



SNC • LAVALIN

2016 Sustainability Report



Table of Contents

President's message.....	3	Environmental expertise	28
Driving sustainability.....	3	Environmental performance.....	28
Our economic impact.....	4	2016 results	28
Our environmental impact.....	4	Environmental incidents.....	28
Our social impact	5	Significant environmental incidents (2012 to 2016)*	29
Our Program's Gender Diversity Targets	5	Environmental focus at our facilities.....	30
Our Approach	5	Energy consumption (2011 to 2016).....	30
Our sustainability objective	5	Certifications.....	30
Pursuing excellence across key areas	5	HSSE Week.....	31
Embedding sustainability at SNC-Lavalin	6	Economic impact.....	31
Values that guide us.....	6	Our financial strength.....	31
Governance and policies.....	7	Contributing nationally, regionally and locally	31
Governance.....	7	Sustainable project execution	31
Board of Directors.....	7	Local Resources Development Initiative (LRDITM): A shared-value approach.....	32
Board of Director Committees	7	How LRDITM works.....	32
Position descriptions.....	7	Main LRDITM benefits	33
House of Policies	7	LRDITM legacy.....	33
Policies and procedures.....	7	A focus on sustainable development	34
2016 initiatives	8	Rail & Transit: Helping create sustainable urban centres.....	34
2017 objectives	9	Renewable energy: Powering today, protecting tomorrow	34
United Nations Global Compact.....	9	Nuclear energy: Safe, reliable, affordable and low carbon	35
UK Modern Slavery Act	9	Capital - Creating value.....	35
Ethics and Compliance	11	An integrated, proactive asset developer and manager.....	35
Governance.....	11	Focused on value.....	35
Code of ethics and business conduct	12	Our P3 expertise in action.....	36
Communicating the 12 major aspects of our Code.....	12	Social Impact.....	37
Business partner compliance due diligence	13	Community engagement.....	37
Business partners Compliance Due Diligence (CCD) risk levels.....	13	Donations and Sponsorships.....	39
Business Partners CCDs by region.....	13	Project execution.....	41
Education and training.....	14	UK Modern Slavery Act Statement.....	43
Visible leadership in the community.....	15	UK Modern Slavery Act Statement by SNC-Lavalin entities captured by the statute	43
Human rights and worker welfare.....	17	Corporate policies and guidance documents.....	43
Employees	18	Risk Assessment.....	43
Governance.....	18	Existing processes to manage this issue.....	43
Health, safety and security.....	19	Anti-Human Trafficking Training	43
Diversity and inclusion	19	SNC-Lavalin UK Tax Strategy.....	44
Compensation and benefits.....	19	Tax strategy for the financial periods ending 31 December 2017	44
Breakdown of employees by region, gender and age.....	20	Approach to risk management and governance arrangements in relation to UK taxation.....	44
Workforce by Sector.....	21	Attitude towards tax planning (so far as affecting UK taxation)...	44
SNC-Lavalin Academy	21	Level of risk in relation to UK taxation that SNC-Lavalin UK is prepared to accept.....	45
Learning streams	21	Approach towards dealings with HMRC.....	45
Superior instruction.....	21		
Key in-class programs.....	21		
Learning Management System: Online learning.....	21		
Health & Safety	22		
Governance.....	22		
Lagging indicators.....	24		
Leading indicators.....	25		
2016 Recordable Incidents by body part.....	26		
High Potential Incidents by Critical Risk Control Protocol.....	26		
Environment.....	27		
Governance.....	27		

President's message

Building what matters requires that we approach every decision and action from a sustainability mindset to drive improvements for our clients, communities and shareholders. It means continually asking ourselves: how can we optimize our activities' economic, environmental and social benefits for all stakeholders? Finding innovative answers to this question allows us to create long-term value. It also motivates us to always strive to do better.

Driving sustainability

As engineers, we're uniquely positioned to help build a more sustainable world. At SNC-Lavalin, we're constantly looking for the best ways to fulfill this responsibility. Our sustainability strategy is guided by our core values. It focuses us on generating value across the triple bottom line of environmental, social and economic sustainability.

In 2016, we continued implementing our strategy and, as the next step in our evolution, developed a roadmap with a consolidated view of our existing and new targets. The roadmap will help us improve and better integrate sustainability practices across our business sectors.

Executing our strategy and roadmap translates into projects such as Montreal's new Champlain Bridge, currently one of North America's biggest worksites, that lead the way in integrating sustainable development practices. As an example, we integrated rigorous environmental monitoring and mitigation measures into the project to protect the surrounding natural habitat.

When completed in 2021, the Crosstown light rail transit project, Toronto's largest transit expansion, will ease traffic congestion and related emissions. In addition to creating tens of thousands of jobs, it's also Canada's first transit project to receive green bond funding for environmentally friendly infrastructure.

Our extensive local development expertise on major infrastructure and resource projects lies at the heart of our best-in-class Local Resource Development Initiative (LRDI™) program. Through the LRDI™, we help clients maximize their projects' social and economic benefits locally. Phases one and two of EMAL, the world's largest single-site aluminum smelter in Abu Dhabi, are good examples. We strengthened the local supply chain and workforce, achieved safety performance records, relocated animals prior to groundbreaking and built the city's first soil treatment facility.

Our partnership with Emirates Global Aluminium on the EMAL projects began in 2007 and continue to this day with us providing on-site operations support services. ExxonMobil's Baytown facility in Texas, the US's largest integrated refining and petrochemical complex, is another example, among many, of enduring partnerships that help us build what matters.

This report highlights our approach to sustainability as well as our recent achievements and challenges.

As engineers, we seek to understand how we can use our expertise and services to make a positive difference. How we can help clients secure approval for their projects as well as build prosperity and capacity by sourcing, hiring and investing locally.

Sustainability also entails earning our own social licence to operate in part by engaging with communities and stakeholders around key issues. It means taking steps to further reduce our resource use, waste streams and carbon footprint.

And, most importantly, it requires that we make steady progress in embedding sustainability in all our processes, projects and decisions. When we achieve this, we'll be able to fully claim that we're building what matters, both sustainably and consistently.



We began working at Baytown in 1967 and, over the years, have won several awards for our commitment to safety excellence. Since July 2005, we've worked 12 years and more than 8.5 million hours without a recordable injury. Our commitment to the Baytown community is equally important. Our goal is always to leave a positive legacy wherever we work.

Our economic impact

Greater financial strength and operational efficiency translate into an increased capacity to make a difference in the world. I'm pleased to report that, for the second year in a row, we posted strong financial results in line with our 2016 earnings guidance.

Throughout the year, clients selected us to deliver several large-scale mandates. We continued to earn their trust by completing major milestone projects and driving local economic, social and environmental benefits through the LRDI™ program.

Today, we're well-positioned to capitalize on organic growth in infrastructure, nuclear, renewables and sustaining capital across all our businesses. We also expect our Capital group to continue to perform well, especially in Canada where we've concluded multiple public-private partnerships, often winning awards for our innovative financing solutions.

In 2016, we launched Operational Excellence to help us improve the way we work and every aspect of our business as well as bring us even closer to customers. We took steps to enhance our project execution on all sizes and types of projects. This included conducting a survey to better understand what we needed to improve from our clients' perspective. In January 2017, surveying our employees, another critical stakeholder group, provided us with key feedback to help us foster a more collaborative and constructive culture to become an employer of choice.

We're also committed to enhancing our reporting transparency. This year's report includes more detailed information on grievances received through our whistleblowing program. We initiated an independent monitoring control process to assess the efficiency of and adherence to our Ethics & Compliance Program. And our annual Management Proxy Circular provides extensive information to our shareholders on a variety of topics.

Our environmental impact

We help clients deliver projects certified to stringent environmental standards. In Montreal, we applied Envision guidelines to the city's subway expansion prefeasibility studies for the Société de Transport de Montréal (STM). Envision is the Institute for Sustainable Infrastructure's rating system. The STM will seek Envision certification for the facility we designed. We're also applying for a Bronze-level Envision rating for the Champlain Bridge project.

In British Columbia, we're helping build a 'near zero net carbon emissions' refinery in partnership with a First Nations business and investment group focused on sustainable economic development. We also established a Renewable Energy Centre of Excellence in Ontario to advance our work in designing and building some of Canada's largest photovoltaic and wind plants.

We signed an agreement in principle to develop next-generation CANDU reactors running on recycled uranium with partners in China, the world's largest nuclear market. This agreement brings us one step closer to making safe, reliable, affordable and low-carbon energy more accessible worldwide. In public transit, our global Rail & Transit team has delivered projects that support sustainable urban growth and mobility and reduce CO2 emissions in North America, Australia, New Zealand, India, Africa, the UK, Scandinavia, Central Europe and beyond.

While our biggest contribution to environmental stewardship occurs through our clients' projects, we strive to continuously improve our own environmental footprint. As part of our Operational Excellence program, we continue to assess our properties with a view to optimizing occupancy in our offices and regrouping employees more efficiently. This process allowed us to reduce associated greenhouse gas emissions by 24% between 2015 and 2016.

Our social impact

Attracting, retaining and developing the best talent and supporting local community initiatives figure among our social contributions. We also make a difference socially by adhering to the highest ethical standards, building a 'zero harm' culture and making diversity and inclusion a priority. We roll out programs to promote skills development and workforce inclusion in countries such as Saudi Arabia, Algeria and Angola. Our focus on Aboriginal inclusion in client projects also fosters social well-being.

We remain committed to the United Nations Global Compact and to engaging in collaborative projects that promote the UN's broader development goals. Excellence in ethics and compliance is another non-negotiable at SNC-Lavalin. In 2016, we took steps to reach a comprehensive, final and fair settlement with Canadian and Quebec entities to resolve past issues. Over the last four years, we've placed a new leader in every position on the Executive Committee team.

For the third consecutive year, we succeeded in training and certifying over 99% of our employees to our Code of Ethics and Business Conduct. We introduced mandatory insider trading and antitrust training for employees in at-risk positions. We're also in the process of developing a training program for senior leaders on human rights and worker welfare.

Our Program's Gender Diversity Targets

2016-2017	2018
> Raise Awareness Through Training And Communications	> Market Visibility And Engagement To Expand Our Talent Pool
> Establish Gender Diversity Policies And Processes	

In health and safety, driving down our lost time injury frequency rate by an impressive 50% reinforced our global health and safety leadership. Our first company-wide Health & Safety, Security and Environment (HSSE) Week helped raise employee awareness around the world. We launched an initiative called Perfect Days that's capturing people's attention. It measures the number of work days free from all safety, security and environmental incidents. Even a scratch on one of our 35,000 employees anywhere in the world counts as an incident.

The entire Executive Committee is motivated by our new Diversity & Inclusion Program. It rallies us around increasing the number of women in engineering and management positions from our current 13% to 20% by 2018. In time, we'll expand the program's focus to include more minorities.

We joined the 30% Club, a global organization that promotes a better gender balance at board and senior management levels. In May 2017, we made Board appointments that brought our percentage of female corporate directors to 25%, placing us well above our 2018 target of 20%.

These are just some of the ways that, at SNC-Lavalin, we continue to build what matters, sustainably, around the world.

Our Approach

We're committed to putting our extensive know-how and resources to work to meet the world's sustainability challenges.

Our sustainability objective

We're determined to become a recognized global leader in sustainability. We're equally committed to transforming this expertise into a key competitive advantage to deliver value to our stakeholders and communities alike. In 2016, we continued to lay the groundwork for sustainability to become an integral part of our decisions, actions and processes.

Pursuing excellence across key areas

We've been using our expertise in sustainable project execution to create value for our clients, communities and company for decades. As our expertise grows, so does the opportunity to make a difference. To achieve our sustainability objective, we continue to pursue excellence across key areas.

Ethics

Ethics and sustainability go hand in hand. Since 2012, we've made excellent progress toward achieving our goal of becoming the industry benchmark for ethics and compliance. We're also increasingly called on to share the lessons learned on our ethics and compliance journey with other organizations.

People and Social Impact

Being a leader in sustainability means aiming to consistently offer a work environment that attracts and allows talented people to thrive. A workplace that puts employee and contractor safety first. Leadership in sustainability also involves striving to make a positive difference in the communities where we live and work.

Projects

In our industry, delivering world-class project execution is an important part of excellence in sustainability. It entails leading the way in applying sustainable technologies and best practices on our projects. And it's about mastering these technologies and practices to enable our clients to achieve their sustainability objectives.

Embedding sustainability at SNC-Lavalin

We increasingly think about our performance along the three dimensions or triple bottom line of sustainability—economic, social and environmental. Our goal is to embed this perspective in our approach to everything we do.

Whether it's a new client project or internal company initiative, we're learning to see how it can support societal ambitions as well as those of our clients and our business. This means seeking ways to leave a larger economic and social footprint in local communities while minimizing the environmental impact of our offices and client projects.

When we take steps to foster a 'zero harm' health and safety culture at our offices and on project sites, we're enhancing everyone's sustainability. When we sponsor local initiatives and promote Aboriginal inclusion on projects, we're a force for positive change.

Through our Local Resources Development Initiative (LRDI™), we help build local capacity and generate economic value for communities. We enable clients to reach out and engage with communities in meaningful ways, from hiring and training local workers to buying from local suppliers.

We're multicultural and diverse. We understand the different cultures in which we operate. And, more and more, we know how to leverage our expertise to build economic, social and environmental value.

Values that guide us

Our values keep us anchored and on track. They speak to how we run our business, how we express ourselves as a group, and how we engage with our stakeholders and inspire their trust.

Teamwork & excellence	Health & safety, security and environment
We're innovative, collaborative, competent and visionary.	We have a responsibility to protect everyone who comes into contact with our organization and the environment we work in.
Customer focus	Ethics & compliance
Our business exists to serve and add long-term value to our customers' organizations.	We're committed to ethical business.
Strong investor return	Respect
We seek to reward our investors' trust by delivering competitive returns.	Our actions consistently demonstrate respect toward our stakeholders.



Governance and policies

Governance

At SNC-Lavalin, sound corporate governance practices are more essential than ever to our positive workings, contributions and continued success.

Board of Directors

Strong governance begins with our Board of Directors. Its members supervise the management of the corporation's business and affairs. Their duties fall into the following areas:

- > Board and senior management
- > Strategic supervision and monitoring
- > Risk evaluation
- > Corporate governance, ethics, policies and procedures
- > Disclosure to shareholders and others
- > Financial matters and internal controls
- > Health & safety, security and environment
- > General legal obligations applying to and governing conduct

The Board strives to incorporate a diverse group of individuals through, but not limited to, gender and ethnic diversity. In 2016, SNC-Lavalin joined the 30% Club, a global organization committed to improving gender diversity on boards. In 2017, our Board set a goal of having women account for 20% of corporate directors by 2018.

Board of Director Committees

- > **Audit Committee** - The Audit Committee assists the Board in supervising our financial controls and reporting. It also monitors, through reasonable measures, whether we comply with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.
- > **Governance and Ethics Committee** - The Governance and Ethics Committee assists the Board in developing our approach to corporate governance and ethical and compliance issues, proposing new Board nominees and assessing the effectiveness of the Board and its committees, their respective chairs and individual directors.
- > **Safety, Workplace and Project Risk Committee** - The SWPR Committee helps the Board discharge its responsibilities relative to the overall framework for managing our project risks and our health, safety, security, environmental, business continuity and emergency preparedness risks arising from our operations and business activities with clients.
- > **Human Resources Committee** - The HR Committee is responsible for helping the Board fulfill its responsibilities to attract and retain an engaged workforce to deliver on our approved strategic plan and objectives.

Position descriptions

- > **Chairman of the Board** - The Chairman is responsible for the management, development and effective performance of the Board of Directors, and provides leadership to the Board in all aspects of its work.
- > **President and Chief Executive Officer** - Among this position's many responsibilities, the President/CEO manages the company's business and affairs within the guidelines established by the Board of Directors and reports to the Board. The President/CEO recommends our strategic direction to the Board and, when approved by the Board, implements the corresponding strategic, business and operational plans.
- > **Corporate Secretary** - Among other duties and responsibilities, the Corporate Secretary serves as a source of expertise and advice to the Board and management on new developments in corporate governance and best practices.

