenants. Approximately 12.9% of our employees are represented by labour unions. The collective agreement with respect to the unionized employees at our facility in Granby expires on March 13, 2021. The collective agreement with respect to the unionized employees at our facility in Drummondville expired on March 13, 2016; however, we previously secured an agreement on wage increases with respect to these unionized employees through March 13, 2021 and are presently in negotiations on other elements of this agreement.

Information Technology

We connect our facilities over a wide area network using various technologies. Most of our hardware is housed at our Brampton, Ontario data centre, which features a variety of Dell, Hewlett Packard and IBM equipment. We use our proprietary FOMACS system for costing, general ledger, accounts payable and receivable and invoicing needs. Additionally, we use FOMACS to monitor production and service quality control. Inventory control systems are run on our proprietary INFORMA® Data Document Manager and DATA Online systems, which utilize print-on-demand, inventory management, shipping, warehousing and ordering modules. Management reporting and information systems are run based on the FOMACS and INFORMA® systems utilized at the operations level. Our information systems provide the basis of our financial reporting as they provide data in respect of a wide variety of financial matters, including sales, distribution, purchasing and expenses. We also utilize third party cloud-based applications for certain financial reporting, budgeting and planning purposes. In addition to our core applications, we also leverage third party cloud-based applications to enhance our customer facing applications. Our marketing campaign management solution is built on the Mtivity cloud-based service. Our technology equipment and back-up systems are located in secure premises and we employ a nationwide disaster recovery system. All material data is backed up and safely stored on a daily basis to minimize any potential risk associated with system failure or disaster.

Intellectual Property

In Canada, we have 35 trademark registrations (including “Data Business Forms®”, “Data Focus (Design)®”, “Datatickets®”, “ImageNet®”, “INFORMA®” and “Multiple Pakfold (Design)®”), six patent registrations, and two copyrighted works on which security interests have been registered. Also, we have two trademark registrations and one patent registration in the US. We believe that our trademarks and other proprietary rights are material to the operations of our business. We do not believe that any of our trademarks, patents, software or other proprietary rights that are material to our business are being infringed by third parties, or that they infringe proprietary rights of third parties. We regularly add to our portfolio of trademarks and take a proactive approach to protecting our brand identities.

Seasonality

Sales of some of our products are subject to seasonal fluctuations in demand. Certain elements of our gift card and direct mail businesses and the buying patterns of certain major customers have historically generated higher revenues and profit in the fourth quarter than the other three quarters.

Environmental Regulations

Our operations and real property are subject to a complex and onerous legislative regime, including statutes, regulations, by-laws, the common law, guidelines and policies, as well as permits and other approvals relating to the protection of the environment and workers’ health and safety, governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, treatment, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety, which we refer to as Environmental, Health and Safety Requirements. Certain of these Environmental, Health and Safety Requirements may impose joint and several liability on lessees and owners or operators of facilities for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal.

Environmental liability is an inherent risk of our business, associated principally with past and present business operations involving the use, storage, handling and contracting for recycling or disposal of hazardous and non-hazardous materials, such as washes, inks, alcohol-based products, fountain solution, photographic fixer and developer solutions, machine and hydraulic oils, and solvents. We generate both hazardous and non-hazardous waste.

Limited environmental investigations have been conducted at certain of our properties. Based on these investigations and all other available information, we believe that our current operations are in substantial compliance with Environmental, Health and Safety Requirements. We are not aware of any liability under Environmental, Health and Safety Requirements that we believe would have a material adverse effect on our business, financial condition or results of operations. No assurance can be given, however, that all potential environmental liabilities have been identified or that future uses, conditions or legal requirements (including, without limitation, those that may result from future acts or omissions or changes in applicable Environmental, Health and Safety Requirements) will not require material expenditures to maintain compliance or resolve potential liabilities.

MATERIAL CONTRACTS

The only material contracts we or any of our predecessors entered into during the year ended December 31, 2015 or prior to said fiscal year (and which are still in effect), other than in the ordinary course of business, are as follows:

- the Amended and Restated Trust Indenture referred to below under “Trust Indenture”; and
- the Shareholder Rights Plan referred to below under “Shareholder Rights Plan”.

We also entered into two material contracts after the year ended December 31, 2015 (which are still in effect): the Bank Credit Agreement and the IAM Credit Agreement, each referred to above under “General Development of the Business – Refinancing of Senior Credit Facilities”.

Each of the foregoing documents is available on SEDAR at www.sedar.com.

Credit Facilities

The Bank Credit Facility has a maximum available principal amount of \$25.0 million. A portion of the Bank Credit Facility consists of a non-revolving term credit facility, or the Bank Term Facility, in a maximum principal amount of \$5.0 million as well as a committed treasury facility pursuant to which the Bank may, in its sole discretion, agree to enter into non-speculative hedging arrangements, subject to certain restrictions. Advances under the Bank Credit Facility may not, at any time, exceed the lesser of \$25.0 million and a fixed percentage of the Corporation’s aggregate accounts receivable and inventory (less certain amounts). The Bank Term Facility is available by way of a single advance and is not based on our accounts receivable or inventories. Pursuant to the Bank Credit Agreement, we used the proceeds of the Bank Term Facility to repay indebtedness owing under the Amended Credit Agreement. Advances under the Bank Credit Facility are subject to floating interest rates based upon the Canadian prime rate plus an applicable margin. The Bank Term Facility matures on the earlier of March 10, 2018 and the date on which the Bank Credit Facility is terminated pursuant to the Bank Credit Agreement. The Bank Credit Facility matures on the earlier of March 10, 2019 and the date on which the Bank Credit Facility is terminated pursuant to the Bank Credit Agreement.

The IAM Credit Facility matures on March 10, 2023 and has a maximum available principal amount of \$28.0 million. Indebtedness outstanding under the IAM Credit Facility bears interest at a fixed rate equal to 6.95% per annum. Under the terms of the IAM Credit Agreement, we are required to make mandatory blended equal monthly repayments of principal and interest such that, on maturity, advances under the IAM Credit Facility and applicable interest on those advances will have been fully repaid. Repayments cannot be reborrowed. We may, upon prior written notice to IAM, prepay the IAM Credit Facility in whole, but not in part, at any time provided that we pay IAM a prepayment premium equal to the greater of three months’ interest on the amount prepaid and the difference between (i) the present value of the principal and interest payments that would have been made had the prepayment not been made, discounted at the rate determined by IAM based on the yield on Government of Canada debt obligations having terms approximately equal to the term from the date of prepayment to the original maturity date of the IAM Credit Facility; and (ii) the face value of

the principal amount being prepaid at the date of prepayment. Under the terms of the IAM Credit Agreement, we must ensure that the aggregate of the principal amount outstanding under the IAM Credit Facility and the principal amount outstanding under the Bank Credit Facility does not exceed \$50.0 million.

Both the Bank Credit Agreement and the IAM Credit Agreement contain customary representations and warranties, covenants which require us to maintain certain financial ratios and restrictive covenants which limit the discretion of the Board of Directors of the Corporation and management with respect to certain business matters, including the declaration or payment of dividends on the Common Shares without the consent of the Bank or IAM, as applicable. The Bank Credit Facility limits the amount we may spend on capital expenditures to an aggregate amount not to exceed \$5.5 million during any fiscal year, and the IAM Credit Agreement limits the incurrence of capital expenditures to no more than \$5.0 million in any fiscal year.

A failure by the Corporation to comply with its obligations under the Bank Credit Agreement or the IAM Credit Agreement, together with certain other events, including a change of control of the Corporation, could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements.

Each of the Bank Credit Facility and the IAM Credit Facility is secured by conventional security charging all the property and assets of the Corporation and its affiliates. Prior to the occurrence of an event of default under the Bank Credit Agreement or the IAM Credit Agreement, the payment of the principal of, and interest on, the Debentures is subordinated in right of payment to the prior payment in full of our indebtedness under the Bank Credit Agreement and the IAM Credit Agreement. See “Material Contracts – Trust Indenture” for a description of the Debentures.

As at March 11, 2016, we had outstanding borrowings of \$15.9 million and letters of credit granted of \$2.2 million under the Bank Credit Facility, and outstanding borrowings of \$28.0 million under the IAM Credit Facility. See “Risk Factors – Credit Facilities and Restrictive Covenants; Ability to Refinance”.

Trust Indenture

The Corporation is the successor issuer of \$45.0 million aggregate principal amount of Debentures pursuant to the Trust Indenture. As described above under “General Development of the Business – Partial Redemption of the Debentures”, on December 23, 2015, the Corporation redeemed \$33.53 million, or approximately 75%, of the Debentures then outstanding.

The Debentures

The aggregate principal amount of debentures, notes or other evidences of indebtedness of the Corporation authorized to be issued under the Trust Indenture is unlimited and may be issued in one or more series. The aggregate principal amount of the Debentures authorized for issue is \$50.0 million. We may, however, from time to time, without the consent of the Debentureholders but subject to the limitations described in the Trust Indenture, issue additional debentures of the same series or of a different series under the Trust Indenture, in addition to the outstanding Debentures.

The Debentures are designated as “6.00% Convertible Unsecured Subordinated Debentures” and dated as of April 27, 2010. The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. The Debentures are due on June 30, 2017, or the Maturity Date.

The Debentures bear interest from and including the date of issue at 6.00%, payable semi-annually, in arrears, on June 30 and December 31 of each year, each of which is referred to as an Interest Payment Date, commencing on December 31, 2010.

The principal amount of the Debentures is payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, by payment of Common Shares. The interest on the Debentures is payable in lawful money of Canada or, at our option and subject to applicable regulatory approval, in accordance with the Common Share Interest Payment Election (as defined below). Payment of interest to a non-resident Debentureholder, whether paid in cash or Common Shares, will be subject to Canadian withholding tax.

