



Sustainability Report

SNC-Lavalin

2018

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SNC • LAVALIN

PEOPLE. DRIVE. RESULTS.

NOTICE

This document and its contents have been prepared and are intended solely as information for SNC-Lavalin.

This sustainability report relates to the activities, brands, products and services associated with SNC-Lavalin. Reference in this Sustainability Report to the "Company" or to "SNC-Lavalin", means as the context may require, SNC-Lavalin Group Inc., or one or more of its subsidiaries or joint arrangements.

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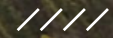
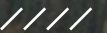
This document has 154 pages including the cover.

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SECTION 1

INTRODUCTION

Bralorne-Takla Restoration Project
British Columbia, Canada



IAN L. EDWARDS

1. INTRODUCTION

1.1. Message from our Interim President and CEO

We are currently undertaking a wide range of initiatives and projects which have a positive impact on society, the environment, and global and local economies around the world. Our business has to respond to increasing amounts of change in the countries we operate in be it in relation to climate change, political instability, the scarcity of resources or the expansion of the global population and increasing urbanization.

To respond to these changes, we are putting Sustainability at the heart of our business strategy and have developed our Sustainability Policy and our Sustainable Business Strategy which is based around the United Nations (UN) Sustainable Development Goals (SDGs) as our route map to a future facing business. Our Sustainability Policy and our Sustainable Business Strategy governs the social, environmental and economic impacts of our business activities worldwide. In establishing our policy and strategy governance structure, our goal is to reduce the impact that our operations have on society and to respond to global environmental and societal trends and changes worldwide.

We have set out the future-facing role we want our business to take and have developed our Sustainable Business Strategy to set long-term targets and measure the impact that our business operations our project activities and corporate initiatives have on society.

Decarbonization is essential to address climate change. This year we progressed with the \$1.093 billion replacement of the ageing John Hart Generating Station on Vancouver Island in British Columbia. This hydroelectric project will create a more reliable, environmentally friendly power station with an installed capacity of 132MW of clean power and will supply power to approximately 80,000 homes in the province. We have finished the life extension project, which will allow Argentina's Embalse Nuclear Station to continue producing safe, reliable, low-carbon power for up to another 30 years. The Embalse CANDU® 6 reactor began commercial operation in January 1984 and the, single-unit has a gross output of 648 MWe. Our offshore capabilities include the provision of a complete range of services including the feasibility of fixed and floating wind turbines and tidal energy installations. Our specialist teams worked with the Swedish company Hexicon as an engineering partner to design the world's first multi-turbine offshore wind floating platform.

Across our infrastructure businesses our New Champlain Bridge Corridor Project received an Envision platinum award for sustainable infrastructure and we completed the first stage of the Crossrail project in London. Crossrail is a joint venture delivering 42 kilometres of new tunnels and 10 new stations. It is the first project of this scale to incorporate sustainability from the beginning and embed sustainable thinking into its decision making. An additional venture we completed that further reduces atmospheric pollution, is the \$1billion Clear AER project, which successfully achieved an 85% reduction in previous sulphur dioxide emissions, a 40% reduction in metal particulate emissions and a 50% reduction in natural gas consumption.



**WORKING CLOSELY WITH
STAKEHOLDERS WITHIN
LOCAL COMMUNITIES IS AN
ESSENTIAL COMPONENT OF
PROJECT DELIVERY.**

Working closely with stakeholders within local communities is an essential component of project delivery. We have particularly strengthened our approach to indigenous relations and have confirmed our commitment to a company-wide certification with the PAR (Progressive Aboriginal Relations) Process, an initiative run by the Canadian Council for Aboriginal Business. Our recent project to restore the land polluted by the Bralorne-Takla mercury mine involved close collaboration with the Takla Lake First Nation and our recent Jimmie Creek Hydroelectric Project in British Columbia resulted in new employment and contracting opportunities for the Klahoose First Nation and adjacent local communities.

Our responsibility for sustainability includes renewing our commitment as a signatory of the United Nations Global Compact in 2018 and engaging in projects that promote the UN's broader development goals. Our 2018 Sustainability Report serves as our Communication on Progress (CoP) in terms of implementing these principles.

We have further strengthened our commitment to diversity and inclusion. In 2018, we released our UK Gender Pay Gap report and included diversity as a key focus area defined in our sustainable business strategy. To deliver our ambitions and grow a more diverse and equal workforce we have appointed senior leadership team diversity sponsors across each of our key sectors who will work to develop clear action plans to further improve our performance moving forward.

Our commitment to sustainability is important to our clients, investors, colleagues and communities we work with worldwide. It is our responsibility to deliver positive change in accordance with the UN Sustainable Development Goals and develop new ways to address the global environmental and societal changes our business faces. We will deliver positive outcomes and foster collaboration through our projects and corporate initiatives to deliver innovative solutions for our business globally.



**WE ARE WORKING CLOSELY WITH 90 PARTNER
ORGANIZATIONS AND HAVE SIGNED AND
COMMITTED TO THE PACI PRINCIPLES WORLDWIDE.**

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SECTION 2

OUR SUSTAINABLE BUSINESS STRATEGY

Photo Credit : Goldcorp Éléonore

Éléonore Gold Project
Eeyou Istchee James Bay, Québec, Canada



**SARAH-JANE
STEWART**

2. OUR SUSTAINABLE BUSINESS STRATEGY

2.1. Putting Sustainability at the Heart of Our Business Strategy

We are putting sustainability at the heart of our business strategy. We are undertaking business activities in a way that is beneficial to the environment, society and global and local economies, allowing us to be a future facing business. Our Sustainable Business Strategy is aligned with the UN Sustainable Development Goals and is based on evaluating our performance against a set of high-level, science-based targets. This gives us a broader perspective on how we define which sustainability issues are material to our business activities. Our strategy recognizes the importance of advancing the triple bottom line of environmental, social and economic sustainability.

Our Sustainable Business Strategy leverages the unique experience we have gained over the years in helping clients address the global and local, social, environmental and economic impacts, opportunities and risks associated with large infrastructure, energy and industrial development projects.

Delivering change will not just relate to our activities as a business in terms of property, resource use and procurement, but help to deliver positive change across all our business activities, including the projects we deliver and the activity of our corporate departments.

"SUSTAINABILITY IS VITALLY IMPORTANT TO OUR BUSINESS ACTIVITIES AS WE PREPARE TO COPE WITH INCREASES IN THE GLOBAL POPULATION, TRANSITION TO A LOW CARBON SOCIETY AND DEVELOP WAYS TO ADAPT AND MITIGATE TO REDUCE THE EFFECTS OF CLIMATE CHANGE."

Sarah Jane Stewart
Global Head of Sustainability

2.2. United Nation's Sustainable Development Goals

In September 2015, the General Assembly of the United Nations adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs).

Building on the principle of “**leaving no one behind**”, the new Agenda emphasizes a holistic approach to achieving sustainable development for all.

In response to this agenda, we became a signatory of the UN Global Compact and have created a Sustainable Business Strategy aligned with the UN SDGs.



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SECTION 3

OUR COMMITMENTS
AND ACHIEVEMENTS

Photo Credit : Jassy Earl

'Wee Architect':
A creative built-environment
workshop for young people
designed and delivered by
New Practice and SNC-Lavalin
Glasgow, Scotland, United Kingdom

3. OUR COMMITMENTS AND ACHIEVEMENTS

3.1. Celebrating our commitments and achievements



ALIGNED OUR BUSINESS STRATEGY WITH THE **UN SUSTAINABLE DEVELOPMENT GOALS**.

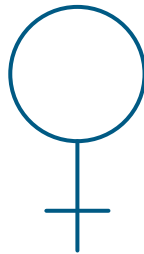


SIGNATORY OF THE **UN GLOBAL COMPACT**.

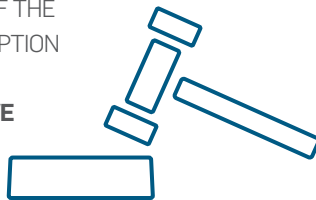


FOUNDING MEMBER OF THE **30% CLUB CANADA**.

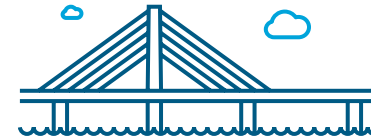
AS OF DECEMBER 31ST, 2018, **18% OF THE LEADERSHIP TEAM AND 30% OF MEMBERS OF THE BOARD OF DIRECTORS WERE WOMEN.**



PARTICIPATED AS CO-CHAIR OF THE PARTNERING AGAINST CORRUPTION INITIATIVE (PACI), **A CEO-LED ANTI-CORRUPTION INITIATIVE LED BY THE WORLD ECONOMIC FORUM.**

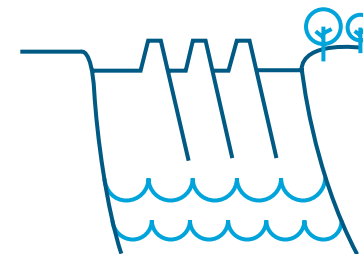


PARTNERSHIP FOR COMPANY-WIDE CERTIFICATION USING THE PAR (PROGRESSIVE ABORIGINAL RELATIONS) PROCESS ADMINISTERED BY THE CANADIAN COUNCIL FOR ABORIGINAL BUSINESS.

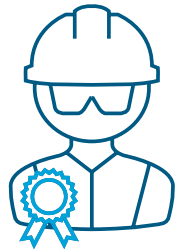


RECEIVED THE **ENVISION PLATINUM AWARD FOR SUSTAINABLE INFRASTRUCTURE FOR THE NEW CHAMPLAIN BRIDGE CORRIDOR IN MONTRÉAL, QUÉBEC.**

RECEIVED THE **ENGINEERS AND GEOSCIENTISTS BRITISH COLUMBIA ENVIRONMENTAL AWARD FOR THE BC HYDRO ROCK BAY REMEDIATION PROJECT.**



RECEIVED THE **OUTSTANDING PROJECT AWARD WITH BC HYDRO FROM THE CANADIAN HYDROPOWER ASSOCIATION FOR THE JOHN HART GENERATING STATION REPLACEMENT PROJECT.**



FOR THE 7TH YEAR IN A ROW, **SNC-LAVALIN HAS BEEN AWARDED PLATINUM ELITE STATUS IN RENEW CANADA'S TOP 100 PROJECTS LISTING.**



3.2. Roadmap

Topic	2017 targets	2017 results	2018 targets	2018 results	2019 targets
Diversity & Inclusion	20% women in senior management by 2018	16% women on senior management team at year-end. 18% women on Leadership Team (i.e. executive officers) at year-end	Re-evaluate targets post - Atkins' acquisition	Job classifications were aligned and targets were re-established, reflecting the new job titles	20% of women among senior leaders
	20% women in engineering and management by 2018	13% at year-end			20% of women among Managers and Senior Professionals
	20% women on Board of Directors by 2018	27% at year-end	Maintain percentage of women on Board of Directors at or above 20%	As of December 31 st , 2018, 18% of the leadership team and 30% of members of the Board of Directors were women (3 out of 10 excluding the President & CEO)	Maintain percentage of women on Board of Directors at or above 30%
Perfect Days	30	41	45	50	55
Health & Safety	0 fatalities	0 fatalities	0 fatalities	0 fatalities	0 fatalities
Lost Time Incident Frequency (LT IF)	0.015	0.028	0.013	0.044	0.013
Total Recordable Incident Frequency (TRIF)	0.15	0.18	0.14	0.14	0.13
Environment	0 significant incidents	2 level III incidents, including 1 notice of violation	0 significant incidents (now defined as high potential incidents which caused significant environmental impact; also includes notice of violation)	0 significant incidents	0 significant incidents
	0 notices of violation				
	N/A	N/A	Establish a baseline for new Total Environmental Incident frequency (TEIF) indicator	0.40	0.35
	10% reduction of direct and indirect GHG emissions from offices	Excluding Atkins' facilities, SNC-Lavalin's office-related emissions decreased by 57% between 2016 and 2017, mainly due to space optimisation initiatives	Align Atkins and SNC-Lavalin methodologies and establish new baseline for Greenhouse gas emissions	SNC-Lavalin and Atkins methodology have been aligned and, starting in 2019, both entities will use the same platforms to collate energy and other sustainability-related data	High-level long term and short-term targets for Greenhouse gas emissions are being established, following a review of the baseline data. A single platform for the collation of all sustainability-related data is in place



SECTION 4

OUR PROGRESS TOWARDS
UN AGENDA 2030

4. OUR PROGRESS TOWARDS UN AGENDA 2030

4.1. Introduction to the UN Sustainable Development Goals (SDGs)

SNC-Lavalin has been a signatory of the UN Global Compact responding to Agenda 2030 since 2015, progressing corporate and project initiatives across all of the goals. It is important to recognize the link between sustainable development and other relevant ongoing processes in the economic, social and environmental fields. We have the potential to create significant positive change across all our activities globally and have assessed the goals in terms of significance to our business operations. Our business is already addressing relevant strategic, economic, social and environmental topics through our corporate initiatives and our project execution. It was essential for us to use the UN SDGs as a framework for assessing which topics had become significantly important to our stakeholders.

The assessment of the issues which matter most is a key component of our Sustainable Business Strategy and our overall business strategy going forward. Addressing the UN SDGs through identified material topics has enabled us to better integrate sustainability and strengthen our economic incentives for operating more efficiently. We have assessed the UN SDGs in order of significance. Higher significance goals includes those which are material to our current business strategy and our 5-year plan. Goals with medium significance are those we are already actively pursuing and will continue to pursue in forthcoming years. Goals with lower significance are those we are already pursuing but that are not significantly material to our business strategy. We have outlined the UN SDGs in order of significance below and have included an example of our current progress towards UN Agenda 2030.

4.2. Business Strategy – 5-Year Plan

We are currently contributing to all 17 of the UN Sustainable Development Goals. We have selected three goals on which we will focus our improvement activities over the next five years. These are the goals we consider to be most material both to our business strategy and activities but also in relation to our stakeholders.

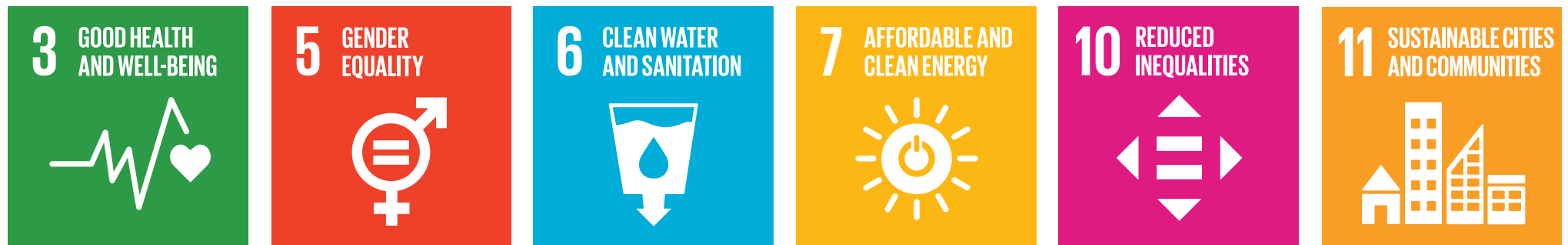


UN GOALS WHERE OUR BUSINESS CAN HAVE A HIGHER IMPACT

4.3. UN goals where our business can have a higher impact

The following UN goals are considered to be of higher significance to our business activities.

Higher significance goals are significantly material to our current business strategy and our 5-year plan business strategy and our 5-year plan.



4.3.1. UN SDG3 – Good Health and Well-being

Our teams have developed a human-centred design tool which uses an innovative engagement process that puts well-being at the heart of the design process. We believe that the future of sustainable design lies within an approach that puts the health and well-being, physical or mental, of individuals and society, at its heart.

4.3.2. UN SDG5 – Gender Equality

We are proud to support the Seize Your Future (SYF), leadership programme supporting women aged 15-20 in Greater Montréal, Canada, who will carry out community projects while benefiting from the guidance of a female mentor and leadership training.

4.3.3. UN SDG6 – Clean Water and Sanitation

We produced a report following an assessment of the resilience of UK water supplies. The report considered the impact of climate change, population growth and environmental factors in strengthening the resilience of water supplies for users across the UK while protecting the environment.

4.3.4. UN SDG7 – Affordable and Clean Energy

The Jimmie Creek Hydroelectric Project serves the BC Hydro grid by providing 170 GWh of clean, renewable energy every year. The project consists of a run-of-river hydro generation facility on Jimmie Creek in the Toba Valley near Powell River, British Columbia.

4.3.5. UN SDG10 – Reduced Inequalities

We believe that diversity is essential for business. We support the Conference of Minority Transportation Officials (COMTO), National Organization of Minority Architects, Women's Transportation Seminar (WTS), National Society of Black Engineers, Women in Nuclear and the Society for Women Engineers.

4.3.6. UN SDG11 – Sustainable Cities and Communities

We applied a "Future Proofing Cities" framework to identify and prioritize practical actions to enable Lagos state stakeholders to make progress in addressing the energy needs of the city.



4.3.7. UN SDG12 – Responsible Consumption and Production

99.7% of excavated material from our Crossrail joint venture project was beneficially reused to develop new nature reserves, recreational facilities, agricultural and industrial land. 80% of this was transported by rail and water, significantly reducing lorry journeys across London.



4.3.8. UN SDG13 – Climate Action

Working with the Global Climate Adaptation Partnership (GCAP) we developed the pioneering Climate Safeguards System, a set of decision-making tools and guides, to enable the African Development Bank (AfDB) to screen projects for climate change risks and identify appropriate mitigation measures.



4.3.9. UN SDG16 – Peace Justice and Strong Institutions

As the co-chair of the Partnering Against Corruption Initiative (PACI), a CEO-led anti-corruption initiative led by the World Economic Forum, we work alongside international organizations, academics and government institutions to develop industry practices which rebuild and foster trust.

UN GOALS WHERE OUR BUSINESS CAN HAVE A MEDIUM IMPACT

4.4. UN goals where our business can have a medium impact

The following UN goals are of medium significance to our business activities.

Goals with medium significance are those we are already actively pursuing and will continue to pursue in forthcoming years.



4.4.1. UN SDG4 – Quality Education

We launched the Engineering Graduate Programme in South Africa to attract graduates and enrol them in a 12-month training programme covering Technical Support Services (TSS), as well as Construction Support. The programme provides the technical expertise required to develop graduates' skills in their chosen field.

4.4.2. UN SDG8 – Decent Work and Economic Growth

Our Local Resources Development Initiative (LRDI™) focuses on creating shared value between our projects and local rights-holders, governments and other community stakeholders. It makes the economic and social development of host communities a key priority. Since 1997, we've trained 17,000 residents worldwide.

4.4.3. UN SDG9 – Industry Innovation and Infrastructure

Our long history of growth has made us one of the world's biggest nuclear service providers. We connect innovation with excellence to develop cutting-edge technologies for nuclear waste management as well as a full suite of advanced robotic tooling and nuclear-grade products.

4.4.4. UN SDG14 – Life below water

We are providing an integrated approach to river basin management, pollution prevention and water resources management. We will protect life below water by alleviating water stress, quality and environmental issues in projects in such areas as the Yangtze River and Yellow River Basins in China.

4.4.5. UN SDG15 – Life on Land

We collaborated closely with the province of British Columbia and the Takla Lake First Nation to restore the land polluted by the Bralorne-Takla mercury mine. We designed a landfill which allowed a forested ecosystem to return and flourish following initial planting with native species.

UN GOALS WHERE OUR BUSINESS CAN HAVE A LOWER IMPACT

4.5. UN goals where our business can have a lower impact

The following UN goals are considered to be of lower significance to our business activities.

Goals with lower significance are those which we are already pursuing but are not significantly material to our business strategy.



4.5.1. UN SDG1 – No Poverty

We have supported United Way for nearly 30 years. The United Way/Centraide Canada is a non-profit organization that raises funds across the country for local groups, addressing community issues such as unemployment, affordable housing and shelters.



4.5.2. UN SDG2 – No Hunger

As a contractor for the Federal Emergency Management Agency (FEMA) following Hurricanes Irma and Maria, our key accomplishment in Puerto Rico was to alleviate hunger through the management, production and shipment of 400,000 meals a day for 57 days.



4.5.3. UN SDG17 – Partnership for the Goals

We have set up a partnership with the Canadian Council for Aboriginal Business (CCAB) and have confirmed our commitment to undertake company-wide certification using the PAR (Progressive Aboriginal Relations) process administered by the CCAB.

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SECTION 5

WHAT MATTERS MOST
TO OUR STAKEHOLDERS

5. WHAT MATTERS MOST TO OUR STAKEHOLDERS

Analyzing our Impact on the Sustainable Development Goals (SDGs) through focused market research of our key stakeholders has allowed us to identify our organization's most "material issues" relating to sustainability. In conjunction with a review of the global societal and environmental trends, we have aligned our business strategies with our Sustainable Business Strategy objectives and taken into consideration the issues which are of greatest interest to our stakeholders.

We firmly believe that addressing the UN SDGs is our responsibility to our investors, the governments we work for, our colleagues and clients. We are already working with national and local governments to transform the way we deliver projects. This allows us to initiate positive change in relation to climate resilience, clean energy, decarbonization, low carbon transportation systems, low-carbon water infrastructure, buildings, industrial plant activities, power generation and distribution. Establishing what matters most with respect to our contribution to the UN SDGs is essential in the development of a future facing climate resilient business.

The ten following key material issues emerged from regular dialogues with internal stakeholders' and market analysis of our clients, competitors, the governments we work with and their approach and strategies in relation to sustainability and the UN.

We will focus on improving our performance in relation to these ten material issues, across our own activities and across the projects we deliver for our clients and partners.

IN CONJUNCTION WITH A REVIEW OF GLOBAL SOCIETAL AND ENVIRONMENTAL TRENDS, **WE HAVE ALIGNED OUR BUSINESS STRATEGIES WITH OUR SUSTAINABLE BUSINESS STRATEGY OBJECTIVES.**

5.1. Energy



Propose improvements to our clients' projects to reduce energy and carbon emissions.

Reduce our energy consumption by implementing passive design, energy efficiency and low and zero carbon energy initiatives.

5.2. Water



Propose improvements to our clients' projects to reduce water usage and conserve available water resources.

Reduce our water consumption by implementing water efficiency and sustainable urban drainage measures.

5.3. Transport



Propose improvements to our clients' projects to promote active travel and develop sustainable low-carbon transportation systems.

Reduce our energy consumption for business travel by utilizing digital technologies and prioritizing low-emission modes of transport.

5.4. Materials



Propose improvements to our clients' projects to design them in accordance with circular-economy and resource-efficiency principles.

Reduce our material usage by utilizing digital technologies and developing a sustainable procurement strategy.

5.5. Health



Propose improvements to our clients' projects to develop solutions that are beneficial to employees' mental and physical well-being.

Measure the health of our workforce and develop innovative solutions to improve employee mental and physical well-being.

5.6. Pollution



Propose improvements to our clients' projects to develop innovative solutions that prevent and reduce pollution.

Measure our performance in relation to pollution and develop innovative solutions that prevent and reduce pollution.

5.7. Climate



Propose improvements to our clients' projects to develop innovative solutions that adapt and mitigate the effects of climate change.

Measure our performance in relation to making sure our business is prepared to adapt to and cope with climate change.

5.8. Biodiversity



Propose improvements to our clients' projects to develop innovative solutions that increase biodiversity and utilize biophilic design.

Increase our performance in relation to biodiversity by implementing biodiversity and biophilic design initiatives.

5.9. Diversity



Propose improvements to our clients' projects to develop innovative solutions that increase equality and diversity.

Increase our performance in relation to equality and diversity by implementing equality and diversity initiatives.

5.10. Community



Maximize the economic benefits to the communities/regions/ countries in which we have projects.

Remain a good corporate citizen and participate in the development of the economy in every country in which we have a presence.



Pierre-Lassonde Pavilion (MNBAQ)
Québec City, Québec, Canada

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SECTION 6

ORGANIZATIONAL PROFILE

6. ORGANIZATIONAL PROFILE

6.1. Name of Organization

This sustainability report relates to the activities, brands, products and services associated with SNC-Lavalin. Reference in this Sustainability Report to the "Company" or to "SNC-Lavalin" means, as the context may require, SNC-Lavalin Group Inc., or one or more of its subsidiaries or joint arrangements.

6.2. Activities, Brands, Products and Services

Founded in 1911, SNC-Lavalin is a global, fully integrated professional services and project-management company and a major player in the ownership of infrastructure. From offices around the world, SNC-Lavalin's employees are proud to build what matters. Our teams provide comprehensive end-to-end project solutions, including capital investment, consulting, design, engineering, construction, sustaining capital and operations and maintenance, to clients across oil & gas, mining & metallurgy, infrastructure, clean power, nuclear and EDPM (engineering design & project management).

SNC-LAVALIN'S KEY SECTORS ARE
INFRASTRUCTURE; ENGINEERING; DESIGN &
PROJECT MANAGEMENT (EDPM); NUCLEAR;
OIL & GAS; CLEAN POWER AND
MINING & METALLURGY.

Revenues for 2018 and key projects are outlined on the following pages.



6.2.1. Infrastructure

Infrastructure provides end-to-end services to a broad range of sectors, including mass transit, heavy rail, roads, bridges, airports, ports and harbours, facilities architecture and engineering (structural, mechanical, electrical), industrial (pharmaceutical, agrifood, life sciences, automation, industrial processes), geotechnical engineering, materials testing and water infrastructure. In addition, Infrastructure includes Operation & Maintenance (O&M) projects.

6.2.1.1. Réseau express métropolitain (REM) – Montréal, Québec, Canada

The Réseau express métropolitain (REM) is an electric and fully automated light rail transit network designed to facilitate mobility across the Greater Montréal Region by linking bus networks, commuter trains, the metro and the Pierre Elliot Trudeau Airport. Upon completion, REM will be one of the world's largest automated transport networks. With our partners, we'll be providing Engineering, Procurement and Construction for the project, as well as rolling stock, signalling and O&M services.



Réseau express métropolitain (REM)
Montréal, Québec, Canada

6.2.2. Engineering, Design & Project Management (EDPM)

EDPM incorporates all engineering, design and project management services around the world. It also harnesses our enhanced capabilities in intelligent mobility and digital asset management. Projects are mainly transportation based, which includes rail, mass transit and roads, along with infrastructure, project management, aerospace, defence and security & technology. Some projects are primarily funded by the public sector and include projects with several departments of transportation, as well as the water treatment, environment, city and county markets, and the intermodal business.

6.2.2.1. Farringdon Station, Crossrail – London, United Kingdom

Crossrail is the new £14.8 billion east-west railway incorporating upgrades to 90km of existing surface railway and 21km of new twin railway tunnels being constructed through central London. The project includes upgrades to 28 existing surface stations and construction of eight new underground stations in London.