House of Policies

The House of Policies strengthens our governance by overseeing the standardization of policies and processes in terms of their issuance, approval and application. It covers policy relevancy, revisions and maintenance. It enables us to continually review all policies and procedures that guide employees in their daily decisions and activities. It also provides consistent guidelines and processes for creating and managing policies.

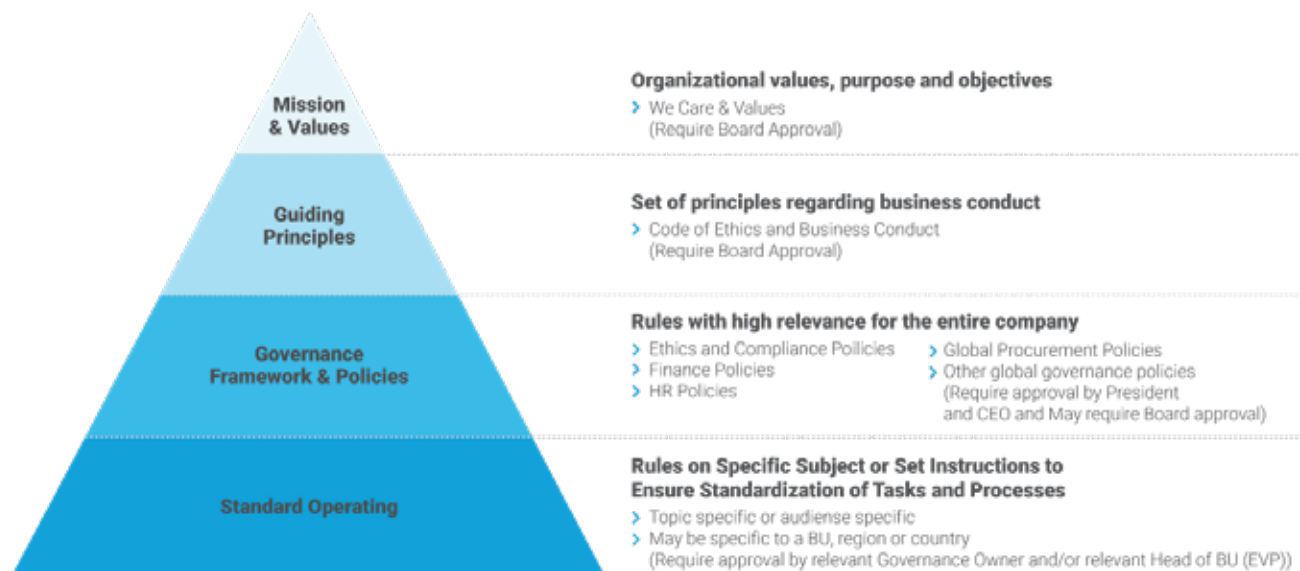
Our House of Policies initiative is driven by the Board and our ethics and compliance and legal affairs professionals with the support and commitment of all corporate functions and business units.

Policies and procedures

Our Policy Oversight Committee establishes good practices in policy governance meets monthly to review any new and revised policies and procedures. Members include the Policy Coordinator and a representative of the following functions:

- > Corporate risk management
- > Ethics and compliance
- > Finance
- > Global human resources
- > Integrated management systems
- > Internal audit
- > Legal affairs
- > Marketing
- > Strategy

External relations As part of our Operational Excellence initiative, we'll create the Project Delivery Centre of Excellence (PDCE), a proactive and centralized online repository for employee knowledge sharing. To be rolled out in 2017, the PDCE will support the transparent communication of our updated policies and procedures.



2016 initiatives

In 2016, we introduced or reviewed 37 policies and SOPs, including:

- > **Code of Ethics and Business Conduct** - Reviewed and reissued annually, our Code is available in 11 languages: English, French, Spanish, Portuguese, Arabic (Standard), Hindi, Malayalam, Polish, Romanian, Russian and Tagalog. Latest revision: January 2017
- > **Business Partners** - We strive to help create a more ethical business environment and expect our business partners to adhere to our business principles, culture and values, and comply with all applicable laws and regulations. Latest revision: June 2016
- > **Cyber & Data Security** - This SOP ensures that the sensitivity of our information is assessed and the appropriate level of protection applied to this information. Latest revision: September 2016
- > **Disciplinary Action** - Our goal is to achieve and maintain Health & Safety (H&S) excellence by incorporating strategies, policies and SOPs that promote the well-being of our personnel, contractors and the general public across all our business activities. This SOP ensures that all individuals on SNC-Lavalin-controlled sites, regardless of their employer or seniority, respect all applicable H&S rules. Violation of these rules is taken very seriously and managed accordingly with disciplinary action as required. Introduced: August 2016
- > **Discipline Management** - This SOP ensures unacceptable behaviours are addressed in a timely manner and, where required, appropriate support is provided to the employee to rectify the situation within an acceptable timeframe. Introduced: November 2016
- > **Diversity on the Board of Directors and in Senior Management** - This policy captures our approach to achieving and maintaining diversity on our Board and in senior management roles with a specific emphasis on gender diversity. Introduced: September 2016
- > **Donations, Sponsorships, Employee Involvement and Corporate Membership** - As a leading engineering and construction firm active in some 100 countries, we recognize our responsibilities as a global corporate citizen. Every year, our work impacts hundreds of communities, where our employees, business partners and other stakeholders live and work, around the world. Latest revision: July 2016
- > **Eligibility to Work on Canadian Federal Government Contracts** - As part of our Administrative Agreement with Canada's Minister of Public Services and Procurement (PSP), we committed not to knowingly assign employees or third-party personnel, suspended or declared ineligible under the PSP Ineligibility and Suspension Policy, to perform work for or provide services to the Canadian Federal Government and its agencies and representatives. This SOP establishes the process for ensuring we honour this commitment. Introduced: October 2016
- > **Gifts & Hospitality** - While we recognize that gifts and hospitality are a common business courtesy used to foster business relationships, we established the mandatory principles relative to offering and receiving gifts and hospitality that must be observed by all personnel at all times. Latest revision: January 2016
- > **Health & Safety, Security and Environment Policy and Statement** - Our Global HSSE Policy outlines how we deliver on our commitment to establish and maintain safe and secure working conditions and follow the principles of sustainable development in accordance with our values and our Code of Ethics and Business Conduct. Latest revision: December 2016
- > **Global Human Resources** - Our Global Human Resources Policy provides the guiding principles for the effective management of our human resources worldwide. It helps ensure that our culture and values are embedded in everything we do and that we foster a climate where employees can thrive, develop and achieve their full potential. Latest revision: July 2016

- > **Political Contributions** - As a global company, we develop and maintain relationships with elected and appointed public officials, governments, policy makers, local authorities and agencies. Because contributions to such individuals or organizations have the potential to impact our business, our employees, business partners, shareholders and the communities with which we work, we do not make political contributions. Violation of this policy may lead to disciplinary sanctions up to and including termination of employment. Latest revision: August 2016
- > **Workplace Harassment and Violence** - We're committed to providing and maintaining a work environment that's free of workplace violence and harassment and in which individuals can feel free to come forward with complaints of workplace harassment and violence without fear of reprisal.

We recognize that workplace violence and harassment are health and safety and human resources issues, and we take reasonable measures to prevent workplace violence and harassment and to promptly resolve any related matters that might occur.

We're also committed to compliance with applicable human rights, labour and employment legislation as it relates to workplace violence and harassment in the countries where we conduct business. Latest revision: October 2016

2017 objectives

In 2017, we expect to introduce or review several policies and procedures. To date, we've introduced or reviewed our:

- > **International Trade Compliance Policy** - This policy summarizes our commitment to the highest standards of governance, ethics and compliance, and establishes guiding principles for compliance with export controls and economic sanctions. Latest revision: February 2017
- > **Export Control and Trade Compliance** - This SOP defines the responsibilities, process and required actions related to compliance with export controls and economic sanctions. Introduced: February 2017
- > **Quality Policy and Statement** - This policy defines our approach to quality as it applies to delivering our contractual and managerial commitments in line with our values, client expectations and our Code of Ethics and Business Conduct. Latest revision: November 2016 / Reissued: January 2017

United Nations Global Compact

In late 2015, we joined the United Nations Global Compact (UNGC), the world's largest corporate social initiative with more than 9,000 business and non-business participants in more than 160 countries. Joining the UNGC underscores our commitment to putting our extensive know-how and resources to work to meet the world's sustainability challenges.

It also signals our intention to align our strategies and operations with the UNGC's Ten Principles on human rights, labour, environment and anti-corruption. Our 2016 Sustainability Report serves as our Communication

on Progress (CoP) in terms of implementing these principles. The Global Reporting Initiative (GRI) index also provides information relative to our progress in complying with the UNGC principles.

UK Modern Slavery Act

At SNC-Lavalin, we adopt a zero tolerance approach to any form of forced labour, slavery and human trafficking in any part of our business and supply chain. As a signatory to the UNGC, we're committed to implementing internationally recognized best practices. This includes adhering to the six UNGC principles that address working conditions and human rights.

Our Code of Ethics and Business Conduct also specifically prohibits human trafficking as well as child and forced labour. All our employees, business partners, consultants, loaned personnel, officers and Board members must abide by our Code. In fact, they must undergo mandatory annual training on the Code, followed by an exam that they need to pass to continue working with us.

Our approach is fully aligned with the UK's Modern Slavery Act adopted in 2015. To manage our risks in this area, we recently strengthened our control mechanisms in countries where migrant workers are used on construction sites.

To help preserve the well-being of migrant workers, we:

- > Provide them with and adhere to clear contracts
- > Charge no placement fees
- > Pay their room and board costs and provide adequate healthcare coverage
- > Never retain their passports
- > Only work with accredited third parties in countries of origin or operation
- > Conduct regular audits of worker transportation and accommodations
- > Carefully screen any new business partners

Implement industry-leading health and safety practices and provide regular incentives and awards for compliance

Provide them with personal protective equipment

We also require that the third-party agents we work treat migrant workers in the same manner.

Later in 2017, we'll roll out a mandatory eLearning training module for our leadership team to raise their awareness of modern-day slavery issues. The training program was developed by Trace International, a non-profit organization that advances corporate transparency worldwide.

Topic	2016 goal	2016 results	2017 goal
Diversity	20% women in senior management by 2018	<ul style="list-style-type: none"> > 20% women on senior management team at year-end. > 18% women on our Leadership Team (i.e. executive officers) at year-end. 	<ul style="list-style-type: none"> > 20% women in senior management roles by 2018 > 20% women in executive officer roles by 2018
	20% women in engineering and management population by 2018	13% at year-end	20% women in engineering and management population by 2018
	20% women on Board of Directors by 2018	18% at year-end If all nominee directors are elected at the May 4, 2017 Annual Meeting of Shareholders, we'll exceed our target of women making up 20% of our Board directors.	20% women on Board of Directors by 2018
Perfect Days	Establish a baseline for our new Perfect Days initiative.	27 Perfect Days in 2015 (our baseline)	30 Perfect Days
Health & Safety	0 fatalities	0 fatalities	0 fatalities
	Lost Time Incident Frequency (LTIF) of 0.035	0.017	0.015
	Total Recordable Incident Frequency (TRIF) 0.25	0.18	0.15
Environment	0 significant incidents	6 level III incidents	0 level III incidents
	0 Notices of Violation	3 Notices of Violation	0 Notices of Violation
	Close all non-conformities identified during corporate audits within 90 days	100% of non-conformities closed within 90 days	Close all non conformities identified during corporate audits within 90 days
	5% energy consumption reduction in offices	24% decrease in direct and indirect GHG emissions from offices	10% reduction of direct and indirect GHG emissions from offices
Governance	Update the Standard Operating Procedure (SOP) for Donations, Sponsorships, Employee Involvement and Corporate Memberships	37 codes, policies and SOPs adopted or reviewed, including the SOP for Donations, Sponsorships, Employee Involvement and Corporate Membership	Update or issue the following governance documents: <ul style="list-style-type: none"> > International Trade Compliance Policy > Export Control and Trade Compliance SOP > Indigenous Peoples Relations Policy > Quality Policy and Statement > HSSE policy and Statement

Ethics and Compliance

Ethics and compliance matters at SNC-Lavalin. We expect every employee to fully understand our policies and procedures, and to consistently put them into action, no matter how challenging the circumstances.

We're proud of our robust Ethics & Compliance Program. External recognition of our commitment to the program's principles and to our corporate values reinforce our conviction that we're on the right path. Recent examples include:

- > Winning major projects in Canada, including government contracts, worth over \$8 billion, a testament to our clients' confidence in our ability not only to do the best job, but to do it ethically
- > Recognition of our Ethics & Compliance Program by Brazilian authorities and registration of SNC-Lavalin as a Clean Company under the new Brazilian Clean Company Act

Governance

Oversight and reporting

Policies and procedures

Corporate policies provide guiding principles and rules for our entire organization, regardless of location. Corporate Standard Operating Procedures (SOPs), on the other hand, standardize tasks and processes by specifying rules on a given subject or sets of instructions on how to perform a function. Policies have a broad and global application, while SOPs can be applicable to a specific geographical region, business unit or corporate function.

Our Policy Oversight Committee establishes good practices in policy governance and helps review all new and revised policy documents. The committee meets monthly to review any policies and procedures being put forward. Members include the Policy Coordinator and a representative of the following corporate functions:

- > Corporate risk management
- > Ethics and compliance
- > Finance
- > Global human resources
- > Integrated management systems
- > Internal audit
- > Legal affairs
- > Marketing, Strategy and External relations

As part of our Operational Excellence initiative, we'll create the Project Delivery Centre of Excellence (PDCE), a proactive and centralized online repository for employee knowledge sharing. To be rolled out in 2017, the

PDCE will enable employees to seamlessly share and interact with one another. It will also support the transparent communication of our updated policies and procedures.

In 2017, we plan to introduce several policies and procedures, including our:

- > International Trade Compliance Policy
- > Export Control and Trade Compliance SOP

Reporting

Our Duty to Report SOP requires all employees to be vigilant about possible illegal or unethical behaviour and to take appropriate and timely action to prevent or detect improper conduct.

At SNC-Lavalin, people use the following channels to report any suspected misconduct:

- > Our third-party, confidential, 24/7 Ethics & Compliance Hotline where employees, suppliers, clients, etc. report potential violations of our Code, company policies or applicable laws, either online (www.sncclavalin.ethicspoint.com) or on the phone, in over 170 languages without fear of retaliation
- > Their manager, Compliance Officer, human resources or legal representative
- > Our Compliance Consultation Centre

A committee composed of the Chief Compliance Officer, the Head of Compliance Investigations, the Compliance Legal Counsel and the Head of Internal Audit meets on a weekly basis to review, assess and prioritize allegations of compliance violations. Once assigned to the Compliance Investigations team, the team:

- > Implements appropriate investigation procedures including the use of specialized expertise as necessary
- > Completes investigations in a timely manner to determine whether allegations are substantiated
- > Respects and preserves the integrity of the Compliance Investigations' processes at all times

Our highly experienced Compliance Investigations team reports to the Chief Compliance Officer. Team members are from different professional backgrounds and located in two main hubs, Canada and the Middle East, to ensure worldwide coverage and a timely response in investigating allegations.

Allegations in 2016

Allegations made via:

- > Email: 59%
- > Online: 24%
- > Ethics & Compliance Hotline: 6%
- > Mail: 5%
- > Compliance Consultation Center: 3%
- > Telephone: 3%

New compliance cases opened: 401

New compliance cases opened based on anonymous allegations: 92

Compliance cases closed: 333

Disciplinary sanctions: 56, of which 11 resulted in termination, 15 in written warnings, 14 in verbal warnings and 16 in other.

Code of ethics and business conduct

Our Code of Ethics and Business Conduct lies at the heart of our Ethics & Compliance Program and sets expectations for integrity and ethics in our business dealings. Every manager at every level is accountable for ensuring we deliver a world-class ethics and compliance performance.