“Common Share Interest Payment Election” is defined in the Trust Indenture as an election to satisfy an interest obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due, on the applicable Interest Payment Date, in the manner described in the written notice made by us to the Debenture Trustee specifying such interest obligation.

The Debentures are direct obligations of the Corporation and are not be secured by any mortgage, pledge, hypothec or other charge and are subordinated to other liabilities of the Corporation. The Trust Indenture does not restrict us from incurring additional indebtedness for borrowed money or other liabilities or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures are convertible at the holder’s option into fully paid and non-assessable Common Shares at any time before the close of business on the earlier of the Maturity Date and the business day (being any day other than a Saturday, Sunday or any day that the office of the Debenture Trustee in Toronto, Ontario is not generally open for business), or the Business Day, immediately preceding the date fixed for redemption at a conversion price of \$12.20 per Common Share, or the Conversion Price, subject to adjustment in certain events. The Conversion Price represents a conversion ratio of approximately 81.97 Common Shares per \$1,000 principal amount of Debentures. No adjustment will be made to the record dates for distributions on Common Shares issuable on conversion of, or interest accrued on, Debentures surrendered for conversion. Holders converting their Debentures will receive accrued and unpaid interest thereon up to, but excluding, the date of conversion. Holders converting their Debentures will become holders of record of Common Shares on the Business Day immediately after the conversion date. Notwithstanding the foregoing, no Debentures may be converted during the five Business Days preceding June 30 and December 31 in each year, commencing June 30, 2013, as the registers of the Debenture Trustee will be closed during such periods.

The Trust Indenture provides for the adjustment of the Conversion Price in certain events including:

- (a) the subdivision or consolidation of the outstanding Common Shares;
- (b) the distribution of Common Shares to Shareholders by way of distribution or otherwise, other than an issue of securities to Shareholders who have elected to receive dividends in securities of the Corporation in lieu of receiving cash dividends paid in the ordinary course;
- (c) the issuance of options, rights or warrants to Shareholders entitling them to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then Current Market Price (as defined below), other than pursuant to the distribution reinvestment plan of the Corporation; and
- (d) the distribution to all Shareholders of any securities or assets (other than dividends and equivalent distributions in securities paid in lieu of dividends in the ordinary course).

There will be no adjustment of the Conversion Price in respect of any event described in (b), (c) or (d) above if the Debentureholders are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. We will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of a reclassification or a capital reorganization of the Common Shares or in the case of any consolidation, amalgamation or merger of the Corporation with or into any other entity, or in the case of a sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution, winding-up of the Corporation or other similar transaction, the terms of the conversion privilege will be adjusted so that each Debentureholder will, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction, be entitled to receive the number of Common Shares, other securities or consideration such Debentureholder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible immediately prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution, winding up or other similar transaction.

No fractional Common Shares will be issued on any conversion but, in lieu thereof, the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price (as defined below) of any fractional interest.

“Current Market Price” is defined in the Trust Indenture as the volume-weighted average trading price per share for the Common Shares on TSX for the 20 consecutive trading days ending five days prior to the applicable event. The weighted average price will be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold.

Redemption and Purchase

The Debentures were not redeemable by us before June 30, 2013, or the First Call Date, except in the event of the satisfaction of certain conditions following the occurrence of a Change of Control (as defined below). On or after the First Call Date and prior to June 30, 2015, the Debentures could be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days’ and not less than 30 days’ prior written notice at a price equal to their principal amount, or the Redemption Price plus accrued and unpaid interest thereon, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after June 30, 2015, the Debentures may be redeemed at any time before the Maturity Date by us, in whole or in part, from time to time at our option on not more than 60 days’ and not less than 30 days’ prior notice at a price equal to their principal amount plus accrued and unpaid interest to, but excluding, the redemption date.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable. The Corporation will have the right to purchase Debentures in the market, by tender, or by private contract, provided however, that if an event of default under the Trust Indenture has occurred and is continuing, neither the Corporation nor any of its affiliates will have the right to purchase Debentures by private contract.

Payment upon Redemption or at Maturity

On redemption or at maturity, we will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate Redemption Price of the outstanding Debentures together with accrued and unpaid interest thereon. We may, at our option, on not more than 60 days’ and not less than 40 days’ prior notice, subject to applicable regulatory approval and provided no Event of Default (as defined below) has occurred and is continuing, elect to satisfy our obligation to pay the Redemption Price of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing freely tradable Common Shares to the applicable Debentureholders. Any accrued and unpaid interest thereon will be paid in cash. The number of Common Shares to be issued will be determined by dividing the aggregate Redemption Price of the outstanding Debentures which are to be redeemed or the principal amount of the outstanding Debentures which have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Maturity Date, as the case may be. No fractional Common Shares will be issued on redemption or maturity but in lieu thereof we will satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Trust Indenture, to the prior payment in full of all Senior Indebtedness (as defined below) of the Corporation. “Senior Indebtedness” is defined in the Trust Indenture as the principal of and the interest and premium, if any, on and other amounts in respect of all indebtedness including indebtedness to trade creditors of the Corporation (whether outstanding as at the date of Trust Indenture or thereafter incurred), other than indebtedness evidenced by the Debentures and all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, are expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures. Each debenture of the same series of debentures issued under the Trust Indenture will rank *pari passu* with each other debenture of the same series and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar types of obligations of the Corporation.

The Trust Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation, then those holders of Senior Indebtedness, including any trade creditors of the Corporation, will receive payment in full before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Trust Indenture also provides that the Corporation will not make any payment, and the Debentureholders will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without any limitation by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, or (b) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such event of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full.

The Debentures are effectively subordinate to claims of creditors of each subsidiary of the Corporation except to the extent the Corporation or one of its other subsidiaries is a creditor of such subsidiary ranking at least *pari passu* with such other creditors. Specifically, the Debentures will be effectively subordinated in right of payment to the prior payment in full of all indebtedness under the Bank Credit Agreement and the IAM Credit Agreement.

Change of Control of the Corporation

Upon the occurrence of a change of control involving the acquisition of voting control or direction over 66 2/3% or more of the Common Shares (on a fully-diluted basis, including Common Shares issuable upon the conversion or exchange of securities convertible into or exchangeable for or otherwise carrying the right to acquire Common Shares) by any person or group of persons acting jointly or in concert, which is referred to as a Change of Control, each Debentureholder may require the Corporation to purchase, on the date which is 30 days following the giving of notice of the Change of Control as set out below, or the Put Date, the whole or any part of such holder's Debentures at a price equal to 101% of the principal amount thereof, or the Put Price, plus accrued and unpaid interest to, but excluding, the Put Date. The Trust Indenture contains notification provisions requiring to the following effect: (i) the Corporation will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the Debentureholders notice of the Change of Control, the repayment right of the Debentureholders and the right of the Corporation to redeem untendered Debentures under certain circumstances, and (ii) a Debentureholder, to exercise the right to require the Corporation to purchase its Debentures, must deliver to the Debenture Trustee, not less than five Business Days prior the Put Date, written notice of the holder's exercise of such right, together with the Debentures with respect to which the right is being exercised, duly endorsed for transfer.

If 90% or more in aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered for purchase on the Put Date, the Corporation will have the right to redeem all the remaining Debentures on such date at the Put Price, together with accrued and unpaid interest to such date. Notice of such redemption must be given by the Corporation to the Debenture Trustee prior to the Put Date, and as soon as possible thereafter, by the Debenture Trustee to the Debentureholders not tendered for purchase.

Interest Payment Option

From time to time, subject to applicable regulatory approval and provided no Event of Default has occurred, the Corporation may elect to satisfy its obligation to pay interest on the Debentures, or the Interest Obligation, arising on any Interest Payment Date by delivering sufficient Common Shares to the Debenture Trustee to satisfy all or any part of the Interest Obligation in accordance with the Trust Indenture, or the Common Share Payment Interest Election. The Trust Indenture provides that, upon such election, the Debenture Trustee will, subject to any applicable securities laws, (a) accept delivery from the Corporation of Common Shares, (b) accept bids with respect to, and consummate sales of, such Common Shares, as the Corporation may direct in its absolute discretion, (c) invest the proceeds of such sales in short-term permitted government securities (as defined in the Trust Indenture) that mature prior to the applicable Interest Payment Date and use the proceeds received from such permitted government securities, together with any proceeds

from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation, and (d) perform any other action necessarily incidental thereto.

The Trust Indenture sets forth the procedures to be followed by the Corporation and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of a Debentureholder in respect of interest will be to receive cash from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Corporation attributable to any fractional Common Shares) in full satisfaction of the Interest Obligation, and the Debentureholder will have no further recourse to the Corporation in respect of the Interest Obligation.

Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will (a) result in the Debentureholders not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Events of Default

The Trust Indenture provides that an event of default, or Event of Default, in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect of the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (iii) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; or (iv) default in the observance or performance of any material covenant or condition of the Trust Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and will, upon request of the holders of not less than 25% in principal amount of the Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Debentures

The Trust Indenture contains provisions to the effect that if an offer is made for the Debentures which is a take-over bid for Debentures within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the Debentureholders who did not accept the offer on the terms offered by the offeror.

Modification

The rights of the Debentureholders, the holders of any other series of debentures, or the holders of debentures that may be issued under the Trust Indenture may be modified in accordance with the terms of the Trust Indenture. For that purpose, among others, the Trust Indenture contains certain provisions which will make binding on all holders of debentures resolutions passed at meetings of the holders of debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of debentures of each particularly affected series.

Book-Entry System

The Debentures have been issued in "book-entry only" form and must be purchased or transferred through a participant in CDS, or a CDS Participant. The Debenture Trustee has caused the Debentures to be delivered to CDS and registered in the name of its nominee. The Debentures are evidenced by a single book-entry only certificate.