Farringdon Station, Crossrail
London, England, United Kingdom

6.2.3. Nuclear

Nuclear supports clients across the entire Nuclear life cycle with the full spectrum of services from consultancy, engineering, procurement, construction management (EPCM) services, field services, technology services, spare parts, reactor support & decommissioning and waste management. As stewards of the Canada Deuterium Uranium (CANDU) technology, it also provides new-build and full refurbishment services of CANDU reactors.

6.2.3.1. Darlington Nuclear Generating Station – Clarington, Ontario, Canada

The Darlington nuclear generating station is Canada's second largest nuclear facility by total energy output. The four CANDU pressurized heavy-water (PHWR) reactors are capable of producing up to 31 million MWh annually. This is equivalent to 20% of Ontario's power supply, or enough power for up to 2.5 million households.

Darlington Nuclear Generating Station
Clarington, Ontario, Canada

6.2.4. Oil & Gas

Oil & Gas includes projects in the upstream, midstream, downstream and supporting infrastructure sectors for major oil, gas and resources companies. It supports these clients across the asset life cycle, from front-end evaluation through decommissioning (operational and capital expenditures).

6.2.4.1. Sasol Refinery – Secunda, South Africa

Sasol Synfuels operates the world's only commercial coal-based synthetic fuels manufacturing facility, producing synthesis gas through coal gasification and natural gas reforming. SNC-Lavalin's Sustaining Capital Business Unit has supported Sasol's flagship refinery in Secunda, South Africa since the early 1990s and has grown to become the largest shutdown contractor in the region.

For instance, our Oxygen project team has been executing mechanical work on the Oxygen Train since June 2012. Based on the team's performance, we were consistently awarded additional work, executing an average of four large general overhauls per year in addition to the September statutory shutdown campaign and numerous other smaller projects.

After executing over 5,000 pressure tests, working on more than 50,000 flanges and welding out over 100,000 diameter inches, in early 2019, the team achieved a significant milestone of 5 million hours without a single recordable injury. A great achievement in any industrial setting.

In addition, SNC-Lavalin was mandated by Sasol to implement a Leak Detection and Repair programme that took place from 2007-2012. The project covered some 250,000 points that were potential sources of volatile organic compound leaks for the two refineries and the gasification unit at the Secunda plant. A database on all these points is administered with our proprietary DEFI software and monitoring has been undertaken annually since the programme's implementation.



Sasol Refinery
Secunda, South Africa

6.2.5. Clean Power

Clean Power combines the company's established leadership in hydro, transmission & distribution and extensive renewable energy capabilities. This includes energy storage and providing fully integrated life-of-asset services capabilities.

6.2.5.1. John Hart Generating Station Replacement Project – Vancouver Island, Canada

In early 2014, BC Hydro awarded SNC-Lavalin a contract to design, build, finance, and maintain the John Hart Generating Station Replacement Project on Vancouver Island in British Columbia, Canada. As part of the deal, BC Hydro provided 60 percent of the approximately \$700 million construction capital cost, with SNC-Lavalin Capital Inc. providing the balance through invested equity and arranged debt financing.

John Hart Generating Station Replacement Project
Vancouver Island, British Columbia, Canada

6.2.6. Capital

Capital is the investment and asset management arm of SNC-Lavalin. Its main purpose is to invest equity or subordinated debt into projects to generate integrated, whole-life-cycle revenues in engineering and construction, as well as operations and maintenance. All investments are structured to earn a return on capital adequate for the risk profile of each project. SNC-Lavalin makes capital investments in a variety of infrastructure assets such as bridges and highways, mass transit systems, power facilities, energy infrastructure and water treatment plants.

6.2.6.1. New Champlain Bridge Corridor Project – Montréal, Québec, Canada

As a member of the Signature on the Saint-Lawrence Group (SSL) consortium, SNC-Lavalin was awarded a contract for the design, construction, financing, operation, maintenance and rehabilitation of the new Champlain Bridge Corridor.

This project, a public-private partnership agreement with the Government of Canada, involves building a 3.4-kilometre cable-stayed bridge across the St. Lawrence River and a 470-metre bridge connecting Montréal to Nun's Island. It also includes the reconstruction and widening of a 4.5-kilometre portion of Highways 15 and 10.



New Champlain Bridge Corridor Project
Montréal, Québec, Canada

6.2.7. Mining & Metallurgy

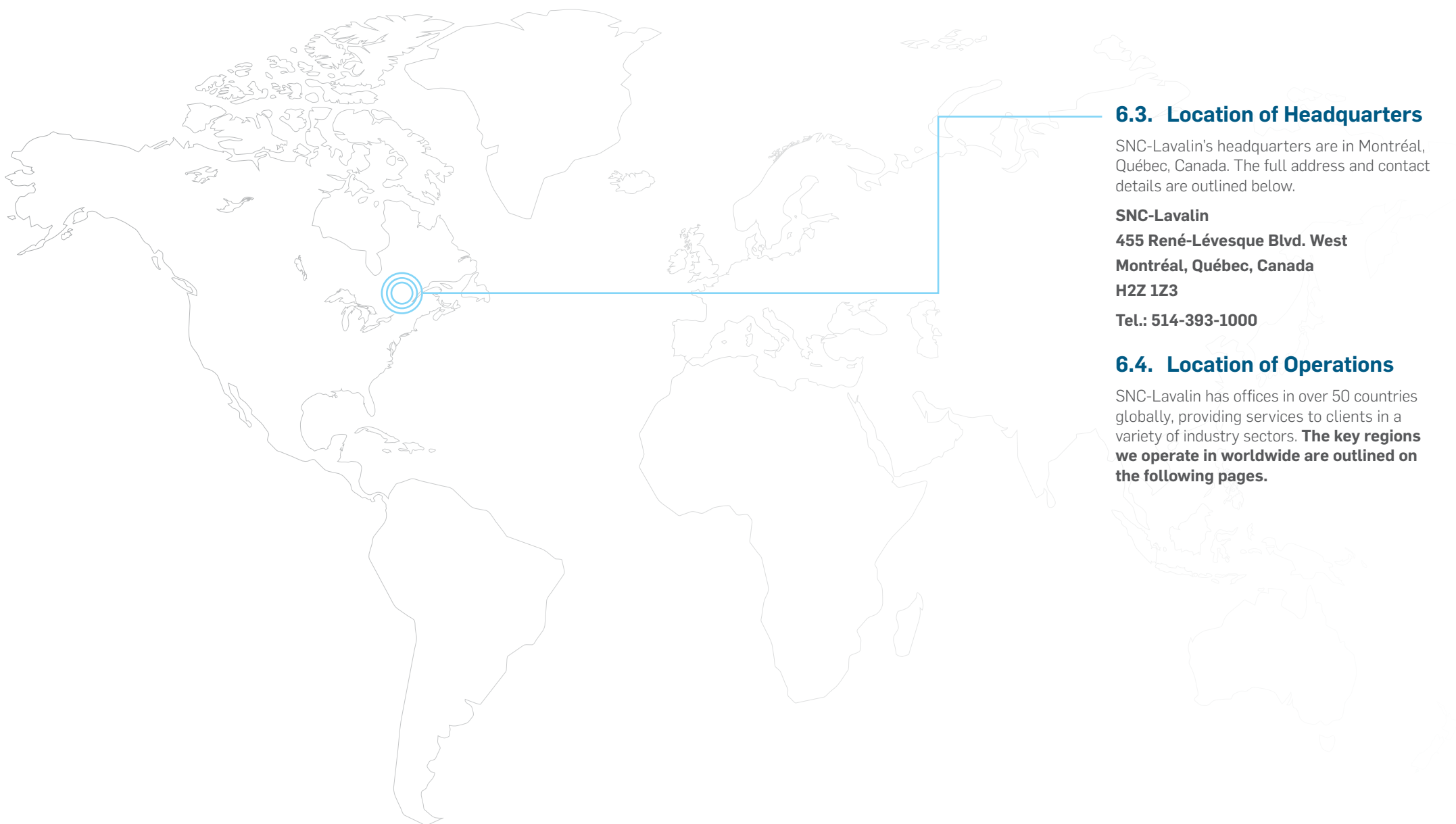
Mining & Metallurgy combines global expertise with deep local capabilities to provide tailored solutions for projects of any size, scope or complexity in a vast range of sectors. This includes aluminium, gold, copper, iron ore, nickel, fertilizer, commodities related to rechargeable batteries for cars, mobile phone, other electronic devices and sulphur product sectors. It includes a full range of activities and services in studies, sustaining capital consulting and major projects. However, as announced by the company in February 2019, Mining & Metallurgy will cease to bid on EPC fixed-price contracts going forward.

6.2.7.1. Sudbury Clean AER Project – Sudbury, Ontario, Canada

In 2012, global metals and mining corporation Vale awarded us a project management and EPCM services contract to retrofit and modernize the nickel smelter complex in Sudbury, Canada.

The \$1billion Clear AER project successfully achieved an 85% reduction in previous sulphur dioxide emissions, a 40% reduction in metal particulate emissions and a 50% reduction in natural gas consumption.





6.3. Location of Headquarters

SNC-Lavalin's headquarters are in Montréal, Québec, Canada. The full address and contact details are outlined below.

SNC-Lavalin
455 René-Lévesque Blvd. West
Montréal, Québec, Canada
H2Z 1Z3

Tel.: 514-393-1000

6.4. Location of Operations

SNC-Lavalin has offices in over 50 countries globally, providing services to clients in a variety of industry sectors. **The key regions we operate in worldwide are outlined on the following pages.**

6.4.1. Americas

Our North American employees work on some of the continent's most important projects. We are Canada's largest engineering and construction company by revenue. We were also a key early developer of public-private partnerships for Canadian infrastructure projects. One of SNC-Lavalin's first major projects in Latin America was the Tintaya copper mine in Peru, built at an altitude of 4,000 metres in the Peruvian Andes in the early 1980s. Since then, we have delivered many major projects, including large-scale mining and metallurgy, power, transmission and distribution and infrastructure facilities. Today, we are one of the largest global engineering firms in the region.

Total Revenues 2018 (in millions CA\$)

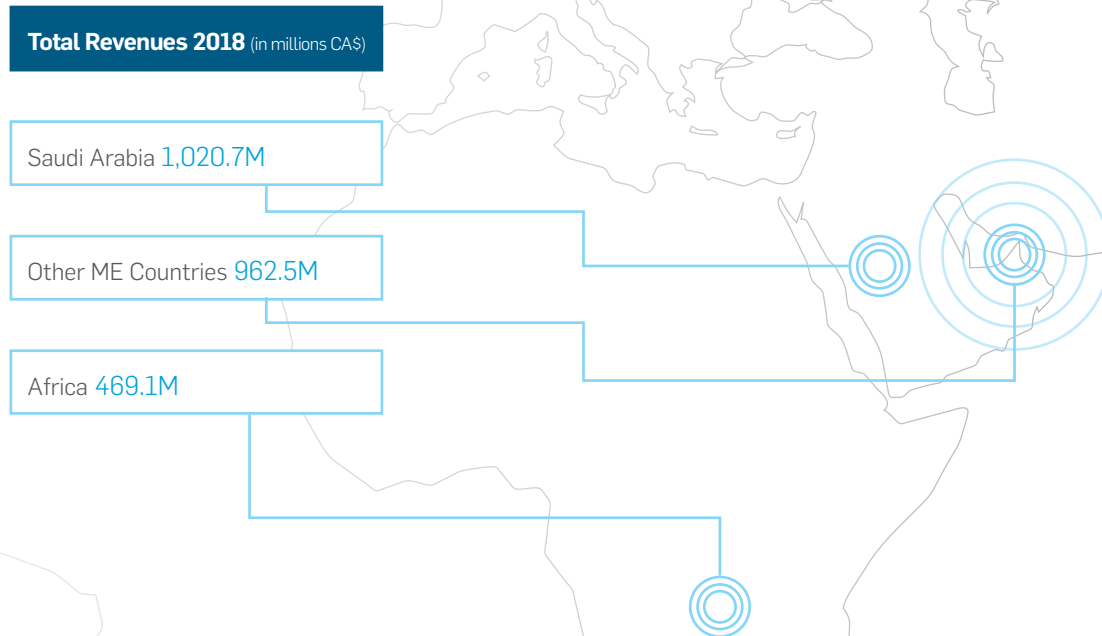
Canada 2,962.6M

USA 1,665.6M

Latin America 302.4M

6.4.2. Middle East and Africa

We are a major contributor to the development of the region with over 300 projects executed in the last 10 years. SNC-Lavalin has been present in Africa since the 1970s, when the company was awarded the Mefta cement plant in Algeria.



6.4.3. Asia-Pacific

SNC-Lavalin is highly active in the Asia-Pacific region, with projects across all our sectors, including Mining & Metallurgy, Oil & Gas, Mass Transit, Power, Nuclear, and Pharmaceuticals.

Total Revenues 2018 (in millions CA\$)

Other 227.6M

Australia 511.3M

6.4.4. Europe

We have been present in Europe for over 40 years, through operations in our three primary markets and business sectors; resources, infrastructure, and power, offering the full spectrum of our expertise to create lasting value for our clients.

Total Revenues 2018 (in millions CA\$)

United Kingdom **1,658.4M**

Other **303.8M**

6.5. Markets Served

Our key markets are outlined to the right by segment, which group together related activities within SNC-Lavalin consistent with the way management performance is evaluated. The Company's reportable segments, are: Infrastructure; Engineering, Design & Project Management (EDPM); Nuclear; Oil & Gas; Clean Power; Capital; and Mining & Metallurgy. The thermal power operations will also be disclosed separately until completion of the remaining fixed-price EPC projects.

6.5.1. Infrastructure

Industrial
Buildings & Facilities
Ports & Marine
Environment & Geoscience
Highways & Bridges
Defence & Logistics
Airports & Aviation
Rail & Transit
Municipal Infrastructure
Water & Wastewater
Real Estate Services

6.5.2. Engineering, Design & Project Management

Atkins
Acuity
Faithful+Gould

6.5.3. Nuclear

Nuclear Technology
Products, Services & Tools
Life Extension
Decommissioning & Waste Management
New Build

6.5.4. Oil & Gas

Upstream Production
Processing & Treating
LNG
Carbon Capture Utilization & Sequestration
Refining & Petrochemicals
Utilities & Infrastructure

6.5.5. Clean Power

Hydro
Transmission & Distribution
Renewables
Intelligent Networks and Cyber Security
Digital Utility Transformation

6.5.6. Capital

Arrange Financing
Invest Equity
Undertake Complex Financial Modelling
Investment Management

6.5.7. Mining & Metallurgy

Studies
Major Projects
Sustaining Capital & Consulting Services

6.6. Scale of Organization - Total Revenues by Segment

The Company's revenues are outlined below by segment, which group together related activities within SNC-Lavalin consistent with the way management performance was evaluated in 2018. The Company's reportable segments, are: Infrastructure; Engineering, Design & Project Management (EDPM); Nuclear; Oil & Gas; Clean Power; Capital; and Mining & Metallurgy.

The thermal power operations were also disclosed separately until completion of the remaining fixed-price EPC projects.

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
BY SEGMENT	REVENUES
Mining & Metallurgy	475.4
Oil & Gas	2,526.0
Nuclear	932.6
Clean Power	377.2
Thermal Power	66.4
Infrastructure	2,226.8
EDPM	3,215.0
Capital	264.7
Total revenues	\$10,084.0

6.6.1. Infrastructure

Infrastructure provides end-to-end services to a broad range of sectors, including mass transit, heavy rail, roads, bridges, airports, ports and harbours, facilities architecture and engineering (structural, mechanical, electrical), industrial (pharmaceutical, agrifood, life sciences, automation, industrial processes), geotechnical engineering, materials testing, and water infrastructure. In addition, Infrastructure includes operations & maintenance projects. The Infrastructure segment derives its revenues from both reimbursable and engineering service contracts (2018: 47%) and EPC fixed-price contracts (2018: 53%).

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
Revenues from Infrastructure	2,226.8
Segment EBIT from Infrastructure	107.2
Segment EBIT over revenues from Infrastructure (%)	4.8
Backlog at year end	8,322.8



Geneviève Roy, New Champlain Bridge Corridor Project
Montréal, Québec, Canada

6.6.2. Engineering, Design & Project Management (EDPM)

EDPM incorporates all engineering, design and project management services around the world, except for the Canadian market which remained fully integrated within the Infrastructure segment in 2018. It also harnesses our enhanced capabilities in intelligent mobility and digital asset management. Projects are mainly in transportation, which includes rail, mass transit and roads, along with infrastructure, project management, aerospace, defence, and security & technology. Some projects are primarily funded by the public sector and include projects with several departments of transportation, as well as the water treatment, environment, city and county markets, and the intermodal business. The EDPM segment derived all its revenues from reimbursable and engineering service contracts in 2018.

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
Revenues from EDPM	3,215.0
Segment EBIT from EDPM	345.4
Segment EBIT over revenues from EDPM (%)	10.7
Backlog at year end	2,394.2



Birmingham New Street Station
Birmingham, England, United Kingdom

6.6.3. Nuclear

Nuclear supports clients across the entire nuclear life cycle with the full spectrum of services from consultancy, EPCM services, field services, technology services, spare parts, reactor support & decommissioning, and waste management. As stewards of the CANDU technology, it also provides new-build and full refurbishment services of CANDU reactors.

35% of Nuclear revenues relates to decontamination, decommissioning and waste management. The Nuclear segment derives its revenues from reimbursable and engineering service contracts (2018: 99%) and EPC fixed-price contracts (2018: 1%).

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
Revenues from Nuclear	932.6
Segment EBIT from Nuclear	146.2
Segment EBIT over revenues from Nuclear (%)	15.7
Backlog at year end	1,202.9



Palisades Nuclear Generating Station
South Haven, Michigan, USA

6.6.4. Oil & Gas

Oil & Gas includes projects in the upstream, midstream, downstream and supporting infrastructure sectors for major oil and gas and resources companies. It supports these clients across the asset life cycle, from front-end evaluation through decommissioning (operational and capital expenditures).

The Oil & Gas segment derives its revenues from reimbursable and engineering service contracts (2018: 72%) and EPC fixed-price contracts (2018: 28%).

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
Revenues from Oil & Gas	2,526.0
Segment EBIT from Oil & Gas	96.7
Segment EBIT over revenues from Oil & Gas (%)	3.8
Backlog at year end	1,511.4



Wasit Gas Plant
Jubail Industrial City, Saudi Arabia

6.6.5. Clean Power

Clean Power combines the company's established leadership in hydro, transmission and distribution and extensive renewable energy capabilities. This includes energy storage and providing fully integrated life-of-asset services capabilities. The Clean Power segment derives its revenues from both reimbursable and engineering service contracts (2018: 33%) and EPC fixed-price contracts (2018: 67%).

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
Revenues from Clean Power	377.2
Segment EBIT from Clean Power	17.2
Segment EBIT over revenues from Clean Power (%)	4.6
Backlog at year end	900.1



John Hart Generating Station Replacement Project
Campbell River, British Columbia, Canada

6.6.6. Capital

Capital is the investment and asset-management arm of SNC-Lavalin. Its main purpose is to invest equity or subordinated debt into projects to generate integrated, whole life-cycle revenues in engineering and construction, as well as operations and maintenance. All investments are structured to earn a return on capital adequate for the risk profile of each individual project.

SNC-Lavalin makes capital investments in a variety of infrastructure assets such as bridges and highways, mass transit systems, power facilities, energy infrastructure, and water-treatment plants. It is the Company's view that the aggregate fair value of its Capital investments is much higher than their net book value of \$369.1 million as at December 31, 2018. Highway 407 ETR represents the most significant portion of the total fair value of the Company's Capital investments portfolio. SNC-Lavalin owns a 16.77% ownership interest in 407 International Inc. ("Highway 407 ETR"). 407 ETR Concession Company Limited ("407 ETR"), which is a wholly-owned subsidiary of Highway 407 ETR, operates, maintains and manages Highway 407 ETR, which is a 108-km all-electronic toll highway in the Greater Toronto Area with a 99-year concession agreement that expires in 2098. Capital investments net book value, as at December 31, 2018 can be summarized as follows:

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
Highway 407 ETR	-
Others	369.1
Total	369.1



6.6.7. Mining & Metallurgy

Mining & Metallurgy combines global-calibre expertise with local capabilities to provide tailored solutions for projects of any size, scope or complexity. This includes aluminium, gold, copper, iron ore, nickel, fertilizer, commodities related to rechargeable batteries for cars, mobile phones and other electronic devices and sulphur product sectors. It includes a full range of activities and services in studies, sustaining capital and consulting, and major projects. However, as announced by the Company in February 2019, Mining & Metallurgy will cease to bid on EPC fixed-price contracts going forward. The Mining & Metallurgy segment derives its revenues from reimbursable and engineering service contracts (2018: 32%) and EPC fixed-price contracts (2018: 68%).

YEAR ENDED DECEMBER 31 (IN MILLIONS CA\$)	2018
Revenues from Mining & Metallurgy	475.4
Segment EBIT from Mining & Metallurgy	(345.6)
Segment EBIT over revenues from Mining & Metallurgy (%)	(72.7)
Backlog at year end	395.9



Ambatovy Mine
Ambatovy, Madagascar, Africa

6.7. Scale of Organization - Total Revenues by Geographical Area 2018

The Company's revenues are outlined below by segment, which group together related activities within SNC-Lavalin consistent with the way management performance was evaluated in 2018. The Company's reportable segments were:

Infrastructure, Engineering Design & Project Management (EDPM), Nuclear, Oil & Gas, Clean Power, Capital and Mining & Metallurgy. The thermal power operations were also disclosed separately until completion of the remaining fixed-price EPC projects.

Year Ended December 31 (In Millions CA\$)	2018			
	E&C	Capital	Total	%
Americas:				
Canada	2,711.4	251.2	2,962.6	29
United States	1,663.6	1.9	1,665.6	17
Latin America	302.4	-	302.4	3
Middle East and Africa:				
Saudi Arabia	1,020.7	-	1,020.7	10
Other Middle East countries	962.5	-	962.5	9
Africa	457.6	11.5	469.1	5
Asia Pacific:				
Australia	511.3	-	511.3	5
Other	227.6	-	227.6	2
Europe:				
United Kingdom	1,658.4	-	1,658.4	17
Other	303.8	-	303.8	3
Total	9,819.3	264.7	10,084.0	100

6.8. Information on Employees and Other Workers

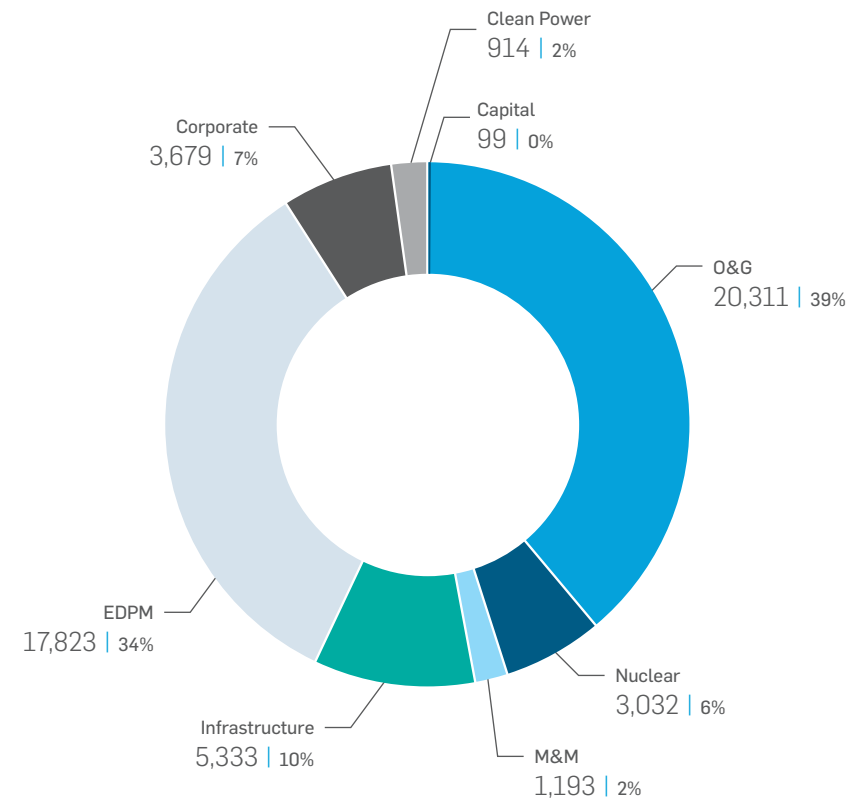
OUR WORKFORCE
COUNTS APPROXIMATELY
50,000
EMPLOYEES

REPRESENTS SOME
 **130**
NATIONALITIES

AND WORKS FROM
OFFICES ACROSS
 **50**
COUNTRIES

SPEAKS
 **70**
LANGUAGES

6.8.1. Our Workforce by Sector



6.8.2. Our Workforce by Geographical Area

UK & Europe

12,394 employees

- > EDPM 9,853
- > Nuclear 1,041
- > Corporate 990
- > O&G 393
- > Capital 54
- > M&M 46
- > Infrastructure 17

North America

14,563 employees

- > O&G 1,883
- > Nuclear 1,939
- > M&M 406
- > Infrastructure 4,547
- > EDPM 3,427
- > Corporate 1,555
- > Clean Power 763
- > Capital 43

Latin America

1,220 employees

- > M&M 634
- > O&G 459
- > Corporate 100
- > EDPM 14
- > Nuclear 11
- > Infrastructure 2

Middle East & Africa

19,686 employees

- > O&G 16,506
- > EDPM 1,758
- > Infrastructure 738
- > Corporate 536
- > Clean Power 66
- > M&M 57
- > Nuclear 23
- > Capital 2

Asia Pacific

4,521 employees

- > EDPM 2,771
- > O&G 1,070
- > Corporate 498
- > Clean Power 85
- > M&M 50
- > Infrastructure 29
- > Nuclear 18

6.8.3. Gender Pay Gap (for UK only)

In 2018, we published our Gender Pay Gap report, stating any differences between the remuneration for men and women working within SNC-Lavalin, Atkins and Faithful + Gould. We pride ourselves on acting with integrity and holding ourselves accountable for our actions. Like most companies in the engineering and construction sector, our pay gap is largely a reflection of the disproportionate ratio of men to women within our business. However, in the UK alone, we have seen positive trends, including an increase in the proportion of women in the Upper Middle Pay Quartile. In addition to initiatives which support women's progress, we are committed to setting up our industry for long term success by tackling gender balance, simplifying our flexible working policy, developing innovative ways to sponsor talent, championing our new Science, Technology, Engineering and Mathematics (STEM) programme, and enhancing the capability of our managers to enable a more diverse and inclusive work force.