Reviewing the Code annually keeps this important document current. Yearly training and certification to the Code is a condition of employment and an intrinsic part of our onboarding program.

Annual training and certification

All employees (regular, occasional, temporary, contractual and full- and part-time), consultants, loaned personnel, officers and Board members receive annual training on our Code. Training for craft employees takes place throughout the year while, for other employees, the annual certification occurs in the first quarter of the year over a two-month period. In 2016, we trained and certified more than 18,000 employees during this rigorous and ambitious undertaking. This included almost 3,000 individuals, or 15% of participants, who received in-person training.

Non-craft employees

Training for non-craft employees is delivered online in nine languages. With the assistance of local managers and HR teams, employees at remote sites and/or with no internet access receive in-classroom training in three languages. Each year, it takes several months for our Ethics & Compliance and Global Training and Simulation Services teams to develop the modules and ensure their user friendliness and availability in multiple languages.

The training includes real-life case studies inspired by compliance investigations and our Compliance Officers' feedback. In parallel with the content development, it also took hours to our team to develop the processes and the communication, to implement it in our systems and to create the reporting tools. Over this period, our team worked closely with our Learning Management System team to ensure that all the tools are ready and easy to use and that our online process is running smoothly.

Craft employees

Craft employees (blue collar and construction workers) receive continuous training in eight languages on the 12 major aspects of our Code that impact them the most. This in-person training is delivered during monthly Health & Safety and other meetings. A facilitator gives a 10-minute presentation about one aspect of our Code including a real-life example. The presentation ends with a 'duty to report' message and pertinent contact information.

Communicating the 12 major aspects of our Code



Our Code of Ethics applies to all employees.

If you want to report something or need advice, talk to any one of the following:

- Your immediate supervisor
- Your Compliance Officer
- Your Human Resources Representative
- Legal Affairs
- The Compliance Consultation Centre: compliance@snc-lavalin.com
- The SNC-Lavalin Ethics and Compliance Hotline:

☎ _____

Communications

We take steps to ensure all our stakeholders receive clear and consistent messages, both internally and externally.

Internal communication activities and channels include:

- > Ethics and compliance campaigns
- > CEO blog
- > Management and other meetings
- > Annual performance reviews
- > Intranet

Managers begin meetings with scripted Ethics Moments to help reinforce our ethics and compliance culture. Like safety, integrity is now top of mind for everyone and an integral part of meetings, planning and actions at all levels.

Externally, we provide stakeholders with detailed information on our ethics and compliance initiatives, our vision and plans as well as contacts for promptly addressing questions and issues. We also regularly share our ethics and compliance messages and commitments at:

- > International and national conferences
- > Universities, associations and ethics-based organizations
- > Our Annual General Meeting of Shareholders

Business partner compliance due diligence

We take significant steps to ensure Business Partners fully understand our ethics and compliance expectations. We expect our Partners to adhere to our business principles, culture and values and comply with all applicable laws and regulations. In fact, all Business Partners must sign our Anti-Corruption Compliance Attestation, which commits them to abiding by the same standards of business conduct and practices as we do.

We actively foster a risk-aware culture at all levels across our organization. Through our Business Partner selection process, we continue to strive for a well-balanced and optimal risk-reward trade-off. Our Business Partner Compliance Due Diligence effort is supported by a state-of-the-art IT process. The approval workflow and its continuous monitoring provide global transparency on third-party risk exposure.

Business partners Compliance Due Diligence (CCD) risk levels

Comparison
(2016 vs 2015)

Risk	Dec. 31, 2016	Dec. 2015	Weighted risk redistribution
Low	785 (88%)	684 (80%)	-8%
Medium	83 (9%)	153 (18%)	-9%
High	26 (3%)	22 (2%)	1%
Total	894	859	Total variance: -4%

The number of approved Business Partner CDDs remained relatively stable in 2016. The decrease of Medium risk CDDs is due to a better evaluation of the scope of engagement of the services rendered by the Business Partner. We've built and sustained thousands of Business Partner relationships to drive mutually beneficial projects as well as responsible and sustainable growth. Although we actively seek to develop new Business Partners, we expect this stable trend to continue in 2017 as we leverage the full potential of our existing Business Partner relationships.

Business Partners CCDs by region

Region	2016	2015	Change
Africa (Northern)	9 (1%)	12 (2%)	-1%
Africa (Southern)	24 (3%)	35 (4%)	-1%
Asia/Pacific	71 (8%)	57 (7%)	1%
Europe	128 (14%)	140 (16%)	-2%
Latin America	126 (14%)	74 (9%)	5%
Middle East/India	147 (16%)	103 (12%)	4%
Northern America	386 (44%)	426 (49%)	-5%
Worldwide	3 (0%)	12 (1%)	-1%
	894 (100%)	859 (100%)	

The geographic location of our Business Partners remained relatively stable across the board. Notable increases in Latin America, the Middle East and India are primarily due to enhanced development and more projects in these areas requiring additional Business Partner expertise. The decrease in North America is due to the consolidation of our business with a smaller number of Business Partners who are involved in several longer term projects.

Risk assessment

During our annual Ethics & Compliance Risk Assessment process, top executives and senior managers team up with our Compliance Officers, directors, senior managers and subject matter experts in over 50 countries of operation to assess the compliance risks in their sectors and business units.

We continuously cross-check our risk exposure against our compliance program to identify gaps and required adjustments. Based on the findings, we enhance our policies, procedures, communication activities and training materials to close any gaps.

In 2017, we'll enhance our risk assessment approach by incorporating:

- > Risk control self-assessments
- > Optimized workshops
- > Compliance synchronization and integration initiatives

We strive to remain at the forefront of emerging risks and responses to modern-day challenges. This proactive approach is a must if we're to mitigate the full spectrum of potential threats to our stakeholders and surrounding environment. Among several initiatives being implemented, we're currently evaluating our exposure to modern-day human trafficking and slavery, a risk that threatens many international organizations.

Guarding against complacency

Since 2012, we've built and implemented a robust ethics and compliance prevention, detection and response system across an organization dispersed around the globe. Our training and communication plans ensure employees are living our values, adhering to our ethics and compliance processes, and feeling comfortable about voicing concerns.

And yet our job is far from done. First and foremost, we must guard against complacency. Strong ethics and compliance cultures require constant attention. Maintaining a vibrant ethics and compliance culture also entails providing both existing and new employees with regular training.

As part of SNC-Lavalin's Operational Excellence program, we're continuously improving our Ethics & Compliance Program. We're not only monitoring and ensuring the effectiveness of our systems and processes, but also assessing their efficiency in helping us achieve our business goals. The end result will be seamless business processes that enable us to make timely and astute decisions, using integrated processes and, wherever possible, avoiding the duplication of tools.

Education and training

Ensuring that employees everywhere understand and comply with the standards of conduct we expect of them is a top priority across SNC-Lavalin. We regularly benchmark our best-practice ethics and compliance training modules to ensure we offer stakeholders a topnotch and diverse training program. These courses, which we either develop internally or make available, include target-group-specific mandatory training as well as general non-mandatory training for all.

Mandatory courses and training initiatives

At the beginning of 2017, our 20,000+ Learning Management System (LMS) users have access to 28 ethics and compliance eLearning modules in two to eight languages for a total of 118 modules.

Out of these 28 eLearning modules, 10 are mandatory depending on the employee's role. Our Ethics and Compliance team works closely with our Global Training and Simulation Services team to develop most of these modules to ensure they meet our needs and reflect our policies and SOPs. In addition to this online training, we also deliver ongoing anti-corruption training in classrooms (in locations with more than 10 employees to train) or through virtual sessions (on Lync/Skype).

In 2016, we rolled out the following mandatory initiatives:

- > February to April 2016: The annual certification of all non-craft employees to our 2016 Code of Ethics and Business Conduct either online or in-person for isolated sites
- > May to July 2016: Launch of our insider trading and our antitrust and competition training (12,000 and 4,500 employees targeted respectively)
- > November to December 2016: Launch of our working with the Canadian government training (more than 600 employees targeted)

In 2017, mandatory training for employees, depending on their role, will include:

Anti-corruption and competition awareness training: This three-session training is provided globally through in-person and virtual classrooms. It is mandatory for employees in sensitive roles such as all executive, senior and general management functions, as well as all staff in business development, procurement, project management and government relations.

Anti-corruption refresher: Every two years, a refresher is mandatory for all targeted employees. Our anti-corruption refresher is an eLearning module developed by TRACE International that requires employees to handle several situations. A special version for US employees integrates export control, anti-boycott and other specific US requirements.

Antitrust training: This training is based on our corporate policies and explains the basic concepts with a couple of case studies to help employees understand their antitrust responsibilities and identify potential risks in their activities. It is mandatory for employees in senior management, legal affairs, business development, finance and procurement.

Avoiding trafficked labour training: This course was developed by TRACE International to help employees understand and recognize human trafficking. In 2017, this course will be mandatory for all senior managers and employees in procurement and HR as well as our Board members (about 1,600 employees).

Business partner due diligence training: This eLearning module was developed to help employee understand the purpose and scope of our Business Partner Policy. It helps them identify Business Partners, their role and responsibilities when dealing with them, and familiarize themselves with our business partner due diligence process. This training is mandatory for all high-level professionals and managers as well as employees in sensitive roles such as our business development and project management employees.

Training of business partners: When they first begin working with us, certain business partners are required to undergo mandatory online anti-corruption training. Out of our 26 high-risk CDDs approved in 2016, 24 underwent this training.

Gifts and hospitality training: Based on our SOP, this training familiarizes employees with situations in which accepting or offering something might be considered as improper. It also identifies situations requiring a scorecard. This training is mandatory for employees in general management, procurement, government relations, business development, ethics and compliance, human resources, legal affairs and project management.

Insider trading training: This eLearning was developed by the United Nations and is available at thefightagainstcorruption.org. In this module, employees learn how to handle ethical dilemmas while in possession of confidential information. This training is mandatory for our employees in general management, procurement, government relations, business development, ethics and compliance, finance, legal affairs and project management.

Working with the Canadian government training: Developed in partnership with the global law firm Norton Rose Fulbright, this three-session module covers federal laws and regulations, procurement integrity and conflicts of interest when doing business with the Canadian government. It is mandatory for all employees in charge of procurement and management on federally funded projects in Canada as well as for our Board and Executive Committee members.

Visible leadership in the community

Outreach in 2016

Our outreach efforts focus on engaging with external stakeholders, including industry peers, clients and ethics and compliance experts, to exchange best practices and ensure effective compliance programs. This outreach is part of our overall commitment to ethics excellence and integrity. As part of this commitment, we maintain and value our membership in:

- > The World Economic Forum's Partnering Against Corruption Initiative (PACI)
- > United Nations Global Compact
- > Trace International
- > Conference Board of Canada
- > The Ethics centre of Canada

Global Ethics & Compliance team

In 2016, our Global Ethics & Compliance team participated in over 60 outreach events, an 88% year-over-year increase. Key team members appeared as guest speakers at national and international conferences in many major cities, including Dubai, Vienna, Hong Kong, Sao Paulo, Houston and Montreal. The team also consistently engages with numerous universities, global ethics and compliance associations as well as with clients' ethics and compliance professionals.

In 2016, we collaborated with:

- > Transparency International
- > TRACE International
- > International Bar Association
- > C5 Group
- > International Anti-Corruption Committee of the American Bar Association
- > Kinstellar
- > Engineering and Construction Risk Institute
- > Marcus Evans
- > IBC Legal
- > Ethisphere
- > Ethicscentre
- > EthicScan
- > Organisation for Economic Co-operation and Development (OECD)
- > Canadian Business Ethics Research Network (CBERN).
- > MITACS (<https://www.mitacs.ca/en>)

Partnering against corruption initiative (global)

The World Economic Forum's Partnering Against Corruption Initiative (PACI) is becoming the leading business voice on anti-corruption and transparency. As part of PACI's Vanguard CEO community, our CEO collaborates with peers from various industries around the world in the fight against corruption. This rapidly expanding community is focused on implementing a global anti-corruption agenda.

Our Chief Compliance Officer also serves on a PACI working group with a mandate to focus on the infrastructure and urban industries sector, with the aim of identifying challenges and opportunities to collectively level the playing field. Working with international organizations and governments, members explored innovative solutions and worked to promote a culture of integrity within this sector.

Infrastructure and urban development

In collaboration with the Forum's IU (Infrastructure and Urban Development) Industries community, PACI explored various dimensions of anti-corruption across different regions. The three-year project found that different types of corruption are experienced across the life cycle of a project. Also, project risks are experienced adversely by different stakeholders and are compounded by cultural contexts.

Based on the project's findings, technology will be a key enabler in:

- > Increasing transparency and combatting corruption
- > Empowering citizens
- > Conducting social audits
- > Reducing human interaction in transactions to limit opportunities for bribery

Corruption risk in IU industries is intimately linked to structural relationships with governments that have weak institutional capacity, outdated policies and dysfunctional legal and regulatory systems. IU industries must prioritize public-private cooperation to actively build trust and integrity back into business and institutions.

The ceo initiative (south africa)

In South Africa, our Oil & Gas sector spearheaded the creation of a forum of companies supporting anti-corruption activities, called the Coalition for Ethical Operations. This initiative is part of our efforts to improve the business environment in Africa's Sub-Saharan region. Companies seeking to join the coalition must sign a pledge committing to:

- > Share best practices in promoting ethical business and reducing corruption
- > Promote training on ethical business and anti-corruption for small to medium-sized enterprises (SMEs) in the coalition's supply chain
- > Engage in occasional and voluntary collective action

At the end of 2016, 12 prominent local and foreign-owned companies in South Africa had signed the pledge. Together in 2016, we:

- > Held a think tank in March with companies and ethics-related organizations at which we agreed to create the initiative
- > Held a "Sharing Best Practices" session hosted at Sasol with presentations by GE, Sasol and Massmart
- > Hosted an event with GIBS Business School at which the Head of Integrity of the African Development Bank gave a presentation on "Managing Business Challenges and Promoting Integrity: An African Perspective"

- > Formalized our partnership with The Ethics Institute
- > Supported Trace International's awareness campaign in South Africa
- > Set up our web portal
- > Created awareness of Corruption Watch, an advocacy organization in South Africa

Current coalition members

- | | |
|--------------------|----------------|
| > AECI | > SABMiller |
| > ENSafrica | > Santam |
| > General Electric | > Sasol |
| > Group Five Ltd. | > Siemens |
| > MTN Group | > SNC-Lavalin |
| > Nampak Ltd. | > Tiger Brands |

Activities in 2017

In 2017, the coalition will focus on developing a training program for SMEs aimed at building capacity in anti-corruption and ethical business practices. Coalition members will mentor and help SMEs set up programs tailored to their size and type of operations.

SME training program

- > Working group set up with SNC-Lavalin, Siemens, Massmart, Mercantile Bank, Sasol and Nedbank
- > Partnership established with The Ethics Institute to develop and deliver the program
- > Program development to be funded by coalition members
- > Pilot program to be aimed at suppliers in coalition members' value chain
- > Blended learning (online and in-classroom) delivery model
- > Content to be generic across industries
- > Program to be certified by The Ethics Institute

Sharing best practices

- > Quarterly in-person sessions to be hosted by different coalition members
- > Monthly virtual sessions (webinar, live chats, blogs) to be developed with technology partner MarketSqr on existing portal

Topics to be covered:

- > Whistle blowing
- > Third-party intermediaries
- > Corporate social responsibility
- > Gifts and hospitality
- > Conflict of interest
- > Focus on developing an active online community to promote interaction between compliance officers

Addressing cross-border challenges

- > Leverage existing initiative funded by Siemens which provides training for customs officials
- > Launch awareness campaign in collaboration with Corruption Watch
- > Contact relevant government ministries to secure their collaboration
- > Develop resource tools on web portal (e.g. contact numbers, case studies with lessons learned, live chats, etc.)