Registration of interests in and transfers of the Debentures will be made only through the depository service of CDS. Except as described below, a purchaser acquiring a beneficial interest in the Debentures, or a Beneficial Owner, will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a CDS Participant.

The Corporation will not assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this AIF and relating to the rules governing CDS or any action to be taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and Beneficial Owners must look solely to CDS Participants for the payment of the principal and interest on the Debentures made by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below) may: (a) not have Debentures registered in their name; (b) not have physical certificates representing their interest in the Debentures; (c) not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Corporation is unable to locate a qualified successor; (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, CDS Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Trust Indenture.

Shareholder Rights Plan

Effective January 1, 2012, DGI's Board of Directors adopted a shareholder rights plan, which became a contract of the Corporation pursuant to the Amalgamation. The terms of the shareholder rights plan are set out in the shareholder rights plan agreement dated as of January 1, 2012, or the Shareholder Rights Plan, between DGI, as predecessor to the Corporation, and Computershare Investor Services Inc., a copy of which has been filed with Canadian securities regulatory authorities and is available at www.sedar.com. For a description of the Shareholder Rights Plan, please refer to information set out further under the heading "Reconfirmation of the Shareholder Rights Plan" on pages 35 to 38 of the Management Information Circular of the Corporation dated May 20, 2014, which information is incorporated by reference to this AIF. A copy of that Management Information Circular has been filed with the Canadian securities regulatory authorities and is available at www.sedar.com.

CAPITAL STRUCTURE

We are authorized to issue an unlimited number of Common Shares. There are no authorized classes of securities of our company other than the Common Shares. As at March 30, 2016, we had 998,752,732 Common Shares issued and outstanding as fully paid and non-assessable.

Our Shareholders are entitled to receive notice of any meetings of Shareholders and to attend and cast one vote per Common Share at all such meetings. Shareholders are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by our Board of Directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding-up of our company are entitled to receive on a pro-rata basis those of our assets subject to the rights, privileges, restrictions and conditions attaching to any shares ranking in priority to the Common Shares with respect to dividends or liquidation. Except as set out below under "Redemption Right", the Common Shares have no conversion, retraction, pre-emptive or subscription rights, nor do they contain any sinking or purchase fund provisions.

Dividend Policy

Our Board of Directors established and adopted a dividend policy. We do not currently pay dividends on our Common Shares and do not intend to do so for the foreseeable future.

Our dividend policy is subject to the discretion of our Board of Directors and will be evaluated on an ongoing basis, and may be revised subject to business circumstances and expected capital requirements depending on, among other things, our earnings, financial requirements, growth opportunities, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other conditions existing at such future time.

Under the terms of the Bank Credit Agreement and the IAM Credit Agreement, we are not permitted to declare or pay dividends on our Common Shares without the prior consent of the Bank or IAM, as applicable.

DIVIDENDS

During the year ended December 31, 2013, DGI paid an annual dividend of \$0.30 per Common Share until dividends were suspended on November 8, 2013 (with the last quarterly dividend of \$0.075 per Common Share being paid on October 15, 2013). See “Capital Structure – Dividend Policy”.

MARKET FOR SECURITIES

Our Common Shares are listed on TSX under the symbol “DGI”.

The Debentures are listed on TSX under the symbol “DGI.DB.A”.

Trading Price and Volume

The following table shows the range of high and low prices per Common Share as at the close of market (TSX) and total monthly volumes of Common Shares traded on TSX during the year ended December 31, 2015.

Month	Price per Common Share (\$)		Total Volume (Common Shares)
	High	Low	
January	\$0.69	\$0.45	933,294
February	\$0.80	\$0.61	916,939
March	\$0.87	\$0.66	1,528,200
April	\$0.82	\$0.58	1,637,262
May	\$0.84	\$0.47	2,247,431
June	\$0.55	\$0.44	1,493,740
July	\$0.46	\$0.33	843,878
August	\$0.49	\$0.28	970,465
September	\$0.33	\$0.25	525,950
October	\$0.33	\$0.20	505,219
November	\$0.23	\$0.04	6,021,671
December	\$0.05	\$0.02	33,790,685

The following table shows the range of high and low prices per Debenture as at the close of market (TSX) and total monthly volumes of Debentures traded on TSX during the year ended December 31, 2015.

Price per Debenture (\$)

Month	High	Low	Total Volume (Debentures)
January	\$64.00	\$60.00	5,470
February	\$67.00	\$64.00	2,265
March	\$79.00	\$65.00	17,000
April	\$85.00	\$75.00	17,774
May	\$83.00	\$60.00	22,170
June	\$68.00	\$60.58	6,040
July	\$69.01	\$50.00	3,346
August	\$50.00	\$24.99	9,360
September	\$28.00	\$25.51	5,590
October	\$30.00	\$27.00	3,740
November	\$55.00	\$24.88	27,980
December	\$65.00	\$32.00	53,230

As at March 30, 2016, approximately \$11.18 million aggregate principal amount of Debentures were outstanding and such Debentures are redeemable. Each Debenture is convertible into Common Shares at the option of the holder at any time prior to the close of business on June 30, 2017, or, if called for redemption, on the Business Day immediately preceding the date specified by the Corporation for redemption of the Debentures, at the Conversion Price, subject to adjustment in certain events and restrictions on conversion at certain points in time.

In May 2015, the Corporation commenced a normal course issuer bid, or NCIB, to purchase up to a maximum of approximately \$4.36 million aggregate principal amount of the Debentures, representing approximately 10% of the “public float” of the Debentures outstanding as at May 1, 2015. Purchases under the NCIB were permitted to commence on TSX on May 9, 2015 and will terminate on the earlier of May 18, 2016, the date the Corporation completes its purchases pursuant to the Notice of Intention to Make a Normal Course Issuer Bid filed with TSX in relation to the NCIB and the date of notice by the Corporation of termination of the bid. As of March 1, 2016, no Debentures had been purchased under the NCIB. The Debentures purchased under the NCIB, if any, will be cancelled.

Prior Sales

On December 23, 2015, we issued a total of 975,262,140 Common Shares upon the redemption of \$33.53 million aggregate principal amount of Debentures. See “General Development of the Business – Partial Redemption of the Debentures”.

MANAGEMENT OF DATA

Directors and Officers

Our directors are William Albino, Michael Blair, Rod Phillips, Michael G. Sifton, Harinder S. Takhar and J.R. Kingsley Ward.

The following sets out, for each of our directors and the executive officers, the person’s name, municipality of residence, position with the Corporation and principal occupation. The term of office for each of the directors of the Corporation will expire at the time of the next annual meeting of Shareholders. As at March 30, 2016, our directors and the executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, 21,067,328 Common Shares, representing 2.1% of the issued and outstanding Common Shares.

<u>Name and Municipality of Residence</u>	<u>Position</u>	<u>Principal Occupation</u>
Directors		
WILLIAM ALBINO ⁽¹⁾⁽²⁾ Ontario, Canada	Director of the Corporation	Corporate Director
MICHAEL BLAIR ⁽³⁾ Ontario, Canada	Director of the Corporation	Corporate Director
ROD PHILLIPS ⁽¹⁾⁽³⁾ Ontario, Canada	Director of the Corporation	Corporate Director
MICHAEL G. SIFTON Ontario, Canada	Director of the Corporation; President and Chief Executive Officer of the Corporation	President and Chief Executive Officer of the Corporation; Corporate Director
HARINDER S. TAKHAR ⁽¹⁾⁽³⁾ Ontario, Canada	Director of the Corporation	Chairman and Chief Executive Officer of KST Industries Inc. ⁽⁴⁾
J.R. KINGSLEY WARD ⁽²⁾ Ontario, Canada	Director of the Corporation	Chairman and Managing Partner of VRG Capital Corp.

Notes:

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance Committee.

(3) Member of the Human Resources and Compensation Committee.

(4) KST Industries Inc. is a private holding company.

Executive Officers

(in addition to Michael G. Sifton)

JAMES E. LORIMER Ontario, Canada	Chief Financial Officer and Corporate Secretary	Chief Financial Officer of the Corporation
STEVE WITTAL Ontario, Canada	Senior Vice President, Sales	Senior Vice President, Sales
ALAN ROBERTS Ontario, Canada	Senior Vice-President, Operations	Senior Vice-President, Operations
JEFF GLADWISH Ontario, Canada	Vice President, Marketing & Corporate Development	Vice President, Marketing & Corporate Development
JUDY HOLCOMB-WILLIAMS Ontario, Canada	Vice President, Human Resources	Vice President, Human Resources
KARL SPANGLER Ontario, Canada	Chief Technology Officer	Chief Technology Officer

Steve Wittal is the sole executive officer of DATA who has held his or her current position or another position with a predecessor of DATA for the past five years. He joined DATA in August 1994, becoming Vice President, Sales and Marketing, Eastern Canada from November 2010 until May 2015 and Senior Vice President, Sales since May 2015.