[Link to Gender Pay Gap Report >](#)

6.8.4. Generation Z

We aspire to provide the best services and advice to our clients. To do so, we must ensure we have a talented and diverse team. We gathered research from across the globe from more than 8,000 millennials and representatives of Generation Z (those born after the 1990s), asking them what they think about work and technology. Many aspire to work in a company that will allow them to prosper in line with their values and beliefs and be involved in challenging work of which they can be proud. Members of Generation Z are digital natives and the most tech-savvy generation to date. The insight from this research is helping us devise appropriate attraction and recruitment strategies, develop rewarding work-related choices and provide an engaging, fulfilling experience for our employees. By doing this, we hope to welcome a new generation of innovators who will shape our company's future.

[Link to Generation Z Report >](#)



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SECTION 7

SUSTAINABILITY, GOVERNANCE
AND LEADERSHIP

7. SUSTAINABILITY, GOVERNANCE AND LEADERSHIP

7.1. Values, Principles, Standards, and Norms of Behaviour

7.1.1. Our sustainability objective

We have a responsibility to put sustainability at the heart of our business strategy through our market-leadership role, our operations and the services we provide. We recognize that our operations can make an important contribution to a more sustainable world. It is our responsibility to improve our own sustainability performance through the way we run our business and influence others.

7.1.2. Our sustainability principles

We will implement our sustainability objectives across our projects and our corporate business activities by aligning our business strategy and plans with our strategic advice, design, construction, and asset life-cycle operations and services. We will do so in line with the following principles:

- > A society for our future – inspiring the next generation; investing in communities; developing sustainability knowledge and skills; and creating a healthy, safe and secure workplace.
- > An environment with a future – supporting a low-carbon economy; demonstrating respect for the environment through resource efficiency and prevention; and protecting and improving ecosystems.

- > A responsible business of the future – influencing and supporting sustainable economic growth with strong governance, integrity and accountability; being part of a global business while recognizing the responsibility and the importance of providing local services without compromising future generations' business needs.

7.1.3. Our Approach to Implementation

We will implement our Sustainability Business Strategy objectives across our projects and our corporate business activities as follows:

- > Understanding our stakeholders' expectations and requirements in relation to the environment, the UN Sustainable Development Goals and the UN Agenda 2030;
- > Understanding how Global Societal Megatrends will affect our business strategies globally and locally, contributing to and improving social value and community benefits;
- > Implementing business and project controls to ensure compliance with relevant legislation, contract and client requirements, including arrangements for crisis management and incidents;
- > Improving resource efficiency, including use of water, energy and raw materials;

- > Increasing awareness of climate change and improving the assessment of climate-related risks, including the development of appropriate mitigation measures;
- > Valuing diverse skills and contributions by improving diversity and equality;
- > Improving natural capital and increasing biodiversity;
- > Increasing the development of strategies which will benefit human health and well-being;
- > Improving and assessing our environmental performance by investing in training, awareness, systems, tools and an assurance programme;
- > Ensuring the suitability and effectiveness of our suppliers and monitoring their performance;
- > Monitoring our sustainability performance and progress against objectives and targets;
- > Adhering to SNC-Lavalin's Health Safety and Environment Policy, Quality Policy, and related objectives and targets.

7.1.4. Our corporate vision

In early 2018, we established a new corporate vision to guide our strategy and actions in the years ahead. A Global Head of Sustainability was appointed in 2018. Sustainability features prominently in our new vision statement:

We strive to be the premier engineering solutions partner, committed to delivering complex projects from vision to reality for a sustainable lifespan.

7.1.5. Our Core Values

Following a survey of our 50,000 employees, we identified core values to unify our workforce. Rolled out in early 2018, these four values will serve to forge a shared identity and culture as well as bring our vision to life across SNC-Lavalin.

These values guide our decisions and actions and ensure that stakeholders know what we stand for and what matters to us. They focus us on working together to make a better tomorrow.

Johanne Provencher &
Marc-André Lamontagne,
Employees
Montréal, Québec, Canada

VALUES THAT GUIDE US

Our values are the essence of our company's identity. They represent how we act, speak and behave together, and how we engage with our clients and stakeholders.

SAFETY

We put safety at the heart of everything we do, to safeguard people, assets and the environment.

INTEGRITY

We do the right thing, no matter what, and are accountable for our actions.

COLLABORATION

We work together and embrace each other's unique contribution to deliver amazing results for all.

INNOVATION

We redefine engineering by thinking boldly, proudly and differently.

Our Interim President and CEO is the sponsor of our core values.

7.1.6. Lobbying

SNC-Lavalin has actively lobbied to encourage the introduction of remediation agreements within Canadian legislation. Following the enactment of the law that introduced remediation agreement in Canada, we have publicly lobbied to raise public interest points that are legitimate considerations under the legislation and have done so using the correct channels for stakeholders from civil society to interact with parliamentary members and officials. Our company's name has unfortunately been associated with recent events in the Canadian media. This is, however, an entirely political matter.

Since 2012, we have entirely changed our board and senior leadership. We have worked tirelessly to achieve excellence in governance and integrity in an effort to regain the confidence of our clients, our people and our stakeholders. SNC-Lavalin has been cooperating actively and transparently with various authorities in the criminal investigations and prosecutions against former employees and executives to recuperate the substantial damages their misconduct has caused the company. It is important to note that our organization has not been found guilty of any offences and, furthermore, that the company itself was recognized in 2014 as a victim by the Swiss Federal Court in the criminal proceedings for fraud and corruption in Libya. This challenge has left us with a deep commitment to continue to strive for excellence in ethics and compliance.

7.1.7. Integrity

Since 2012, SNC-Lavalin has designed and implemented an excellent Integrity Programme. It comprises three action elements, under which specific tools are articulated:

- > Prevent: Fostering an ethical culture to prevent the likelihood of wrongdoing and compliance violations from occurring;
- > Detect: Providing internal controls and other sources to identify and evaluate adherence;
- > Respond: Involving measures to take corrective action in response to misconduct.

Continuous input and guidance from qualified third-parties on the strengths and evolution of our framework has earned SNC-Lavalin the prestigious Compliance Leader Verification from the Ethisphere Institute, a world-renowned centre for research, best practices and thought leadership. In addition to this, our Integrity Programme's principles have brought us concrete recognition over the past year:

- > Our former President & CEO, Neil Bruce served as chairman of the World Economic Forum Partnering Against Corruption Initiative (PACI) in 2018;
- > Transparency international UK recognized SNC-Lavalin among the top 27% of all companies in the 2018 Corporate Political Engagement Index;
- > Brazilian authorities recognized the strength of our Integrity Programme and registered SNC-Lavalin as a Clean Company under the new Brazilian Clean Company Act;

- > We are regularly invited to speak worldwide about anti-corruption and compliance at conferences, including those hosted by Transparency International, TRACE International, the International Bar Association, C5 Group, International Anti-Corruption Committee of the American Bar Association, Kin-stellar, the Engineering and Construction Risk Institute, Marcus Evans, IBC Legal, and more;
- > We are regularly invited to speak at universities, associations and ethics-based organizations as experts on ethics and compliance, including the Ethisphere, the Ethics & Compliance Officer Association, EthicScan, the Organization for Economic Co-operation and Development (OECD), and the Canadian Business Ethics Research Network (CBERN);
- > In 2015 we joined the United Nations Global Compact (UNGC), the largest corporate social initiative in the world, with more than 9,000 business and 3,000 non-business participants in more than 160 countries.

SNC-Lavalin strives to set an outstanding example: our employees throughout the world proudly uphold our integrity value, operating with the highest ethical standards in an environment that is based on integrity and transparency.

7.1.8. Our Sustainable Business Strategy

In 2018, we adopted a Sustainable Business Strategy based on the UN Sustainable Development Goals. This strategy represents an opportunity to put sustainability at the heart of our business strategy in developing a future-facing business model that ensures our company can adapt to global changes in climate, population and consumer behaviours.

Our strategy has been adopted across our sectors, projects and corporate functions to enable us to deliver sustainable projects and adapt to changes in society, available resources and our climate.

For success in implementing our strategy, we have developed a strong culture of collaboration, diversity and innovation in line with our values as an organization. This allows new ideas to flourish and enables sustainability and digital approaches to fundamentally change the way we work across everything we do.

Increasing the diversity and equality of our workforce is essential to realizing our ambitions. To create a more diverse and equal workforce requires us to recruit and to undertake promotions to ensure we have diversity and equality across our employees, management and leadership teams.

7.1.9. Embedding sustainability at SNC-Lavalin

We increasingly think about our performance along the three dimensions, or triple bottom line, of economic, social and environmental sustainability. Our goal is to embed our Sustainable Business Strategy 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 corporate activities and client projects.

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. This initiative can empower and upskill local communities both in rural and urban locations.

Through our commitment to achieving certification with the Progressive Aboriginal Relations (PAR) programme, we are embedding social value and community expertise across all our business activities. We are investing in building trust and providing valuable skills to the Indigenous communities we work alongside and in partnership with on many of our projects.

When we take steps to foster a 'zero-harm' health and safety culture at our offices and on project sites, we are acknowledging and protecting what's important to all of us. When we sponsor local initiatives or are involved in social value activities, we are a force for positive change.

We are multicultural and diverse. We understand the different cultures in which we operate. And, more and more, we know how to leverage our engineering and digital technology expertise to unlock economic, social and economic benefits for all.

7.1.10. Pursuing excellence in key areas

We have been using our engineering and project management experience in relation to sustainable design and project delivery 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 vision and sustainability objectives, we continue to pursue excellence across key areas.

Ethics

Ethics and sustainability go hand in hand. Since 2012, we have made excellent progress towards achieving our goal of becoming the industry benchmark for ethics and compliance. We are also increasingly called on by other organizations to speak about our ethics and compliance journey. Our core value of Integrity captures the importance we place on always doing the right thing.

People

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. That also leaves room for critical thinking, pursuing innovative ideas and collaborating with colleagues across all business units and functions.

Projects

In our industry, delivering world-class project execution and management is an important part of excellence in sustainability. Only by understanding our clients' needs and today's increasingly complex challenges can we provide solutions that enable clients to achieve their sustainability objectives.

We strive to lead the way in applying advanced technologies and best practices on every project. This includes using digital technology, big data and industry insights to improve project design and project delivery to generate value for our stakeholders. One way we can contribute is by delivering schemes that embed sustainable design thinking and expertise across every stage in the design and project delivery process. To further strengthen our approach to sustainability, we developed our Sustainable Business Strategy. This strategy outlines the 10 issues that matter most to our stakeholders. We will focus on these during the development of every project that we design or deliver as well as across our corporate activities. The 10 issues which matter most to our stakeholders are outlined below, along with the type of improvements we will propose to our clients' projects:

1. **Energy** – To reduce energy and carbon emissions
2. **Water** – To reduce water usage and conserve available water resources
3. **Transport** – To promote active travel and develop sustainable low-carbon transportation systems
4. **Materials** – To design in accordance with circular economy and resource efficiency principles
5. **Health** – To develop solutions which are beneficial to employee mental and physical well-being
6. **Pollution** – To develop innovative solutions which prevent and reduce pollution
7. **Climate** – To develop innovative solutions which adapt and mitigate the effects of climate change
8. **Biodiversity** – To develop innovative solutions which increase biodiversity and utilize biophilic design
9. **Diversity** – To develop innovative solutions which increase equality and diversity
10. **Community** – Maximize the economic and social benefits to the communities/regions/countries in which we have projects

Corporate Functions

To further strengthen our approach to sustainability, these 10 issues will also be our focus for transforming how we undertake our corporate activities as a business. The 10 issues which matter most to our stakeholders are outlined below, along with how we will transform the way in which we undertake our corporate activities. The focus will be managing our resource consumption, increasing workforce diversity and developing opportunities across our buildings and asset portfolio which will provide health and well-being and community benefit to our workforce, key stakeholders and suppliers.

1. **Energy** – Reduce our energy consumption by implementing passive-design, energy-efficiency and low and zero-carbon energy initiatives
2. **Water** – Reduce our water consumption by implementing water-efficiency and sustainable urban drainage measures
3. **Transport** – Reduce our energy consumption for business travel by utilizing digital technologies and prioritizing more low-carbon modes of transport
4. **Materials** – Reduce our material usage consumption by utilizing digital technologies and developing a sustainable procurement strategy
5. **Health** – Measure the health of our workforce and develop innovative solutions to improve employee mental and physical well-being
6. **Pollution** – Measure our performance in relation to pollution and develop innovative solutions which prevent and reduce pollution
7. **Climate** – Measure our performance in relation to making sure our business is prepared to adapt and cope with future climate change
8. **Biodiversity** – Increase our performance in relation to biodiversity by implementing biodiversity and biophilic design initiatives
9. **Diversity** – Increase our performance in relation to equality and diversity by implementing equality and diversity initiatives
10. **Community** – Remain a good corporate citizen and participate in the development of the economy in every country where we have a presence

7.2. Governance Structure

At SNC-Lavalin, sound corporate governance practices guide us to always do our best work and contribute to our full potential while ensuring our continued success.

7.2.1. Policies

The Policy Oversight Committee 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 Policy Oversight Committee initiative is driven by the Board and our integrity and legal affairs professionals with the support and commitment of all corporate functions and business units. Employees are encouraged to contact the Policy Oversight Committee whenever they encounter a policy that is: difficult to understand, outdated, missing information related to new or updated laws and regulations, culturally insensitive, or not applicable to a particular region or business unit.



Our vision, values and strategic objectives

- > Require Board approval

Set of principles spelling out acceptable business conduct

- > Code of Conduct and Supplier Code of Conduct
- > Require Board approval

Policies with high relevance for the entire company

- > Integrity policies
- > Finance policies
- > HR policies
- > Global procurement policies
- > Require approval by President & CEO and may require Board approval

Rules or instructions to ensure standardization of tasks and processes

- > Topic or audience may also be specific to business unit (BU), region or country
- > Require approval by relevant governance owner and/or relevant Head of BU Executive Vice President (EVP)

7.2.2. Policy oversight

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

- > Integrity
- > Finance
- > Global Human Resources
- > Legal Affairs
- > Internal Audit
- > Global Projects Support
- > Communications and Marketing

As part of our Operational Excellence initiative, we created the Project Delivery Centre of Excellence (PDCE), recently renamed the Capability Hub, a proactive and centralized online repository for employee knowledge sharing. The Capability Hub will support the transparent communication of our updated policies and procedures.

7.2.3. Policy Structure

In 2018, we went through a process of aligning the established SNC-Lavalin policies with the corresponding Atkins policies to allow us to move forward with a combined set of policies and Standard Operating Procedures which would be applicable across the entire company. Our Quality, Health, Safety and Environmental Policies were reviewed and revised to supersede the existing Atkins HSE and quality policy documentation. A new SNC-Lavalin Sustainability Policy Statement was established to supersede the existing Atkins Sustainability Policy documentation.

In 2018, we introduced or reviewed the following policies and Standard Operating Procedures (SOPs):

Code of Conduct – Reviewed and reissued annually, our Code is available in nine languages : English, French, Spanish, Portuguese, Arabic (Standard), Russian, Swedish, Danish and Chinese (simplified). Latest revision: January 2019

Supplier Code of Conduct – This outlines the standards and behaviours expected from suppliers. Latest revision: April 2018.

Conflict of Interest Procedure – This SOP clarifies the concept of conflicts of interest as well as all disclosure obligations, the review and resolution process, and stakeholder roles and responsibilities. Latest revision: April 2018.

Disclosure & Insider Trading – This policy ensures that any communication regarding our business and affairs is timely, factual and accurate, and broadly disseminated in accordance with all applicable legal and regulatory requirements and generally accepted accounting principles. Latest revision: September 2018.

Duty to Report – This SOP outlines employees' responsibility to raise, in good faith, concerns of improper business conduct without risk of retaliation. It is available in English, French, Spanish and Portuguese. Duty to Report is now part of the Compliance Procedure – Latest revision: December 2018.

Eligibility to Work on Canadian Federal Government Contracts – This SOP outlines the process for ensuring we don't assign employees or third-party personnel deemed ineligible by the Minister of Public Services and Procurement to work on federal government contracts. Latest Revision: September 2017.

Trade Compliance – This SOP defines the responsibilities, processes and required actions related to compliance with export controls and economic sanctions. Latest Revision: December 2018.

Risk Management Policy – The policy provides a framework for actively managing all risk exposure, whether at an enterprise, operational or project level, to maximize opportunities and minimize the impact of threats while creating value for our company and stakeholders. Latest Revision: November 2017.

Health, Safety, Environment Policy and Statement Policy – This policy and associated statement defines our approach to health, safety and environmental issues as it applies to delivering our contractual and managerial commitments in line with our core values, client expectations and our Code of Conduct. Approved by the Executive Committee: January 2019.

7.2.4. Aligning with global initiatives and best practices

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 3,000 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 2018 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.

7.2.5. Modern Slavery and Human Trafficking

At SNC-Lavalin, we maintain a zero-tolerance approach to any form of forced labour, slavery and human trafficking in any part of our business. As a signatory to the UNGC, we are 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 Conduct and Supplier Code of Conduct also specifically prohibits human trafficking as well as child and forced labour. All our employees, 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 continued to strengthen our control mechanisms where migrant workers are used on construction sites, as well as by expanding our focus to mitigate such risks in the home countries of migrant workers. In 2018, we took additional steps to ensure the respect of best practices. SNC-Lavalin representatives carried out the following actions:

- > Travelled to countries in South and South East Asia to meet with the labour brokers and provide them with training;
- > Trained employees on the proper conduct of labour brokers, and encouraged them to come forward with any allegations of wrong doing;
- > Convened a job fair, with large signage that said, "no fees to apply at SNC-Lavalin", to protect job applicants in their application process.

In 2018, we extended Anti-Human Trafficking training to our senior leadership team of newly acquired Atkins. The training programme was developed by Trace International, a non-profit organization that advances corporate transparency worldwide.

Finally, we extended our UK Modern Slavery Act Statement to the Group level. The 2018 Statement was signed by the Board of Directors on behalf of SNC-Lavalin Group Inc., and all subsidiaries.

7.3. Delegating Authority

7.3.1. Key roles

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 & 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.

7.3.2. 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 and environment
- > General legal obligations applying to and governing conduct
- > Security
- > Sustainability

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.

7.3.3. 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, our compliance 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 fulfil its responsibilities to attract and retain an engaged workforce to deliver on our approved strategic plan and objectives.

7.4. Sustainability Governance

7.4.1. Chief Executive Officer

The responsibility for the implementation of our Sustainable Business Strategy is held by our President & CEO, Ian L. Edwards, who is also a member of our Board of Directors.

7.4.2. Executive Committee Governance

Erik J. Ryan is our Executive Vice-President, Strategy, Marketing and External Relations, and is the Executive Committee Leader responsible for reporting Sustainability progress in relation to the implementation of the Strategy directly to Ian L. Edwards (President & CEO).

7.4.3. Global Head of Sustainability

Our Global Head of Sustainability, Sarah-Jane Stewart, is responsible for developing our strategy, targets and goals relating to Sustainability and driving a cultural change across all of our corporate functions and sector operations from Board Level down to our workforce on projects.

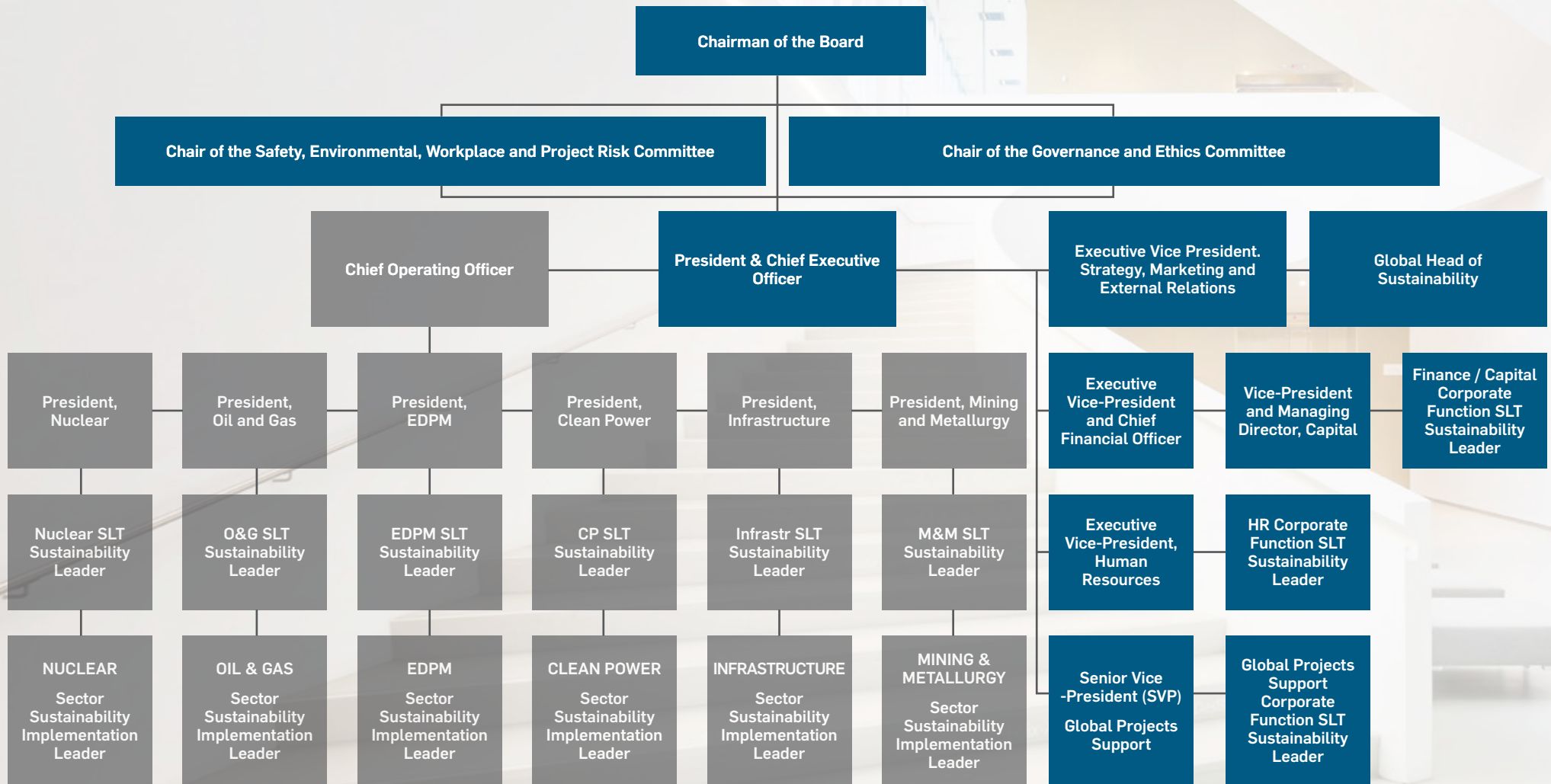
7.4.4. Sector and Corporate Governance

Each of our Sectors is responsible for developing a Sector Sustainability Implementation Plan (SSIP). The responsibility for the implementation of the SSIP is held by the Sector President for each corresponding sector. Our overarching SSIP for each sector is developed in conjunction with Business Unit Sustainability Implementation Plans (BUSIP), the responsibility for the BUSIP lies with the senior leadership team members for each corresponding business unit. Each of our Global Heads of Function are responsible for developing a Corporate Function Sustainability Implementation Plan (CFSIP). The responsibility for the implementation of the CFSIP is held by the Global Head of Function for each corresponding Corporate Function.

7.4.5. Sector Sustainability Implementation Leaders

Our Sector Sustainability Implementation Leaders (SSIL) are responsible for developing the SSIP and monitoring and reporting on progress in relation to the achievement of the agreed actions and targets outlined in each plan. These Leaders are experienced sustainability experts, environmental professionals and engineers. They are embedded in each sector's operations team and work closely with the leadership teams and managers of each business unit to develop plans and monitor progress, feeding back to the Global Head of Sustainability and the Executive Committee.

7.4.6. Sustainability Governance Organogram



This organogram represents the Sustainability Governance Structure at the end of the financial year 31st December 2018. Ian L. Edwards took over as Interim President and CEO in June 2019.

Pierre Lassonde Pavilion (MNBAQ)
Québec City, Québec, Canada

7.4.7. Our Approach to Strategy Implementation

Our approach to the implementation of our Sustainability Policy is underpinned by strong governance, high-level leadership roles and responsibilities, and clear metrics and targets. As a business we are committed to sustainable development. Our vision to become a global leader in sustainability requires concrete actions.

Our approach to the implementation of our Sustainability Policy and Strategy outlined below is data-driven and centred on the development of high-level, science-based targets. Each sector and corporate function is responsible for the development of implementation plans which encompass all our corporate and project-based activities. The implementation of our Sustainability Policy and Strategy are embedded in the processes of our sectors and corporate functions and we have developed a robust approach to regular monitoring, auditing and progress reporting against the actions outlined in our implementation plans. Our reporting is undertaken on a monthly basis so that we can regularly assess our performance against our KPI's, high-level targets and objectives. This reporting is coordinated by our Sector Sustainability Implementation Leaders and our auditing programme is developed in conjunction with our Global Health, Safety and Environmental team.



SUSTAINABILITY
POLICY



SUSTAINABILITY
STRATEGY



SECTORS AND
CORPORATE FUNCTIONS
SUSTAINABILITY
IMPLEMENTATION PLANS



SECTOR AND
CORPORATE FUNCTION
PROGRESS REPORTING

7.5. Sustainability Leadership

7.5.1. Executive Committee Champions for UN Sustainable Development Goals

The President & CEO, the Sector Presidents and Global Heads of Functions were asked to comment on the Sustainable Business Strategy during consultation as part of our Materiality Assessment. They selected the United Nation's sustainable development goals (UN SDGs) that were important to them personally and that they would be prepared to act as a champion for. Our Sector Presidents have been asked to provide their commitment to act as a champion for one of the UN SDGs and Ian L. Edwards, our President & CEO, has confirmed that he will act as the champion for Sustainable Cities and Communities and Life on Land.

Our Executive Committee champions will promote awareness of these goals both inside and outside our business. They will outline how improving our performance in relation to these goals is vital to developing a future-facing, ethically-responsible business.

The current Executive Committee champions confirmed are outlined on the following pages.



7.5.2. Ian L. Edwards – Interim President and CEO Sustainable Cities and Communities and Life on Land

The rapid urbanization of the world's population is the grand challenge of the 21st century. Finding solutions to these unprecedented challenges encourages us to think in a systematic way about all interconnected sectors, such as water infrastructure, transport, food, health, wealth creation and energy, as cities of the future need to become environmentally resilient, socially cohesive and as efficient as possible.