- > Create smart phone app for truck drivers (to send out alerts for assistance when a driver is confronted with a situation where he may be bribed or asked for a facilitation payment)
- > Host workshop in Johannesburg on cross-border challenges with SNC-Lavalin expert

Human rights and worker welfare

As signatories to the UN Global Compact, we're committed to ensuring that our business policies incorporate and support its Ten Principles. Starting in late 2015 and continuing into 2016, we assessed our business practices in the Gulf Region for any issues related to modern slavery and worker welfare. In 2017, we'll standardise the best practices we developed in the region to ensure our Code of Ethics principles are universally upheld, wherever we work. We'll also deploy a training program for senior leaders in the company to raise their awareness and knowledge of this issue.



Employees

Our employees are proud to build what matters.

Our employees' shared expertise, passion and commitment to our clients' success differentiate us and help forge long-term partnerships. So does our focus on creating an environment that allows employees to develop and thrive. This is how we strengthen our Tier-1 capabilities and effectively deliver even the most complex projects.

Governance

We strive to embed our culture and values in everything we do. This includes the principles of good governance. As part of our Human Resources (HR) governance, the Executive Vice-President (EVP) of HR participates in the:

- > Executive Committee
- > Senior Management Team meetings
- > SNC-Lavalin Ethics & Compliance Committee
- > HR Ethics and Compliance Committee
- > HR Committee of the Board of Directors

These committees help align and continuously improve our HR strategy, approach and initiatives. Senior members of the HR team meet regularly with their internal clients as well as lead their own sector-based meetings. As members of the HR Council, they also meet monthly with HR's EVP to discuss key issues affecting employees and the HR function globally.

Global HR Policy

We adopted our Global Human Resources Policy in October 2015 and revised it in July 2016. This policy provides the guiding principles for effectively managing talent worldwide. It reflects our HR strategy of building capability and flexibility to achieve our business ambitions and flawlessly execute complex projects, with a focus on the strategy's three underpinning pillars:

- > People
- > Organization
- > Systems and processes

The Global HR Policy helps us align all decisions and actions with our culture and values while promoting an environment where employees can achieve their full potential. Our goal is to ensure that our employees are recognized as the benchmark for talent across our industry and beyond. Our employees and their commitment to client success differentiate us and help us secure long-term client partnerships.

In line with this aspiration, we strive to provide our employees with a work environment that:

- > Prohibits harassment, discrimination and any form of violence
- > Supports the highest ethics and compliance standards
- > Actively promotes diversity and equal opportunity
- > Fosters mutual trust and respect at all levels of the organization
- > Enables employees to report misconduct without fear of retaliation
- > Provides employees with the opportunity to attain their full potential

HR Ethics and Compliance Committee

In early 2017, we established the HR Ethics and Compliance Committee to address HR ethics and compliance investigations. The committee will help ensure that consistent measures are applied following an investigation and that corrective actions are implemented in a timely manner. It also reinforces our corporate values and ethics and compliance culture.

Addressing conflicts of interest

Our employees are the face of SNC-Lavalin. Their actions significantly impact how our company is perceived by all stakeholders. As a condition of employment, we require all employees to know and abide by our Code of Ethics and Business Conduct.

Reporting any actual, potential or perceived conflict of interest is a Code requirement. The Conflict of Interest Disclosure form helps us promptly identify possible conflicts of interest and quickly address situations that may undermine employee impartiality. To ensure employees understand the form's content and purpose, we made it available in English, French, Spanish, Portuguese, Arabic, Polish, Romanian and Russian in early 2017.

Additionally, when a conflict is disclosed, managers, HR professionals and, if required, Ethics and Compliance team members follow guidelines to properly address and mitigate the conflict.

Background checks

Over the years, we've seen a significant increase in the number and the complexity of our projects. As our operations expand, we must take extra care to protect our employees, shareholders, stakeholders and assets while ensuring projects are delivered on time, on budget and without incident.

To help us achieve these goals, an independent global security company conducts thorough background checks on all candidates for positions at SNC-Lavalin. The screening process is based on the position's specific requirements and the local laws and customs. These checks help ascertain the candidate's suitability for the position while diminishing the risk inherent in the hiring process. An applicant's consent is required before proceeding with the verification. All reports are treated with the utmost confidentiality and used solely for the purpose for which they're collected.

Strengthening our capabilities

In 2016, we continued to improve our HR systems, practices and tools with the global rollout of Workday and its recruitment software. With all our recruiters now using this software, we're able to leverage and increase synergies across our internal recruitment network worldwide to find the best candidates.

In North America, we introduced Data Management Shared Services to simplify, optimize and standardize HR processes, procedures and services. This operational model helps us focus on the value-added dimension of HR services.

We've also taken concrete steps to ensure that employees exemplify the highest standards of ethical behaviour. In 2016, these steps included creating the HR Ethics and Compliance Committee and implementing Standard Operating Procedures (SOPs) on workplace harassment and violence.

Through our company-wide HR initiatives, we engage employees and create long-term value for our organization and clients. We're committed to helping employees reach their development and career goals. We encourage them to proactively identify their career aspirations, seek out new challenges and take action to make their aspirations a reality. Our internal job posting site is one of the ways employees can explore new career opportunities at SNC-Lavalin.

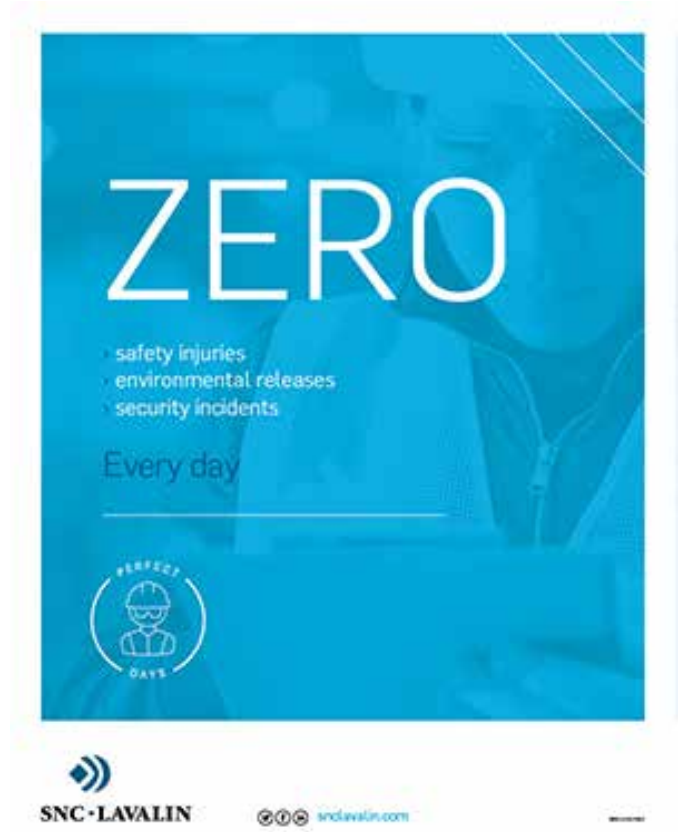
Health, safety and security

At SNC-Lavalin, the well-being of employees is fundamental to our company's success. We care passionately about the health, safety and security of everyone who works on our projects and in our offices worldwide. That's why we implement and continuously improve the policies, programs and structures needed to safeguard their health, safety and security.

Health, Safety, Security and Environment (HSSE) is one of our corporate values and a core competency on which everyone is assessed during their performance evaluation. We encourage people to be proactive when it comes to their own health, safety and security, and to report any situation that may jeopardize their well-being or that of their coworkers.

Perfect Days

At SNC-Lavalin, we work on complex projects in challenging environments all over the world. Our new global Perfect Days metric focuses employees on the risks that surround them and the impact of their day-to-day decisions on HSSE performance. Ultimately, it reinforces everyone's commitment to 'zero' and to reporting incidents daily.



Diversity and inclusion

We're proud of our diverse and dedicated workforce. Our employees speak 60 languages, represent some 80 nationalities and are based in 54 countries. Their diversity is a key strength in helping us understand and meet client needs worldwide.

In March 2016, we launched our Diversity & Inclusion Program to help create a more diverse and inclusive culture, offer employees more choices and empower them to achieve their goals. The program seeks to increase the number of women in engineering and management positions from 13% in 2016 to 20% by 2018. Greater diversity will help us strengthen our talent pool, better serve clients and exceed our business objectives.

To help us achieve these targets, we established internal gender diversity ambassadors and joined Catalyst, a non-profit organization dedicated to accelerating progress for women through workplace inclusion, in 2016. We launched a Diversity & Inclusion page featuring reference guides, training modules and stories of how employees are fostering inclusion within teams and in their work. We also joined the 30% Club, a global organization dedicated to promoting a better gender balance at board and senior management levels.

Compensation and benefits

During the last three years, we've taken significant steps to align employees' compensation and benefits worldwide.

Total Rewards

Our Total Rewards framework drives employee engagement, helps attract and attain key talent, and reflects our business strategy, culture and relevant local market-competitive practices. Total Rewards supports a pay-for-performance culture that provides top-quartile rewards for outstanding performance while ensuring all employees receive adequate levels of compensation and protection.

The main elements of Total Rewards include, where applicable, one or more of the following:

- > A base salary established within a salary structure providing flexibility to recognize employees' individual skills, competencies, performance and development
- > An adequate level of protection under health and welfare programs with the opportunity, where applicable, for employees to tailor the protection to their personal and family needs
- > A capital accumulation retirement program building an asset base over time to provide post-retirement income
- > Where locally practical, an opportunity to purchase SNC-Lavalin shares and reap the benefits of current and future company success
- > Incentive programs, both short term and long term, aligning eligible employees' compensation with the degree of achievement of SNC-Lavalin and business unit objectives, individual performance and shareholder interests

Total Rewards	Benefits Global plan with local governance	Perquisites and allowances
		Pensions and benefits
	Compensation Global plan and governance	Long-term incentives
		Short-term incentives
		Salaries
		Job classifications

In 2016, changing our benefits provider for Canadian and US personnel provided 9,000+ employees with more flexibility in choosing their social benefits. We intend to make similar changes for employees based in the Middle East in 2017 and 2018.

Job classification

Employee eligibility and participation in the framework's applicable elements are based on our job classification system, which we progressively rolled out worldwide between 2013 and 2015. A coherent job classification system enables us to determine salary and incentives using the same template and wage scale regardless of an employee's location.

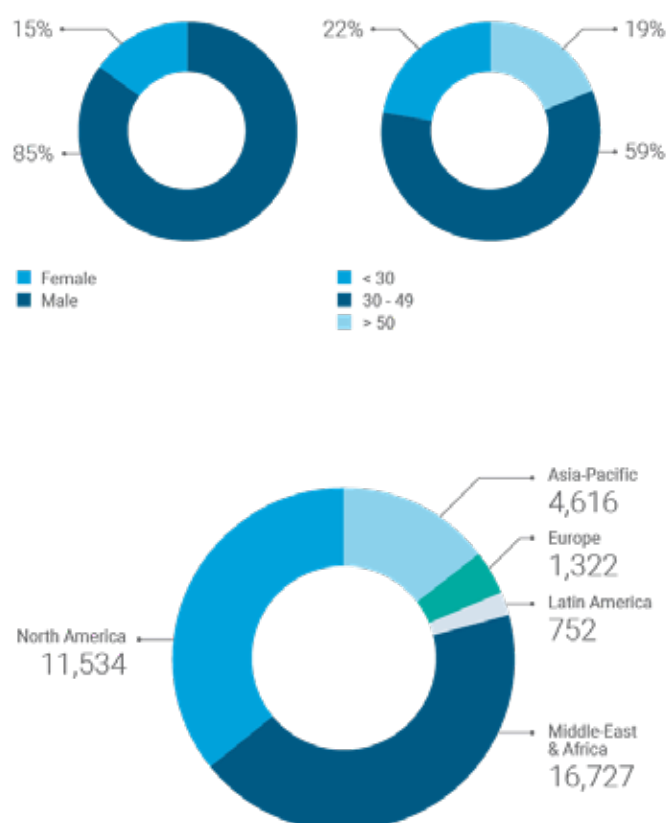
Performance evaluation

Every year, managers are trained to evaluate their team members using the same criteria worldwide. Performance management, and the fruitful discussions between managers and employees that stem from it, demonstrate our commitment to developing careers at SNC-Lavalin. We encourage managers and employees to make the most of this annual discussion by taking the time to reflect on:

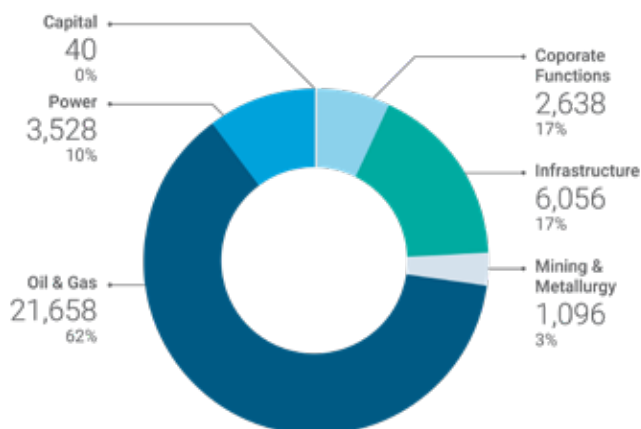
- > The attainment of the past year's objectives as well as the priorities to come
- > Professional interests and steps taken with respect to career management
- > Potential areas for development

More than just an annual review, performance management is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure employees are meeting their objectives and career goals.

Breakdown of employees by region, gender and age



Workforce by Sector



Proud to build what matters

Join a team that's proudly building what matters around the world.

SNC-Lavalin Academy

The SNC-Lavalin Academy is a driving force for shaping the future of our organization. It catalyzes and facilitates the deployment of our global people development strategy. The Academy:

- > Addresses our corporate-wide people development needs
- > Develops key competencies
- > Creates an environment that promotes networking, best practices, alignment and synergies

Learning streams

The Academy offers a series of courses linked to four key strategic priorities:

- > Project management
- > Corporate excellence
- > Leadership development
- > Business development and sales excellence

Each learning stream consists of courses delivered in the classroom, through e-learning modules or a combination of both. Courses range from half-hour e-learning modules, to week-long sessions and year-long professional certification programs. Some courses are open to employees across the company while others are reserved for specific groups.

Superior instruction

The Academy is steered by a faculty of SNC-Lavalin subject matter experts. We've also built partnerships with top global learning organizations in project management and leadership.

First-class instruction ensures the quality of delivery and promotes various learning strategies. Programs are piloted and undergo continuous improvement following employee feedback. They also offer a unique opportunity for sharing experiences with people from all over the world. Courses are delivered in four languages: English, French, Spanish and Portuguese.

Key in-class programs

Some 2016 highlights included:

- > **People Leaders Development Program (PLDP)**
Over the course of 2016, more than 388 employees took part in this highly-regarded and successful program for a total of 11,171 hours of training. The PLDP focuses on developing competencies in personal, team and organizational leadership. Sessions were held in Canada, the U.S., Europe, Australia, South Africa and the Middle East.
- > **Project Management Development Program (PMDP)**
This program strengthens our project managers' execution and delivery capabilities as well as promotes best practices across our organization. It also helps project managers obtain George Washington Certified Project Manager (GWCPM) certification, as well as PMP® certification from the Project Management Institute (PMI).
- > In 2016, 206 employees were trained in 33 different sessions for a total of 8,242 hours of training and we were pleased to welcome another 46 PMDP graduates.
- > **Business Development and Sales Excellence Program**
This program develops the foundational skills required to excel in business development and build strong client relationships. In 2016, 22 employees graduated from this two-day program following a total of 330 hours of training.
- > **Senior Management Potential Program**
This program provides a week-long focus on personal mastery and professional development. Employees learn from scholars and external consultants in leadership, health management, resilience and diversity as well as engaging in rich conversations with executives. In 2016, 27 employees graduated from this five-day program following a total of 1,215 hours of training.