Our officers who have not held their principal occupation with the Corporation for more than five years have had the following principal occupations during the last five years:

- **Michael G. Sifton** joined DATA as President and Chief Executive Officer in April 2015. Previously, he was Managing Partner at Beringer Capital (an investment fund focused on the marketing services and specialty media industry) since September 2009.
- **James E. Lorimer** joined DATA as Interim Chief Financial Officer in May 2015 and became Chief Financial Officer in August 2015. Previously, he was Managing Director & Principal, Ludwig Wessel & Associates (a financial services focused recruiting company) from December 2009 until January 2014, and provided independent advisory services from January 2014 until May 2015.
- **Alan Roberts** re-joined DATA in February 2012 as Vice President Operations, On Demand Services & Marketing Campaign Management. In October 2013 he became Vice President, Operations, and in July 2014 became Senior Vice President, Operations. Previously, he was Client Delivery Manager of Xerox Canada from December 2009 until June 2011, and Program Manager, Communications and Marketing Services for Xerox Canada from March 2011 until February 2012. He had previously been General Manager at DATA from December 1996 until March 2003.
- **Jeff Gladwish** has been Vice President, Marketing of DATA since November 2014 and Vice President, Marketing and Corporate Development of DATA since July 2015. From May 2000 until October 2013, he held progressively senior marketing roles in American Express, including Director & General Manager, FX International Payments from December 2008 until January 2012 and Marketing Director & Head of Insurance from January 2012 until October 2012. From March 2013 until October 2013 he has Director, Innovation & Marketing at D+H Corporation (a financial technology company) and from November 2013 until November 2014, he was Senior Director, Head of Enhancement Services at D+H Corporation.
- **Judy Holcomb-Williams** has been Vice President, Human Resources at DATA since January 2014. Previously, she was Director, Organizational Capability, Global at S.A. Armstrong Limited (a manufacturer of fluid technology systems) from December 2011 until December 2013 and prior to that was General Manager, Human Resources at Mabe Canada Inc. (a manufacturer and distributor of appliances) from September 2008 until November 2011.
- **Karl Spangler** has been Chief Technology Officer of DATA since February 2016. From December 2010 through August 2012, he was Senior Manager, CIO Infrastructure Planning at BlackBerry Limited (a mobile communications company); from October 2012 to April 2013, he was Senior Manager, IT Strategy & Operations for IT Worx Inc. (a software professional services organization); from May 2013 until June 2015, he was Senior Manager, Platform Engineering & Operations for The Toronto-Dominion Bank (a Canadian chartered bank); and from June 2015 until February 2016 he was founder and principal of SPIN Aerial (a technology consulting company).

Biographies of Directors

William Albino. Mr. Albino has been a director of the Corporation since August 8, 2012. He currently chairs the Governance Committee of our Board of Directors and is a member of the Audit Committee of our Board of Directors. Prior to his retirement in 2011, Mr. Albino was Chief Executive Officer of Smart Systems for Health, an agency of the Ontario Government charged with developing and implementing electronic health records for all Ontarians. Before that assignment, Mr. Albino was an Executive Vice President of EDS Canada, responsible, at various times, for the EDS's business in the Telecommunications, Government, and Manufacturing sectors. He spent two years as head of his own consulting company while acting as an independent investor in start-up technology companies. Mr. Albino's longest employment - 25 years - was with Xerox Corporation where he held numerous positions, in both Canada and the US, culminating in his assignment as Vice-President and General Manager of the company's largest division. Mr. Albino has a Bachelor of Arts degree from the University of Toronto and a Masters of Business Administration from The Richard Ivey School of Business at Western University. He is presently a director of The Aurora Historical Society and the Big Brother and Sisters Council of Champions.

Michael Blair. Mr. Blair currently chairs our Board of Directors and is a member of the Human Resources and Compensation Committee of our Board of Directors. Prior to his retirement in 2011, Mr. Blair was the Chief Executive Officer and a director of Automodular Corporation, a public company that supplies sub-assembly and sequencing

services to automotive assemblers. Mr. Blair was also the Founder and Chairman of Pharmx Rexall Drug Stores Ltd., a chain of drug stores in Ontario. Mr. Blair has also served as the Founder, President and Chief Executive Officer, a director and a member of the Audit Committee of The Enfield Corporation Limited, an industrial corporation that engaged in manufacturing of electrical equipment, glass and plastics packaging, and automotive parts and components. At the time, The Enfield Corporation Limited employed approximately 10,000 personnel and operated around 40 plants and facilities in Canada, the US, the United Kingdom and Hong Kong. Mr. Blair was the chairman of the board and chairman of the audit committee of Federal Pioneer Limited, which was, prior to its acquisition in 1990, Canada's largest independent manufacturer of circuit breakers, switchgear and transformers, employing approximately 2,300 personnel in its 13 manufacturing facilities. Mr. Blair holds a Bachelor of Arts degree from the Royal Military College of Canada, a Masters of Business Administration from The Richard Ivey School of Business at Western University, and an ICD.D designation through the Rotman School of Management.

Rod Phillips. Mr. Phillips is presently Global Head of Client Services and Country Lead for Canada at Afiniti, a Washington, DC based global technology company delivering Artificial Intelligence driven, enterprise behavioral pairing solutions. Mr. Phillips is a member of the Audit Committee and the Human Resources and Compensation Committee of our Board of Directors. He is a member of the Board of Directors of Discovery Air Inc., the Corporation, INFOR Acquisition Corp., and the Toronto International Film Festival. He is Chair of CivicAction and the TELUS Great Toronto Community Board. He was most recently President and Chief Executive Officer of the Ontario Lottery and Gaming Corporation (OLG) from 2011 to 2014. For eight years prior to that Mr. Phillips was President and CEO of Shepell, fgi one of North America's leading providers of workplace health and productivity solutions. From 1997 to 2000, Mr. Phillips served as Chief of Staff to Mayor Mel Lastman during his first term as the leader of the newly amalgamated City of Toronto. He is a graduate of the MBA program at Wilfrid Laurier University and holds an Honours BA in Political Science and English from Western University. Mr. Phillips has completed the Directors Education Program at the Rotman School of Management and holds the Institute of Corporate Directors designation ICD.D.

Michael G. Sifton. Mr. Sifton was appointed as President and Chief Executive Officer and a director of the Corporation on April 16, 2015. He is also a member of the Board of Directors of Yellow Pages Limited. Between 2009 and April 2015, Mr. Sifton was a Managing Partner at Beringer Capital. Mr. Sifton spent his career in the media business, with over 20 years of direct experience in the Canadian newspaper industry. Prior to joining Beringer Capital, he was President and Chief Executive Officer of Sun Media, Canada's largest newspaper publisher by household penetration and reach. In 2001, Mr. Sifton led the formation of Osprey Media Group, which was later acquired by Sun Media in 2007. Prior to forming Osprey Media Group, Mr. Sifton was President of Hollinger Canadian Newspapers G.P. and President and Chief Executive Officer of family-owned Armadale Communications. Mr. Sifton is a former Chairman of The Canadian Press and a former Director of the Canadian Newspaper Association and the Newspaper Audience Databank. Mr. Sifton is the Chairman of the Board of Governors of St. Andrew's College in Aurora, Ontario. Mr. Sifton holds a Bachelor of Commerce (Honours) from Queen's University.

Harinder S. Takhar. Mr. Takhar currently serves as the Chairman and CEO of KST Industries Inc. He previously worked with large public and private corporations in senior executive roles. He also served as the President and CEO of Chalmers Group of Companies from 1992 to October 2003. Mr. Takhar was elected to the Ontario Legislature in October 2003 and was re-elected in 2007, 2011 and 2014. In October 2003, he was appointed to the Executive Council of Ontario and as the Minister of Transportation. In May 2006, Mr. Takhar was appointed as Ontario's first Minister of Small Business and Entrepreneurship, later as Minister of Small Business and Consumer Services. He then served as Minister of Government Services from June 2009 until November 2012. From February 2013 to May 2013, he was reappointed as the Minister of Government Services and as the Chair of the Management Board of Cabinet. Mr. Takhar holds a Master's degree in Economics and Political Science and an undergraduate degree in English, Economics and Political Science. He is a member of the Chartered Professional Accountants (CPA), Certified Management Accountants (CMA) and a fellow of CPA, CMA Ontario.

J.R. Kingsley Ward. Mr. Ward is currently the chairman and managing partner of VRG Capital Corp. and prior to that was the President of VRG Capital from 1992 to 2011. Mr. Ward began his career at the Vimy Ridge Group Ltd., a Toronto based holding company with a portfolio of investments primarily in the healthcare industry. In 1992, VRG Capital, a division of Vimy Ridge Group Ltd., was formed to develop merchant banking initiatives for Vimy Ridge Group Ltd. Mr. Ward has over 25 years of experience in initiating, structuring, and monetizing private equity investments. Mr. Ward's business career includes being a founder and director of Clarus Securities, an institutional investment dealer and Chairman of Nucro Technics, a pharmaceutical contract support organization. He was a founder

and former Director of IPEC (now Flint Energy Services) and was a founder and former Chairman of Pareto Corporation, a marketing services company until its sale in 2011. He is a past Director of PLM Group, a commercial printing and direct marketing company.

Committees of the Board of Directors of DATA

Our Board of Directors has established an Audit Committee, a Human Resources and Compensation Committee and a Corporate Governance Committee. For a description of the responsibilities of the Corporate Governance Committee and the Human Resources and Compensation Committee, respectively, refer to the Corporation’s Management Information Circular that is furnished in connection with the solicitation of proxies for use at the annual and special meeting of Shareholders to be held in 2016, a copy of which will be filed with Canadian securities regulatory authorities and will be available at www.sedar.com.

Audit Committee

Charter of the Audit Committee

The Charter of the Audit Committee, as approved on January 1, 2015, is set out in Schedule A to this AIF.

Composition of the Audit Committee

Our Audit Committee is composed of three directors: William Albino, Rod Phillips and Harinder S. Takhar (Chair). Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 – Audit Committees.

Relevant Education and Experience of the Audit Committee Members

In addition to each member’s general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set forth in their respective biographies above under “– Directors and Officers”.

Audit Fees

During the years ended December 31, 2015 and 2014, DGI retained the Corporation’s principal accountant, PricewaterhouseCoopers LLP, to provide services in the categories and for the amounts that follow:

	<u>2015</u>	<u>2014</u>
• Audit fees.....	\$350,000	\$334,000
• Audit-related fees.....	\$149,000	\$113,450
• Tax fees	\$59,250	\$73,579
• All other fees.....	\$6,500	\$7,000

The nature of the category and description of fees is summarized below.