Our vision for smart-city innovation involves using technology to improve the services offered to citizens, enhancing their safety, well-being and access to information. In a smart city, urban informatics enable municipal asset owners and planners to monitor what is happening. Big data and real-time connectivity help them plan for the long term and manage in the moment to make systems and services more user-friendly and efficient.



7.5.3. Philip Hoare – President EDPM Climate Action

For today's projects to be sustainable over the long term, we need to plan for tomorrow's climate realities. By pinpointing vulnerabilities to rising temperatures and changing weather conditions, we help clients prepare for future events and move forward with adaptation strategies. We also play an active role in helping governments and stakeholders track and reduce their greenhouse gas (GHG) emissions.

We identify the threats and opportunities of climate change and design robust adaptation plans for the built and natural environment. We help ensure that future infrastructure is resilient.



7.5.4. Sandy Taylor – President Nuclear Industry, Innovation and Infrastructure

Innovation is one of our core values as a business and a priority area across all the sectors we operate in. Research and development (R&D), along with collaborating with business partners and academics, is a key component of driving more efficient processes and behaviours. This enables us to deliver cost-effective, innovative solutions for our clients and the governments we work with. Our R&D initiatives with trusted industry partners have generated offerings that lead and influence the industry.

In the Nuclear Sector, this includes working with and developing alternative fuels like recycled uranium, mixed oxide and thorium. We connect innovation with excellence in our ability to develop cutting-edge technologies for nuclear waste management as well as a full suite of advanced robotic tooling and nuclear grade products.



7.5.5. Erik J. Ryan – Executive Vice-President, Strategy, Marketing and External Relations Partnership for the Goals

As a leading global engineering and construction firm, the scope of our work impacts hundreds of communities around the world where our employees, business partners, and stakeholders live and work. Our goal is to have a positive impact on communities, learning and innovation. To achieve this goal, we are primarily contributing to educational causes, particularly initiatives that support the next generation of talent. Today, Indigenous communities are key partners in development projects around the world. At SNC-Lavalin, we've been engaging with Indigenous communities on behalf of our clients in a fair and inclusive way since the 1980s. We leverage our experience and know-how to ensure that these partnerships generate significant value for all. Supporting global, national and regional Indigenous organizations that actively promote business success will remain a priority. Through dynamic partnerships with organizations like the Canadian Council for Aboriginal Business and the Aboriginal Human Resource Council, we continue to network and engage with Indigenous Leaders. We are also increasing our knowledge of and contribution to business best practices.

7.6. How our Business Strategy Responds to Global Societal and Environmental Megatrends

SNC-Lavalin operates in an increasingly dynamic and interconnected world where global megatrends are shaping how we deliver projects. Megatrends can be considered as a range of transformative global forces which define the future by having far-reaching impacts on businesses, economies, industries, societies and individuals.

Global megatrends relate to climate change, conflicts, and consumer behaviour that businesses must adapt to. Where changes are predictable, businesses can plan ahead and adapt business strategy. Some changes relating to population growth can be planned for to a certain degree; however, the effects of climate disturbances, such as lack of rainfall, increased storms and flooding, can happen overnight. In a society with increased environmental awareness, rapid changes in consumer behaviour, such as increasing ownership of Electric Vehicles, refusal to buy single-use plastics, or conversion to plant-based diets, all have knock-on effects.

This can impact manufacturing and infrastructure, with raw materials no longer being in demand and existing infrastructure being rendered obsolete. Geopolitical instability can arise suddenly and have dramatic impacts on both businesses and society.

Governments and businesses worldwide are recognizing the importance of global societal and environmental megatrends and have started developing legislation to mitigate effects on society, the environment and global economies.

Sustainability for us is not an option, but an imperative. Extreme climate change is a global challenge, and it is important that we provide our clients with the support they need to ensure that their assets can withstand these environmental events. Five key global megatrends that have the potential to influence our business strategy and present rich opportunities to develop increasingly sustainable behaviour and practice are outlined below.

Megatrend 1

7.6.1. Global Population Growth and Urbanization

The UN projects predict that the current world population of 7.6 billion is expected to grow to 8.6 billion in 2030, 9.9 billion in 2050, and will continue to grow, reaching 11.2 billion in 2100. Some 55% of the world's population now lives in urban areas, a figure forecasted to reach 60% by 2030 and 68% by 2050. By 2055, an estimated 75% of us will live in cities, putting infrastructure, transport and supply systems under extreme pressure.

UN projections show that urbanization, the gradual shift in residence of the human population from rural to urban areas, combined with the overall growth of the world's population, could add another 2.5 billion people to urban areas by 2050, with close to 90% of this increase taking place in Asia and Africa. In 2018, those regions were home to nearly 90% of the world's rural population. India has the largest rural population (893 million) followed by China (578 million).

These changes will dramatically alter how cities are designed, infrastructure is planned, power is consumed and resources are distributed. As demand for resources increases, compact, well-connected cities that optimize low-carbon transportation systems will be healthier and more efficient.

As the world continues to urbanize, sustainable development depends increasingly on the successful management of urban growth, especially in low-income and lower-middle income countries, where the pace of urbanization is projected to be fastest.

Many countries will face challenges in meeting the needs of their growing populations, including for housing, transportation, energy, clean water, sanitation and other infrastructure.

7.6.1.1. Our approach to Global Population Growth and Urbanization

The world is expected to invest around USD90 trillion in infrastructure over the next 15 years. These investments are needed to replace ageing infrastructure in advanced economies and accommodate higher growth and structural changes in emerging markets and developing countries. Investing in sustainable infrastructure is key to tackling three simultaneous challenges, initiating global growth, delivering on the UN SDGs, and reducing climate risk. Infrastructure underpins core economic activity and is an essential foundation for achieving inclusive sustainable growth. Sustainability means that we, as a business, have a responsibility to ensure that the infrastructure that we create is compatible with social and environmental goals. The investment choices made globally in relation to infrastructure will start to lock in for decades to come either a climate resilient, future-proofed infrastructure pathway or a high-carbon, inefficient and unsustainable pathway which will exacerbate climate change. Our teams are already working on a wide range of sustainable infrastructure projects and we are at the forefront of research and development in relation to future-proofing cities and the development of smart cities. Our approach to the development of sustainable infrastructure is outlined below in relation to expertise across the energy, transport, buildings, water, and natural infrastructure sectors.



AN INCREASE OF 2.5 BILLION PEOPLE TO URBAN AREAS BY 2050.

These changes will dramatically alter how cities are designed, infrastructure is planned and power and resources are consumed and distributed.

7.6.1.2. Energy Infrastructure

Protected, uninterrupted energy networks are essential to the functional demands of our global population. We recognize the complexity associated with energy infrastructure and how closely linked it is to our transport, buildings, water supply and sanitation infrastructure, all of which require energy to enable them to function. Around the world we are increasingly reliant upon major infrastructure commissioned in the 1970s and '80s by government funded organizations.

Many of our power stations use fossil fuels and are reaching the end of their working lives, yet we are still heavily reliant on them to heat our buildings and provide energy for our transportation, water and sanitation systems. Our engineers are playing a key role in the operation and maintenance of our existing energy infrastructure systems across the world. We are also working closely with energy utility companies and governments to refurbish and upgrade existing infrastructure and distribution systems in order to reduce the amount of energy they consume to remain functioning. We are also working to decommission power stations at the end of their lives to replace them with low and zero-carbon alternative sources of energy.



Rampion Offshore Wind Farm
Newhaven, England, United Kingdom

7.6.1.3. Transportation

Our transport teams are working across a variety of modes of transport, helping to connect people, products and places by air, land and sea. A large proportion of our work around the globe is helping cities to adapt to growing populations with the help of our rail and transit business.

Transit and rail networks are characterized by the range, longevity, and complexity of their assets and are also particularly vulnerable to climate change. Modern mass transit systems demand frequent, punctual and reliable services to transport their passengers in a clean and comfortable environment. In addition, they must be able to cope with and adapt quickly to timetable variations and any service disruptions, with minimum additional workload for the control centre operators. Efficient links between towns, cities and countries has never been more critical.

The development of centres of prosperity across the globe depends on the existence of efficient transportation networks. Increased demand, advances in design and technology, and investment in the sector have made rail a leader in sustainable transport, combining reliability with carbon and energy efficiency. To foster innovation and growth in a low-carbon society, our teams develop the sustainable transport networks essential to move people, goods and services. Refining the design of each mass transit system to use less energy and water is an important aspect of our business both from a new-build and refurbishment perspective. This approach applies to buildings and infrastructure but also relates to the rolling stock, their weight, types of light fittings and controls.



Dubai Multi Commodities Centre Station
Dubai, UAE

7.6.1.4. Cities and Development

From new construction to upgrades and expansions, we design, operate and maintain buildings of all sizes and types. Our portfolio includes projects for industrial, commercial, and residential buildings and facilities dedicated to healthcare, education, public transportation, defence, pharmaceutical and biotechnology, food and beverage, and municipal infrastructure.



Eglinton Crosstown Light Rail Transit
Toronto, Ontario, Canada

7.6.1.5. Water

Water is an increasingly important but unevenly distributed resource globally. Water supply and quality is constantly challenged by growing populations, climate change, pollution, and changes in consumer behaviour and lifestyles. Driven by the global demand for clean water and sanitation, our teams are constantly advancing across research and innovation boundaries with a comprehensive range of services. We are developing best-practice approaches to global water management and are involved in every stage of the process to develop a water network from water strategy and resource planning to infrastructure design and maintenance and demand reduction through the selection and specification of low water-use components and appliances.

Waneta Expansion Project
Pend d'Oreille River, British Columbia, Canada

7.6.1.6. Environment

With the careful management of natural resources becoming an increasingly important priority, our specialists assist clients in projects that restore vital ecosystems and incorporate features and processes that minimize the impact of infrastructure on the environment.

We are working to improve and protect the overall quality of watersheds by setting and monitoring total maximum daily loads for pollutants. We provide urban communities with effective solutions to their flood-control needs while still preserving the existing natural infrastructure and flora and fauna.

We are developing and implementing comprehensive environmental restoration and water-management plans for a wide variety of natural resources, including lakes, rivers, streams, estuaries, wetlands and threatened habitats.

Megatrend 2

7.6.2. Climate Change

Countries around the world, including large emitters, have submitted to the UN plans describing their “intended nationally determined contributions” (INDCs) to the fight against climate change. India has pledged to reduce emissions intensity by 33-35% from 2005 levels and generate 40% of its power from non-fossil fuel sources by 2030. In the 2015 Paris climate initiative, international leaders agreed to curb the global temperature rise to 2°C above the era prior to mass industrialization, with an aspiration to limit this to 1.5°C. The world has already warmed by around 1°C over the past century, with sea level rises, heatwaves, storms, flooding other global weather events threatening vulnerable communities and ecosystems.

7.6.2.1. Our Approach to Climate Change

For today's projects to be sustainable over the long term, we need to plan for tomorrow's climate realities.

Our teams of engineers, meteorologists and toxicologists work across technical disciplines to pinpoint and predict vulnerabilities relating to rising temperatures and changing weather conditions.

We also play an active role in helping governments and companies reduce their greenhouse gas emissions and assess and quantify the risk that climate change events present to their business activities and assets. We work closely with them to develop climate change adaption and mitigation strategies to future-proof their business.

Megatrend 3

7.6.3. Shift in Mobility Patterns

Mobility has already undergone several revolutions. During the first industrial revolution in Europe and North America in the 19th century, railways and fixed public transport networks supported the concentration of population and employment within newly emerging cities. In the 20th century, the emergence of mass-produced, private motor vehicles underpinned the suburbanization of cities and the decentralization of activities into the surrounding countryside, encouraged by growing consumer choice, freedom of movement and desire for an enhanced quality of life. The growth in travel demand, combined with rapid motorization, have also led to pressing and universal urban challenges for travellers, communities and public agencies. Traffic congestion has become endemic, imposing costs and inconvenience on private and public transport users alike. The reliance of the transport sector on fossil fuels has contributed to deteriorating air quality and growing greenhouse gas emissions, with implications for public health, ecosystems and the global climate.

Air pollution, changes in consumer awareness of environmental issues, and the need to reduce carbon emissions associated with climate change are some of the main drivers for more consumers choosing to buy electric vehicles (EVs). Global ownership of EVs is increasing alongside a shift towards Mobility as a Service, resulting in a reduction in private vehicle ownership to rental-based systems.

These shifts in mobility patterns initiated in consumer behaviour and technology innovation have the potential to impact the way we design roads, vehicles, power distribution, buildings and power stations. Developments in battery technologies and mass manufacturing are reducing the capital cost of EVs. Indeed, if the cost of lithium-ion batteries continues to fall, EVs are expected to be cost neutral compared to petroleum vehicles by 2025. China is looking to lead the world in EV adoption, with the government implementing production quotas aimed at increasing sales.

7.6.3.1. Our Approach to the Shift in Mobility Patterns

Our transport specialists have extensive experience in the development of traditional transportation, but the shift in mobility patterns and a movement towards intelligent mobility and low-carbon emissions is driving a radical change in the way our transportation systems will operate in the future. Intelligent mobility offers a new, rapidly changing form of mobility through increasingly autonomous, connected and clean vehicles, personalized travel information and demand-responsive travel. Cities and communities will have to be designed to be more sustainable, use cleaner forms of transport, and be able to adapt to increasing and decreasing populations. They will not be able to rely on the old methods of transportation. Cities and communities will need to develop capabilities to scan multiple technologies and anticipate a range of potential modes of transport outcomes while assembling collaborative partnerships across government, academia and industry to drive changes towards low-carbon, intelligent mobility networks.

Megatrend 4

7.6.4. Technology Innovation

Some of the largest technological advancements over recent decades have occurred in health, education and the environment. The development of lower-cost battery storage is decreasing the cost of EVs. Renewable energy technologies are critical to addressing the impacts of climate change. Online courses and interactive applications are expanding access to education around the world, providing new ways of learning, teaching and working collaboratively. Advancements in weather-tracking systems are helping predict severe storms and provide similar techniques used to predict earthquakes.

Sustainability and digital technology innovation are very closely interlinked concepts. We need to create innovative, sustainable and digital ways of working to generate social, environmental and economic benefits for society.

7.6.4.1. Our Approach to Technology Innovation

The advent of digital technologies has profoundly marked entire industries, with the rise of new business models challenging existing ones. Clients are looking for smarter, more efficient ways of running their operations in order to reduce the impacts of their activities on the environment and society. Our specialists are undertaking a wide range of research and development activities to use technology and innovation to help our clients adopt future-facing business practices. The skills required in the rail industry are changing, with increased demand for data-driven intelligent solutions which combine digital and traditional engineering solutions creating greater efficiencies, reducing air pollution and greenhouse gas emissions.

Design techniques across our infrastructure, energy and resource businesses are already based on the use of 3D Digital Drawing techniques linked to manufacturing of prefabricated components to maximize resource efficiency, alongside the development of designs based on circular economy principles. We have worked hard to bring our breadth and depth in engineering and technology solutions to our clients to help them drive operational excellence within their organizations. As the market around us changes rapidly and organizations look for new ways to drive efficiency, this has a knock-on effect across their supply chain and partners.

Clients often collect data, but struggle to understand how to best use it to improve their products and services. Our approach begins with assessing if the data they are collecting is useful. Our specialist teams differentiate, analyze and understand the data and know how to turn into useful business information. In addition to the development of technology and innovation solutions for our clients, we also have a range of digital and artificial intelligence-related services. Our digital offerings range from digital products and tools that enhance our clients' projects, to Internet of things (IoT), mobility as a service, and strategic digital asset management solutions.



OUR DIGITAL OFFERINGS RANGE FROM DIGITAL PRODUCTS AND TOOLS THAT ENHANCE OUR CLIENTS' PROJECTS, TO INTERNET OF THINGS (IOT), MOBILITY AS A SERVICE (MAAS), AND STRATEGIC DIGITAL ASSET MANAGEMENT SOLUTIONS.

Megatrend 5

7.6.5. The Transition to a Low-Carbon Economy

In 2014, 2015 and 2016, global CO₂ emissions did not increase; however, in 2017 there was a rise of 2%. Increased coal use in China and reduced hydroelectric power due to poor rains are thought to be the main causes. The world's largest oil exporter, Saudi Arabia, announced plans for a 100% renewable-energy Mega-City.

Non-fossil fuels have experienced tremendous growth as the world transitions to a low-carbon economy. A low-carbon economy (LCE), low fossil fuel economy (LFFE) or decarbonized economy is an economy based on low-carbon power sources that therefore has a minimal output of greenhouse gases. Greenhouse gases are the dominant cause of global warming and associated climate change. Shifting to a low-carbon economy on a global scale could bring substantial benefits for both developed and developing countries. The two main sources of low-carbon energy are, firstly, renewables, which includes solar, wind, hydro, biomass and marine energy, and, secondly nuclear. In conjunction with the growth of zero-and low-carbon sources of energy, primary demand reduction via energy efficiency is essential to reduce global energy demand.

Global energy production requires a mix of energy sources in the future, to ensure the security of the supply of energy to existing customers and a growing global population. The future mix of energy sources will change over time, but is likely to include renewables, low-carbon sources of heat and energy, hydroelectric energy, nuclear energy, and oil and gas, as well as emerging sources of energy, which will become mainstream as technology advances and costs reduce.

7.6.5.1. Our Approach to the Transition to a Low-Carbon Economy

With the world's leading economies on a fast track to a low-carbon future, it's our responsibility to help our clients understand and prepare for the crucial role of delivering infrastructure in a carbon-conscious world. We provide innovative solutions to speed up the widespread deployment of cost-effective renewable energy technologies as diverse as offshore and onshore wind, hydroelectricity, biomass, waste to energy, geothermal energy, solar, tidal, and decentralized energy.

We provide robust engineering design and owner's engineering services in the renewable energy sector, as well as technical advice on emerging clean energy technologies.

Our cross-discipline experts and specialists enable us to provide the complete range of services in all aspects of renewable energy technology. We have some of the most technically skilled individuals in the engineering sector in areas such as fatigue assessment, finite element analysis, dynamic analysis, computational fluid dynamics and hydrodynamics.

Our work with our clients and partners enables us to spearhead the move towards a low-carbon economy by making clean energy sources safe, reliable and cost-effective. We are working closely with governments to help them understand and evolve the potential of emerging technologies such as energy storage, deep geothermal and carbon capture and storage.

With over 100 years' experience in hydroelectric energy generation, our in-depth knowledge and a combination of quality and creative thinking sets us apart in the industry, whether we are delivering impact assessments, feasibility studies, community engagement programmes, or engineering, construction, commissioning and long-term operations solutions. We can design and build hydroelectric energy

facilities from 1 to 22,000 MW of capacity and rising from 5 to 700M in height. Our water resource management, dam, dyke and canal expertise also applies to municipal, industrial and agricultural water resource management and infrastructure.

But our work is not all about designing new facilities. Our teams have refurbished and upgraded more than 60 hydroelectric developments and have performed over 120 dam safety assessments worldwide. By applying the latest solutions to the growing number of aging facilities, we can safely and affordably upgrade installations while also enhancing their efficiency.

As the demand for low-carbon sources of energy continues to grow, nuclear energy plays an important role in developing a mix of low-carbon sources of energy which will ensure energy security and the ability to meet our future energy needs as global population continues to grow. Our long history of growth has made us one of the largest nuclear service providers and our global track record and experience allows us to develop and use the latest technology and tools to innovate and develop industry best practices to manage technically complex challenges with precision.

We are well positioned to design and engineer the next generation of nuclear power plants, including CANDU reactors and small modular reactors when size or remoteness is a factor.

Research and development with trusted industry partners have generated offerings that influence and lead the industry. This includes working with and developing alternative fuels like recycled uranium, mixed oxide and thorium as well as Tier-1 contracts for the management and decommissioning of nuclear sites.

With over 100 years' experience in oil and gas, our in-depth knowledge of offshore engineering and hydrocarbons, as well as power generation and distribution not only equips us well but drives a sense of responsibility to play a key role in developing the technical and commercial viability of new technologies.

Delivering engineering projects in challenging marine environments has provided us with a wealth of knowledge we can transfer into cost-effective solutions for marine renewables.

By combining our original thinking with these 100 years of engineering experience in oil and gas, we are transforming the ability of offshore wind to compete with established forms of power generation.

Lessons learned in foundation technology, as well as installing and maintaining at sea, guide us in developing approaches to fixed foundation design, which reduces cost. Our work with industry partners on offshore floating wind projects allows them to harvest the best offshore energy resources further offshore in deeper waters.

We have expanded our energy portfolio into more natural gas projects and, for more than 25 years, we have delivered end-to-end services to the liquefied natural gas (LNG) sector. Combining an extensive, proven track record and with an industry-leading health and safety performance, our teams have successfully partnered with clients on some of the sector's most challenging projects.



Kearl Oil Sands Project
Fort McMurray, Alberta, Canada

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SECTION 8

INTEGRITY

Klang Valley – Semantan Station
Kuala Lumpur, Malaysia

8. INTEGRITY

Integrity matters at SNC-Lavalin. SNC-Lavalin is committed to undertaking our business activities with the highest Integrity. And maintaining a reputation of integrity depends on the actions of everyone in the organization.

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 are proud of our robust Integrity Programme. External recognition of our commitment to the programme's principles and to our corporate values reinforces our conviction that we're on the right path.

8.1. Our Integrity Evolution

2018 saw an evolution in how we define ourselves as a company. We have come a long way on our journey to ethics excellence and we have learned a lot. It is not enough to simply comply with laws, rules and regulations. It is also not enough to set up a framework for good governance practices. Integrity is woven into every aspect of our organization. Whether demonstrated in our annual employee certification programme or our core values, we are committed to excellence with respect to integrity in all that we do.

Our goal is to set a higher standard and go beyond typical compliance levels. We want to become a benchmark in the industry for how to undertake business activities properly.

In 2017, when we asked our workforce of 50,000 employees what the core values at SNC-Lavalin are, Integrity was chosen as a guiding principle of the highest priority. Along with Safety, Collaboration, and Innovation, Integrity has become a core value and consideration in everything we do at all levels of the organization.

We have been able to improve our industry-leading Integrity Programme even further in 2018. The Executive Committee has led the way with a commitment to embrace, support, and drive the Integrity Programme from the top down. The result is a stronger, more robust agenda that takes ethical business practices to the next level as we continue to evolve a benchmark programme and a template for full corporate buy-in. This will incorporate meaningful, lasting principles and practical tools which will keep SNC-Lavalin at the cutting edge of corporate integrity. Key achievements in terms of how we communicated our Integrity principles internally and externally during 2018 are as follows:

- > Keeping Integrity relevant and at the forefront of all our daily actions, every business meeting conducted at SNC-Lavalin begins with an Integrity Moment where a practical example is presented and discussed.
- > Strong high-level leadership is advanced through a quarterly blog from our President & CEO, a monthly blog from the Chief Integrity Officer, and annual performance reviews for all senior management linked to their respective sector's Integrity metrics.
- > Developed in 2018, Integrity ChatBot Scotty is an online programme developed by SNC-Lavalin. It is available 24/7 to all employees through our internal platform and automatically provides answers to frequently asked questions relating to ethics and integrity.

8.2. Our Integrity Programme

Three action elements define our Integrity Programme: Prevent, Detect, and Respond. This comprehensive and integrated approach maintains our ethical health, supports our long-term success and preserves and promotes our values. Key advancements in progressing our Integrity Programme during 2018 are outlined below.

8.2.1. Annual Integrity Week

September 24th, 2018 saw the inaugural Annual Integrity Week. Designed to promote awareness, conversation and recognition, each day staff were introduced to different parts of our Integrity Programme and what we are doing to bring our Integrity value to life throughout the company. Lunch-and-learn events were hosted in various offices by our Integrity Officers, and 53 Integrity Awards were handed out to employees for outstanding contributions to our Integrity value.

8.2.2. Linking Procedural Documentation

In 2018, our Code of Conduct was linked to all relevant procedural documents related to the different sections, making it more user-friendly and accessible to all employees.

8.2.3. Adding Integrity Documentation to website

In 2018, we made our Conflict of Interest & Compliance procedures fully available on our website.

[Link to website >](#)

8.2.4. Prevent

Weaving Integrity into the fabric of our organization has ensured every single employee understands what is expected of them, giving them the responsibility and accountability to create a corporate culture that inspires pride. As we continue to grow as a company and collaborate with partners around the globe, maintaining our ethical standards remains a priority for everyone in the organization. Our approach to prevention is underpinned by fostering a culture of integrity to prevent the likelihood of wrongdoing and compliance violations from occurring. We are focusing on the following key areas:

- > Strong commitment and communication from Leadership
- > Policies and Procedures
- > Training and Communication
- > Business Partner Due Diligence
- > Compliance Risk Management
- > Mergers and Acquisitions
- > Due Diligence
- > Collective Action and Outreach Programme
- > Support and Advice

8.2.5. Detect

Maintaining high standards among over 50,000 employees operating in numerous countries depends on our ability to detect allegations of non-conformity, to investigate, and to respond to each allegation swiftly. The Compliance Investigations Team responded to 320 allegations in 2018 generated through a variety of channels designed to empower a workforce that strives to attain an ethical culture in a practical and practicable fashion.

Our approach to prevention is underpinned by providing internal controls and other sources to identify misconduct and evaluate adherence, focusing on the following key areas:

- > Duty to report
- > Effective Compliance Controls
- > Regular Integrity Audits
- > Compliance Reviews
- > Resources and Skills for Global Investigations

8.2.6. Respond

Responsive measures are holistic and considered. Serious allegations are discussed at the highest level and recommendations for solutions are designed to eliminate immediate threats while looking at the root causes and ensuring we are doing all we can to avoid similar problems in the future, feeding back into the first element: Prevent. Our approach to prevention is underpinned by measures that take corrective action in response to misconduct, focusing on the following key areas:

- > Prevention of Recurrence
- > Remediation of Systematic Deficiencies
- > Disciplinary Sanctions
- > Unbiased consequences

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

8.3. Industry Engagement and Recognition

In the spirit of sharing our journey with and learning from our peers, SNC-Lavalin has engaged with academic institutions, participated in industry conferences, and been recognized by international bodies for its Integrity Programme. We are not only looking to reach and maintain the highest standards for ourselves, but also to do our part to help the industry at large become more sustainable and more ethical.

- > In 2018, SNC-Lavalin was invited to talk about our Integrity Programme at academic institutions throughout North America;
- > In January 2018, Neil Bruce, our former President & CEO, served as chairman of the World Economic Forum Partnering Against Corruption Initiative (PACI);
- > In 2018, representatives of SNC-Lavalin actively participated in industry conferences related to business ethics, presenting, joining panel sessions and sharing ideas with leading thinkers in the field.