Learning Management System: Online learning

Through our Learning Management System (LMS), more than 20,400 employees worldwide had access to an online library of 5,400 courses in 2016. Some 8,900 training hours were delivered. Also in 2016, the Code of Ethics and Business Conduct's annual certification was rolled out for the first time using the LMS platform, which greatly facilitated certification deployment and tracking compared to previous years.

New in 2016

Thanks to our partnership with CrossKnowledge, we were able to add three new online project management courses in the LMS. The courses are recognized by the PMI and developed by professors from top business schools such as Harvard, Stanford, Wharton and HEC in Montreal. Each course takes 20 hours to complete.



> **Managing People in a Project**

This course helps employees understand the project manager's role and how to manage the project team and other stakeholders involved in the project.

> **Managing Yourself in a Project**

This course teaches employees how to communicate effectively, manage difficult situations and build on their personal management skills.

> **Selling a Project**

Through this course, employees learn how to analyze context and stakeholders, develop a communications strategy and be more assertive and persuasive.

Health & Safety

No injury is acceptable and all injuries are preventable.

"Throughout my career as an engineer, I've always placed an importance on personal safety and the safety of my teammates—it's the right thing to do, and it's the only way to operate."

Neil Bruce, President and CEO

At SNC-Lavalin, we believe that zero injuries are fully achievable. That's why we embed safety in everything we do. Safety is about more than numbers, processes and procedures. It's about looking out for one another

and ensuring that every person working at our offices and sites returns home safely at the end of each day. For us, there's no greater measure of success than knowing that our conscious actions resulted in no one being hurt.

Governance

Oversight and reporting

The Executive Committee communicates health and safety (H&S) requirements to the sectors, business units, divisions and work sites. Site line management—executives, managers and supervisors—are accountable for implementing our Global Health and Safety Management System (GHSMS). Within each sector, a dedicated Health & Safety, Security and Environment (HSSE) Lead helps communicate the GHSMS and its requirements to our employees and partners.

The Executive Committee receives monthly reports on our global HSSE performance. Health and safety performance, challenges and opportunities are reported on a quarterly basis to the Safety, Workplace and Project Risk Committee (SWPRC) of the Board of Directors. Our CEO is aware of every recordable incident that occurs within 24 hours.

An integrated policy

On January 1, 2016, we replaced our Health & Safety Policy with an integrated Health & Safety, Security and Environment (HSSE) Policy. The new policy captures our commitments in each area while fostering the development of common processes. In early 2017, the Global Health & Safety, Global Environment and Global Security teams conducted their annual review of the policy and recommended its adoption with no modifications.

Code of Ethics and Business Conduct

Every year, all employees and consultants must review our Code of Ethics and Business Conduct and vow to abide by it. The Code contains a specific provision outlining our commitment to observe and comply with all applicable H&S standards and practices.

Global Health and Safety Management System

SNC-Lavalin's goal is to achieve and maintain health and safety excellence by incorporating strategies, policies and standard operating procedures (SOPs) that promote employee, contractor and general public health and safety across all our businesses.

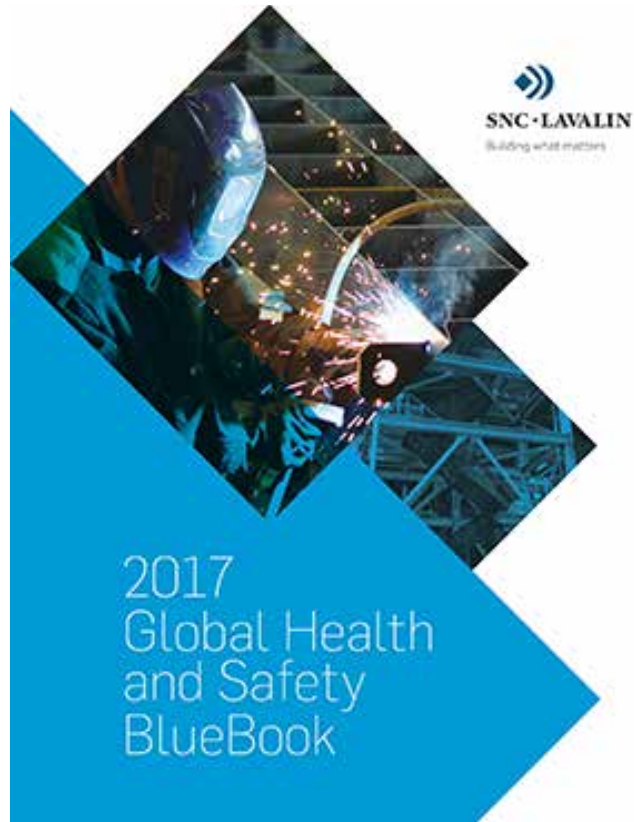
Our Global Health and Safety Management System (GHSMS) is the governing document for managing our organization-wide health and safety processes. The GHSMS outlines expectations and supports a common 'One Company' approach for robust health and safety throughout all SNC-Lavalin operations around the globe.

The GHSMS is based on the principles of continuous improvement and adopts the Plan-Do-Check-Act methodology. It helps us move beyond the status quo and towards achieving the next level of H&S performance. Our offices and project sites are audited against the GHSMS by our internal H&S group.



Global Health and Safety BlueBook

Every year, we publish the BlueBook. This consolidated, quick reference publication of our key health and safety documents includes our:



- > Global Health and Safety Management System (GHSMS)
- > Safety audit tool
- > Critical risk control protocols (8)
- > StepBack hazard assessment
- > Leading and lagging indicators
- > Incident reporting forms and investigation protocols

Our annual document review process sets the standards and communicates the requirements for the year which are then captured in the BlueBook. We distribute the BlueBook across our organization and to our clients and subcontractors to ensure everyone is working to the same standards and requirements. The BlueBook is available in print, electronically and via a smart phone application.

H&S meetings

Most of our workforce is represented by formal joint management-worker H&S committees. Managers and employees are actively and strongly encouraged to hold regular safety meetings to help recognize and understand operational hazards and risks at offices and project sites. These meetings address appropriate mitigation, behaviours and responses. We also strive to promptly and effectively communicate important H&S information across our organization through emails, safety moments, toolbox meetings and our Knowledge Network.

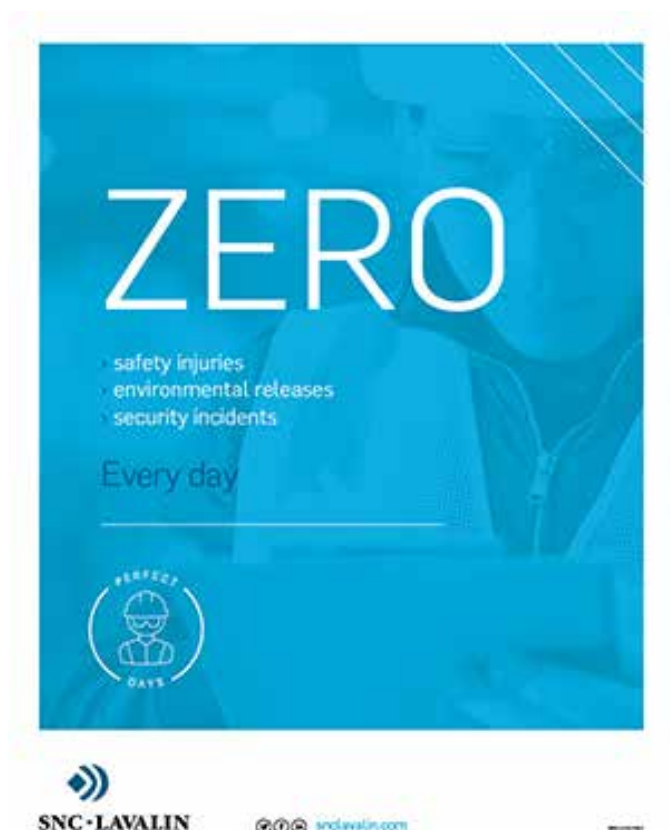
The following H&S meetings take place at all our controlled sites:

- > Weekly employee toolbox meetings to discuss H&S topics
- > Weekly construction/operation coordination meetings - At these meetings, H&S topics are always the first item on the agenda. The construction/operation manager, site H&S manager and contractor representatives are expected to actively participate in these discussions. The site management team also assesses the contractors' monthly performance against the project's key H&S performance indicators.

Perfect Days

In 2016, we established Perfect Days—a simplified way to help us improve and measure our health, safety and environmental performance on a daily basis. A Perfect Day is any day where no work-related recordable injuries, security issues or environmental releases incidents occur.

Perfect Days are tracked to acknowledge and record the good work we do at our offices and project sites around the globe. They're promptly logged in our HSSE database to give us a real-time view of how we're performing as the month progresses. The Executive Committee receives monthly reports on our global HSSE performance.



This simple measure recognizes perfect 24-hour periods and focuses us on replicating them. It helps us learn from each imminent danger, injury and incident as well as put measures in place to prevent their recurrence.

Each new day brings the opportunity to ensure people's health and safety by encouraging them to work safely while protecting the environment and company assets.

We finished 2016 with 27 Perfect Days. Our goal for 2017 is a minimum of 30 Perfect Days across all our operations around the globe.

We publicly launched Perfect Days with our clients and business partners at our annual Client Safety Forum in Dubai on May 17 and 18. Our CEO spoke about worker engagement as a lever for promoting safe behaviour in the workplace. His key message: we need to ensure people return home after a day's work in the same condition as they left.

H&S performance

At SNC-Lavalin, we track all our controlled sites—offices, operations and projects—they report all incidents and statistics for both our employees and our contractors. We require the same information from non-controlled sites where our direct hire employees are working.

2016 results

In 2016, we made tremendous progress on our leading indicators or proactive measures, which, we believe, has positively impacted our lagging statistics, namely the Lost Time Incident Frequency (LTIF) and Lost Time Severity Rate (LTSR).

Lagging indicators

Indicator	2016 Target	2016 Actual
Total Recordable Incident Frequency (TRIF)	0.16	0.18 (no change from 2015)
Lost Time Incident Frequency (LTIF)	0.035	0.017 (58% decrease from 2015)

2010-2016 Total Recordable Incident Frequency



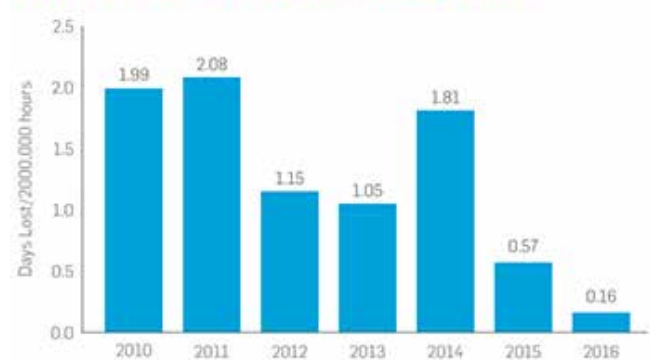
2010-2016 Hours Worked



2010-2016 Lost Time Incident Frequency



2010-2016 Lost Time Severity (Days Lost)



Leading indicators

- > Behaviour Interaction Program (BIP): 87% of projects achieved target
- > The BIP immediately reinforces the desired behaviours and helps us focus on the areas needing improvement.
- > Imminent Dangers: 92% of projects achieved target
- > Imminent dangers help us resolve situations before they cause injuries.
- > Incident Investigations: 99% of incidents investigated
- > Safety Training: 87% of our sites achieved target of ensuring every employee received safety-related training
- > Contractor Premobilization: 97% of contractors properly pre-assessed
- > Corrective Actions: 92% on-time closure rate



Some
tools are
irreplaceable



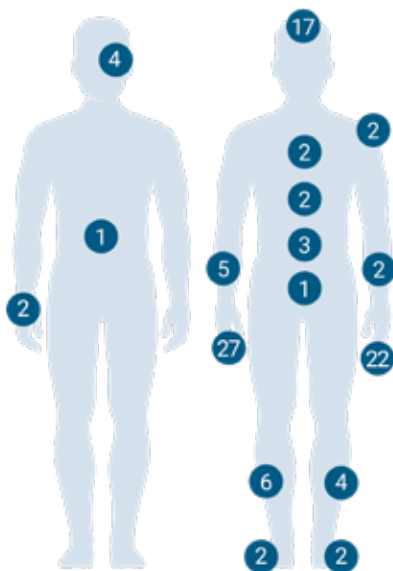
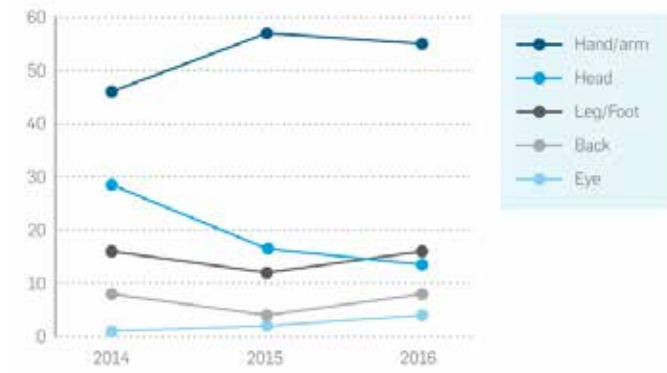
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2016 Recordable Incidents by body part

Tracking incidents by injured body part and the associated Critical Risk Control Protocol allows us to focus on our programs and initiatives in the right place to prevent these mishaps from recurring.



1 Not Specific / Multiple

High Potential Incidents by Critical Risk Control Protocol

HiPo Critical Risk Control Protocols

1. Vehicles and Mobile Equipment	10%	5
2. Hazardous Material Management	2%	1
3. Equipment Safeguarding	12%	6
4. De-Energization, Isolation, Lock-Out and Tag	10%	5
5. Working at Heights	41%	21
6. Lifting Operations	4%	2
7. Confined Space	0%	0
8. Excavations, Trenches and Coring	6%	3
Other	16%	8

Environment

At SNC-Lavalin, we strive to ensure that our activities support the development of communities while causing no lasting harm to the environment. We help our clients build projects that improve people's lives, preserve the environment and provide value to their businesses and stakeholders for generations to come.

We recognize that our activities—office, construction, operations and maintenance work, project design and engineering, and infrastructure ownership investments—impact communities and the environment. We systematically team up with our partners and clients to minimize any negative impacts and maximize the sustainable benefits of these activities.

Governance

Oversight and reporting

Our senior management team communicates our Global Environmental Management System (GEMS) requirements to the sectors, business units, divisions and work sites. Site line management—executives, managers and supervisors—are accountable for implementing GEMS. Within each sector, a dedicated Health & Safety, Security and Environment (HSSE) Lead helps communicate GEMS and its requirements to our employees and partners.

Environmental performance, challenges and opportunities are reported on a quarterly basis to the Safety, Workplace and Project Risk Committee (SWPRC) of the Board of Directors.

An integrated policy

On January 1, 2016, we replaced our Environmental Policy with an integrated Health & Safety, Security and Environment (HSSE) Policy. The new Policy captures our commitments in each area while fostering the development of common processes. In early 2017, the Global Health & Safety, Environment and Global Security teams conducted their annual review of the policy and recommended its adoption with no modifications.

Code of Ethics and Business Conduct

Every employee and consultant is required to review, acknowledge annually and abide by our Code of Ethics and Business Conduct. The Code contains a specific provision outlining our commitment to observe and comply with all applicable environmental standards and practices.

Global Environmental Management System

Since 2013, our Global Environmental Management System (GEMS)—also called our GreenBook—has been helping us identify and apply best environmental management practices while ensuring our activities comply with all applicable laws and regulations. GEMS meets the requirements of the ISO 14001 standard and is updated annually.

GEMS is designed to achieve continual improvement using a Plan-Do-Check-Act approach.