Audit fees. For the years ended December 31, 2015 and 2014, the fees disclosed in the table above under the item “Audit fees” represent fees paid or payable for audit and review services performed in connection with the consolidated financial statements of the Corporation.

Audit-related fees. Audit-related fees were paid or are payable for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under

the audit fees item above. For the years ended December 31, 2015 and 2014, these services consisted of other assurance services.

Tax fees. For the years ended December 31, 2015 and 2014, tax fees were paid or are payable by DATA and its subsidiaries for tax compliance services and tax advice and planning.

All other fees. For the years ended December 31, 2015 and 2014, these fees were paid or are payable by DATA to the Canadian Public Accountability Board.

Pre-approval Policies and Procedures

The Audit Committee has adopted a policy to deal with the engagement of external auditors.

The policy provides that the Audit Committee may delegate pre-approval authority to engage external auditors for audit and non-audit services to any two of its members. Members who exercise this authority are required to report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The external auditor is prohibited from providing certain services, such as bookkeeping or other services related to our accounting records or financial statements, financial information systems design and implementation, appraisal valuation services or fairness opinions, actuarial services or internal audit outsourcing services. Our Chief Financial Officer will report to the Audit Committee at each regularly scheduled meeting as to the total fees paid to the external auditor by service type as well as any items approved under delegated discretion during the quarter.

RISK FACTORS

An investment in our securities involves risks. In addition to the other information contained in this AIF, investors should carefully consider the risks described below before investing in our securities. The risks described below and in our other publicly available disclosure documents are not the only ones facing DATA. Additional risks not currently known to us or that we currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of DATA.

Risks Related to the Business

Limited Growth in the Traditional Printing Industry

The overall printing industry is highly competitive and certain subsectors within the printing industry have experienced overall decline rates over the last several years. We have experienced, and expect to experience, further declines in certain product sales of our printed business documents relative to historical levels of sales for those products. Historically, we have depended heavily on sales of printed business forms and documents. In particular, we have relied, and expect to rely in the future, on revenues from our legacy print business as a source of capital to fund our investment in digital products and services as a means of reducing our reliance on our legacy print business and increase our revenues and profitability, and to reduce our outstanding indebtedness. Operating expenses associated with our legacy print business are significant and we have implemented significant cost savings initiatives in order to reduce those expenses to a level which is commensurate with the revenues of that business. However, the overall printed forms industry has shown year over year declines in the last few years due to technological advancements resulting in the decline in the use of traditional paper-based forms. In addition, the printed document industry historically has been affected by general economic and industry cycles that have materially and adversely affected print distributors and print manufacturers. Accordingly, for us to continue to maintain historical levels of sales, or to experience growth in printed document sales, we must increase our market share and individual customer share and respond to changes in demand in this segment of the industry. There can be no assurance that we will achieve growth in our legacy print business or that we will be successful in maintaining historical levels of sales from that business, or that we will implement and realize reductions in expenses in a timely manner to a level which reflects the size of our legacy print business and enables us to operate that business on a profitable basis. Failure to do so could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, we also face competition from alternative sources of communication and information transfer, such as electronic mail, digital and web-based forms and other digital

communication technologies. These sources of communication together with the rapid growth of digital advertising may adversely impact printed product sales in the future.

Inability to Sustain and Manage Organic Growth

A principal component of our strategy is to continue our organic growth. We may not be successful in growing our business or in managing our organic growth and a failure to do so could have a material adverse effect on our business, financial condition, liquidity and results of operations and the ability of the Corporation to declare and pay dividends to Shareholders. Our growth depends on our ability to accomplish a number of things, including successfully introducing new products and gaining market acceptance for them; identifying and developing new geographic markets; establishing and maintaining favourable relationships with customers in new markets and market segments and maintaining these relationships in existing markets; and successfully managing expansion and obtaining the required financing. Any growth we achieve may require additional employees and an increase in the scope of both our operational and financial systems and the geographic area of our operations.

Failure to Develop and Successfully Market New Product and Service Options

Our ability to continue to generate comparable net income is based, in part, on the addition of new products and services which could be sold to existing and prospective customers. There can be no assurance that we will develop new products or services that will receive market acceptance nor that those new products or services, if any, will yield favourable margins. The failure to develop and successfully market new products and services at favourable margins could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Competition from Competitors Supplying Similar Products and Services

Some of our competitors have greater economic resources than we do and are well-established suppliers. If consolidation in the document management, communications management market or printing industry occurs, some competitors may become larger and pose an additional competitive threat to our business. A competitor may reduce the price of its products or services in an attempt to gain increased sales, and the corresponding pricing pressure placed on us may result in reduced profit margins or cash flow. A loss of business may occur if we do not meet competitive prices that fall below our profitability targets. Several of our products and services are sold into select market segments and there can be no assurance that these segments will not attract additional competitors that could have greater financial, technological, manufacturing and marketing resources than we do.

Credit Facilities and Restrictive Covenants; Ability to Refinance; Change of Control; Change of Senior Executives

We have third party debt service obligations under the Bank Credit Agreement and the IAM Credit Agreement. Those obligations are secured by a charge over all of our assets which ranks in priority to our unsecured indebtedness, including the Debentures. In addition, we have obligations to pay interest on our outstanding Debentures and a principal payment upon the maturity of those Debentures. The degree to which we are leveraged could have important consequences to the holders of our securities, including: (i) a portion of our cash flow from operations is dedicated to the payment of the principal of and interest on indebtedness, thereby reducing funds available for distribution to Shareholders; and (ii) certain of our borrowings are at variable rates of interest, which exposes us to the risk of increased interest rates. Our ability to make scheduled payments of principal and interest on, or to refinance, our indebtedness depends on our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond our control.

Both the Bank Credit Agreement and the IAM Credit Agreement contain numerous restrictive covenants that limit us with respect to certain business matters. These covenants place restrictions on, among other things, our ability to: incur additional indebtedness, create liens or other encumbrances, pay distributions or make certain other payments, investments, loans and guarantees and sell or otherwise dispose of assets and merge or consolidate with another entity.

Under the terms of the IAM Credit Agreement, the Corporation must ensure that the aggregate of the principal amount outstanding under the IAM Credit Facility and the principal amount outstanding under the Bank Credit Facility, calculated on a consolidated basis in accordance with generally accepted accounting principles, referred to as Senior Funded Debt, does not exceed \$50.0 million; and the Corporation must maintain (i) a ratio of Senior Funded Debt to EBITDA (as defined below) for its four most recently completed fiscal quarters of not greater than the following levels: from the date of the advance up to March 31, 2017 – 3.25 to 1; from April 1, 2017 up to March 31, 2018 – 3.00 to 1; and on and after April 1, 2018 – 2.75 to 1; (ii) a debt service coverage ratio of not less than 1.50 to 1; and (iii) a working capital current ratio of not less than 1.25:1. For purposes of the Bank Credit Agreement and the IAM Credit Agreement, “EBITDA” means net income or net loss for the relevant period, calculated on a consolidated basis in accordance with generally accepted accounting principles, plus amounts deducted, or minus amounts added, in calculating net income or net loss in respect of: the aggregate expense incurred for interest on debt and other costs of obtaining credit; income taxes, whether or not deferred; depreciation and amortization; non-cash expenses resulting from employee or management compensation, including the grant of stock options or restricted options to employees; any gain or loss attributable to the sale, conversion or other disposition of property out of the ordinary course of business; interest or dividend income; foreign exchange gain or loss; gains resulting from the write up of property and losses resulting from the write down of property (except allowances for doubtful accounts receivable and non-cash reserves for obsolete inventory); any gain or loss on the repurchase or redemption of any securities (including in connection with the early retirement or defeasance of any debt); goodwill and other intangible asset write-downs; and any other extraordinary, non-recurring or unusual items.

Under the terms of the Bank Credit Agreement, the Corporation must maintain a fixed charge coverage ratio of not less than 1.1:1.0 at all times, calculated on a consolidated basis, in respect of any particular period, as EBITDA for such period less cash taxes, cash distributions (including dividends paid) and non-financed capital expenditures paid in such period, divided by the total amount required by the Corporation to service its outstanding debt for such period. A failure by the Corporation to comply with its obligations under the Bank Credit Agreement or the IAM Credit Agreement, together with certain other events, including a change of control of the Corporation, could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness outstanding under each of those agreements.

For purposes of the Bank Credit Agreement, a change of control means: (i) any event or circumstance whereby any person, or group of persons acting jointly or in concert, acquire voting control or direction over 25% or more of the votes attaching to the equity interests of the Corporation (on a fully diluted basis after giving effect to the conversion or exchange of securities convertible into, exchangeable for, or otherwise carrying the right to acquire equity interests); or (ii) the Corporation fails to beneficially and legally own and control 100% of the equity interests of its subsidiary, DATA Group (US) Corp.

For purposes of the IAM Credit Agreement, a change of control will be deemed to have occurred if (i) any person or persons acting together at any time own or control, directly or indirectly, at least 20% of the outstanding equity interests in the Corporation (calculated on a fully diluted basis after taking into account any conversion rights assuming such conversion has actually occurred); or (ii) the Corporation does not, or ceases to, own and control, directly or indirectly, 100% of the voting shares of each any entity that has guaranteed the Corporation’s obligations under the IAM Credit Agreement (which includes DATA Group (US) Corp.) or does not, or ceases to, have the right, directly or indirectly, to appoint a majority of the board of directors of any such guarantor. For purposes of the IAM Credit Agreement, an event of default will also be deemed to have occurred on the first day on which a majority of the members of the Board of Directors are not Continuing Directors where “Continuing Directors” means, as of any date of determination, any member of the Board of Directors who: (i) was a member of the Board of Directors on March 10, 2016; (ii) was a replacement of a director who has either (A) died, or (B) ceased to be qualified as a director under the OBCA; or (iii) was nominated for election, or appointed, to the Board of Directors with the approval of a majority of the Continuing Directors who were members of the Board of Directors at the time of such nomination or election.