8.3.1. Ethisphere Institute

In early 2019, SNC-Lavalin earned the Compliance Leader Verification from the Ethisphere Institute, an independent centre for research, best practices and thought leadership. This certification is valid through 2020. The Compliance Leader Verification is awarded exclusively to companies with the best industry ethics and compliance programme that are pro-actively investing resources, thereby sending a clear signal that an organization takes these principles seriously. This recognition is another demonstration of our strong culture of integrity and how much we have changed since launching our Integrity Programme in 2012.

From October 2018 through January 2019, Ethisphere carried out a thorough assessment of our Integrity Programme and looked specifically at the following aspects: programme resources and structure, perceptions of ethical culture, written standards, training and communication, risk assessment, monitoring and auditing, enforcement, discipline, and incentives.

Ethisphere based its findings on answers we provided to its Ethics Quotient® survey, on documentation covering 45 different elements of our corporate activity, and on interviews with 15 senior and operational leaders across the organization.

This recognition from Ethisphere is an endorsement of our efforts to build a culture where all employees understand the "why" behind our company's approach to ethics and compliance.

8.3.2. Trace International (TI)

Trace International, Inc. is a globally recognized anti-bribery business organization and leading provider of third-party risk management solutions. Trace membership helps companies conduct business ethically and in compliance with the U.S Foreign Corrupt Practices Act, UK Bribery Act and other anti-bribery legislation.

In 2018, SNC-Lavalin was an active member of TRACE through regular dissemination of training materials via our weekly Integrity Bulletin, event attendance, and engaged participation in conferences, both presenting and participating on panels.

8.3.3. Transparency International

In 2018, SNC-Lavalin was recognized among the top 27% of all companies in the 2018 Corporate Political Engagement Index, which was published by Transparency International UK on November 26. This new index assesses businesses on how transparent they are in their political engagement – including areas such as donations to political parties, lobbying of those in power, the revolving door, public commitment to ethical behaviour, and the overall transparency of this information.

Our organization received an overall "C" grade, which is considered "fair to excellent". Transparency International UK's assessment was based entirely on information made available to the public on our company's website, including downloadable reports for evidence of reporting on political engagement as well as any functioning hyperlinks to other materials.

8.3.4. Partnering Against Corruption Initiative

Neil Bruce, our former President & CEO, was nominated as co-chair of the PACI, a CEO-led anti-corruption initiative run by the World Economic Forum. Working alongside international organizations, academics and government institutions, PACI is at the forefront of industry practices to rebuild and foster trust in business and institutions. Through the commitment of their chief executive officers, close to 90 partner companies have signed and committed to the PACI Principles.

8.4. Governance

8.4.1. Oversight and reporting

8.4.1.1. Policies and procedures

Corporate policies provide guiding principles and rules for our entire organization, regardless of location.

Corporate Procedures and Processes and Work Instructions, on the other hand, helps to 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 other corporate governance documents can be applicable to a specific geographical region, business unit or corporate function.

Our Policy Oversight Committee establishes good practice in corporate 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 from the following corporate functions:

- > Integrity
- > Finance
- > Global Human Resources
- > Legal Affairs
- > Internal Audit
- > Global Projects Support
- > Communications and Marketing

As part of our Operational Excellence initiative, we created the Project Delivery Centre of Excellence (PDCE), recently renamed the Capability Hub, a proactive and centralized online repository for employee knowledge sharing. The Capability Hub will support the transparent communication of our updated policies and procedures.

8.4.1.2. Reporting

Our Duty to Report process 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 can use our third-party, confidential, 24/7 Integrity Hotline to report any suspected misconduct. The hotline allows employees, suppliers, clients and other stakeholders to report potential violations of our Code of Conduct, company policies or applicable laws, either online or on the phone, in approximately 200 languages without fear of retaliation.

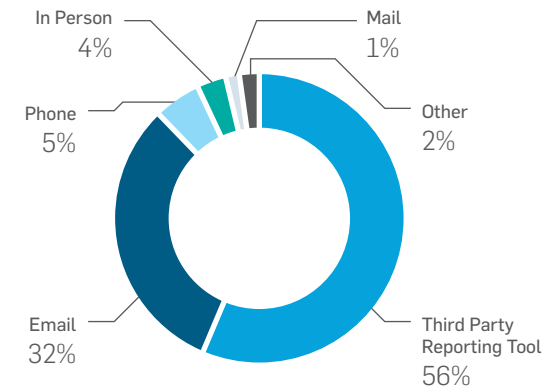
A committee composed of the Chief Compliance Officer, the Head of Compliance Investigations, the Compliance Legal Counsel, the Head of Internal Audit and a Human Resources representative meets on a weekly basis to review, assess and prioritize allegations of compliance violations. Once assigned to the 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 always preserves the integrity of the Compliance Investigations' processes.

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 to investigating allegations.

Allegations in 2018

Allegations made via:

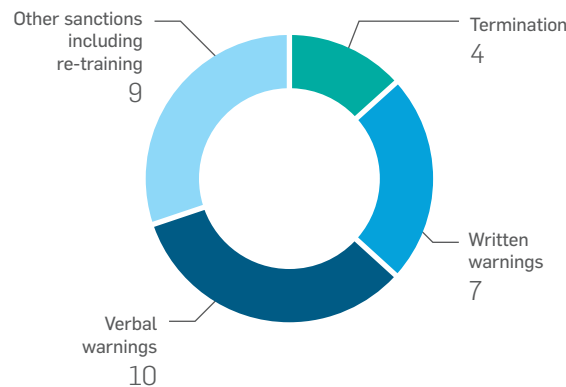


New compliance cases opened: **320**

New compliance cases opened based on anonymous allegations: **153**

Compliance cases closed: **330**
(includes cases from previous years)

30 Disciplinary Sanctions



The disciplinary actions were the result of violations of the following Code of Conduct sections:

- > Section 1.3 "Living Our Values and Our Code"
- > Section 3 "Avoiding Conflicts of Interest"
- > Section 4.1 "Anti-Trust and Competition"
- > Section 4.2 "Anti-Bribery and Anti-Corruption"
- > Section 4.3 "Third Parties"
- > Section 4.3.2 "Government Officials"
- > Section 4.9 "Accounting Practices and Record Keeping"
- > Section 5.1 "Electronic Resources"
- > Section 5.2 "Confidentiality of Information"
- > Section 5.3 "Intellectual Property"
- > Section 6.1 "Duty to Report"
- > Section 6.2 "Internal Investigations"

8.4.2. Code of Conduct

The Code of Conduct lies at the heart of our Integrity Programme 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 programme.

8.4.2.1. Annual training and certification

All employees (regular, occasional, temporary, contractual, 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.

In 2018, we trained and certified more than 33,000 employees during this rigorous and ambitious undertaking, reaching a 100% certification rate.

8.4.2.2. 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, available in three languages. The training includes real-life case studies inspired by compliance investigations and our Compliance Officers' feedback.

In parallel with the content development, we develop the training processes and the communication plan, implement it in our systems and create the reporting tools. Throughout these activities, our team works 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.

8.4.2.3. 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 & Environment 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.

8.4.3. Communications

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

Internal communication activities and channels include:

- > Integrity campaigns
- > President & CEO blog
- > Management and other meetings
- > Annual performance reviews
- > Intranet

Managers begin meetings with Integrity Moments to help reinforce our ethics and compliance culture. Like safety, integrity is top of the agenda 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. This includes our vision, plans and 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

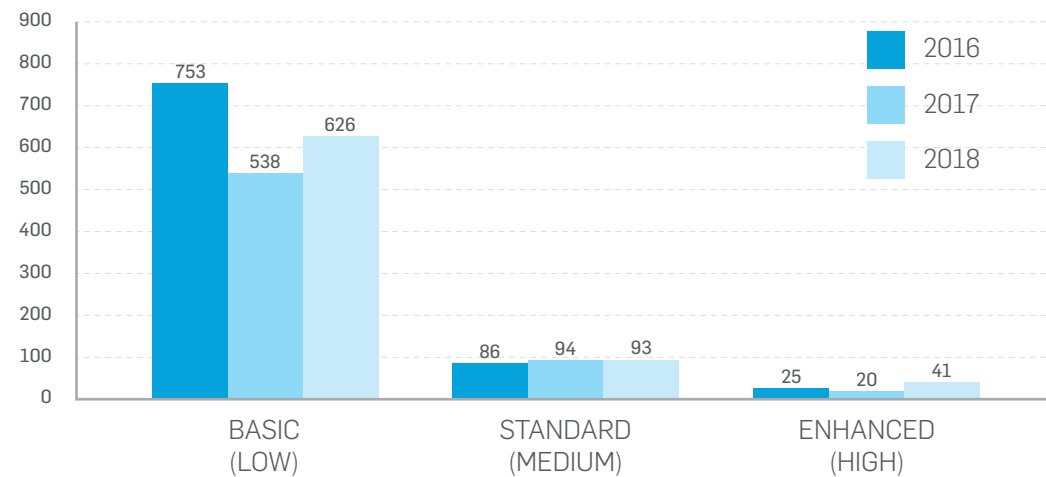
8.4.4. Business Partner Compliance Due Diligence

We take significant steps to ensure our business partners fully understand our Integrity 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.

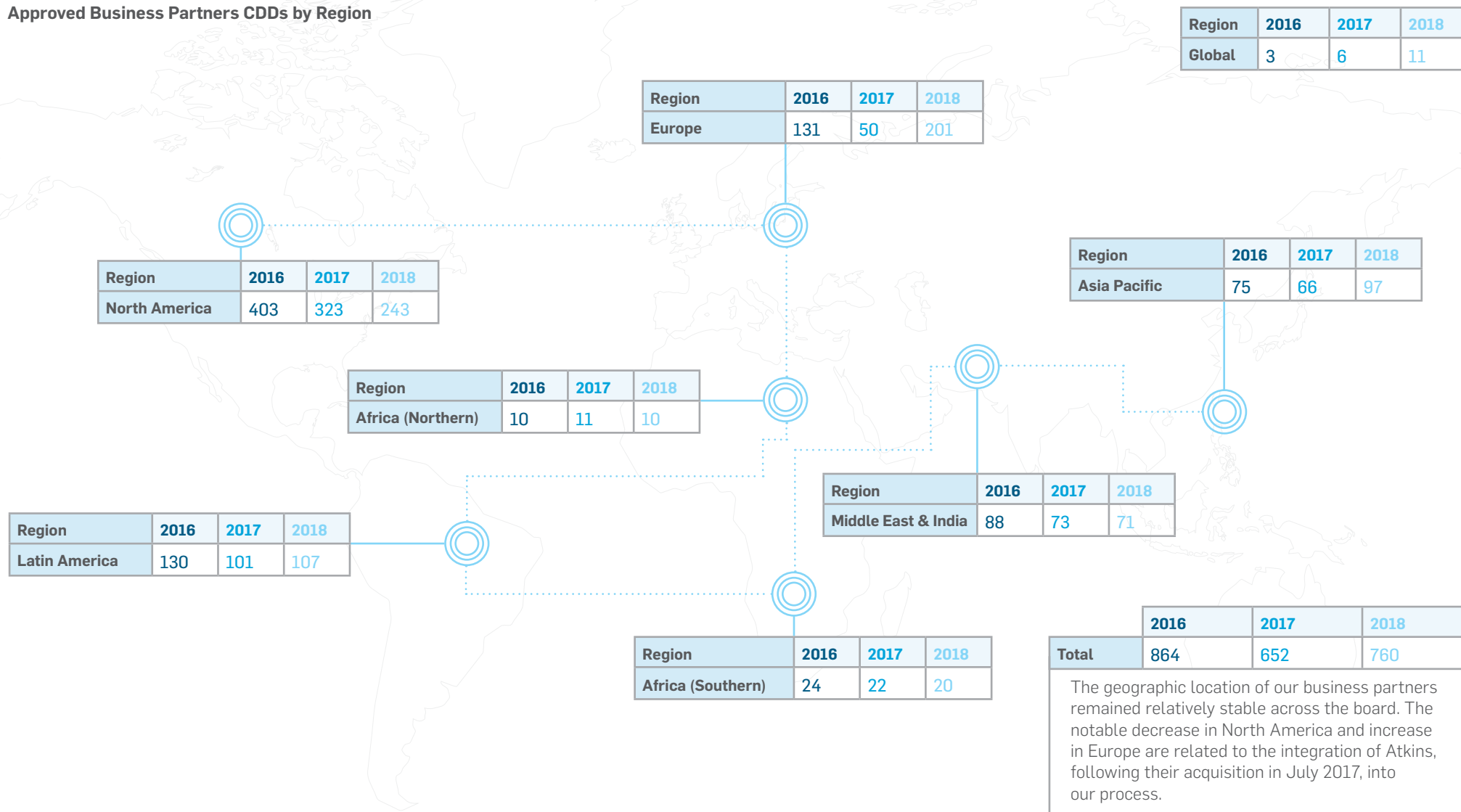
We introduced our Supplier Code of Conduct in our business partner and procurement process. In 2018, this new process replaced the Anti-Corruption Compliance Attestation.

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.

Approved Business Partner Compliance Due Diligence (CDD) Risk Levels



Approved Business Partners CDDs by Region



8.4.5. Risk assessment

During our annual Integrity Risk Assessment process, senior management teams collaborated with our compliance officers, directors, managers and subject matter experts in over 50 countries of operation to assess the compliance risks in their respective sectors, business units and regions.

We continuously cross-check our risk exposure against our compliance programme 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 2018, we enhanced our risk-assessment approach by incorporating:

- > Risk and control self-assessments deployed on a regional basis
- > Optimizing workshops by synergizing efforts across the organization

We strive to remain at the forefront of emerging risks and respond to modern-day challenges effectively. This proactive approach is fundamental to mitigating across the full spectrum of potential threats for our stakeholders and surrounding environment. More recently, we are evaluating our exposure to data privacy, a risk that threatens many international organizations.

8.4.6. 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 share our values, adhere to our ethics and compliance processes, and feel comfortable about voicing concerns.

However, 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 programme, we are continuously improving our Integrity Programme. We are not only monitoring and ensuring the effectiveness of our systems and processes, but also assessing their efficiency in helping us achieve our business objectives. The 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.

8.5. 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 an industry-leading and diverse training programme. 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.

8.5.1. Mandatory courses and training initiatives

At the beginning of 2018, our 32,000 Learning Management System (LMS) users had access to 28 ethics and compliance eLearning modules in two to nine languages, for a total of 118 modules.

Out of these 28 eLearning modules, ten are mandatory depending on the employee's role. Our Integrity team works closely with our Global Training and Simulation Services team to develop many of these modules to ensure that they meet our needs and reflect our policies and procedures. 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.

In 2018, the following trainings were rolled out as part of an onboarding process for new employees depending on their role:

- > The annual certification of all non-craft employees to our 2018 Code of Conduct either online or in-person for isolated sites (more than 33,000 employees targeted)
- > Insider trading training (more than 11,000 employees targeted)
- > Anti-trust and competition training (more than 5,400 employees targeted)
- > Anti-corruption training (more than 1,300 employees targeted)
- > Anti-corruption refresher (more than 2,500 employees targeted)
- > Anti-corruption refresher US version (more than 220 employees targeted)
- > Avoiding trafficked labour training (more than 1,600 employees targeted)
- > Business partner due diligence training (more than 2,800 employees targeted)
- > Gifts and hospitality training (more than 5,600 employees targeted)
- > World Bank sanctions training (more than 2,500 employees targeted)
- > Working with the Canadian government training (more than 640 employees targeted)
- > Trade control and sanctions training (more than 3,700 employees targeted)

In 2018, mandatory trainings for all non-craft employees included:

Data privacy awareness training: This eLearning training was mandatory for all employees on our Learning Management System. The training covered fundamental data privacy topics, including how to define and recognize personal data as well as how to use personal data in accordance with required laws and regulations.

Anti-corruption and competition awareness training: This three-session training was provided globally through in-person and virtual classrooms. It was 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 integrated export control, anti-boycott and other specific US requirements.

Antitrust training: This training was based on our corporate policies and explained the basic concepts with case studies to help employees understand their antitrust responsibilities and identify potential risks in their activities. It was 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 2018, this course was mandatory for all senior managers and employees in procurement and HR as well as our Board members.

Business partner due diligence training: This eLearning module was developed to help employees 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 Compliance Due Diligence process. This training was 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, business partners with enhanced risk assessments are required to undergo mandatory online anti-corruption training.

Gifts and hospitality training: Based on our Compliance Standard Operating Procedure, this training familiarized employees with situations in which accepting or offering something might be considered improper. It also identified situations requiring a scorecard. This training was mandatory for employees in general management, procurement, government relations, business development, integrity, 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 learned how to handle ethical dilemmas while in possession of confidential information. This training was mandatory for our employees in general management, procurement, government relations, business development, integrity, finance, legal affairs and project management.

Working with the Canadian government training: Developed in partnership with a global law firm, this three-session module covered federal laws and regulations, procurement integrity and conflicts of interest when doing business with the Canadian government. It was 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.

8.6. Visible leadership in the community

SNC-Lavalin is very involved with collective outreach across many parts of the globe, including in high-risk areas. Our objectives are to:

- > Help promote ethical business by driving and supporting initiatives aimed at building capacity, especially with small and medium enterprises in regions where it makes business sense;
- > Serve as a role model for clients, suppliers and other businesses by positioning ethics and compliance as a business enabler;
- > Engage in sharing compliance best practices with other companies and organizations.

To achieve our objectives and promote ethical behaviour across businesses regardless of where they operate in the world, we:

- > Join or lead high-profile organizations;
- > Create new local or industry-specific coalitions;
- > Participate in or organize panel discussions;
- > Mentor small-medium-sized enterprises;
- > Participate in educational forums.

Some examples of our 2018 outreach initiatives by region include:

8.6.1. ASIA-PACIFIC

Vietnam: Participated, along with other sanctioned entities, in the World Bank Regional Asia Workshop in Hanoi to share best practices and experiences on implementing integrity programmes in Asia.

Malaysia: Conducted presentations on corporate ethics and anti-corruption to Sunway University College students in Ipoh and to Inti Education Centre in Kuala Lumpur.

Singapore: Panelist at a TRACE Anti-Bribery Regional Workshop discussing 'Localizing Global Compliance Programmes: Tips & Strategies for More Effective Compliance on the Ground'.

8.6.2. CANADA AND THE US

CANADA

Montréal Integrity Network: Founding member of the Montréal Integrity Network, established in 2017, and continue to actively co-ordinate and participate in bi-monthly meetings.

Universities: We have presented our Integrity Programme to multiple Universities, such as the Telfer School from the University of Ottawa, the Faculty of Law Global LLM from the University of Toronto and Faculty of Law of Western University.

National Case Competition on Ethical Leadership from Ryerson University: Since 2017 and currently until 2020, we are the proud sponsor of the National Case Competition on Ethical Leadership.

Transparency International Canada: Participated as a panelist in the 8th Annual Day of Dialogue 'Spotlight on Corruption'.

Conference Board of Canada National Corporate Ethics & Integrity Summit: We were the proud sponsor of the first Conference Board of Canada National Corporate Ethics & Integrity Summit in Toronto.

Our former President & CEO, Neil Bruce, was a speaker on 'View from the Top: CEO Perspectives on the Importance of Ethics and Integrity'.

Hentie Dirker, our Chief Integrity Officer, was a speaker on 'Impact of Workplace Investigations: Firing High-Performing Workers for Bad Behaviour'.

Canadian Bar Association: Panelist at a luncheon discussing 'Reducing the risk of employee misconduct within a company: the winning formula'.

Montréal: Presented at The International Association of Business Communicators World Conference at the Palais des Congrès de Montréal.

Toronto: Presented at the Lexpert 6th Annual Anti-Bribery and Corruption Compliance course on 'An Industry Perspective on Anti-Corruption Enforcement and Compliance: The View from SNC-Lavalin'.

USA

New York: The World Economic Forum Partnering Against Corruption Initiative (PACI) Fall Meeting in New York. This event was chaired by our former President & CEO, Neil Bruce.

Houston: Panelist at the Compliance and Ethics Forum by Today's General Counsel, discussing 'Developing Policies, Communications, and Training: How to determine your policy, communications and training needs'.

Las Vegas: Panelist at the Society for Corporate Compliance and Ethics Anti-corruption Workshop, discussing 'FCPA and Anti-corruption Enforcement and Compliance Best Practices'.

8.6.3. EUROPE

UK: PACI Working Group Meeting, London.

Germany: Panelist at the Global Anti-Bribery In-House Network in Berlin, exploring practical insights on anti-bribery risks around the globe and Global Compliance Programme Failures and Victories.

France: Panelist at the International Bar Association Anti-corruption Committee Annual Conference in Paris.

Switzerland: Panelist at the International Centre for Collective Action – Anti-corruption Collective Action Conference at Basel Institute on Governance.

8.6.4. LATIN AMERICA

Argentina: Participated in the World Economic Forum (PACI meeting) in April 'The Future of Trust and Integrity', fostering B20/G20 cooperation to address corruption in Buenos Aires.

Chile: Organized and participated in the Alliance for Integrity Compliance Meeting in Santiago, discussing local integrity initiatives.

Sponsored the Alliance for Integrity Anti-Corruption Training – over 20 companies participated.

Colombia: Panelist and speaker on whistle-blower protections at the 3rd Andean Anti-Corruption Summit in Bogota.

Peru: Panelist at the Women in Mining Panel in Lima, discussing how the future of mining will be impacted by Ethics & Compliance.

8.6.5. MIDDLE EAST AND NORTH AFRICA

UAE: Speaker at two distinct TRACE Anti-Bribery Workshops in Dubai, where we discussed 'Enhancing Internal Reporting Mechanisms to Build Trust and Foster a Culture of Speaking Up'.

Oman: Speaker at an Integrity Workshop to Omanis in Muscat.

South Africa: Participated in Cross-Border Challenges in Johannesburg to share best practices on cross border activity, held by Coalition of Ethical Operations in partnership with the Consumer Goods Council of South Africa.

8.6.6. WORLDWIDE

PACI: The World Economic Forum Partnering against Corruption Initiative is the foremost CEO-led anti-corruption initiative. Working alongside international organizations, academics and government institutions, PACI is at the forefront of industry practices to rebuild and foster trust in businesses and institutions. Through the commitment of their chief executive officers, close to 90 partner companies have signed and committed to the PACI Principles. Neil Bruce, SNC-Lavalin's former President & CEO, was appointed as co-chair of this initiative at the January 2018 World Economic Forum meeting in Davos, Switzerland. In 2018, a representative of SNC-Lavalin's Integrity Programme chaired the PACI fall event in New York.

TRACE International: We have invited local employees and business partners to Trace International events throughout the world.

Compliance in Mining Network: – Hosted and attended semi annual meetings in Toronto and Amsterdam. An industry-led initiative of major companies in the global mining sector

UN Global Compact: As signatories to the UN Global Compact, we are committed to ensuring that our business policies incorporate and support its Ten Principles. Starting in late 2015 and continuing into 2018, we assessed our business practices in the Gulf Region for any issues related to modern slavery and worker welfare. In 2018, we continued to standardize the best practices we developed in the region to ensure our Code of Conduct principles are universally upheld wherever we work. We also deployed a training programme for senior leaders in the company to raise their awareness and knowledge of this issue.

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SECTION 9

PEOPLE AND SOCIETY

Photo Credit : Jassy Earl

'Wee Architect': A creative built-environment workshop for young people designed and delivered by New Practice and SNC-Lavalin Glasgow, Scotland, United Kingdom

9. PEOPLE AND SOCIETY

9.1. Employees

9.1.1. Employees are the driving force behind our contributions in sustainability

Our employees' shared expertise, passion and commitment to our clients' success enable us to forge long-term client partnerships and put sustainability at the heart of our business strategy. We are very focused on creating an environment that ensures our employees develop and thrive. This is how we will continue to strengthen our Tier-1 capabilities and deliver even the most complex projects effectively.

9.2. 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 Integrity Committee
- > HR Integrity 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 global HR team meet regularly with their internal clients and lead their own sector or functional meetings. The global HR leadership team also meets regularly to develop the Group's People Strategy. The group discusses key issues affecting employees and the HR function globally, and manages how we are delivering on SNC-Lavalin's business and people plans.

9.2.1. Global HR Policy

We revised our Global Human Resources Policy in October 2018. This policy provides the guiding principles for the effective management of human resources worldwide. It reflects our People Strategy of building capability and flexibility to achieve our business ambitions and flawlessly executing complex projects. These guiding principles are derived from the Group's People Strategy, which focuses on three strategic priorities:

- > People – the attraction and recruitment of the best talent;
- > Organization – the effective identification, development and deployment of our talent;
- > Systems and processes – the implementation of the necessary tools and programmes to engage with our talent, drive performance, reward, recognize and retain our employees.

Both this Policy and the People Strategy are a means of ensuring that SNC-Lavalin's culture and values are embedded in everything we do. We aim to foster a collaborative and positive climate where a diverse employee group can thrive, develop and achieve their full potential. Our overall aspiration is for SNC-Lavalin's human capital to be recognized as the benchmark in the industry and beyond, and to have the excellence of our people and their commitment to our clients' success significantly differentiate us and contribute to securing long-term partnerships.

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

- > Fosters a performance-driven culture anchored in the company's values of safety, integrity, collaboration and innovation;
- > Prohibits workplace harassment, discrimination and any form of violence;

- > Supports the highest standards of integrity;
- > Actively promotes diversity and inclusion as well as equal opportunity for all;
- > Fosters mutual trust, respect and dignity at all levels of the organization;
- > Enables all personnel to report misconduct without fear of retaliation or retribution;
- > Entitles all personnel to be treated fairly, without distinction, exclusion or preference based on culture, experience, race, colour, gender, pregnancy, sexual orientation, marital or family status, age, religion, political conviction, ethnic or national origin, social condition, disability or conviction for which a pardon has been granted;
- > Represents the pool of qualified individuals available for recruitment and ensures that no one is denied employment opportunities, advancement or benefits for reasons unrelated to ability;
- > Fosters the highest health, safety and security standards. Health, safety and security are central to everything we do. Ensuring all personnel and stakeholders return home safely at the end of the day is our number one priority.

9.2.2. HR Integrity Committee

In early 2017, we established the HR Ethics and Compliance Committee, chaired by the EVP of Human Resources, to address HR ethics and compliance investigations. The committee helps 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 integrity culture.

9.2.3. 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 understand and abide by our Code of 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, it was made 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, Integrity team members follow guidelines to address and mitigate the conflict properly.

In 2018, our employees were also asked to disclose any conflicts of interest and this process was completed by year-end.