In 2016, we aligned GEMS with the new ISO 14001:2015 standard. The main modifications made were:

- > Identifying internal and external issues that impact our environmental performance, specifically our ability to meet our compliance obligations, achieve our environmental objectives and protect the environment
- > Ascertaining the environment-related needs and expectations of shareholders, the SNC-Lavalin leadership team, employees, partners, clients, contractors, regulators, surrounding communities and NGOs
- > Incorporating a life-cycle perspective to ensure we consider a project's lifecycle stages and the environmental aspects associated with each stage as well as the degree of control SNC-Lavalin can exercise at each stage

GEMS includes the following key tools and documents:

- > Leading indicators
- > Best Environmental Management Practices (BEMPS)
- > Audit tools

Additional environmental obligations based on our BEMPS and site-specific environmental protection requirements supplement any existing applicable environmental standards, laws and regulations. We share these obligations with all contractors and subcontractors working on our construction sites.

The GreenBook is available across our organization via our Infozone site.

New projects: 100-day review process

Initiated in 2015, a 100-day review process ensures that new projects are set up in accordance with our systems including all GEMS requirements. This process allows us to start off major projects on the right foot and quickly identify and address issues before they impact performance.

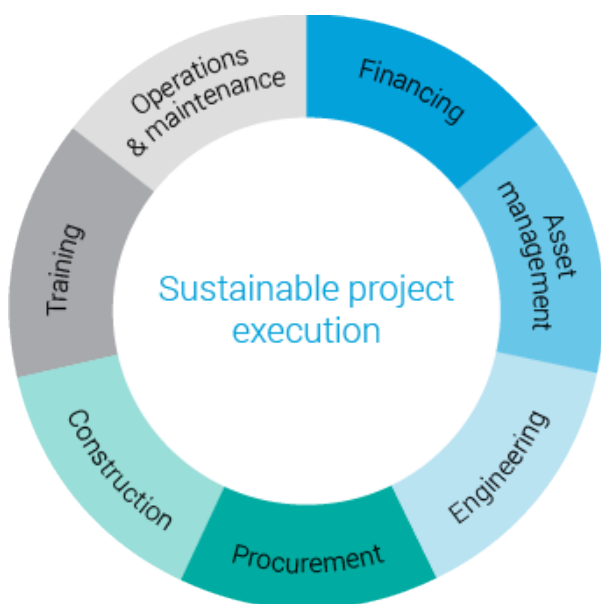
Good neighbourhood committees

We set up good neighborhood committees on all our major projects to build bridges with surrounding communities. These committees raise community awareness and understanding of projects, their expected impacts and proposed mitigation measures. They also provide stakeholders with the opportunity to share their concerns, ask questions and even propose solutions.

Environmental expertise

Our professionals are continually seeking ways to increase the environmental benefits of every project we work on. This is where we make our biggest contribution to the environment. We apply innovative thinking to effectively manage our clients' engineering and construction projects, and build facilities and infrastructure that meet the highest environmental standards.

In-depth environmental expertise is embedded in each of our four business sectors: Infrastructure, Mine & Metallurgy, Oil & Gas and Power. In addition, our Environment & Geoscience team offers a broad spectrum of services to help clients create projects that not only overcome sustainability challenges but also set new standards of environmental excellence.



Environmental performance

At SNC-Lavalin, we require all our controlled sites—offices, operations and projects—to report all incidents and leading indicators for both our employees and our contractors. For non-controlled sites, only the environmental incidents triggered by our direct hire employees and contractors must be reported.

2016 results

For the second consecutive year, we monitored five Global Environmental Management System (GEMS) leading indicators.

GEMS 2016 Leading Indicator	Accomplishment
Internal environmental audits conducted	Completed 96% of the planned internal environmental audits for our four business sectors (89% in 2015)
Nonconformities identified during corporate environmental audits closed within 90 days*	Reviewed and closed 100% of the nonconformities within 90 days
Environmental investigations conducted	Reviewed and closed 100% of the environmental incidents requiring investigation (100% in 2015)
Lessons learned related to environmental incidents or initiatives	Produced 75% of the required lessons learned across all business sectors (100% in 2015; requirement for all business units to produce at least one lesson learned on an environmental incident or initiative)
Site visits demonstrating visible environmental leadership conducted by senior managers	Conducted 72% of the planned senior manager site visits (68% in 2015)

*In 2016, we replaced the "employees trained on GEMS" leading indicator with "nonconformities identified during corporate environmental audits closed within 90 days." While GEMS training for employees remains a requirement, we no longer monitor it as a leading indicator. Our business sector Health & Safety, Security and Environment (HSSE) Leads now oversee GEMS training.

Environmental incidents

We continue to strive for excellence in our environmental performance. We define 'excellence' as zero significant environmental incidents, zero notices of violation or any other governmental enforcement action during all project stages.

To help manage environmental incidents, all our sites are expected to conduct an annual environmental incident drill. We take concrete steps to increase employees' awareness and commitment to reporting incidents. These steps include orientation sessions and specific spill response training on major projects. As required by GEMS, all environmental incidents, regardless of their severity or potential impact, must be reported in the HSSE database.

Level III or significant incidents

In GEMS, Level III environmental incidents are classified as 'significant.' We define Level III incidents as involving any of the following:

- > An immediate threat to human life/security or necessitates site evacuation or fire department intervention
- > A persistent or extensive effect on water, soil or air quality
- > Major damage to an aquatic or terrestrial ecosystem
- > Contamination affecting sensitive areas or protected species
- > Closure of an extraction point/water well to human consumption
- > Water or soil contamination that spreads outside site boundaries
- > Extensive decontamination required by specialized external resources
- > A significant or persistent breach of permit/license or consent conditions
- > A notice of violation or citation from regulatory authorities
- > Potential prosecution or prosecution by regulatory authorities
- > A hydrocarbon or hazardous material spill on land equal to or greater than 200 litres
- > A hydrocarbon or hazardous material spill in water equal to or greater than 100 litres

Significant environmental incidents (2012 to 2016)*

012	2013	2014	2015	2016
0	0	4	2**	6**

* Occurrences at all our sites

** Includes notices of violation

In 2016, three of the six Level III incidents were notices of violation (NOVs) and three were environmental releases.

Notices of violation

Two of the three NOVs were due to earthworks not shown on the plans approved by local authorities. Neither of the earthworks had any impact on the environment. The third NOV was for a visual nuisance—uncut grass and an abandoned shed and vehicles—at one of our facilities. While none

of these infractions resulted in fines or further enforcement, corrective actions were taken. These minor issues led to a renewed focus on work instructions and procedural compliance.

Environmental releases

Two of the three environmental releases in 2016 were related to equipment fluid releases to land exceeding 200 litres. The third one involved an approximately 300-litre release of 19% aqueous ammonia into a secondary containment that required the evacuation of workers in the immediate vicinity. Response teams were immediately on hand to address the releases as per our site intervention plans and local legislation. No significant impact on the environment was observed.

Level I and II incidents

Every year, we also track Level I and II or less significant environmental incidents. In 2016, the most common Level I and II incidents were hydraulic oil spills/leaks, fuel spills, coolant/antifreeze spills and sediment releases. The top three causes of incidents were hose ruptures/disconnects/leaks, equipment failure other than hoses, and improper handling.

The following Best Environmental Management Practices (BEMPs) focus on preventing these types of incidents:

- > Regular preventive maintenance and inspections shall be conducted on equipment.
- > Hazardous materials shall be stored within secondary containment.
- > Hazardous materials shall be stored at a safe distance from any sensitive area.
- > Refuelling activities shall be conducted on impermeable surfaces or using impermeable liners or absorbent sheets.
- > Refuelling and fluid transfer activities shall be supervised at all times.
- > Maintenance activities shall be conducted at a safe distance from any sensitive area.
- > Stationary equipment (compressors, generators, heating devices, etc.) shall be placed on drip pans.
- > Soil disturbance shall be limited to current work areas.

Perfect Days

In 2016, we introduced the notion of Perfect Days. A Perfect Day is any calendar day with no work-related injuries, security events or environmental releases. This global indicator covers all our activities and sites around the clock. We registered 27 Perfect Days in 2016 and our target for 2017 is a minimum of 30 Perfect Days.

Lessons learned

In 2016, we focused on quality instead of quantity with seven lessons learned produced and distributed to the four business sectors' HSSE Leads. The lessons learned revolved around:

- > Preventing environmental incidents
- > Taking extreme weather into account at the design stage
- > Presenting effective environmental initiatives that can be implemented on other projects (e.g. improved concrete washout areas on construction sites)

Environmental focus at our facilities

Due to the nature of our business, our greatest opportunity to positively impact the environment is through our clients' projects. At the same time, we continuously seek and implement solutions to shrink our own facilities' environmental footprint. This includes programs to reduce waste and energy consumption.

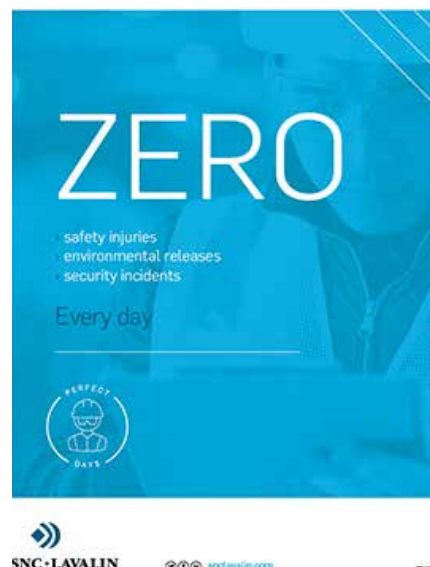
In 2016, we developed a standard operating procedure (SOP) to standardize environmental management at our offices around the world. We also created an office environmental tool to verify compliance with the SOP. We'll begin implementing this standard in 2017, starting with our 21-storey global headquarters in Montreal, Canada.

Energy consumption

We've been filing an annual Carbon Disclosure Project (CDP) report since 2007. Major sources of emissions include our offices and production facilities as well as our Oil & Gas sector's field activities. Only first-hand information is used for Scope 1 and 2 calculations. While our emissions inventory isn't verified externally, the calculations are verified internally by our Acoustics, Air Quality and Climate Change team. This team provides our external clients with verification services.

We set a year-over-year emissions reduction target for office locations of 5% for 2016. Further restructuring and optimization enabled us to surpass our 2016 target and decrease our office-related emissions (scope 1 and 2) by 24% compared to 2015. This marked the fourth consecutive year of reductions.

Our overall scope 1 and 2 emissions dropped by 12%, due to a change in our projects' nature and location and optimisation of all permanent sites including production facilities associated with our Production & Processing Solutions business unit. Significant environmental incidents (2012 to 2016)*



Energy consumption (2011 to 2016)

Energy (GJ) ¹	2011	2012	2013	2014	2015	2016
	836,923	566,857	213,888	172,238 / 559,273*	945,415	884,123
GHG emissions¹						
(t eq CO₂)	45,392	33,095	10,717	9,689 / 62,683*	71,154*	62,389

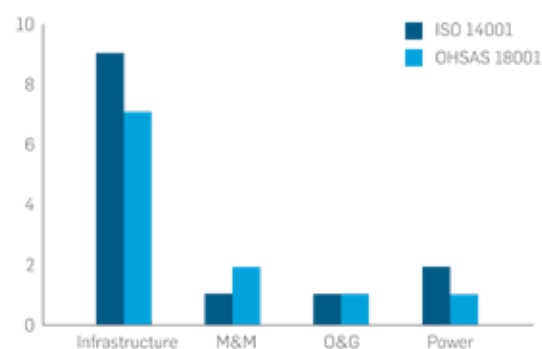
¹ Direct (scope 1) and indirect (scope 2)

* In August 2014, SNC-Lavalin acquired Kentz. For the 2014 reporting year, the two companies filed separate data on energy consumption and GHG emissions. SNC-Lavalin's GHG emissions totalled 9,689 t eq CO₂ and the combined SNC-Lavalin and Kentz emissions totalled 62,683 t eq CO₂. This combined total must be compared with the 2015 total of 71,154 t eq CO₂. The increase between 2014 and 2015 is attributed to higher emissions associated with increased field activities on project sites.

Certifications

In 2016, a total of 13 SNC-Lavalin entities and projects were certified ISO 14001 and 11 were certified OHSAS 18001. The umbrella certification of our Oil & Gas sector covers 62% of our workforce. The following graph breaks down the certifications by business sector:

Environmental performance



In Canada and abroad, we have a team of more than 80 Leadership in Energy and Environmental Design (LEED®) accredited professionals. In 2015, we began working with the Envision™ standard issued by the Institute for Sustainable Infrastructure. Seven SNC-Lavalin employees are now certified ENVISION™ Sustainability Professionals. We expect this number to grow as the use of this new standard to design and build sustainable infrastructure increases.

HSSE Week

We've been celebrating Canadian Environment Week since 2007. In 2016, we held our first global HSSE Week during Canadian Environment Week. The intent of the week was to raise our employees' awareness of the importance of health & safety, security and the environment in their day-to-day life, and to celebrate what we do well as individuals and as a company. Among other activities, employees participated in the following webinars:

- > Integrating sustainability into our projects
- > Health & safety impacts across our organization
- > Our travel security program
- > Our business resilience and recovery program



Economic impact

What we do creates long-lasting value for clients, end-users, employees, partners and societies worldwide.

Our financial strength

The stronger SNC-Lavalin is financially and the more streamlined and efficient, the greater its capacity to win and deliver projects that contribute to local economies. In 2016, we generated good returns despite market and economic challenges. Given our diversified backlog and solid long-term outlook and cash position, we also raised our quarterly shareholder dividend by 5%, sustaining a 16-year trend of increases.

Early in 2016, we launched our Operational Excellence program to drive efficiencies, improvements and alignment with our core business strategy. Throughout the year, we successfully delivered major projects and won new business across our four sectors. Ensuring our operations are efficient, our people deliver as promised to clients, and our company is ethical and profitable strengthens our long-term sustainability and the economic role we play with various stakeholders and communities.

Contributing nationally, regionally and locally

Our approximately 35,000 employees are directly improving communities and people's quality of life. Together, we're contributing to national, regional and municipal economies with revenue-generating projects. These projects deliver the innovative, sustainable solutions the world is calling for.

We're one of very few firms with the resources, capabilities and experience to invest in, design, build, then operate and maintain infrastructure and facilities that enhance lives. On every project, our goal is to maximize our local presence along with the economic and social benefits to local stakeholders.

We've honed and proven our world-class project delivery capabilities on thousands of global projects.

Sustainable project execution

Delivering world-class project execution at every life-cycle phase is how we help foster our clients' prosperity. And to be 'world class' today, a project needs to be sustainable in its design, implementation, operation and legacy.

That's why we strive to consistently apply sustainable technologies and best practices on all client projects. Providing strategies for reducing a project's environmental footprint and maximizing its life-cycle value is part of our approach. So is creating shared value with our clients and the communities we operate in. For clients, this means successfully delivering projects with low lifetime costs. For communities, it's about sourcing, hiring and investing locally.

Local Resources Development Initiative (LRDI™): A shared-value approach

Our best-in-class LRDI™ program focuses on creating shared value between major engineering and construction projects and local rights-holders, governments and other community stakeholders. It recognizes the intrinsic link between social development and economic impact, and makes strengthening both a key priority in host communities without impacting project costs, schedule, quality and safety. Since 1997, we've partnered with clients to successfully integrate the LRDI™ into client projects worldwide.

The economic benefits generated by the LRDI™ include:

- > Reducing client costs by using local labour and suppliers
- > Improving project profitability
- > Creating local jobs
- > Building local capacity, opportunities and wealth
- > Strengthening local businesses, supply chains

Strengthening clients' social license to operate

Clients have identified our LRDI™ program as a key driver of their projects' success. The LRDI™ helps them obtain and strengthen their social license to operate at the project's outset. It serves as a key differentiator and competitive advantage at a time when the need for resources and the influx of capital are at their peak. As the project moves into the operations phase, we gradually transfer this knowledge and these skills to clients.

As an integral part of a project's sustainability and social responsibility framework, the LRDI™ allows us to pinpoint and address social issues and opportunities at all project stages. In turn, this creates new possibilities for both the project and sharing value with the community. LRDI™ strategies also enable us to avoid social hazards and minimize other risks during project execution.