Upon the occurrence of an event of default under the Bank Credit Agreement, the Bank would, among other things, be entitled to: (i) suspend the Corporation’s ability to require any further advances under the Bank Credit Facility; (ii) cancel all or any part of their commitments under the Bank Credit Agreement; (iii) accelerate the maturity of all or any part of our indebtedness outstanding under the Bank Credit Agreement and declare that amount to be immediately payable on demand; and (iv) exercise any and all of its rights and remedies under the Bank Credit Agreement or any other document or agreement delivered to the Bank under or in connection with the Bank Credit Agreement or any of the

facilities provided for therein. Upon the occurrence of an event of default under the IAM Credit Agreement, IAM would, among other things, be entitled to (i) accelerate the maturity of all or any part of our indebtedness outstanding under the IAM Credit Agreement and declare that amount to be immediately payable on demand; and (ii) enforce the security that we have granted to IAM over substantially all of our assets and realize on and sell or cause the sale of all or any part of such assets. The exercise of any of such remedies by the Bank or IAM could have a material adverse effect on our business, financial condition and liquidity. As at March 11, 2016, we had outstanding borrowings of \$15.9 million and letters of credit granted of \$2.2 million under the Bank Credit Facility, and outstanding borrowings of \$28.0 million under the IAM Credit Facility.

Under the terms of the IAM Credit Agreement, the Corporation has agreed that it will not, without the prior written consent of IAM, change (or permit any change in) its Chief Executive Officer, President or Chief Financial Officer, provided that, if he or she voluntarily resigns as an officer of the Corporation, or if any such person has either died or is disabled and can therefore no longer carry on his or her duties of such office, the Corporation will have 60 days to replace such officer, such replacement officer to be satisfactory to IAM, acting reasonably.

If the indebtedness under the Bank Credit Agreement and the IAM Credit Agreement were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness.

Availability of Capital

We will need to refinance our existing credit facilities or other debt obligations, including our outstanding Debentures, in the future. In addition, future capital expenditures and potential acquisitions may require additional financing. Further deterioration in the Canadian economy or a prolonged weak economic environment may further constrain our ability to meet our future financing requirements, increase our weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher costs of capital. Disruptions and high volatility in the capital markets could reduce the amount of capital available or increase the cost of such capital. No assurances can be given as to the future availability of capital. If we are unable to obtain such additional financing, when and if required, or to refinance our credit facilities or other debt obligations, including our outstanding Debentures, or we are only able to obtain such additional financing or refinance those credit facilities or other debt obligations on less favourable and/or more restrictive terms, this could have a material adverse effect on our business, results of operations, liquidity and financial condition.

The Bank Credit Facility is Subject to Floating Interest Rates

As at March 30, 2016, all of our outstanding indebtedness under the Bank Credit Facility was subject to floating interest rates, and therefore is subject to fluctuations in interest rates. Interest rate fluctuations are beyond our control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on our financial performance.

Uncertainty in Economic Conditions

Our operating results are sensitive to economic conditions, which can have a significant impact on us. A prolonged weak economic environment in Canada may lead to lower demand for our products and services, which would result in lower revenues, higher production costs and lower levels of profitability.

In the past, we have responded to poor economic conditions by implementing various restructuring initiatives in an effort to reduce our operating costs. These initiatives require us to incur restructuring expenses, which adversely impact our net income for the relevant financial periods. We may implement similar initiatives in the future in response to deterioration in the economy. In 2012, we implemented an ongoing accelerated cost savings program in an effort to improve the efficiency of our operations. In 2015, we implemented a series of significant restructuring initiatives in an effort to improve the efficiency of our operations and recorded total restructuring expenses of \$13.6 million in the fiscal year ended December 31, 2015. There can be no assurance that our efforts to reduce costs will become effective as quickly as we expect, nor that additional restructuring expenses will not be taken, which could adversely impact our profitability should our revenues decline further than expected as a result of a weaker economic environment. If our

revenues were to decline further than expected in those circumstances, any cost reduction measures taken by us in response may not be sufficient and further reductions may be necessary.

Expansion Through Acquisitions

We will continue to identify, acquire and develop suitable acquisition targets in both new and existing markets. While we intend to be careful in selecting businesses to acquire, acquisitions involve a number of risks, including the possibility that we pay more than the acquired assets are worth; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of assimilating the operations and personnel of the acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption of our ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate acquired businesses successfully into our operations; and the potential impairment of relationships with our employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on our business, financial condition, liquidity and results of operations.

In addition, we may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of the acquired companies' operations would depend upon our ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, we may not be able to achieve the cost savings and other benefits that we would hope to achieve with these acquisitions. Any difficulties in this process could disrupt our ongoing business, distract our management, result in the loss of key personnel or customers, increase our expenses and otherwise materially adversely affect our business, financial condition, liquidity and results of operations.

In the event of any future acquisitions, the Corporation could issue additional Common Shares (and/or securities convertible into or exchangeable for Common Shares), which would dilute its existing Shareholders' interests, or incur debt or assume liabilities. The Corporation cannot assure investors that this would not have a material adverse effect on our business, financial condition, liquidity and operating results. Additional indebtedness would make us more vulnerable to economic downturns and may limit its ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit our ability to compete and expand.

Inherent in any acquisition, there is risk of liabilities and contingencies that we may not discover in our due diligence prior to consummation of a particular acquisition, and we may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies in any future acquisition could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Increases in the Cost of Paper or Other Raw Materials

In fiscal 2015, the cost of paper, carbon and other raw materials represented approximately 35% of our related revenues. Increases in paper costs could have a material adverse effect on our business, financial condition, liquidity and results of operations. We cannot be certain that we will be able to pass on future increases in the cost of paper to our customers consistent with industry practice. Moreover, rising paper costs and their consequent impact on our pricing could lead to a decrease in the volume of products sold. The overall paper market is beyond our control and, as a result, we cannot be certain that future paper price increases will not result in decreased volumes and decreased cash flow and profitability.

Due to the significance of paper in the manufacture of most of our products, we are dependent upon the availability of paper. During periods of tight paper supply, many paper producers allocate shipments of paper based on the historical purchase levels of customers. Unforeseen developments in world paper markets coupled with shortages of raw paper could result in a decrease in supply, which would cause a decrease in the volume of product we could produce and sell, and could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Additionally, we use a number of raw materials, including carbon, ink, film, offset plates, chemicals and solvents, glue, wire and subcontracted components, which are subject to price fluctuations beyond our control. There has

generally been a lag time before those increases could be passed on to our customers. There can be no assurance that the price of our raw materials will not increase in the future or that we will be able to pass on those increases to our customers consistent with industry practice. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on our business, financial condition, liquidity and results of operations. We cannot be certain that a shortage of any of these raw materials will not occur in the future or what effect, if any, such a shortage would have on our cash flow and profitability.

Customer Relationships

We do not always enter into long-term, written agreements with customers. As a result, there is a risk that some of our customers may, without notice or penalty, terminate their relationship with us at any time. In addition, even if customers should decide to continue their relationship with us, there can be no guarantee that customers will purchase the same amount of our products as they did in the past, that margins on such products will be consistent to those experienced in the past, or that purchases will be on similar terms. A loss of several customers, a substantial decrease in order volumes from several customers, a loss of a significant customer or a change in the terms of our relationship with a significant customer could have an adverse impact on our business, financial condition, liquidity and results of operations.

Operating Hazards

Our revenues are dependent on the continued operation of our facilities. The operation of our facilities involves a number of risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. We may also have exposure to future claims with respect to workplace exposure, workers' compensation and other matters. There can be no assurance as to the actual amount or the timing of these liabilities. The occurrence of material operational problems, including but not limited to the above events, may have a material adverse effect on our business, financial condition, liquidity and results of operations.

Negotiation of Collective Agreements

Our union agreements have typically been for three years in duration. The collective agreement with respect to the unionized employees at our facility in Granby expires on March 13, 2021. The collective agreement with respect to the unionized employees at our facility in Drummondville expired on March 13, 2016; however, we previously secured an agreement on wage increases with respect to these unionized employees through March 13, 2021 and are presently in negotiations on other elements of this agreement. If we are unable to renew collective agreements as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances that could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Negotiation of Facilities Leases

We lease all of our facilities. Certain of our leases mature within the next 12 months. There can be no assurance as to our ability to renegotiate these leases on terms acceptable to us or at all. If we are unable to renew certain leases as they mature, we may seek alternative facilities to lease or to consolidate certain operations into other facilities. The failure to renew certain leases, obtain extensions to those leases, or secure alternate facilities on terms acceptable to us could result in dislocation of certain production, warehousing and other operational functions, which could have a resulting material adverse effect on our business, financial condition, liquidity and results of operation.

Adverse Change in Labour Relations

As of March 1, 2016, we employed approximately 1,418 employees, approximately 12.9% of whom are members of various local labour unions. If unionized employees were to engage in a concerted strike or other work stoppage, or if other employees were to become unionized, we could experience a disruption of operations, higher labour costs or both. A lengthy strike could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Pension and Other Post-Employment Benefit Plans

Applicable pension legislation requires that the funded status of our ongoing registered defined benefit pension plan be determined periodically on both a going concern basis (i.e., essentially assuming indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination).