9.2.4. Background checks

Over the years, we have seen a significant increase in the number and 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, we conduct thorough background checks on all candidates for key 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 confidentiality and used solely for the purpose for which they are collected.

9.2.5. Strengthening our HR capabilities

In 2018, we developed a new People Strategy for the group and rolled it out by sector and region. We continued to improve our HR systems, practices and tools in line with our changing business environment. Through our company-wide HR initiatives, we engage our employees and create long-term value for our organization and clients. We are also committed to helping our employees reach their development and career goals through our extensive learning and development curriculum. Through our new mid-year career discussion process, we encourage people to proactively discuss their career aspirations, seek out new challenges and take action to turn their aspirations into reality. Our internal job-posting site is one of the ways employees can explore new career opportunities across SNC-Lavalin.

9.3. Compensation and Benefits

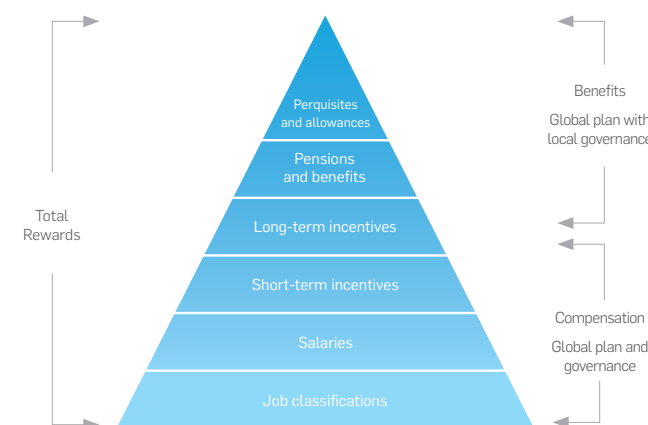
In recent years, we have taken significant steps to align employees' compensation and benefits internally across our organization, and externally within our industry.

9.3.1. Total Rewards

Our Total Rewards framework drives employee engagement and helps attract and maintain key talents, all of which reflects our business strategy, culture and relevant local market competitive practices. Total Rewards supports a pay-for performance culture that rewards top-quartile performers 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 that provides flexibility to recognize employees' individual skills, competencies, performance and development;
- > An adequate level of protection under health and welfare programmes with the opportunity, where applicable, for employees to tailor the protection to their personal and family needs;
- > A retirement programme, where available, 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 programmes, both short term and long term, aligning eligible employees' compensation with the achievement of SNC-Lavalin and business-unit objectives, individual performance and shareholder interests, or recognizing employees' remarkable or outstanding achievements over and above their normal job requirements.



9.3.1.1. Job classification

Employee eligibility and participation in the Total Rewards framework's applicable elements are based on our job-classification system rolled out worldwide. 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. In 2018, we began the process of applying this classification system to the former Atkins organization (now EDPM), ready for roll-out in early 2019.

9.3.2. 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 the mid-year and annual discussions 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 process, 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.

9.4. SNC-Lavalin Academy

The SNC-Lavalin Academy is an important force in shaping the future of our organization and a key element of our global people development strategy. At the SNC-Lavalin Academy, we address corporation-wide development needs, develop key competencies and create an environment that promotes networking, collaboration and sharing of best practices.

9.4.1. Learning streams

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

- > Project management
- > Corporate excellence
- > Leadership development

Each learning stream consists of courses delivered face-to-face in the classroom, eLearning modules, or a combination of both. Courses range from half-hour online modules to week-long sessions and year-long professional certification programmes. Some courses are open to employees across the company while others are by invitation and tailored to specific groups.

9.4.2. Superior instruction

The Academy is steered by a faculty of SNC-Lavalin subject matter experts. We have also built partnerships with specialized global learning organizations in project management and leadership. First-class teaching ensures the quality of delivery. Programmes are piloted and undergo review and continuous improvement following participant feedback. They also offer a unique opportunity for sharing experiences with people coming together from our different sectors and regions of the world. Courses are delivered in four languages: English, French, Spanish and Portuguese.

9.4.3. Key in-class programmes

Some 2018 highlights include:

9.4.3.1. Building People Leaders (BPL)

The BPL helps our managers to raise their self-awareness of their leadership style, engage more effectively with their teams, and lead change in their part of the organization. Across the organization over 480 employees took part in the BPL programme in 2018, with a total of over 17,000 hours of training. Sessions were held in Canada, UK, USA and the Middle East.

9.4.3.2. Project Management Development Programme (PMDP)

This programme 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 certification as well as PMP® certification from the Project Management Institute (PMI).

In 2018, 122 employees were trained in 19 different sessions for a total of 5,078 hours of training and we were pleased to welcome another 35 PMDP graduates.

9.4.3.3. Client Value Proposition Workshops

Another new programme introduced in 2018 was the Client Value Proposition (CVP) workshop. Well-crafted client value propositions are an essential tool for achieving growth. The CVP workshops help client-specific teams to undertake client profiling, consider their value propositions to selected clients, and differentiate themselves from the competition.

Over 120 client managers attended workshops during 2018, developing value propositions for 18 separate key client organizations.

9.4.3.4. Learning Management System: Online learning

Through our Learning Management Systems (LMS), more than 32,000 employees worldwide had access to an online library of almost 6,000 courses in 2018. Over 20,000 online catalogue courses were completed during the year, representing 13,500 training hours. Also in 2018, the Code of Conduct's annual certification was rolled out for the third time using the LMS platform, which facilitated certification deployment and tracking of over 16,300 employees across the company. Those who joined SNC-Lavalin as part of the Atkins acquisition completed their Code of Conduct annual certification at the end of 2017. Throughout 2018, we integrated Atkins' learning and management development curriculum into our legacy courses and programmes.

9.5. Social Value

We know that we can make a difference in every country that we operate in, which is why we have developed a Sustainable Business Strategy which includes a Social Value programme and a Social Value measurement category to ensure that we deliver social value across our projects and corporate functions. Our contributions include the impact of our engineering and technologies as well as our project-related social value contributions, local employment and training, work with local schools and universities, and charitable involvement.

Our success hinges on a proactive approach to community engagement. We look at what local stakeholders can do for the project and also what our client's project can do for them.

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

Our best-in-class LRDI programme focuses on creating shared value between major engineering and construction projects, local rights-holders, governments and other community stakeholders. It recognizes the intrinsic link between social development and economic impact and makes strengthening these a key priority in host communities without impacting project costs, schedule, quality or safety.

Since 1997, we have partnered with clients to successfully integrate the LRDI into their projects worldwide. As a result, thousands of local employees and enterprises have benefited from working on some of the world's largest capital projects.

Until recently, our LRDI implementations took place in diverse sectors and included hydroelectric, mining and industrial projects.

The LRDI is currently focusing on developing other opportunities across new sectors such as Transportation.

9.5.1.1. Reinforcing clients' social license to operate

Clients have identified our LRDI programme as a key driver of their projects' success. 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 an integral part of a project's sustainability and social responsibility framework, the LRDI allows us to pinpoint, then address socio-economic issues and opportunities at all project stages. In turn, this creates new possibilities for both the project and sharing value with the community. LRDI programmes also enable clients to avoid social hazards and minimize other risks during project execution.

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 project 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 small and medium enterprises as providers of goods and services
- > Train and mentor to satisfy project procurement procedures
- > 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
- > Support local industrial clusters
- > Maintain supply chain sustainability

9.6. Equality and Diversity

We are proud of our diverse and dedicated workforce. Our employees speak some 70 languages, represent about 130 nationalities and work from offices in 50 countries. Our diversity is a key strength in helping us understand and meet client needs worldwide.

Therefore, we have developed a Sustainable Business Strategy that includes an Equality and Diversity programme. This associated measurement category ensures that we continue to increase diversity across our projects and corporate functions.

We believe that greater diversity will further strengthen our talent pool, enabling us to better serve clients and achieve our business objectives. This way, we will continue to work toward increasing the number of women in professional and management positions while offering employees more choices and empowering them to reach their career goals.

We are convinced that the different viewpoints and experiences of a diverse workforce offer best value to our clients and our employees.

We are a multi-local company: we assemble teams that cross geographical and cultural boundaries and recruit from around the world.

It is essential to our success that we attract, retain, and develop talented individuals who reflect the diverse nature of the areas in which we work. Success in this regard is critical for us to build a balanced workforce to meet our clients' needs, broaden our skills base, increase productivity, address a growing skills deficit in the science and engineering disciplines, and promote employee retention.

We strive to foster a climate of inclusion and respect for all and to promote diversity as an integral element of our corporate culture. We are making progress in several areas through internal initiatives and our collaboration with clients and national organizations. Over the past five years, we have seen an increase in the number of women and minorities in managerial senior, technical and professional roles across our business.

9.6.1. Corporate Diversity Advisory Council (CDAC)

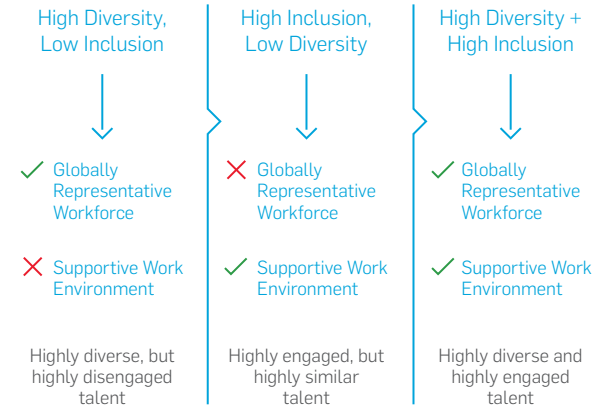
In North America, our CDAC actively champions our diversity objectives through a variety of awareness, support, and training programmes and by providing personal and professional growth opportunities for our employees.

9.6.1.1. Awareness Programmes

We use many tools to create diversity awareness. We maintain a dedicated link on our company intranet that focuses on diversity. Some of the materials found there include a monthly diversity calendar, ideas for diversity and inclusion activities, news of recent diversity awards, and contact information for our CDAC members and the organizations the CDAC supports.

9.6.1.2. Affinity Groups

We encourage the formation of affinity groups within the company to provide meaningful forums and resources for collaboration and support. One group is Women Inspiring Leadership (WIL), which was created to support, develop, and challenge women within the company both professionally and personally. WIL helps leverage the considerable talent of our professional women within the company and in our marketplace, community, and professional organizations.



Source: CEB

	53%	Better return on sales for companies with higher female representation on their board of directors
	70%	More likely for firms with diverse employees to capture a new market
	45%	More likely for firms with diverse employees to report a growth in market share
	24%	Higher year-over-year revenue growth on average for workplaces recognized for their commitment to Diversity and Inclusion
	35%	More likely for companies with high levels of racial and ethnic diversity to report above average financial returns

Source: CEB

9.6.2. Sponsorships

We are committed to retaining, recruiting, developing, and elevating minority and women professionals, and therefore we support professional organizations such as the Conference of Minority Transportation Officials (COMTO), National Organization of Minority Architects, and Women's Transportation Seminar (WTS).

This support has extended to the provision of major scholarship programmes through our company's foundation, for organizations such as the National Society of Black Engineers, the Society for Women Engineers, COMTO, and WTS.

9.6.3. Training

In addition to online diversity training modules available to all employees, we offer a one-day workshop tailored to senior leaders and managers. This highly acclaimed programme is designed to help managers lead and work effectively with diverse teams and to recognize how each team member's unique contribution ultimately improves the product that we deliver to our clients.



9.7. Societal Impacts

9.7.1. Social Value Initiatives

We know that our clients' projects can have an impact on neighbourhoods and their residents' quality of life, especially in urban environments.

To minimize disruptions and annoyances, we help clients set up good neighbourhood committees on major projects to build bridges and relationships 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.

9.7.1.1. John Hart Generating Station Replacement Project

The John Hart Generating Station Replacement Project had notable positive impacts. From an environmental perspective, it protected downstream fish habitat from river flow reductions. It also benefited the economy of the surrounding area. At the peak of construction, 500 people were working on-site, and more than 100 Vancouver Island companies provided goods and services for the project.

K'ómoks First Nation asserted traditional territory including the project area of John Hart Generating Station, and signed an agreement that resulted in several benefits, including training and education funds and economic development opportunities related to the construction of the project.

Historical project perspective stations and family friendly hiking trails were also completed. This offers an in-depth history of the John Hart Generating Station Replacement Project and updates on its progress through interpretative displays.

9.7.1.2. Wataynikaneyap Power (WPLP)

Wataynikaneyap Power is a utility owned by 22 First Nations communities. Partnered together with Fortis Power, WPLP aims to develop and operate the new transmission facilities of the Wataynikaneyap Transmission Project. The project is shaped by seasonal environmental constraints and First Nations engagements. As part of the commitment to WPLP's future operation strategy, SNC-Lavalin has also hired a member of the First Nations community for the purposes of transferring knowledge on transmission and on distribution design and construction practices. This employee will gain substantial field experience during the construction of the transmission lines and will eventually become a key member of the WPLP lines maintenance team.

9.7.1.3. Keewatinohk AC Switchyard Project

Keewatinohk AC Switchyard project will transfer power from the Nelson Rivers northern generating stations to Manitoba Hydro's customers. It engaged and provided opportunities for northern residents and communities.

9.7.2. Indigenous Relations

The community and equality measurement categories in our Sustainable Business Strategy include our approach for Indigenous inclusion. In early 2019, to further strengthen our commitment to working closely with Indigenous communities, SNC-Lavalin became a committed member of the Progressive Aboriginal Relations (PAR), an online management and reporting programme that supports progressive improvement in Indigenous relations, and a certification programme that confirms corporate performance at the Bronze, Silver or Gold levels.

This programme is overseen by the Canadian Council of Aboriginal Business (CCAB). The PAR Certification will lead to improving our practices in four key areas for Indigenous inclusion:

- > Leadership actions
- > Employment
- > Business development
- > Community relationships

This is primarily applicable in Canada but has the potential to be adapted to include additional Indigenous communities worldwide. SNC-Lavalin has made a firm commitment to strengthen our approach to working in partnership with Indigenous communities and is currently a PAR-Committed Member, which requires the organization to become a PAR-Certified member in three years' time.

9.7.3. Employee Volunteering, Awards and Distinctions

We are proud of our employees' community engagement. In 2018, our employees organized fundraising events, helped underprivileged children and volunteered as disaster relief workers. They were also recognized for their contributions in several areas. A snapshot of some key community activities across our sectors follows.

- > A safety song competition was held for employees to compile and submit songs to focus on awareness and promote a culture of safety in the workplace. The song, titled 'Safety Talk' by Given Radebe, won first place. Second place was Ama-Gasification in the Amahle Group. David Gaarekwe won third place.
- > Grant Villet, Operations Manager, Technical Support Services, Sub-Saharan Africa and Given Radebe were interviewed by IFM Radio station in Vanderbijlpark, who played the song on air and shared our safety message with their listeners. A video of Safety Talk is being shared as part of an ongoing campaign to inspire colleagues to put safety at the heart of everything we do.
- > In February 2018, for the sixth year in a row, SNC-Lavalin was awarded Platinum Elite Status in ReNew, Canada's Top 100 Projects listing – its highest ranking! Thirty-Three of our projects in Nuclear, Clean Power and Infrastructure are featured, with the Bruce Power and Darlington Nuclear Refurbishment projects topping the list for a third consecutive year. Some lesser-known projects made the list this year, including the Université de Montréal Science Complex and the Canadian Forces Base Trenton expansion project.

- > For the third year running, volunteers from EDPM helped run the SNC-Lavalin Making Places event at Glasgow University. This 24-hour design competition involves students from engineering and design disciplines across the University. The students are given a brief to develop a new design which will transform the lives of vulnerable groups in society. Volunteers from our Architecture, Structural Engineering and Mechanical and Electrical Engineering disciplines mentored the students throughout the day.

9.7.4. Health, Youth and Community

SNC-Lavalin is committed to shaping the next generation of leading engineers by generating job opportunities for youth and developing local talents in countries where we operate.

We launched the Engineering Graduate Programme in South Africa to attract fresh graduates and enrol them in a 12-month training schedule. The programme covers Technical Support Services (TSS), as well as Construction Support. Through career mentoring and on-the-job training, the scheme provides the technical expertise and knowledge required to develop graduates' skills in their chosen field.

In 2018, a total of eight South African youths completed the TSS programme and have been employed by SNC-Lavalin in the position of Junior Field Engineers. Six additional graduates are currently enrolled in the Construction Support programme and are due to graduate in 2019.

9.7.5. Education and Diversity

David Haboubi, Head of Nuclear - Middle East and Africa, SNC-Lavalin, delivered several educational sessions to primary school students at The British School Al Khubairat in Abu Dhabi, United Arab Emirates, on nuclear and renewable energy. Over 100 students engaged in the programme in 2018.

On December 6, 2018 the Middle East region celebrated the graduation ceremony of 24 young talents who successfully completed the SNC-Lavalin graduate development programme.

Managed by Learning & Development and HR, the programme aims to attract the best-performing graduates, enrolling them in a two-year scheme for Oil & Gas and a three-year scheme for Engineering, Design & Project Management (EDPM). The programme is not just a series of in-class training modules, but a journey designed to develop and invest in the next generation of leading engineers, architects and project managers in the region. It is aiming to help graduates develop the skills and knowledge needed to progress in their early career and achieve professional designation. The scheme includes core training modules, professional development, mentoring and on-the-job experience.

So far, 35 graduates are currently employed in the United Arab Emirates, Saudi Arabia, Qatar and Oman. A testament to SNC-Lavalin's long-term commitment to the region and its incredible talents.

In partnership with Petroleum Development Oman, we have enrolled 100 Omani graduates in the Commissioning Training Academy in Oman.

On an annual basis, the Commissioning Training Academy in Muscat enrolls 50 Bachelor's degree or Diploma graduates, aged 18-23, into a three-year training programme. This technical training programme consists of a six-month classroom training, followed by two and a half years of professional practical work in the field. The disciplines include electrical, control and automation, mechanical and process commissioning.

On successfully passing the training programme, graduates gain an internationally recognized Offshore Petroleum Industry Training Organization certificate.

This flagship programme aims to support and train Omani graduates to work as key commissioning staff in the Oil & Gas field, bringing our global project commissioning and completions experience to the benefit of both Omani trainees and projects within Oman. By investing in local talents, we develop their capabilities and support Oman in retaining top talent for the future.

In 2018, SNC-Lavalin was involved in the UK Government's Year of Engineering initiative which focused on helping people get to know what engineering is really like. As part of this work, we created 'Engine Ears' – an animated film aimed at the engineers and designers of tomorrow, giving them an insight into the fascinating world of engineering. Engine Ears won a RAD award in the 'Best Single Use of Video' category. The annual awards showcase the very best in recruitment communication.

[Click to watch Engine Ears video >](#)

SATRO (Science and Technology Regional Organization) is an educational charity in the UK that supports young people. They provide support by securing apprenticeships and running Science, Technology, Engineering and Mathematics (STEM) events in and outside of schools, SNC-Lavalin assisted them throughout 2018.

ON DECEMBER 6, 2018 THE MIDDLE EAST REGION CELEBRATED THE GRADUATION CEREMONY OF 24 YOUNG TALENTS WHO SUCCESSFULLY COMPLETED THE SNC-LAVALIN GRADUATE DEVELOPMENT PROGRAMME.

9.8. 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 the communities we operate in, as well as on learning and innovation. In July 2018, we updated our Donations, Sponsorships & Employee Involvement procedure. We re-affirmed that we contribute primarily to educational causes, particularly initiatives that support the next generation of talent, and that we want to encourage charities that build caring communities in the regions where we operate. The updated procedure also simplifies donations and sponsorships thresholds.

9.8.1. 2018 donations and sponsorships

In addition to working on client projects that help improve well-being around the world, our employees are involved in fundraising activities for both local and national charities. In 2018, we supported organizations through donations and sponsorships totalling more than CAD\$1,000,000.

Key 2018 donations and sponsorships included:

9.8.1.1. United Way/Centraide Canada

During the 2018 United Way/Centraide Canada campaign, we raised CAD\$659,424 to support social programmes and community initiatives. 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 Montréal is the local arm of the national organization.

9.8.1.2. Alloprof: Year 3

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

Over a three-year period, we will have donated CAD\$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 support the education and success of young people.

9.8.1.3. Robotique FIRST (Favoriser l'Inspiration et la Reconnaissance des Sciences et de la Technologie) Québec

In 2018, we provided CAD\$50,000 to this organization, whose mission is to engage grade- and high-school students in an innovative robotics mentoring programme that draws on the expertise of engineers, academics and other community members.

9.8.2. Long-term donation

We committed a total of CAD\$1 million to two leading engineering universities in Canada—the University of Waterloo and the École Polytechnique at the Université de Montréal – over a 10-year period. The money will be committed to education and research programmes and to encourage the development of future engineers.

9.9. Our Partnerships

9.9.1. Compliance in Mining

The 'Compliance in Mining' industry initiative seeks to create a standardized approach to performing due diligence and developing and implementing codes of ethics and anti-corruption policies; across the mining industry. It started with European mining companies and is looking to expand into Latin America and elsewhere. As participants in the initiative, we've offered to organize a panel on ethics at the Prospectors & Developers Association of Canada conference in 2019.

9.10. Economic Impacts

9.10.1. Our Business

Founded in 1911, SNC-Lavalin is a global fully integrated professional services and project-management company and a major player in the ownership of infrastructure.

From offices around the world, SNC-Lavalin's employees are proud to build what matters. Our teams provide comprehensive end-to-end project solutions – including capital investment, consulting, design, engineering, construction, sustaining capital and operations and maintenance – to clients across Oil & Gas, Mining & Metallurgy, Infrastructure, Clean Power, Nuclear and EDPM (Engineering, Design & Project Management).

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

9.10.2. Overview of Business Strategy

SNC-Lavalin has made strides in realizing our strategic objectives to become a premiere, global, fully integrated professional services and project-management company in both profitability and profit growth. However, in 2018 our growth slowed due to unforeseen geopolitical events and we encountered operations set backs in the Company's Mining & Metallurgy and Oil & Gas segments.

In 2019, we will be focusing on sustainable growth, project execution and cash generation. As part of a complete review of our capital-allocation strategy, the Company is taking a series of immediate actions aimed at strengthening the balance sheet, building additional flexibility and maximizing long-term shareholders return. As for the project execution, management will review and evaluate the Company's segments portfolio and geographic footprint. We also expect to review and further strengthen our execution and delivery capabilities, from the bid stage to project completion, across all segments of the Company.

Furthermore, the unfortunate decision taken by the Director of the Public Prosecution Service of Canada in October 2018 not to invite the Company into a remediation agreement negotiation has negatively impacted the confidence in the business among clients and partners on new work prospects. This will impact how the company looks to the future from a strategic and operational standing, and it may lead to a review of options to maximize shareholder value.

9.10.3. Position for the Future

We will focus on organic growth in our chosen businesses, while continuing to focus on:

1. Progress in operational excellence
2. Building a client-centric organization
3. Developing a performance-driven culture
4. Growing our business and delivering superior shareholder returns

As such, our current overall strategy is anchored on the following:

At SNC-Lavalin we are continuing to leverage our strengthened position in key sectors and geographic markets. Our expanded breadth of capabilities makes us one of the few fully integrated professional services and project-management companies able to take on large, complex, multi-billion-dollar projects from start to finish and to be able to offer tailored services.

In the infrastructure market, we will continue our emphasis on serving our key P3 and engineering markets in Canada and the UK, expanding our already strong engineering position in the US, and growing our leading global footprint in rail, transit and other infrastructure engineering markets (including buildings, roads and airports). We will maintain our focus on engineering markets in the Middle East and Asia-Pacific. The additional competencies in engineering and digital coupled with the extensive geographic penetration of key core markets has allowed the 2017 Atkins acquisition to further consolidate and strengthen our existing P3 capability.

Our Engineering Design & Project Management segment will continue to build long-term trusted partnerships to create a world where lives are enriched through the implementation of innovative ideas.

In the oil & gas market, we will continue to apply commercial and technical advisory, turnkey modular solutions with field and technical support services to support international and national oil and gas companies by bringing their projects to market more efficiently. Our Oil & Gas segment will continue to support its clients in existing markets with a greater focus on North America and a continued focus on Asia Pacific. The Middle East will remain an important market for us, although we will be more selective in our project pursuits amid the continuing issues between the Canadian Government and Saudi Arabia.

In the mining & metallurgy market, we will continue our services in sustaining capital, complementing traditional studies and expansionary capital projects, thus enhancing our ability to support clients across their project needs. We have decided to cease bidding on lump-sum EPC contracts going forward.

In the nuclear market, we will continue to grow by capitalizing on broadened capabilities in new-build services, refurbishment, decommissioning and waste management, as well as a significantly enhanced US, UK and European presence with coordinated Asia-Pacific activities. We will leverage our Comprehensive Decommissioning International LLC (CDI) joint venture with Holtec, which has already won significant projects in the US and will be used selectively for opportunities outside the US.

In the clean-power market, we have expanded our capabilities in transmission and distribution through the acquisition of Linxon Pvt Ltd ("Linxon"), our new subsidiary partly held by ABB, and we will leverage these capabilities globally. We will also capitalize on growth opportunities in renewables, including offshore wind, and grow our services business in intelligent networks & cybersecurity, energy storage and digital asset management.

We will continue to play a key role in selectively developing opportunities and growing our P3 footprint, particularly for large and complex projects in Canada, where we will judiciously invest in projects and carefully manage our portfolio of assets in line with targeted returns.

9.10.4. Supporting the Building Blocks of our Sustainable and Profitable Growth

We continue to invest in reinforcing the building blocks of sustainable and profitable growth by promoting a performance-driven culture while maintaining world-class practices related to ethics, governance, health and safety, resource sharing, business de-risking and capital allocation.

In support of our performance-driven culture, we continue to improve collaboration across regions and business units to put clients at the centre of our organization and to bolster an enhanced customer experience across our project services/solutions and our offices worldwide.

A cornerstone of our sustainable growth strategy involves maintaining a steadfast commitment to world-class ethics, governance, health and safety and overall operational excellence. A focus on ethics and compliance, governance and health and safety remains at the heart of every decision. They are an integral part of SNC-Lavalin's culture, processes and project delivery methods, and they will continue to be the foundation of our operations and strategy. From an operational excellence standpoint, we continue to focus on efficient and effective resource sharing, rigorous risk mitigation and disciplined capital allocation.

9.10.5. Meeting the Digital Future Head on

Looking ahead, we continue to believe we can best differentiate ourselves from the competition by enhancing our technology capability and implementation expertise. As such, we are driving an aggressive digital agenda to deliver an integrated and focused digital platform that enhances project delivery methods and expands our service offerings.