Key components

Our LRDI™ services and solutions are grouped into three main pillars, each one comprising operational objectives.

Pillar 1 INCREASE LOCAL WORKFORCE EMPLOYABILITY

- > Provide hands-on training for specific skill sets, customized to meet the project's needs and adjusted to local regional context
- > Ensure ongoing skills-matching between jobs and trainees
- > Collaborate with local institutions

Pillar 2 ENCOURAGE ENTERPRISE DEVELOPMENT

- > Integrate SMEs as providers of services and goods
- > Train and mentor to satisfy project's standards
- > Adapt work-packages to local reality
- > Leverage local markets strengths and opportunities

Pillar 3 STRENGTHEN LOCAL SUPPLY CHAIN

- > Provide on-demand training
- > Share appropriate technology
- > Leverage market opportunities
- > Focus on project carriers and keep commercial viability
- > Support local industrial clusters
- > Maintain supply chain sustainability

How LRDI™ works

Each customized LRDI™ program kicks into action at the beginning of a project's construction phase. We start by assessing the skills and capacities of the local workforce and businesses to develop a tailored training curriculum adapted to their needs. In parallel, our team builds strong relationships between project managers and community representatives to maximize employment and outsourcing opportunities.

Main LRDI™ benefits

For local communities:

- > Provide employment opportunities and support the entry of young people into the labour market
- > Create a pool of semi-skilled/skilled local labour
- > Strengthen local small/medium enterprises (SMEs) and regional supply chains
- > Open training and earning opportunities for women

For clients:

- > Reduce construction and operation costs through local employment and procurement
- > Gain better visibility by optimizing collaboration with local communities and authorities, the private sector and other key stakeholders
- > Develop projects in compliance with internationally recognized best practices and standards in local development

LRDI™ legacy

Since 1997, we've successfully integrated our LRDI™ program into major projects for a variety of clients around the world, including:

Year	LRDI™ Involvement	Local Workforce	Local SMEs
2014 SAUDI ARABIA	Saudization <i>Umm Wu'al Phosphate Project</i> Ma'aden Mining Company	Anticipate 540 trained <ul style="list-style-type: none"> > 100% Local hire > Training success rate: 94% > Placement rate: 100% 	Anticipate <ul style="list-style-type: none"> > Over 100 local SMEs registered > Over 10% of total project procurement budget spent locally > Comprehensive Local Business Directory
2012 ANGOLA	Regional poverty alleviation <i>Matala Hydro Power Rehabilitation Project</i> ENE	600 trained <ul style="list-style-type: none"> > 65% Local hire > Training success rate: 91% > Placement rate: 95% 	
2010 PANAMA	Government Labor Requirements <i>Mina de Cobre Copper Project</i> Inmet Mining	1342 trained <ul style="list-style-type: none"> > Placement rate: 53% 	
2008 AFGHANISTAN	Military & civil conflict <i>Arghandab Irrigation Project</i> Government of Canada	1836 attendees <ul style="list-style-type: none"> > Training activities (including SMEs trainees) 	<ul style="list-style-type: none"> > 103,609 person/days of job created > 1,842 seasonal jobs created > Creation of 460 permanent jobs > More than 100 contracts awarded to local businesses
2006 MADAGASCAR	Resource nationalism <i>Ambatovy Nickel Project</i> Sheritt, Sumitomo & Kores	6100+ trained <ul style="list-style-type: none"> > 65% Local hire > Placement rate: 95% > 1,500 jobs for women 	<ul style="list-style-type: none"> > 50,000 SME training and mentorship > \$900 million in local procurement > 700 contracts with local SMEs
1998 MOZAMBIQUE	Post civil war redevelopment <i>Mozal I & II Aluminum Smelter Project</i> BHP-Billiton & Mitsubishi	6000+ trained <ul style="list-style-type: none"> > 70% local hire > 5,033 job opportunities created during Construction 	<ul style="list-style-type: none"> > Over US \$94 million of the project cost was expended in the local economy > Over 150 SME's established

A focus on sustainable development

Our vision is to work with clients to implement, whenever and wherever possible, a sustainable development strategy for each project. In part, this means looking for engineering solutions that contribute to sustainability. Our power, oil and gas, infrastructure, and mining and metallurgy experts seek sustainable approaches and solutions throughout a project's lifecycle, from design and engineering to construction and long-term operations and maintenance.

Sustainable development also includes engaging with the community and key stakeholders in a meaningful way that considers their needs from the very outset of every project. The objective is to ensure optimal local involvement and benefits at every step. Our best-in-class Local Resources Development Initiative (LRDITM) helps us do just that. Today, the LRDITM is aligned with international best practices for stakeholder relations. [canada-line-sustainability-thumbnaill](#)

Rail & Transit: Helping create sustainable urban centres

Our Rail & Transit experts help deliver public transit infrastructure that supports sustainable urban growth and generates significant economic, social and environmental benefits. In Canada, we've been selected to work on 10 of the country's 13 most recent major light rail transit projects.

With the world's population increasingly city based, urban mobility is one of the toughest challenges cities face. In Toronto, Canada alone, traffic congestion costs the city's economy \$3.3 billion per year. Around the globe, transit infrastructure is aging and networks are saturated. These trends make the need to rethink urban mobility and public transit greater than ever.

Optimized transit systems help persuade car drivers to travel by public transit. These systems lie at the heart of Smart Cities. Efficient, up-to-date public transit attracts new businesses and investors. Large-scale infrastructure projects also create sustainable jobs with an unmatched variety of specialties and responsibilities compared to other industries.

[Read this white paper and blog to learn more.](#)



Renewable energy: Powering today, protecting tomorrow

We've played a key role in power projects for more than a century. As the global demand for sustainable energy sources grows, we took a significant step in 2016 to ensure we continue leading the way in this sector. We established our Renewable Energy Centre of Excellence in Toronto, Ontario, Canada, where the provincial government has introduced a Green Energy Program.

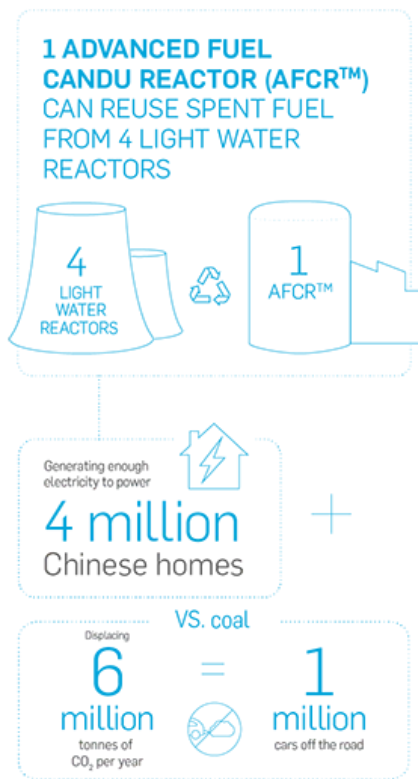


The centre will help reinforce our global leadership in practical, best-in-class turnkey utility-scale renewable power solutions. To date, our teams have engineered and built some of Canada's biggest photovoltaic and wind plants, along with some of the largest power plants around the world. In 2016, we made significant investments in our renewable energy business by continuing to build both a highly skilled team and a competitive offering. This, in turn, allowed us to qualify for many wind and solar bid opportunities around the world.

Nuclear energy: Safe, reliable, affordable and low carbon

In the 1960s, we helped pioneer Canada's commercial nuclear industry. Today, we provide in-depth refurbishment expertise for CANDU reactors. We're committed to efficiency and safety at all levels and phases of a nuclear project. This process begins with ensuring we identify and mitigate hazards, and then use industry-leading approaches to optimize project execution.

In 2011, we became the first engineering and construction company to receive N-Stamp certification for safety and quality from the American Society of Mechanical Engineers (ASME) Nuclear Component Certification Program. In 2016, we signed an agreement in principle to develop our next-generation CANDU reactors with partners in China, the world's largest nuclear market. Our Advanced Fuel CANDU Reactors (AFCR™) will run on recycled uranium, improving uranium resource use and reducing utilities' fuel costs. This unique reactor technology will also help make safe, reliable, affordable and low-carbon energy more accessible worldwide.



Capital - Creating value

Capital, our investment and asset management group, makes projects happen and drives our community investments. It plays a decisive role in building sustainable landmarks that yield enduring benefits to communities long after we've exited our investment. Capital helps create projects that are economically viable and generate both sustainable value and a positive social impact for decades to come.

We not only finance, design and build these landmarks, we often operate and maintain them for a defined period. These activities produce a return that allows us to make further contributions to local communities.

Capital focuses on increasing our investment activities in our four sectors, providing equity and debt solutions to finance projects, and managing our multi-billion-dollar portfolio of infrastructure investments. Our effective project financing solutions have earned industry awards in both Canada and the US.

An integrated, proactive asset developer and manager

Our Capital experts work internally across our sectors and externally with strategic financial partners to proactively develop new business and investment opportunities. Capital integrates and expands our full life-cycle asset management capabilities. It reinforces our global reputation as a partner of choice for large, complex projects such as our highly successful public-private partnerships (P3s) in Canada.

We're replacing the John Hart Generating Station on Vancouver Island, which, when completed, will deliver significant triple bottom-line benefits. We also delivered and now operate and maintain the Canada Line in Vancouver, the country's first major rapid rail project to use a P3 model. Other recent examples include the McGill University Health Centre in Montreal, one of North America's leading healthcare complexes, and the Maison Symphonique de Montréal, one of the world's most beautiful symphony halls.

Focused on value

Capital strategically monetizes our assets to maximize return on equity for SNC-Lavalin. It seeks to generate enhanced value by enabling new projects in our four sectors and optimizing their life cycles. It also strengthens our focus on first-class asset management and on structuring investments to earn a return on capital in line with each project's risk profile.

Through Capital, we invest wisely to create value for all involved. We monetize mature assets, redeploy funds and provide access to new sources of development funding and equity. Cross-sector project financing teams target projects with direct engineering, construction and operations and maintenance opportunities.

Our P3 expertise in action

The global challenge of finding ways to close the 'infrastructure gap' and build or upgrade critical and aging infrastructure in urban centres has never been greater. Today, the P3 model of public-private partnerships is widely recognized as an effective way to finance, design, build, operate and maintain major infrastructure projects.

P3s help optimize cost benefits, schedule certainty and asset availability. They also transfer risk to private-sector partners without sacrificing environmental compliance, quality and safety. P3 partnerships leverage private-sector innovation and efficiency by integrating the design, construction and operations and maintenance phases. The result is greater value for money for both public-sector partners and the communities they serve.

At SNC-Lavalin, we've been spearheading successful P3 projects across Canada since 1999. Here are some recent examples of our P3 expertise in action.

Toronto's largest transit expansion

In 2015, the Ontario government selected our consortium Crosslinx Transit Solutions General Partnership to design, build, finance, maintain and rehabilitate the Eglinton Crosstown LRT line. The 19-kilometre rail corridor includes 10 kilometres underground and 25 stations and stops along a major artery.

The project will ease traffic and congestion, move people up to 60% faster than existing bus services and handle more than 10 times as many passengers. It will also create thousands of jobs. Crosstown is Canada's first transit project to receive green bond funding for environmentally friendly infrastructure.

This 'first' earned Crosstown a 2015 Gold Award in project financing from the Canadian Council for Public-Private Partnerships (CCPPP). In 2016, it won a Silver Award for Best Transit and Aviation Project from P3 Bulletin, a magazine and website focused on infrastructure P3s around the world. Crosstown service will begin in 2021.



Changing Montreal's skyline

Every year, some 50 million vehicles cross Montreal's Champlain Bridge. In 2015, the Canadian government chose Signature on the Saint-Lawrence Group to replace this important aging gateway. As the partnership's major equity partner, we'll design, build, finance, operate, maintain and rehabilitate the Champlain Bridge Corridor.

The 8.4-kilometre highway corridor is one of North America's largest infrastructure projects. It includes a new 3.4-kilometre Champlain Bridge, designed to last 125 years, as well as a new 470-metre Île-des-Sœurs Bridge. Our team developed innovative and environmentally sound solutions to meet the project's challenging schedule while creating an iconic structure that will enhance Montreal's skyline for decades to come.

The New Champlain Bridge Corridor Project received a CCPPP Gold Award for effective procurement in 2015. In 2016, it earned a Gold Award for Best Road/Bridge/Tunnel Project in America from P3 Bulletin.



Innovating in B.C.'s power sector

In operation since 1947, the John Hart Generating Station supplies British Columbia's Vancouver Island with about 11% of its electricity. In 2007, BC Hydro began planning the station's replacement to reduce significant seismic, station reliability and downstream fish habitat risks. In early 2014, the provincial electric utility chose our InPower BC P3 partnership to design, build, maintain, rehabilitate and partially finance an innovative underground powerhouse that will enhance public safety and improve the site's environmental footprint.

John Hart is the first performance-based P3 model used for a hydroelectric project in North America. InPower BC developed a sophisticated financing plan that enabled investors to feel comfortable with the project's unique risks and risk allocations.

Once completed, the entire station will be underground, restoring this part of the Campbell River to its natural beauty. In 2015, John Hart won the Judges Award for Best P3 Project at the P3 Awards in New York City.



Bringing light rapid transit to Canada's capital

As part of the Rideau Transit Group (RTG), we were selected in late 2012 to design, build, finance and maintain Confederation Line, Ottawa's first light rapid rail transit system. The Confederation Line is one of North America's biggest P3 rail transit projects. It's also Ottawa's largest infrastructure project since the building of the Rideau Canal in 1832.

The Confederation Line will convert the existing Ottawa Bus Rapid Transit corridor into a full LRT system as well as widen and rehabilitate four kilometres of Ontario's Highway 417. The project's first phase includes 12.5 kilometres of guideway, 10 above-ground and three underground stations and a 2.5-kilometre tunnel beneath Ottawa's downtown core.

Our robust financing solution featured short-term and long-term debt as well as equity capital, along with Canada's first fully underwritten, unrated, long-term placement loan. This innovative project financing structure earned RTG North America's Public-Private Partnership 2013 Deal of the Year from Project Finance Magazine. Among other awards, the Confederation Line also won the Silver Award for Best Rail/Transit Project from P3 Bulletin in 2014. Scheduled to begin service in 2018, the new light rail system will significantly reduce pollution and traffic congestion in Canada's capital.



Social Impact

As engineers, our goal is to help build stronger communities.

At SNC-Lavalin, we know that we can make a difference in every community where we work. That's why we always strive to make positive contributions and deliver sustainable projects. Our contributions include the impact of our engineering and technologies as well as our project-related economic spinoffs, local employment and training, and charitable involvement.

Our success hinges on an effective and proactive approach to community engagement. We not only look at what local stakeholders can do for the project, but also what our client's project can do for them.

This approach allows us to truly align project and stakeholder needs and interests. It creates the conditions for engaging respectfully with each other. Together, we find solutions to issues that are important to and generate benefits for all. This includes ensuring that our solutions help communities achieve their social and economic development goals.

Community engagement

Employee volunteering

We're proud of our employees' community engagement. In 2016, they cycled, skydived, hiked, golfed and, among other things, cooked to support dozens of worthy charities, as well as literally saved lives. They also won awards for their contribution in several areas. Here's a snapshot of some key community activities and employee awards across our four sectors.

Awards and distinctions

- > Our Health, Safety, Security and Environment (HSSE) team on the Antucoya copper project in Chile received the 2016 National Outstanding Achievement Award from the Canadian Safety Society of Engineering for its innovative "Safety – It's in your hands" campaign. The highly successful campaign reduced the rate of hand injuries on the project to almost zero.
- > The team behind our Local Resource Development Initiative (LRDI™) program on the massive Ma'aden sulphuric acid complex in Saudi Arabia was recognized for its excellence in improving job skills at the Ma'aden Umm Wu'al Phosphate Project HSE and Partnership Awards.
- > Our Thermal team was recognized by Prince George's County Supplier Development and Diversity Division (SDDD) for engaging local and minority businesses on the Keys Energy Center thermal project in Maryland.
- > Dr. Alfred Hanna, Senior Vice-President Special Projects, Hydro Power & Delivery, received two 2016 Corporate Vision (CV) Magazine Executive Awards: the Best Hydro Engineering & Construction VP in Canada Award and the Award of Excellence in Hydropower Solutions in North America.