Where an actuarial valuation reveals a solvency deficit, current regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation. The solvency liability is influenced primarily by long-term interest rates and by the investment return on plan assets and also by certain statutory benefit enhancements that may apply on a plan termination. The interest rate used to calculate benefit obligations for solvency purposes is a prescribed rate derived from the interest rates on long-term Government of Canada bonds. In the current low interest rate environment, the calculation results in a higher present value of the pension obligations, leading to a larger unfunded solvency position. See the discussion of our pension liabilities in the Corporation's Management's Discussion and Analysis of Financial Condition and Results of Operations filed with Canadian securities regulatory authorities and available at www.sedar.com.

We may have to make substantial monthly, annual and/or one-time cash contributions to our pension plans, including in connection with any reduction of support services or integration of facilities, and the level of those contributions will increase in the event of poor pension fund investment performance and/or further declines in long-term Government of Canada bond rates. Deteriorating economic conditions may result in significant increases in our funding obligations, which could have a material adverse effect on our business, financial condition and results of operations. Underfunded pension plans or a failure or inability of us to make required cash contributions to our registered pension plans could have a material adverse effect on our business, financial condition and results of operations.

We participate in a negotiated contribution defined benefit, multi-employer pension plan in respect of unionized employees in Drummondville and Granby. Our ongoing contributions to this plan are a fixed percentage of employee earnings, as agreed with the union. The most recent funding actuarial report in respect of the Québec members of the plan discloses a solvency deficiency and a gap between the minimum total contributions required under applicable Québec legislation and total employer contributions determined pursuant to collective agreements. There is no contractual agreement as to how the share of the deficiency is determined or funded in respect of each participating employer. These issues also affect other industry groups and are currently being negotiated by the relevant parties. We may be required to make additional ongoing contributions towards funding our portion of the solvency deficiency. Under current applicable Québec pension legislation, we would be required to fund any outstanding solvency deficiency in respect of our employees, pensioners and vested deferred members if, in the future, we withdraw from the plan or the plan is terminated. These funding obligations could have a material adverse effect on our business, financial condition and results of operations.

Based on the most recent actuarial report and additional information supplied by the multi-employer plan actuary and administrator, the portion of the plan solvency deficiency in respect of our employees, pensioners, and vested deferred members is estimated to be approximately \$30.0 million or 16.0% of the total plan solvency deficiency as of December 31, 2013. Currently, there is uncertainty and a lack of complete information to support the allocation of assets and liabilities used to determine this estimate. There is also uncertainty over our funding obligation in respect of a solvency deficiency while the plan is ongoing. We have accounted for this plan on a defined contribution basis as we do not believe there is sufficient information to recognize participation on a defined benefit basis.

On February 18, 2015, Bill 34 (An Act to amend the Supplemental Pension Plans Act with respect to the funding and restructuring of certain multi-employer pension plans) was tabled in the Québec legislature. Bill 34, which was adopted on April 2, 2015 with effect from December 31, 2014, amends and clarifies the Québec pension legislation for the multi-employer defined benefit-defined contribution pension plans to, among other things, limit required employer contributions only to those amounts specified in the applicable collective agreements negotiated with the relevant unions; eliminate the employer's obligation to fund solvency deficiencies; allow for the reduction of accrued benefits; and remove the responsibility of participating employers to fund their share of the solvency deficit upon withdrawal from the plan or termination of the plan, except in certain circumstances when withdrawal from the plan or termination of the plan occurs within five years of Bill 34 being adopted.

Certain former senior executives of a predecessor corporation participated in a Supplementary Executive Retirement Plan, or SERP, which provides for pension benefits payable as a single life annuity with a five year guarantee. The SERP is unfunded and its pension benefits will be paid out of the general funds of DATA.

Certain of our employees are provided with post-employment and long-term employment benefits, including health care and life insurance benefits on retirement and the continuation of health care, dental care benefits and pension contributions for employees on long-term disability. These non-pension post-employment and other long-term employee benefit plans are funded on a pay-as-you-go basis.

Seasonality

Sales of some of our products are subject to seasonal fluctuations in demand. Certain elements of our gift card and direct mail businesses and the buying patterns of certain of our major customers have historically generated higher revenues and profit in the fourth quarter than the other three quarters. While certain variable costs can be managed to match seasonal patterns, a significant portion of costs, including rent, are fixed and cannot be adjusted for seasonality.

Proprietary Rights May Not be Adequately Protected

Our success and ability to compete depends in part upon our proprietary technology, trademarks and copyrights. We regard the software underlying our DATA Online system as proprietary, and rely primarily on trade secrets, copyright and trademark law to protect these proprietary rights. We have registered some of our trademarks and patents. Existing trade secrets and copyright laws afford only limited protection. Unauthorized parties may attempt to copy aspects of our software or to obtain and use information that we regard as proprietary. Policing unauthorized use of our software is difficult. We generally enter into confidentiality and assignment agreements with our employees and generally control access to and distribution of our software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our services or technology without authorization, or to develop similar services or technology independently. We are not aware that any of our owned software, trademarks or other proprietary rights that are material to the operations of our business infringes the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against us in the future. Any such claims, with or without merit, can be time consuming and expensive to defend and may require us to enter into royalty or licensing agreements or cease the alleged infringing activities.

Uninsured and Underinsured Losses and Insurance Costs

We will use our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on our assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of our assets. A substantial loss without adequate insurance coverage could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Our cost of maintaining professional errors and omissions insurance and director and officer liability insurance is significant. We could experience higher insurance premiums as a result of adverse claims experience or because of general increases in premiums by insurance carriers for reasons unrelated to our own claims experience. Generally, our insurance policies must be renewed annually. Our ability to continue to obtain insurance at affordable premiums also depends upon our ability to continue to operate with an acceptable claims record. A significant increase in the number of claims against us, the assertion of one or more claims in excess of our policy limits or the inability to obtain adequate insurance coverage at acceptable rates, or at all, could have a material adverse effect on our business, financial condition and results of operations.

Environmental, Health and Safety Requirements

Our operations are subject to the Environmental, Health and Safety Requirements. As a result of our operations, we are or may be subject from time to time to orders, fines, penalties, civil claims, administrative and judicial proceedings and inquiries relating to Environmental, Health and Safety Requirements. Any such incident could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, changes to

existing Environmental, Health and Safety Requirements or the adoption of new Environmental, Health and Safety Requirements in the future, changes to the enforcement of Environmental, Health and Safety Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by us, could require expenditures which might materially affect our business, financial condition, liquidity and/or results of operations.

Dependence on Key Personnel

Our success depends upon the personal efforts of a small group of senior management. Although we believe we will be able to replace our key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Risk of Legal Proceedings

We are involved from time to time in various litigation matters, including lawsuits based upon product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcomes of litigation, regulatory investigations, and arbitration disputes are inherently difficult to predict, and as a result there is the risk that an unfavourable outcome from any of these types of matters could negatively affect our business and the results of our operations, our liquidity and our financial condition. Regardless of outcome, litigation may result in substantial costs and expenses and significantly divert the attention of our management. We may not be able to prevail in, or achieve a favourable settlement of, pending litigation. In addition to pending litigation, future litigation or government proceedings could lead to increased costs or interruption of our normal business operations.

Doing Business in the United States

We have and will continue to selectively expand into the US with our existing clients who have US operations. Although our sales in the US in 2015 represented a small portion of our total revenues for that year, we anticipate that a larger portion of our sales could be derived from our US operations in the future. Currency rate movements in Canada and the US impact our financial position (as a result of foreign currency translation adjustments) and our future earnings. For example, if the value of the Canadian dollar rises against the US dollar, our investments and earnings in the US may be negatively affected, and vice versa.

Managing operations in the US requires attention and resources to ensure compliance with applicable US laws. Accordingly, while we strive to maintain a comprehensive compliance program we cannot guarantee that an employee, agent or business partner will not act in violation of our policies or Canadian or other applicable laws. Such violations can lead to civil and/or criminal prosecutions substantial fines and the revocation of our rights to continue certain operations and also cause business and reputational loss.

Risks Related to the Structure of DATA

We do not Currently Pay Dividends on our Common Shares and do not Intend to do so for the Foreseeable Future

In the fourth quarter of 2013, we suspended the payment of dividends on the Common Shares and we do not intend to declare a dividend on the Common Shares for the foreseeable future.

The Corporation May Issue Additional Common Shares Diluting Existing Shareholders' Interests

The Corporation's articles authorize the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as will be established by our Board of Directors without the approval of any Shareholders. Shareholders will have no pre-emptive rights in connection with such further issues, any of which may have the effect of significantly diluting existing Shareholders interests in the Corporation.

On December 23, 2015, we issued a total of 975,262,140 Common Shares upon the redemption of \$33.53 million aggregate principal amount of Debentures. See "General Development of the Business – Partial Redemption of the Debentures". As at March 30, 2016, approximately \$11.18 million aggregate principal amount of Debentures were

outstanding and such Debentures are redeemable. In the event that we are not able to refinance the remaining principal amount of Debentures at or prior to maturity, and we elect to redeem all or a portion of the remaining Debentures then outstanding, we may, at our option, elect to satisfy our obligation to pay the Redemption Price of the Debentures which are to be redeemed or the principal amount of the Debentures which are due on maturity, as the case may be, by issuing freely tradable Common Shares to the applicable Debentureholders (See “Material Contracts – Trust Indenture – Payment Upon Redemption or at Maturity”), which may have the effect of significantly diluting existing Shareholders’ interests in the Corporation.

LEGAL PROCEEDINGS

We are involved from time to time in various litigation matters, including lawsuits based upon product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcomes of litigation, regulatory investigations, and arbitration disputes are inherently difficult to predict, and as a result there is the risk that an unfavourable outcome from any of these types of matters could negatively affect our business.

The Corporation is not or was not party to material legal proceedings, and its property is not and was not the subject of material legal proceedings, during the year ended December 31, 2015. The Corporation is not aware of any material legal proceedings outstanding, threatened or pending as of the date hereof by or against it or its subsidiary.