Integrating digital technologies that enable more efficient ways of delivering our services, as well as developing new and innovative products, are key to unlocking new sources of value and growth. By combining new technological skills with our traditional engineering expertise, we are able to help clients develop digital solutions that improve their business performance. We already have a wealth of digital innovations – many of which have contributed to significant margin growth on projects, as well as capturing revenues from outside our traditional markets. While continuing to evolve new ideas in collaboration with our clients, we are increasing our focus on our digital footprint across our client delivery, positioning SNC-Lavalin at the forefront of digital engineering and innovation.

Apprentices at the Queen Elizabeth Olympic Park
London, England, United Kingdom

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SECTION 10

HEALTH, SAFETY
AND ENVIRONMENT

Digital scanning applicable across a whole project lifecycle
London, England, United Kingdom

10. HEALTH, SAFETY AND ENVIRONMENT

10.1. Governance

10.1.1. SNC-Lavalin's Values

In March 2018, SNC-Lavalin revamped its core values, which are the essence of our company's identity. They represent how we act, speak and behave together, and how we engage with our clients and stakeholders. Safety is the first of our four core values. At SNC-Lavalin, we put safety at the heart of everything we do, to safeguard people, assets and the environment.

10.1.2. A fully integrated approach to governance

In January 2018, we rolled out our new Global Health, Safety and Environment Management System (GHSEMS). The GHSEMS outlines expectations and supports a 'One Company' approach for delivering a robust HSE performance throughout our operations. We also consolidated governance of all HSE processes into one document, the BlueBook.

Updated annually, the GHSEMS integrates our HSE leading and lagging indicators and best practices while ensuring our activities comply with all applicable laws, regulations, client and other stakeholder requirements. It also meets the requirements of the ISO 14001:2015 environmental standard and is modelled on the OSHAS 18001 health and safety standard. With the release of the ISO 45001 standard in March 2018, our team conducted a gap analysis to ensure the 2019 edition will meet all new requirements.

The BlueBook is distributed across our organization and to clients and subcontractors to ensure everyone is working to the same standards and requirements. It is also available online at:

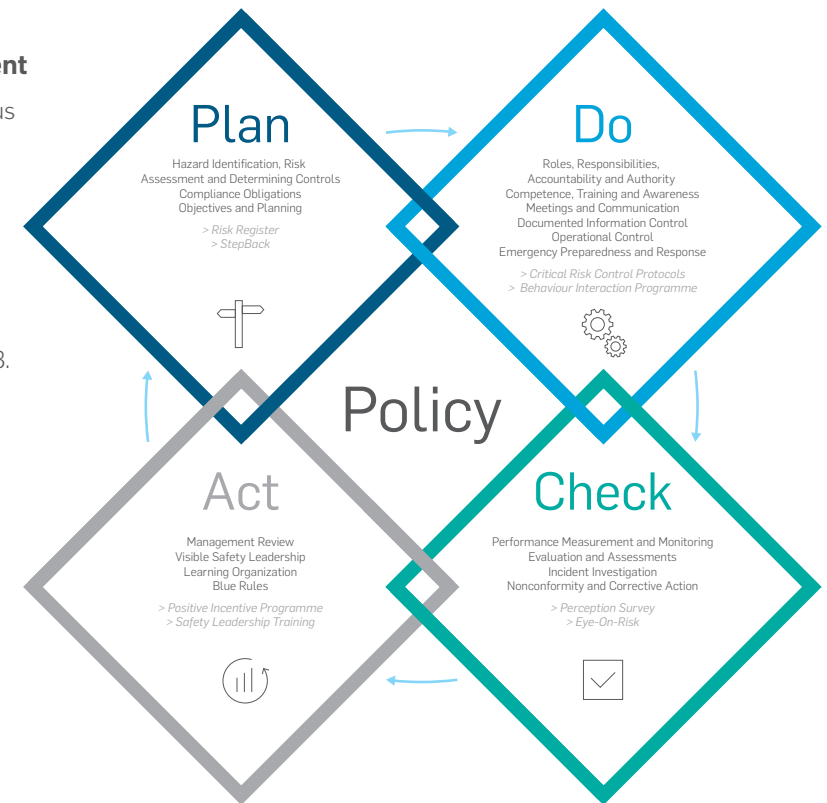
<https://www.snclavalin.com/~media/Files/S/SNC-Lavalin/download-centre/en/policy/blue-book-en.pdf>

The BlueBook is also accessible via a smart phone application for all employees.

10.1.3. A focus on continuous improvement

The GHSEMS is based on the principles of continuous improvement. Adopting the Plan-Do-Check-Act methodology helps us move beyond the status quo and towards achieving the next level of HSE performance.

Each year, our HSE targets for lagging indicators are becoming more stringent. From 2017 to 2018, Total Recordable Incident Frequency (TRIF) target went from 0.15 to 0.14 and LTIF from 0.015 to 0.013. The year 2018 also served as a baseline for defining a Total Environmental Incident Frequency (TEIF) which is calculated in the same way as safety frequencies, i.e. by multiplying the number of environmental incidents by 200,000 and by dividing by the total hours worked.



10.1.4. Oversight and reporting

Sector HSE Vice Presidents convey SNC-Lavalin HSE requirements to our sectors, business units, divisions and sites. Site line management - executives, managers and supervisors - are accountable for implementing our GHSEMS. Within each sector, dedicated HSE representatives help communicate the GHSEMS and its requirements to our employees and partners. The Executive Committee receives monthly reports on our Global HSE performance.

Moreover, Global HSE 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 President & CEO is notified of every recordable incident within 24 hours.

10.1.5. HSE Personal Plan

Since 2017, all SNC-Lavalin's employees are required to define their HSE personal commitments. These simple, conspicuously posted manifestos capture each employee's commitments while promoting personal reflection on these crucial areas. Employees place their manifestos on office walls, laptops and clipboards as a visible and constant reminder of the importance of HSE.

Here is our Interim President and CEO's **2019 Personal HSE Plan**. Ian L. Edwards was appointed Interim President and CEO on June 11, 2019.

Ian L. Edwards 2019 Personal HSE Plan

"Make it personal"



I personally undertake to:

- > I will undertake a minimum of 4 site safety visits
- > I will never walk past an unsafe condition or an unsafe action
- > I will carry out BIPs and learn how to lead improvements from these interactions
- > I will personally lead the safety agenda to improve performance
- > I will engage within the industry and clients to learn and be a safety ambassador for the company



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SNC • LAVALIN

Building what matters

10.1.6. Code of Conduct

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

10.2. Stakeholder Engagement

10.2.1. Sharing our HSE expertise

Given our strong HSE performance, clients are increasingly turning to us to help them assess and identify gaps in their own HSE management systems. We conduct gap analyzes for clients and work with them to integrate best practices into their systems. These safety advisory services provide us with another way to enhance the sustainability of client projects.

Our environmental professionals work with our clients to seek ways to increase the environmental benefits of projects where possible. This includes providing whole-life costing and solutions. We can make our biggest contribution to the environment by considering the use, reuse and recycling of material, water and energy on client projects. We apply innovative thinking to effectively manage these projects and build facilities and infrastructure that meet the highest environmental standards.

10.3. Environmental focus at our facilities

10.3.1. Energy consumption

We have 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 Energy and Carbon specialists. This certified team provides our external clients with verification services.

A summary of our Energy Consumption and GHG Emissions since 2011 is outlined in the table below. In July 2017, SNC-Lavalin acquired Atkins, the data for 2017 and 2018 includes all Atkins energy and GHG emissions data.

	2011	2012	2013	2014	2015	2016**	2017***	2018
Energy (GJ)¹	836,923	566,857	213,888	172,238 / 559,273*	945,415	883,960	838,324 / 964,497	1,271,624
GHG emissions¹ (t eq CO₂)	45,392	33,095	10,717	9,689 / 62,683*	71,154	62,528	61,647 / 76,555	97,550

¹Direct (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 greenhouse gas (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.

** A restatement of 2016 emissions was deemed necessary as one major office provided data after the publication of our results and a mistake in the emission factors used in Canada and the US was noticed.

*** In July 2017, SNC-Lavalin acquired WS Atkins. In order to be able to compare yearly data on energy consumption and greenhouse gas (GHG) emissions, both SNC-Lavalin excluding Atkins and SNC-Lavalin including Atkins totals are shown above.

10.4. HSE Performance

10.4.1. Introduction

At SNC-Lavalin, we believe that having zero injuries is fully achievable, and we strive to ensure that our activities support the development of communities while causing no lasting harm to the environment. That is why we embed HSE in everything we do. HSE is about more than numbers, processes and procedures. It is 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 and has put in place environmental protection measures. For us, there's no greater measure of success than knowing that our conscious actions resulted in no one being hurt.

We track all our controlled sites, which include offices, projects and operations. 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.

10.4.2. 2018 results

The Executive Committee receives monthly reports on our Global HSE performance.

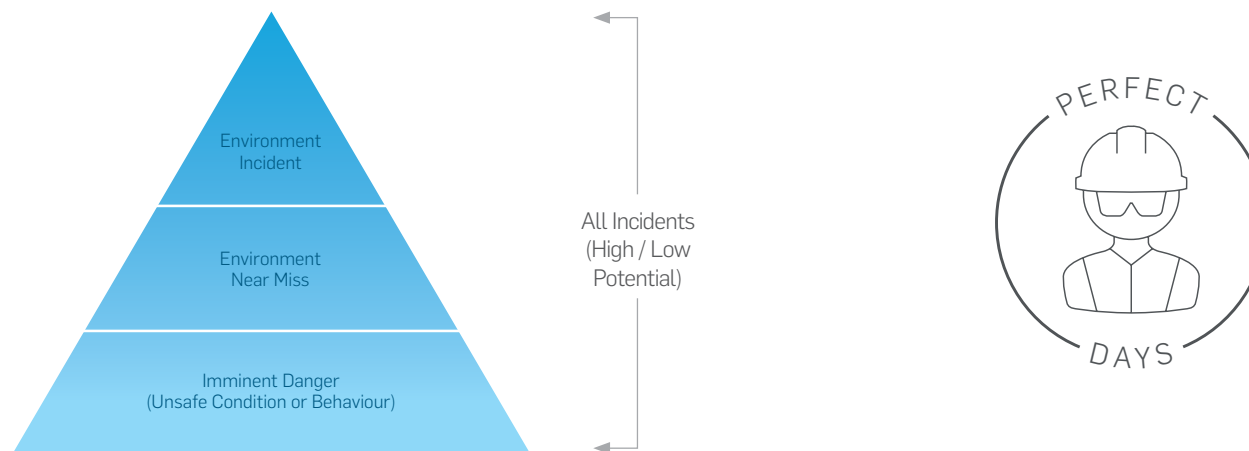
10.4.2.1 Perfect days

Perfect Days: An integrated performance indicator.

Established in 2016, the notion of Perfect Days is a simplified way to help us improve and measure our HSE performance daily. A Perfect Day is any calendar day where no safety injury, security event or environmental release occurred. This simple measure recognizes perfect 24-hour periods and focuses us on replicating them. It reflects our commitment to learning from every injury, event or release to prevent its recurrence. Every Perfect Day is promptly logged in our HSE database, BlueSky, to give us a real-time view of how we are performing as the month progresses.

Our Perfect Days performance has improved from 41 in 2017 to 50 in 2018. We therefore exceeded our 2018 target by 5 days. Our goal for 2019 is a minimum of 55 Perfect Days.

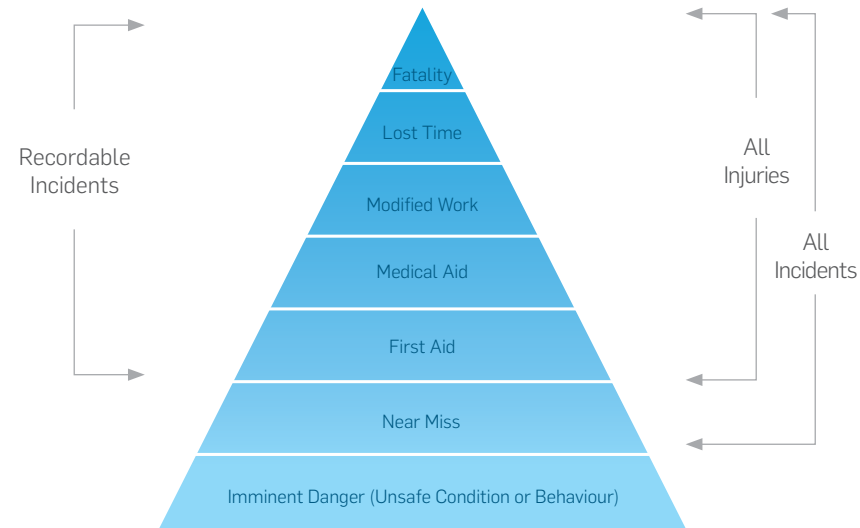
Lagging Indicator	2018 Target	2018 Actual
Perfect Days	45	50
Total Recordable Incident Frequency (TRIF)	0.14	0.14
Lost Time Incident Frequency (LTIF)	0.013	0.044
Total Environmental Incident Frequency (TEIF)	Baseline to be established	0.40



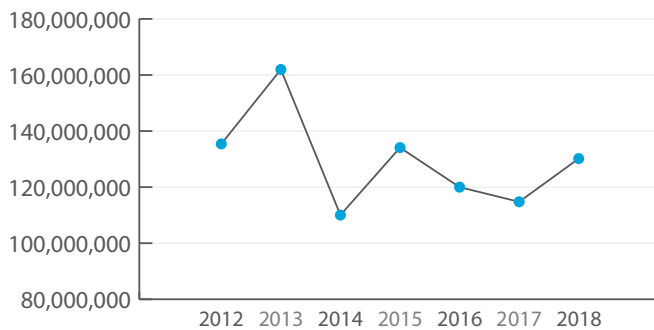
10.4.2.2. Lagging HSE indicators

Regarding our lagging indicators, our Total Recordable Incident Frequency (TRIF) target of 0.14 was met but unfortunately our aggressive Lost Time Incident Frequency (LTIF) target could not be met in 2018.

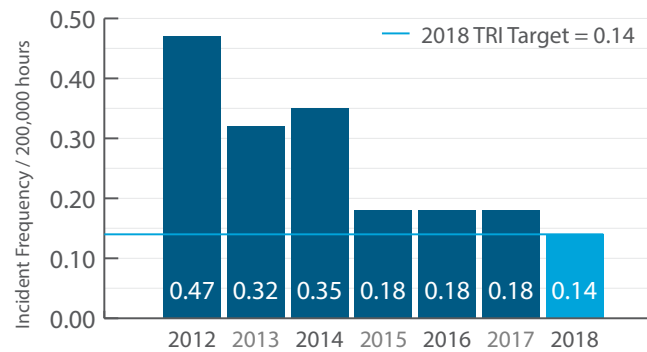
As for total environmental incident frequency (TEIF), 2018 was taken as the baseline year and we finished the year at 0.40. This allowed us to set a target of 0.35 for 2019. In 2018, there were no significant environmental incidents, i.e. high potential incidents which caused significant environmental impact or notices of violation.



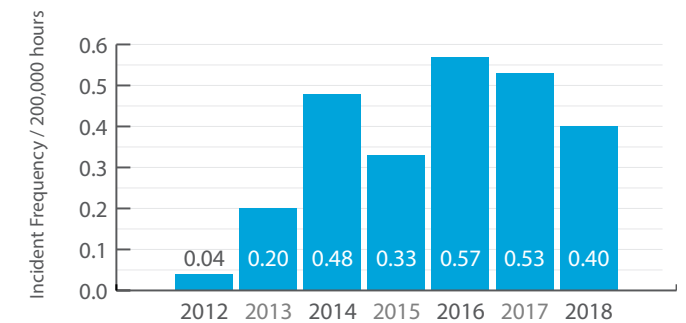
2012 - 2018 Hours Worked



2012 - 2018 Total Recordable Incident Frequency

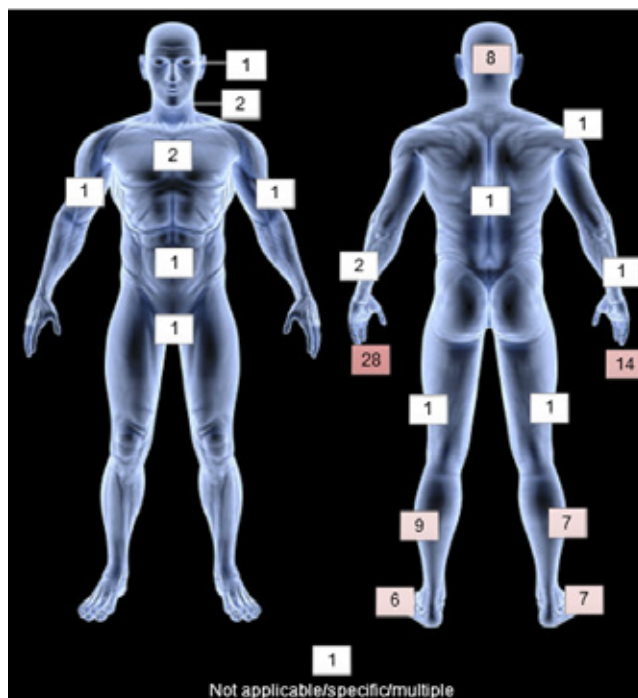


2012 - 2018 Total Environmental Incident Frequency



10.4.2.3. 2018 Recordable Incidents by Body Part

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



Hand	Foot	Leg	Head	Arm	Back	Eye
44%	14%	19%	8%	5%	1%	1%

10.4.2.4. Leading HSE indicators

Behaviour Interaction Programme (BIP)

The completion of Behaviour Interaction Programme (BIP) cards per 1,000 hours worked increased by 5% each year. BIPs allow the opportunity to demonstrate personal commitment to HSE by recognizing; and supporting appropriate behaviours, raising awareness of HSE issues, and encouraging better ways to work.

Imminent Dangers

The reporting of imminent dangers per 5,000 hours worked increased by 2% each year. The identification of imminent dangers helps to prevent HSE incidents, given that any unsafe conditions or unsafe behaviours with the potential to cause an incident are caught and immediately corrected.

Training

An increase of 7% each year towards having all employees complete a minimum of two hours of HSE training annually.

HSE Meetings

Early in 2018, we also integrated our H&S and environment meetings. Most of our workforce is represented by formal joint management-worker HSE committees. Managers and employees are strongly encouraged to hold regular HSE meetings to help recognize and understand operational hazards, risks and opportunities at offices and project sites.

These meetings address appropriate mitigation behaviours and responses. We also strive to promptly and effectively communicate important HSE information across our organization through emails, safety moments, toolbox meetings and our Knowledge Network.

The following HSE meetings take place at all our controlled sites:

- > Weekly employee toolbox meetings to discuss HSE topics
- > Weekly construction/operation coordination meetings where HSE topics are always the first item on the agenda. The construction/operation manager, site HSE 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 HSE performance indicators.

Contractor Pre-Mobilization

Every year our HSE expectations are communicated to contractors and vendors prior to work commencing.

Corrective Actions

Corrective actions resulting from findings identified during audits where initial risk level is high or extreme are prioritized and closed in a timely manner.

Project Start-Up

All our new projects completed a project start-up checklist to ensure they are set up to be successful from an HSE perspective.

Site Visits

Our executive committee members demonstrated visible safety leadership by completing two site HSE visits and four BIP cards.

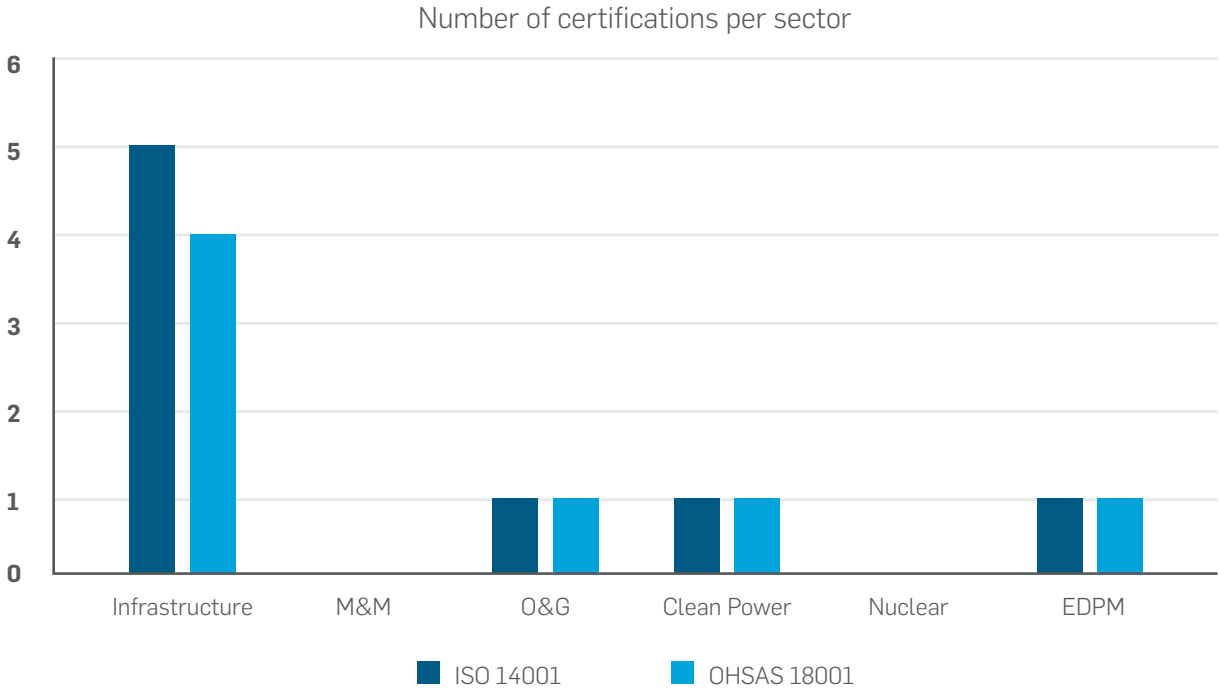


Certifications

In 2018, a total of eight SNC-Lavalin entities were certified ISO 14001 and seven were certified OHSAS 18001. Thus, approximately 68% of the SNC-Lavalin workforce operated under an ISO 14001 certification and about 67% under OSHAS 18001.

These figures represent a slight decrease in both the absolute number of our certifications and the proportion of employees covered, mainly due to Interfleet now being now part of EDPM and adopting their umbrella certification, and Mining and Metallurgy not renewing theirs. Considering that M&M and Oil and Gas were merged in early 2019, it is expected that the certification of the latter will soon cover all M&M personnel, and that the proportion of personnel covered will again be on the rise.

The following graph breaks down the certifications by business sector:



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SECTION 11

ECONOMIC IMPACT

New Champlain Bridge Corridor Project
Montréal, Québec, Canada

11. ECONOMIC IMPACT

Capital is SNC-Lavalin's investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modelling and managing its infrastructure investments for optimal returns. Its activities are principally concentrated in infrastructure such as bridges, highways, mass transit systems, power facilities, energy infrastructure and water treatment plants. Capital's business model incorporates new project creation in the Company's E&C segments, as well as the Company's geographical regions. Furthermore, many countries are turning to the private sector to take ownership, finance, operate and maintain their assets, usually for a defined period of time. These arrangements allow for the transfer to the private sector of many of the risks associated with designing, building, operating, maintaining and financing such assets. In return, the client will either:

- > Commit to making regular payments, usually in the form of availability payments, upon the start of operations of the infrastructure for a defined period of time (typically 20 to 40 years);
- > Authorize the infrastructure concession entity to charge users of the infrastructure for a defined period of time; or
- > A combination of both.

All investments are structured to earn a return on capital adequate for the risk profile of each individual project. Capital investment revenues are generated mainly from dividends or distributions received by SNC-Lavalin from the investment concession entities or from all or a portion of an investment concession entity's revenues or net results, depending on the accounting method required by IFRS.

We're one of the world's very few firms with world-class expertise in delivering end-to-end services for the full project lifecycle. We not only finance, design and build crucial infrastructure, we often operate and maintain it for a defined period. By producing a solid return on our investment, we're able to increase our contribution in local communities.

Capital focuses on identifying and developing high-performing business opportunities across our sectors. It provides equity and debt solutions to finance projects and manages our multi-billion-dollar portfolio of infrastructure investments. Over the years, our effective financing modelling solutions and strong performance in developing and delivering public-private partnerships (P3s) have garnered industry awards in both Canada and the US.

11.1. An experienced partner

Our Capital experts work internally across our sectors and externally with strategic financial partners, institutional investors and investment funds to promote growth opportunities. These partnerships expand our ability to invest in projects and build a portfolio of assets that creates more value. They also reinforce our global reputation as a partner of choice for large, complex projects such as our highly successful P3s in Canada.

In 2014, we developed the complex financing plan needed to secure investors for North America's first performance-based P3 design-build-finance-rehabilitate hydroelectric project. When we finish replacing the John Hart Generating Station on Vancouver Island in 2019, it will generate robust 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. In November 2017, the Canadian Council for Public-Private Partnerships honoured the Canada Line with the Gold Award in Service Delivery for its sustained success over eight years of operation and for catalyzing economic activity in the region.

Other recent P3 projects include the LEED® Gold-certified McGill University Health Centre in Montréal, one of North America's leading healthcare complexes.

In late 2017, the City of Ottawa picked our international P3 consortium to deliver part of the Confederation Line expansion and entrusted us to maintain this core asset until 2048. Our consortium is currently delivering the first stage of this light rail rapid transit system.

11.2. An innovative infrastructure partnership

In 2017, we launched an infrastructure investment vehicle, SNC-Lavalin Infrastructure Partners LP, to efficiently redeploy capital back into development opportunities. This partnership holds our interests in a selection of mature Canadian infrastructure assets and marks our entrance into the infrastructure fund management business.

This partnership also sets the foundation for creating new project financing vehicles to further develop our robust pipeline of projects. As the vehicle's General Partner and Manager, we remain in charge of the assets' long-term management.

The SNC-Lavalin Infrastructure Partners LP reflects our proactive approach to managing our asset portfolio to optimize shareholder returns. The partnership's initial portfolio consists of the following assets: the William R. Bennett Bridge (Kelowna, British Columbia), the Canada Line (Vancouver, British Columbia), the Southeast Stoney Trail (Calgary, Alberta), the Restigouche Hospital Centre (Campbellton, New Brunswick) and the Glen site of the McGill University Health Centre (Montréal, Québec).

11.3. Experienced asset managers

As a long-term investor, we propel our growth strategy by managing our investment portfolio assets, looking for financing solutions and seeking out the most beneficial partnering opportunities. We oversee a project's progress and asset performance and devise strategies to improve returns. Once our non-core assets have reached maturity, we monetize them to maximize their value for our stakeholders.