- > Stephen Yu, Engineer Emeritus, CANDU Product Development, received the Canadian Nuclear Society (CNS) Harold A. Smith Award for his outstanding contribution to CANDU engineering and product development.
- > Christine Harries, a junior engineer, received a Water's Next Young Professionals Award from Water Canada magazine for her optimal building structure designs for wastewater treatment and drinking water production.

Health, youth and community

- > Our various teams working on the Ichthys LNG project in Australia cycled, shaved their beards and, among other activities, skydived to raise more than \$138,120 for organizations such as OzHelp Foundation (suicide prevention), the Leukaemia Foundation, Courage for CanTeen (young people living with cancer) and Camp Quality (children living with cancer).
- > To mark Mental Health Week, employees in our Perth office came together to raise funds for Lifeline WA, an organization dedicated to preventing suicide, supporting people in crisis and creating equal opportunities for emotional wellbeing.
- > Our Infrastructure Ports & Marine team in Vancouver cycled in the Big Bike Ride to raise funds for the Heart & Stroke Foundation. This annual tradition started in 2014 after a colleague suffered and survived a heart attack.
- > For the 13th year, our Clonmel office in Ireland sponsored the local Rotary Club's largest annual fundraising event, a golf tournament.
- > Our Bothell Thermal office prepared and served a home-cooked meal to over 85 grateful children and caregivers at Seattle's Ronald McDonald House.
- > Montreal employees participated in the 88th annual Association de l'industrie électrique du Québec (AIEQ) charity golf tournament to raise funds for Déclic, a non-profit organization working with troubled teens.
- > The UK Rail & Transit team hiked in the Three Peaks by Rail Challenge to raise funds for the Railway Children, an organization that supports homeless children around the world.
- > Employees also cycled to raise funds for Children with Cancer UK and the Alberta Cancer Foundation.

Aid and shelter

- > In Secunda, South Africa, employees collected funds to purchase water for residents affected by drought.
- > Employees from our Russian office in Sakhalin visited the Otradnoe social rehabilitation centre for minors to distribute winter clothes, knitted caps, gloves, winter shoes and Christmas presents to the children.
- > Employees at our Surmont Regional Residence facility, aided by staff in Edmonton and Calgary, helped provide emergency food, supplies, shelter and evacuation assistance to more than a thousand individuals affected by the Fort McMurray wildfires in Alberta, Canada.

Education and diversity

Marie-Claude Dumas, Executive Vice-President, Human Resources, promoted gender diversity in her presentation at the Women in Nuclear Canada conference, for which we were the anchor sponsor.

Donations and Sponsorships

Our donations and sponsorships support ideas and initiatives with the potential to stimulate progress and build the future. Our goal is to have a positive impact on communities, learning and innovation.

Our donations and sponsorships in 2016

In addition to completing client projects that improve the well-being of people around the world, our employees are involved in fundraising activities for both local and national charities. In 2016, we supported more than 85 organizations through donations and sponsorships totalling more than \$1,231,000.



United Way/Centraide Canada

During the 2016 United Way/Centraide Canada campaign, we raised nearly \$510,400 to support social programs and community initiatives. Employees' year-over-year contribution increased by 14% to \$233,035, a record high since 2012, which SNC-Lavalin matched. Our Centraide Cup event raised \$10,000 and our pensioners contributed \$34,300. Employees will seek to contribute \$240,000 to the 2017 United Way/Centraide campaign.

The United Way/Centraide Canada is a non-profit organization that raises funds across Canada for local groups addressing community issues such as unemployment, affordable housing and shelters. Centraide of Greater Montreal is the local arm of the national organization.

The Canadian Cancer Society

April is Daffodil Month in Canada. The daffodil is a symbol of strength and courage in the fight against cancer. On April 6, 2016, employees at our head office in Montreal donated their time and money to the Canadian Cancer Society. They sold daffodil flowers and pins, raising funds to help Canadians living with cancer and their families.

The Canadian Cancer Society is a national, community-based organization of volunteers dedicated to eradicating cancer and enhancing the quality of life of people living with cancer.

Standard Operating Procedure

In September 2016, we updated our Donations, Sponsorships, Employee Involvement and Corporate Memberships procedure to better align with our corporate values and continuously improve our systems and processes.

This revised Standard Operating Procedure (SOP):

- > Articulates our charitable giving and sponsorship principles and priority areas
- > Maintains a consistent approach to social and community investment by ensuring funding is globally aligned with our philanthropic and business objectives
- > Establishes clearly defined opportunities for recognition of employee volunteer involvement and fundraising
- > Clarifies the distinction between a donation and a sponsorship

A focus on education and communities



We support initiatives with the potential to stimulate progress and build the future. Our goal is to have a positive impact on communities, learning and innovation. To achieve this goal, we'll focus on educational causes, in particular, initiatives that assist the next generation of talent as well as local charities that help build caring communities.

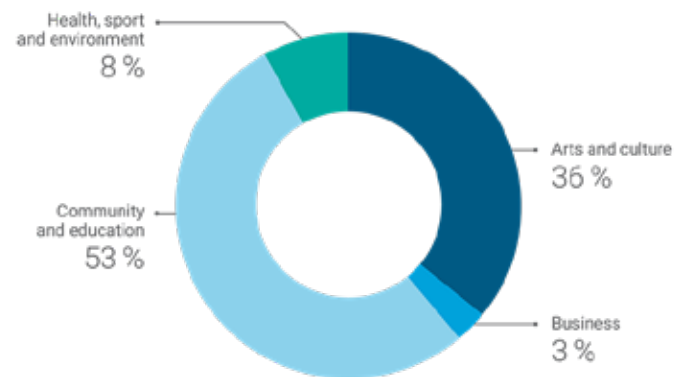
As an example of this focus, we donated \$25,000 to the Canadian Red Cross to fund disaster relief efforts in Fort McMurray, Alberta, after a wildfire devastated most of that community. In 2016, we also donated \$25,000 to KidSport, a national charity helping Albertan families pay for their children's sports activities during this difficult time.

Also in early 2017, we partnered with Alloprof, a unique charitable organization that offers Quebec elementary and high school students free help with their homework and general training to adults and parents.












Over the next three years, we'll donate \$150,000 to help Alloprof create, promote and host a virtual educational assistance tool. This innovative tool will greatly expand the resources available to students struggling with certain school subjects. Our partnership with Alloprof reflects our commitment to build what matters by supporting the education and success of Quebec youth.












Reallocating funds

In 2017, we'll conduct a thorough review of all expiring partnerships, donations and sponsorship agreements. Unfortunately, partnerships that fall outside our priority areas—education and communities—run the risk of not being renewed once they expire.



Project execution

	Project title	Pillars
	Waneta Expansion Project	Environment, Social, Economy
	Boundary Dam Carbon Capture and Utilization Project	Environment
	Newark Energy Centre	Environment, Economy, Social
	Cernavoda Nuclear Power Plant Safety Systems Improvement	Environment, Social
	Vale Clean AER Project	Environment
	Darlington Nuclear Generating Station	Environment, Economy, Social
	EMAL Aluminium Smelter	Environment
	Braskem	Environment, Social
	Matala Dam Project	Social, Environment
	GES+ Program in Saudi Arabia	Social, Economy
	Jabal Omar Development	Economy, environment

	Ambatovy Nickel Project	Social, Environment, Economy
	Taconite Mining Project	Environment, Social
	Calgary West Light Rail Transit	Social, Environment
	South Kent Wind Project	Environment
	Mardumah Bay Water Project	Environment, Social
	Éléonore Gold Project	Social, Economy
	Champlain bridge	Social, Economy, Environment
	MUHC	Social, Environment
	Skikda, Hadjret, Fouka	Social, Economy, Environment
	John Hart	Economy, Environment
	Evergreen	Social, Economy

UK Modern Slavery Act Statement

UK Modern Slavery Act Statement by SNC-Lavalin entities captured by the statute

Introduction and business structure

Founded in 1911, SNC-Lavalin is one of the leading engineering and construction groups in the world and a major player in the ownership of infrastructure. From offices in about 50 countries, SNC-Lavalin's employees are proud to build what matters. Our teams provide engineering, procurement construction, consultancy, completions and commissioning services together with a range of sustaining capital services to clients in our four industry sectors, Oil and Gas, Mining and Metallurgy, Infrastructure and Power. SNC-Lavalin can also combine these services with its financing and operations and maintenance capabilities to provide complete end-to-end project solutions.

SNC-Lavalin maintains high standards for health and safety, ethics and compliance and environmental protection, and is committed to delivering quality projects on budget and on schedule to the satisfaction of its clients.

Within the SNC-Lavalin Group, the following companies operate in the UK and have a worldwide turnover that meets the threshold for disclosure:

- > SNC-Lavalin Rail and Transit Limited
- > Candu Energy Inc.

This statement is signed by these two subsidiaries, in accordance with the requirements of the Act.

Corporate policies and guidance documents

SNC-Lavalin's Code of Ethics and Business Conduct lies at the heart of our Ethics & Compliance program and sets the expectations for integrity and ethics in our business dealings across all of our divisions, Sectors, business units, regions, and subsidiaries. Our Code is unequivocal when it comes to human rights:

"We believe that all human beings should be treated with dignity, fairness and respect.

"SNC-Lavalin is committed to supporting the protection and preservation of human rights throughout its worldwide operations and to ensuring that it is not involved in human rights abuses.

"We will not engage in activities that encourage human rights abuses or that support trafficking in persons or the use of child labour or forced labour. Moreover, we will never knowingly do business with subcontractors, business partners, suppliers or third parties who do not adhere to our principles regarding human rights."

In 2015, SNC-Lavalin adhered to the UN Global Compact and is always working on strengthening the processes required to ensure compliance to its guiding principles.

Risk Assessment

As part of our commitment, we have conducted a preliminary risk assessment to determine which part or parts of our businesses could potentially be at risk of human rights abuses, and determined what processes exist to manage these risks.

While no region or country can be considered to be entirely risk free when considering human rights issues we are of the opinion that both SNC-Lavalin Rail and Transit Limited and CANDU Energy Inc. operate in low risk environments, in relation to issues addressed by the UK Modern Slavery Act.

It should be further noted that the nature of our business is such that we do not consider ourselves to be at risk of directly employing child labour. We have great respect for the labour laws in the countries in which we work.

Existing processes to manage this issue

Current best practices within SNC-Lavalin include:

- > Ensuring that employment contracts are negotiated and agreed to in the language of the candidate.
- > Wages are paid in a timely and consistent manner, in accordance with local laws.
- > Passports are not retained by the employer. However if specifically requested by an employee, the Company can provide safe custody of passports in fire & water proof lockers.
- > In countries where exit permits are required for an employee to leave the country, the Company issues such permits for employees on request.
- > When it is necessary to use recruiting agencies it is company policy to pay all placement fees; as well we demand that the recruiting agencies we use do not charge any placement fees to candidates. Deviation from this policy will lead to an inquiry by our Compliance Investigation team and termination of the relationship with that recruiter.
- > Existence of a grievance mechanism which enables workers to discuss the matter verbally in their own language or in English. There is an escalation procedure and a whistleblowing process which allows any employee to raise any concern anonymously, if they wish to be anonymous.

Anti-Human Trafficking Training

In 2017, SNC-Lavalin Group Inc. launched an on line training program for employees in key positions on the subject of Avoiding Trafficked Labour. This e-learning training activity explains human trafficking and how to recognize it and proposes compliance strategies for our managers to use internally and throughout their supply chains. This training is mandatory for approximately 1,600 employees, including the entire senior

management team, as well as managers and professional staff in the human resources, legal, and ethics and compliance teams. The leadership teams of SNC-Lavalin Rail and Transit Limited and CANDU Energy Inc. are included in this group.

This statement is made pursuant to section 54⁽¹⁾ of the UK Modern Slavery Act 2015 and constitutes the statement of SNC-Lavalin Rail and Transit Limited and CANDU Energy Inc. for the financial year ended 31 December 2016.



Richard George
Group Managing Director
SNC-Lavalin Rail and Transit
Limited



Preston Swafford
CEO, President and member of the
Board of Directors
Candu Energy Inc.

¹Please see section 4.10.1 of our Code of Ethics and Business Conduct

SNC-Lavalin UK Tax Strategy

SNC-Lavalin is a global, fully integrated, professional services and project management company with offices around the world including the UK.

This document is published in accordance with Schedule 19 to Finance Act 2016, applies to all of SNC-Lavalin's UK subsidiaries ("SNC-Lavalin UK") and will remain in force from the date of publication until superseded.

Tax strategy for the financial periods ending 31 December 2017

This strategy is published on behalf of SNC-Lavalin UK in accordance with paragraphs 19(2) and 22(2) of Schedule 19 to Finance Act 2016.

Approach to risk management and governance arrangements in relation to UK taxation

SNC-Lavalin UK is exposed to a variety of tax related risks including tax compliance and reporting, transactional and reputational. Its objective is to adhere to all relevant tax regulations and ensure tax compliance in each country in which it operates. In addition, SNC-Lavalin UK maintains internal policies and procedures to support its tax governance framework, which aligns with its wider risk and control framework.

Day-to-day responsibility for managing UK tax resides with SNC-Lavalin UK's finance teams with support, as appropriate, from SNC-Lavalin's global tax team. The global tax team, led by the Senior Vice-President – Taxation, has the mission of supporting SNC-Lavalin's businesses, including the UK, to ensure compliance with and guidance on all tax matters and internal controls. The SVP – Taxation reports directly to the Chief Financial Officer who, by delegation of the Board of Directors, is responsible for SNC-Lavalin's overall tax strategy, supporting a governance framework and management of tax risks, with key tax issues being reviewed by SNC-Lavalin's Audit Committee.

Attitude towards tax planning (so far as affecting UK taxation)

SNC-Lavalin UK has a responsibility to pay its appropriate share of tax in each of the jurisdictions, including the UK, in which it operates while, at the same time, balancing its responsibilities to its shareholders. SNC-Lavalin UK, in consultation with the global tax team, structures its businesses in a tax efficient manner while remaining compliant with all UK, and other country, applicable tax laws. Where there are alternative methods to achieve the same commercial results or business purpose, SNC-Lavalin UK will consider all relevant factors, including taxation, before deciding the best option. The UK Tax Strategy is in line with the wider SNC-Lavalin tax strategy.

On a case-by-case basis, where there is uncertainty as to how the relevant law should be applied, and depending on other factors such as materiality, uncertainty, application of recently enacted legislation or special technical challenges, SNC-Lavalin UK may seek external professional advice to support the decision making process.

Level of risk in relation to UK taxation that SNC-Lavalin UK is prepared to accept

SNC-Lavalin UK assumes a conservative approach to tax risk and to the adoption of tax positions. Assessment of risk will take account of reputation, brand, governmental relationships, the benefit of certainty and tax authority relationships.

It is understood that there is always some level of tax risk associated with operating in multiple tax jurisdictions, frequent changes in tax laws and different tax authorities taking differing interpretations regarding the application of relevant tax legislation. It does however value certainty on

future cashflows. It values and takes very seriously its reputation as a responsible tax payer not least as it recognises the potential impact of not complying on its ability to win work, particularly with Government bodies.

Approach towards dealings with HMRC

SNC-Lavalin UK is committed to the principles of openness, cooperation, communication and transparency in its approach to dealing with HMRC. All dealings with tax authorities, government officials and third parties should be undertaken in a professional, courteous and timely manner. In the event of an error arising, SNC-Lavalin UK will seek to remedy, disclose and proactively resolve, as soon as reasonably practical after identification as required by law.

SNC-Lavalin UK is committed to the framework for co-operative compliance as developed by the OECD and used by HMRC.



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