The Corporation is not and was not, during the year ended December 31, 2015, subject to: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making investment decisions, or (c) settlement agreements entered into before a court relating to Canadian securities legislation or with a Canadian securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and the Debentures is Computershare Investor Services Inc. at its principal transfer office in Toronto.

AUDITORS

The auditors of the Corporation are PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario. The auditors of the Corporation were first appointed on November 15, 2004, pursuant to the provisions of the declaration of trust of the Fund.

INTEREST OF EXPERTS

The Corporation’s auditors, PricewaterhouseCoopers LLP, Chartered Accountants, have prepared an independent auditors’ report dated March 11, 2016 in respect of the consolidated financial statements of the Corporation as at December 31, 2015 and 2014 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

No director, officer or employee of PricewaterhouseCoopers LLP is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation’s Management Information Circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2015.

SCHEDULE A -

DATA GROUP LTD.

AUDIT COMMITTEE CHARTER

- A. Name**
- B. Purpose**
- C. Composition of Committee, Constitution and Frequency of Meetings**
- D. Responsibilities**

A. Name

There will be an Audit Committee (“**Audit Committee**”) of the board of directors (the “**Board**”) of DATA Group Ltd. (the “**Corporation**”).

B. Purpose

The purpose of the Audit Committee, as delegated by the Board, is to provide oversight and make recommendations to the Board with respect to the Corporation’s compliance with all financial disclosure and legal and regulatory requirements relating thereto and provide oversight of accounting systems and internal controls, the quality and integrity of the financial reports and the independence, qualification and performance of the Corporation’s external auditors (“**External Auditors**”).

In exercise of its oversight, it is not the duty or responsibility of the Audit Committee or its members to: (1) plan or conduct audits; or (2) determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles, including international financial reporting standards (“**GAAP**”).

Management (“**Management**”) of the Corporation is responsible for: (1) the preparation, presentation and integrity of the Corporation’s financial statements; (2) maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported in accordance with accounting standards and applicable laws and regulations.

C. Composition of Committee, Constitution and Frequency of Meetings

The Audit Committee will consist of at least three members, one of whom is the Chair, all as determined by the Board. At an Audit Committee meeting a quorum will be not less than a majority of its members. New Audit Committee members will participate in such training and orientation as may be deemed by the Board or the Corporate Governance Committee of the Board to be necessary or appropriate in the circumstances.

The Audit Committee members will satisfy the independence and financial literacy requirements of applicable legislation and stock exchange rules.

At least one member of the Audit Committee must have accounting or related financial expertise, which must involve: (1) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (2) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (3) experience in the preparation, auditing, analyzing or evaluating financial statements that present a breadth and complexity of issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities; (4) experience with internal controls and procedures for financial reporting; and (5) an understanding of Audit Committee functions.

The Audit Committee will meet at least quarterly and more frequently as the Audit Committee, in its discretion, deems desirable. The Audit Committee can, in its discretion, invite others to attend its meetings. The Audit Committee will meet separately with Management and the External Auditors periodically, as it deems necessary, but not less than annually.

The Audit Committee will have the authority to: (1) engage independent counsel and other advisors, as it determines necessary to carry out its duties; and (2) set and pay the compensation for any advisors employed by the Audit Committee.

The Chair of the Audit Committee will, on behalf of the Audit Committee, report to the Board on matters considered by the Audit Committee, its activities and compliance with this Charter.

At least once every two years the Audit Committee will perform a self-evaluation to: (1) determine the Audit Committee's effectiveness; (2) evaluate Audit Committee succession plans related to Committee membership; and (3) review and assess the adequacy of this Charter and, if required, recommend changes to the Board.

D. Responsibilities

1. Duties with Respect of the Appointment and Work of the External Auditors

- The External Auditors will both report to, and be ultimately accountable to, the Audit Committee and the Board as the representatives of the shareholders of the Corporation and be responsible for planning and carrying out the audit of the annual financial statements of the Corporation.
- The Audit Committee will recommend to the Board: (1) the External Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and (2) the compensation of the External Auditors.
- The Audit Committee will be directly responsible for the oversight of the work of the External Auditors, which will include the following:
 - (i) review of the mandate of the External Auditors;
 - (ii) review of the independence of the External Auditors, including the rotation of the partners assigned in accordance with applicable laws and professional standards, the internal quality control findings of the External Auditors' firm and peer reviews, and both the nature of and amount of non-audit fees;
 - (iii) review of the performance of the External Auditors, including the relationship between the External Auditors and Management and the evaluation of the lead partner of the External Auditors, taking into account the opinions of Management;
 - (iv) removal of the External Auditors if circumstances warrant, after due inquiry and discussion with the External Auditor;
 - (v) review analyses prepared by Management or the External Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
 - (vi) resolution of any disagreements with Management; and
 - (vii) review of any audit problems or difficulties with Management's response.
- The Audit Committee will discuss with the External Auditors the critical accounting policies and practices and be advised of alternative accounting treatments of financial information and the treatment preferred by the External Auditors.

- The Audit Committee will also receive all material written communications between the External Auditors and Management, including the Management letter and schedule of unadjusted differences.
- The Audit Committee will discuss with the External Auditors and then approve the audit plan, scope, responsibilities, budget, staffing, the objectives, coordination, reliance upon Management, general audit approach, audit and related fees, the responsibilities of Management and the External Auditors, and timing.
- The Audit Committee will pre-approve all review or attest engagements and non-audit services which the External Auditors may perform for the Corporation or its subsidiaries, in each case including fees. The Audit Committee may delegate to one of its members the approval of such services. In such instances, the items approved will be reported to the Audit Committee at its next scheduled meeting following such pre-approval.
- The Audit Committee will review the practices related to the hiring of partners, employees or former partners and employees of the present and former External Auditors to ensure compliance with the rules of any applicable regulatory authority or stock exchange.

2. Financial Reporting and Compliance

- The Audit Committee will review and discuss with Management and the External Auditors where appropriate, the following financial documents and reports prior to public disclosure:
 - (i) annual audited financial statements, including the report of the External Auditors to shareholders of the Corporation and quarterly financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations;
 - (ii) all press releases discussing earning results or prospective earnings results, including pro forma or adjusted non-GAAP information;
 - (iii) all certifications that may be made by the Chief Executive of the Corporation and Chief Financial Officer of the Corporation on the annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting;
 - (iv) any legal, tax or regulatory matters that may have a material impact on the Corporation's or its subsidiaries' operations and financial statements; and
 - (v) any financial information contained in any prospectus, information circular or other disclosure documents or regulatory filings containing financial information of the Corporation or its subsidiaries.
- The Audit Committee will ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
- The Audit Committee will oversee any auditing or accounting reviews or similar procedures or investigations.
- The Audit Committee will review, as appropriate, any report required by the appropriate regulatory authority to be included in the annual management information circular related to the matters covered by this Charter, including the disclosure of the External Auditors' services and fees, Audit Committee members and their qualifications and activities of the Audit Committee.
- The Audit Committee will, if necessary, launch special investigations with full access to books, records, facilities and personnel of the Corporation and its subsidiaries.
- The Audit Committee will review and approve any report to shareholders and others required by applicable laws or regulations or stock exchange requirements stating whether it has:

- (i) reviewed and discussed the audited financial statements with Management and the External Auditors, as appropriate;
- (ii) received from the public accountants all reports and disclosures required under legal, listing and regulatory requirements and this Charter and have discussed such reports and disclosures with the External Auditors, including reports and disclosures with respect to the independence of the External Auditors; and
- (iii) based on the reviews and discussions referred to in clauses (i) and (ii) above, recommend to the Board that the audited financial statements be included in the annual report.

3. Financial Reporting Processes, Accounting Policies and Standards

- The Audit Committee will review with Management major issues regarding accounting principles and financial statement presentations, including any significant changes in the selection or application of accounting principles and use of material estimates and judgement in preparing the financial statements. This will also include a review of analyses prepared by Management setting forth the impact of alternative GAAP methods and their impact on the financial statements.
- The Audit Committee will review all related party transactions entered into by the Corporation or its subsidiaries.
- The Audit Committee will also review the use of material special purpose entities and the business purpose and economic effect of material off balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and its subsidiaries; the treatment for financial reporting purposes of any significant transactions which are not a normal part of operations, including any material off-balance sheet financing; legal including unasserted claims, tax or regulatory matters that may have a material impact on the operations and financial statements including the use of any “pro forma” or “adjusted” information not in accordance with GAAP.

4. Internal Controls and Internal Audit

- Management is responsible for designing an effective system of internal controls. The Audit Committee will oversee the activities of Management in implementing policies and procedures that ensure the risks are identified and that controls are adequate, in place and functioning properly.
- The Audit Committee will review any major issues regarding the adequacy of the internal controls and the actions being taken in light of any material control deficiencies. This will include a review of internal control findings made by Management and the External Auditors. The Audit Committee will also discuss with the External Auditors the major accounting risk exposures and the steps Management has undertaken to control them.
- Management is responsible for reviewing, subject to Audit Committee oversight, the adequacy and effectiveness of the system of internal controls.
- The Audit Committee will participate in the appointment, promotion or dismissal of the Chief Financial Officer of the Corporation and/or Controller of the Corporation and help determine his or her qualifications, access and compensation.

5. Other

- The Audit Committee will have procedures for the receipt, retention and treatment of complaints received by the Corporation or its subsidiaries regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation or its subsidiaries of concerns regarding questionable accounting or auditing matters.
- Management will report to the Audit Committee on a timely basis all discovered incidents of fraud within the Corporation or its subsidiaries, regardless of monetary value.
- The Audit Committee will at least annually provide oversight of the Corporation's and its subsidiaries' risk management policies, including environmental risks, disaster recovery and business continuity plans, investment policies and insurance coverage.