11.4. 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 can leverage private-sector innovation and improve 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.

11.4.1. Réseau express métropolitain (REM) – Montréal, Québec, Canada

The Réseau express métropolitain (REM) is an electric and fully-automated light-rail transit network designed to facilitate mobility across the Greater Montréal Region. It is the largest public transit project undertaken in Québec in the last 50 years.

Spanning 67 kilometres of double track and boasting 26 stations, it will connect with existing bus networks, commuter trains and three lines of the Montréal metro. The stations will be accessible by foot, bike, cars and taxi. They will also integrate universal mobility options, connect to bus stations and park & ride lots, and offer passengers a variety of travel options between home and the station.

Another cost-and time-saving decision was to modularize station design instead of developing a unique design for each station. This allows us to make them more quickly and economically at every stage, from procurement to construction to maintenance.

The Réseau express métropolitain is the newest in a long series of signature LRT infrastructure projects in which we've been involved in Canada. It's also the most exciting new phase of light-rail transit since the creation of Montréal's metro 50 years ago.

The new network will greatly increase the ability of residents to get around their city and make new connections.

11.4.2. New Champlain Bridge Corridor – Montréal, Québec, Canada

The New Champlain Bridge Corridor Project has been conducted under a public-private partnership agreement between the Government of Canada and Signature on the Saint Lawrence Group. SNC-Lavalin, along with partners ACS and HOCHTIEF, is part of the Signature on the Saint Lawrence Group consortium, which was responsible for the design, construction, financing, operations and maintenance, and rehabilitation of the project.

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.

11.4.3. 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.

The John Hart Generating Station Replacement Project is the first performance-based P3 model used for a hydroelectric project in North America. InPower BC General Partnership, a special-purpose vehicle created by SNC-Lavalin Capital Inc., 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, the John Hart Generating Station Replacement Project won the Judges Award for Best P3 Project at the P3 Awards in New York City.

11.4.4. 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 the 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 bank 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 2019, the new light rail system will significantly reduce pollution and traffic congestion in Canada's capital.

In 2017, the City of Ottawa awarded our consortium the contract to design, build, finance and maintain part of the line's Stage 2 expansion.

11.5. Our recent awards

Year	Publication or Organization	Category	Project
2017	Canadian Council for Public-Private Partnerships (CCPPP)	Gold Award for Service Delivery	The Canada Line
2016	Infrastructure Investor Magazine	North America P3 Deal of the Year Award	New Champlain Bridge Corridor Project
2016	P3 Bulletin	Silver Award for Best Transit and Aviation Project	Eglinton Crosstown LRT
2016	P3 Bulletin	Gold Award for Best Road/Bridge/Tunnel Project	New Champlain Bridge Corridor Project
2015	P3 Bulletin	Best Waste/Energy/Water Project Judges Award for Projects Grand Prix	John Hart Generating Station Replacement Project
2015	CCPPP	Gold Award for Effective Procurement	New Champlain Bridge Corridor Project
2015	CCPPP	Gold Award for Project Financing	Eglinton Crosstown LRT

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SECTION 12

RESEARCH AND INNOVATION

12. RESEARCH AND INNOVATION

12.1. Introduction

SNC-Lavalin is committed to offering our clients outstanding project outcomes. As a business we continually invest in research and development and evolve in terms of innovation to ensure we are at the leading edge of our industry, offering both value and a more sustainable built environment.

Digital advancements are playing a large part in changing the ways we deliver projects, offering new insights to augment our traditional expertise. Our key areas of innovation and research and development are outlined below:

12.2. Intelligent Mobility

12.2.1. Ground-breaking driverless car project releases final research findings

The VENTURER project released its final report, detailing key learnings from the £5m UK government co-funded driverless car project, which was based in the West of England and concluded in June 2018.

The three-year research and development project explored the barriers to the adoption of connected and autonomous vehicles (CAVs) in the UK and how best they could be overcome. To do this, the consortium - a rich partnership of organizations including large and small businesses, universities and local authorities - adopted a uniquely multi-disciplinary and user led approach, focusing on the safe trialling and testing of CAV technology, engagement with the public and a review of the regulatory environment.

Over 200 participants took part in the VENTURER trials, which established a safe testing methodology using both simulated and controlled road network environments. With robust and comparable results across testing in simulated and real-world settings, VENTURER demonstrated the validity of employing this dual approach to assess user responses to CAV technology in a wide variety of settings.

One key focus was planned handover between autonomous driving systems and the human driver, as would be required to achieve Level 3 vehicle autonomy. Findings suggest that it takes the average driver three seconds to retake control of the vehicle and longer to regain baseline manual driving performance. Micro-simulation modelling indicates handover events could equate to an additional delay of as much as 20% on the highway network. These findings suggest that:

- > Considering the handover task and typical road speeds, urban roads might lend themselves to early Level 3 CAV adoption, although the suitability needs to be evaluated in the context of the greater complexity of urban highway environments, including the presence of pedestrians and cyclists;
- > Additional research is needed to better understand the impact that the introduction of CAVs could have on traffic flow and the operation of the wider transport network – including an examination of planned handover at Level 4+ autonomy.

The trials also revealed a preference for CAVs to demonstrate more cautious driving behaviours, which could have significant implications for the future of the UK transport network. If CAVs were to drive more cautiously than the average human driver, they may create a traffic-calming effect on the network, resulting in safety benefits where there are both autonomous and manually driven vehicles. Greater consistency in gap-acceptance behaviour may also optimize road capacity and reduce congestion.

North Avenue Smart Corridor
Atlanta, Georgia, USA

12.2.2. The User

Trial participants reported consistently high trust ratings in CAVs. While positive, this also indicates a need for ongoing engagement with the public, plus ever more complex testing in real-world scenarios, to ensure that the vehicles' capabilities are fully understood. Trust levels remained consistent for all represented participant groups: pedestrian, cyclist and driver. This finding is reinforced by VENTURER's social research, which shows the public has a growing understanding of the potential benefits – and risks – of the adoption of CAVs.

The social research also highlighted differences both in the levels of understanding between people and the diversity of views shared, reinforcing the importance of ongoing information sharing and debate.

12.2.3. Preparation for autonomous vehicle technology

Connected and Autonomous Vehicles (CAVs) have the potential to trigger a transformation of the urban landscape in Asia with huge social, environmental and economic benefits, but only if cities and transportation agencies plan and help drive this evolution. According to a report published by EDPM, the adoption of CAVs will bring about a step-change in transport innovation by creating opportunities for improved efficiency and safety, reduced congestion and emissions, and improved road design.

In Asia, leading vehicle manufacturers are already seeking to bring advances to vehicle automation to market. Technology companies such as Baidu are leading R&D that rivals California-based Google. Cities will be expected to provide some of the vital building blocks required to fully exploit CAV technology and bolster the automotive sector. This will range from the testing of driverless cars to developing an understanding of user needs and making the vital policy, ethical and regulatory decisions on how the technology should be rolled out.

Integrating CAVs offers cities and agencies a real opportunity to address pressing challenges like reducing congestion and improving safety, which are major challenges across Asia. Many urban rail systems are already driverless and the same approach for road-based transit would deliver huge efficiencies. Combining CAVs with technology for electric and other zero-emission traction could also provide huge environmental benefits for air quality.

Our report 'Connected and Autonomous Vehicles: Introducing the Future of Mobility' breaks down what needs to be considered in the implementation of CAVs. Asia's city transportation agencies will be required to provide the digital infrastructure for connected vehicles to successfully operate on roads in addition to making considerations for data capture and exploitation, cyber security requirements, and building relevant partnerships with businesses to create opportunities for research and development.

[Link to report: Connected and Autonomous Vehicles: Introducing the Future of Mobility >](#)

The report outlines the major areas of consideration for the successful exploitation of this new technology, identified as the "Four Ts":

Test. Independent validation of CAV solutions in a real-world environment is fundamental to understanding the capability and safety factors.

Trust. People must believe and trust the technology they are using. CAVs must be safe, secure and valued by the consumer.

Transport. Key questions relate to the infrastructure investment needed, data governance, and the extent to which areas' current traffic laws, regulations and enforcement practices must be changed.

Time. To create a competitive advantage, it is imperative there be steady and sustained investment in this area, with cities setting out a road map in a range of areas to achieve successful long-term deployment.

Building the capabilities necessary to support CAV solutions will require a significant investment in understanding the impact of data and deployable applications over the short to long-term. It is imperative we understand the risks and opportunities CAVs open if we wish to tap into this rapidly growing industry. As the technology becomes a reality, cities will need to take a hard look at their digital infrastructure and other capabilities and work across the public and private sectors to develop policies, regulations and standards that ensure they are not left behind.



12.3. Future Proofing Cities and Communities

Half the world's population or 3.5 billion people, now live in cities, a figure forecasted to reach 60% by 2030 and 75% by 2050. This rapid urbanization of the world's population is the grand challenge of the 21st century. Finding solutions to this unprecedented challenge encourages us to think in a systems focused way about all interconnected sectors such as water infrastructure, transport, food, health and wealth-creation, and energy, as cities of the future need to become environmentally resilient, socially cohesive and as efficient as possible.

Modern planning must demonstrate a step-change in imagination, holistic thinking and levels of cooperation across disciplines due to the complexity of the tasks that lay ahead. We might be looking 50 or even 100 years ahead, but the future depends on what we do and how we act now.

We have the broad spread of talent to tackle these challenges, from economists to scientists, town planners to architects, engineers to ecologists. We have teams of brilliant and dedicated people who care deeply about our shared future. Our teams are already working on a wide-range of sustainable infrastructure projects, and we are at the forefront of R&D regarding future-proofing cities and developing smart cities. We are undertaking ongoing research looking at solutions to future-proof a wide range of cities worldwide.

12.3.1. Future-Proofing Cities Research

The Future-Proofing Cities report is the result of a collaboration led by SNC-Lavalin, in partnership with the UK's Department for International Development and University College London. The foundation for the work has been an integrated assessment of the risks, vulnerabilities, and capacities of 129 rapidly growing cities across 20 countries spanning Asia and Africa. Much of the urban infrastructure in these cities is yet to be built. With their aggregate population due to grow from 350 million people to over half a billion in the next 15 years alone, and forecasted GDP to almost treble, there is an important but closing window of opportunity for these cities to future-proof their development.

12.3.2. Risks to growth and prosperity

Cities, particularly in fast-growing developing countries, need to act now to future-proof themselves to prevent long term harm to their economies and poverty-reduction efforts. Cities occupy only two percent of the Earth's land, yet account for 60 to 80% of energy consumption and 75% of carbon emissions.

Natural hazards such as flooding, drought, temperature extremes and tropical cyclone activity already impact cities and these will be exacerbated by climate change.

Given that 95% of future urban expansion is projected to take place in the developing world, cities in developing countries will be at the front line of reconciling the need for growth with the need to avoid irreversible and costly environmental damage. Over the next 20 years, the urban populations of South Asia and Sub-Saharan Africa are expected to double to over 3.5 billion people. Delhi and Mumbai will have over 50 million people between them by 2025. Cities in the developing world are also particularly vulnerable to environmental risks. These risks could ultimately damage their future economic growth potential and impact on their ability to reduce urban poverty.

12.3.3. Developing Sustainable Infrastructure in Hong Kong

SNC-Lavalin was commissioned by Hong Kong's Drainage Services Department (DSD) to provide consultancy services for several projects. This included supporting DSD to provide world-class wastewater and storm-water drainage services for Hong Kong's sustainable development. In support of the vision, DSD places a high priority on R&D with a mission to deliver sustainable designs for sewage and drainage systems. SNC-Lavalin was also appointed by DSD and the Government of the Hong Kong SAR to undertake an investigation stage consultancy for the revitalization of the Tsui Ping River. This would transform it from the existing unpleasant nullah into a green and vibrant river, as part of the transformation of Kowloon East into a new core business district.

The project scope was to provide environmental, ecological and landscape solutions to upgrade the existing nullah without compromising its stormwater discharge function and capacity. Services also include the associated works to improve adjoining walkways, enhancement of connectivity and walkability, creation of vibrant open space along the river, and a face lift for the existing Kwun Tong Road footbridge.

12.3.4. SNC-Lavalin and Carleton University join forces to protect critical infrastructure in society

SNC-Lavalin has signed a Memorandum of Understanding (MOU) with Carleton University to cooperate on protecting critical infrastructures. This is a top priority for power utilities as the industry increasingly depends on network interconnectivity and complex smart grid technology while facing ever-growing cybersecurity threats.

Under the MOU, Carleton is providing a state-of-the-art research environment supported by industry experts and testing facilities. SNC-Lavalin will leverage Carleton's unique capabilities with opportunities such as testing advanced technologies and research projects to advance the protection of power utility telecommunication infrastructures.

This partnership with Carleton University is one of SNC-Lavalin's efforts to stay at the forefront when it comes to protecting critical infrastructures the public depends on. We will build on our collective knowledge and experience to provide Carleton's Communications Engineering experts with real-life challenges and access to advanced technology to further their students' learning. We will support the next generation of telecommunications engineers by giving them the opportunity to work side by side with our team to address the unique needs of the power utility industry.

Carleton University has been home to Canada's first and only Communications Engineering programme for more than 20 years. Recognized as a leader in telecommunications engineering R&D in Canada and beyond, Carleton's Faculty of Engineering and Design and its experts regularly collaborate with industry partners. They also maintain state-of-the-art laboratories and facilities to stay abreast of telecommunication technology innovations used to support power utilities. Carleton University and SNC-Lavalin will work together closely by:

- > Supporting research that is consistent with the university's mission of teaching and research
- > Furthering the education of telecommunications engineering and the development of technologies needed to support the electric power industry
- > Facilitating the transfer of technology
- > Providing additional research and thesis opportunities for students
- > Increasing SNC-Lavalin's visibility as an employer for Carleton University co-op students and graduates
- > Stimulating research on topics of relevance to the engineering field

12.4. Innovation in the Nuclear Sector

12.4.1. Canadian Nuclear Laboratories (CNL) is a world leader in nuclear science and technology

SNC-Lavalin is a majority partner in a consortium which manages and operates CNL - a world leader in nuclear science and technology. CNL is currently managing its ageing infrastructure and renewing its laboratories. This investment will ensure the organization stays at the top of its field while strengthening Canada's status in the international scientific community.

CNL is Canada's premier nuclear science and technology organization, actively involved in industry-driven R&D. In 2012, the Canadian government decided to transform CNL from a government-owned and operated model, to a Government-Owned Contractor-Operated (GoCo) model. This model is similar to that used in the United Kingdom to manage their nuclear clean-up and waste management programme.

In 2015, the Canadian Nuclear Energy Alliance (CNEA) won an international bid and now manages CNL's ongoing investments and facilities in Ontario, Québec and Manitoba. SNC-Lavalin is the majority shareholder in CNEA; its other members now include Fluor and Jacobs.

Under the contract, CNEA will operate Canada's nuclear R&D laboratories and be responsible for the decommissioning and radioactive waste management of legacy materials accumulated over 60 years of activity across 10 locations in Canada. These include the Chalk River and Whiteshell facilities, three prototype reactor sites, and the Laprade heavy-water storage site.

12.4.1.1. Whiteshell Labs

Whiteshell Laboratories is a former research centre for the Canadian nuclear industry which has run several life sciences programmes over the years.

In 1998, Atomic Energy of Canada Limited (AECL) decided to close Whiteshell Laboratories. CNEA is accountable for completing the closure of Whiteshell Laboratory and disposing of all waste streams by 2025. Whiteshell Laboratories has not been operational since 2010, and the decommissioning of the WR-1 reactor, one of the largest facilities on the site, will soon begin.

12.4.1.2. Chalk River

The main CNL site is located at Chalk River, Ontario, about 180 km north of Ottawa. Chalk River is home to a diverse science and technology group, an organization focused on environmental remediation and decommissioning.

Chalk River Laboratories is in year three of a 10-year transformation that involves revitalizing essential site infrastructure while decommissioning other facilities. Significant investment has been made in a new, world-class science facility, focusing on nuclear technology with expertise across physics, metallurgy, chemistry and engineering. The campus will be further revitalized through partnerships with universities and other science and technology organizations, as well as new third-party commercial relationships. In addition, the work carried out by CNEA is expected to enhance CNL's commercial offerings through cost-effective business models and effective project management.

Governance for the contract is executed through the CNEA Board of Directors, while operational oversight is provided by the CNL Board of Directors, which is chaired by an SNC-Lavalin representative. SNC-Lavalin and its partners have also seconded employees in key executive and management positions at CNL.

The Nuclear Power Demonstration (NPD) reactor is one of two sites that CNEA is contracted to decommission and close. The NPD site, located about 32 kilometres up the Ottawa River from Chalk River, is the site of Canada's first nuclear electrical production reactor. For 25 years, from 1962 to 1987, the 20MW site served as an important training facility for future reactor engineers and operators. The site is scheduled to be closed and fully decommissioned by 2020.

12.4.1.3. Generating opportunities for all

Community benefits are a very important part of our involvement with CNL. We ask local suppliers to place emphasis on creating opportunities for First Nations businesses as well as other local people and organizations. There is also the opportunity for site staff to learn from CNEA's four partner companies, including potential secondment opportunities and knowledge-sharing through special training programmes.

12.5. Digital Transformation

12.5.1. Automation and artistry

Artificial Intelligence (AI) and automation are advancing at an increasing pace. These rapid improvements are changing our workplace and are already influencing industries. From transforming factory floors to sorting suitable candidates for a job role, automation is already streamlining processes.

These advances in robotics, AI and machine learning are enabling automated technology to match or outperform humans in a range of activities - including those that traditionally require human capabilities. In terms of the impact on workplaces, thoughts on the rise of automation generally fall into two camps: those who are optimistic about the role automation can play, and those who fear that it will result in a vast loss of jobs.

SNC-Lavalin is in the "techno-optimist" camp. As the Industrial Revolution proved, when processes are refined, this creates opportunities for more human creativity.

As proponents of the advantages of automation, we work with a tool that frees up design engineers to work on more conceptual, creative projects. Our automated dynamic design software offers a quick solution to create multiple versions of similar assets and allows engineers to spend their time making more subjectively difficult designs, while the automated software will do the simpler, time-consuming work.

We have used the tool when working with drainage design for water companies and it has proven particularly useful. The software created multiple options of an asset, in a fraction of the time, by building and tweaking the specifications and automatically complying with design codes and standards.

The automated dynamic design function provided us with a 3-D model of the asset and created several different design options that have various benefits and reduced the time it takes to create designs. The tool is more suited to designing assets where functionality, rather than aesthetics, is the key driver. By reducing the time designers spend working on these variations of one asset, it freed them up to do more bespoke, creative tasks.

The functionality can be applied across a wide range of industries and means tasks that would have taken a design engineer a substantial amount of time can now be produced more efficiently.

By using the automated dynamic software, we can design quickly and efficiently and client costs are minimized.

For example, using the automated dynamic software, a designer can select the performance characteristics required for the design through a handful of input parameters. The software selects a code-complaint result from millions of possible outcomes, saving time and increasing accuracy.

12.5.2. Artificial Intelligence in Data Analytics

We are currently running trials to improve the way distress is detected and measured in pavements and roads. Until now, one of our subsidiaries, Data Transfer Systems, has been manually analyzing approximately 64,000 km of pavement data at 250+ images per km across the United States. Each image is analyzed by hand to detect distresses, relying on human judgement. This is expensive, labour intensive, repetitive, time consuming and sometimes prone to error. We believe there is huge potential for AI to change how this is done.

AI is fundamentally about teaching computers to perform intelligent tasks. One of the largest and fastest growing areas of AI is machine learning, whereby algorithms learn from examples and experience rather than a set of predefined rules. In the case of identifying distresses or cracks on pavements and roads, this machine learning works by identifying patterns in the pavements or roads that indicate potential distress.

To test the impact of AI in this scenario, we are currently applying machine learning to the analysis of pavements and roads for a project that covers nearly 6,500 km of road data. The expectation is to reduce the time taken by over 50% and complete the distress detection in just 18 weeks – a time frame that has never been met before. If this proves successful, a roll out of this technology across our customers globally will result in significant savings and we will be able to deliver data to them much faster.

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APPENDIX

GLOBAL REPORTING INITIATIVE (GRI) – CONTENT INDEX

New Champlain Bridge Corridor Project
Montréal, Québec, Canada

GRI CONTENT INDEX

Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
102-01			Name of the organization	a. Report the name of the organization.	SNC-Lavalin Group Inc. (the "Company").
102-02			Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	a. Please refer to Section 2 "Overview of our business and strategy" (p.17) of the Management's Discussion and Analysis (MD&A) portion of our 2018 Financial Report. b. Please refer to the "Market and services" Section of our Website at: https://www.snc-lavalin.com/en/markets-and-services SNC-Lavalin does not sell products that are banned in any markets. SNC-Lavalin does however offer services that could potentially be subject to public debate, such as services to the nuclear and oil and gas industries, as well as Canadian military operations. SNC-Lavalin is not currently subject to direct questions or expressions of concern regarding these services.
102-03			Location of headquarters	a. Report the location of the organization's headquarters.	The Company's headquarters and registered office is located at 455 René-Lévesque Boulevard West, Montréal, Quebec, Canada H2Z 1Z3.
102-04			Location of operations	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	As of December 31, 2018, the Company had permanent offices in about 50 countries, including the major offices located in the following regions: The Americas: Brazil, Canada, Chile, Colombia, Peru, United States. Europe: Denmark, Ireland, Norway, Romania, Russian Federation, Sweden, United Kingdom. Africa & the Middle East: Algeria, Kenya, Kuwait, Oman, Qatar, Saudi Arabia, South Africa, United Arab Emirates. Asia & Oceania: Australia, China, Hong Kong, India, Singapore. SNC-Lavalin has temporary offices in additional countries and conducts projects in some 100 countries worldwide.
102-05			Ownership and legal form	a. Report the nature of ownership and legal form.	The Company was incorporated under the laws of Canada by Letters Patent on May 18, 1967, and was continued under the Canada Business Corporations Act on March 24, 1980. The shares of the Company are traded on the Toronto Stock Exchange (TSX: SNC). As at December 31st, 2018, there were 260,866 stock options outstanding with an exercise price of \$40.98 per common share. As of March 11, 2019, the Company had 175,554,252 Common Shares outstanding. To the knowledge of the Directors and officers of the Company based on shareholders' public filings, the only person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all shares of the Company is the Caisse de dépôt et placement du Québec (the "Caisse"), an institutional fund manager. As of March 11, 2019, based on shareholders' public filings, the Caisse beneficially owned, or controlled or directed, directly or indirectly, 34,935,200 Common Shares representing 19.9% of the outstanding Common Shares of the Company.
102-06			Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	i. and ii. : For a summary of markets served, including geographic breakdowns and sectors, please see sections 1, "Overview of Our Business and Strategy" on p.17 and following of the 2018 Management's Discussion and Analysis (MD&A) and Section 6, "Geographic Breakdown of Revenues by Category of Activity," on p.46. iii. : The Company serves a wide range of customers in the public, quasi-public and private sectors. Section 7, "Segmented information," on p.48 of the MD&A provides an overview of projects and clients by sectors (segments) of activity. It has to be noted that the Company offers services and does not manufacture household products. It does however assemble equipment intended for the oil and gas industry through its Production & Processing Solutions business unit.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
102-07			Scale of the organization	a. Report the scale of the organization, including: <ul style="list-style-type: none"> • Total number of employees; • Total number of operations; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalisation broken down in terms of debt and equity (for private sector organizations); • Quantity of products or services provided. 	As of December 31, 2018: Total number of employees: 52,384 (includes all employees and consultants, full and part time) Total number of operations: see sections 1, "Overview of Our Business and Strategy" on p.17 and following of the 2018 MD&A. For information on net sales and total capitalisation please see Section 10 "Financial position" on p.82 and following of the 2018 MD&A.
102-08	Principle 6: Labour	SDG 8 - Employment	Information on employees and other workers	a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made.	a. b. c. For employee breakdown, see graphics in the "Employees" Section as well as the Roadmap included in this report. d. As of December 31 st , 2018, 39% were considered "temporary workers". Temporary Workforce includes Contractual employees, Casual employees, Temporary Agency workers and Consultants. e. SNC-Lavalin does not see seasonal fluctuations of its temporary workforce and does not conduct any activities akin to tourism or agriculture. Fluctuations do happen, however, following the life cycle of construction projects. But no significant change was noted through 2018.
102-09			Supply chain	a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	SNC-Lavalin's supply chain is based on the nature, type and geographic location of projects, and is therefore highly variable from one year to another as these factors evolve.
102-10			Significant changes to the organization and its supply chain	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership or supply chain, including: <ul style="list-style-type: none"> • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions; • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations); • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination." 	Please see section 3.2 "Executive Summary – Other Items", p.28-31, of the 2018 MD&A.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
102-11			Precautionary Principle or approach	a. Report whether and how the precautionary approach or principle is addressed by the organization.	As of December 31, 2018, the Company was mainly a service provider, not a manufacturer of products, with the exception of its Production & Processing Solutions business unit, which assembles equipment intended for the oil and gas industry and is not considered to be material to this report. As such, the Company employs risk management processes, which are being expanded to cover not only project-based risks, but also Company-wide risks. Currently, the precautionary principle does not form part of corporate risk management processes. However, SNC-Lavalin applies best practices and manages environment and health and safety risks through its management systems which are compliant with ISO 14000 and OSHAS 18000. In addition, the vast majority of our clients' projects are subjected to environmental and/or social impact assessments. SNC-Lavalin is thus expected not only to follow those reports' recommendations, but also to work in collaboration with clients and contractors to limit as much as possible the impacts and risks associated with the projects we work on.
102-12			External initiatives	a. List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses.	The Company applies the most stringent of the prevailing national laws or recognized international standards. for instance, our letter pertaining to UK's Modern slavery act, is publicly available on our website at: https://www.snclavalin.com/en/site-services/statutory-and-regulatory-disclosures#modern-slavery-and-human-trafficking-statement In addition, the company adheres to voluntary initiatives such as : UNGC: In 2015, the Company adhered to the United Nations Global Compact. Please refer to our CEO's message in the present report as well as our Communication on Progress publicly available on the UNGC Webpage (https://www.unglobalcompact.org/what-is-gc/participants). PACI: In January 2014, Robert G. Card, then CEO of the company, joined the World Economic Forum Partnering Against Corruption Initiative (PACI) Vanguard CEO community and in January 2018, Neil Bruce, our former president and CEO, was nominated co-chair of PACI. 30% Club: In September 2016, SNC-Lavalin joined the 30% Club Canada, an organization that encourages and supports companies, through a voluntary approach, to appoint more women at board level, as well at senior management levels.
102-13			Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	SNC-Lavalin is a member of a number of Canadian national business stakeholders that work on climate change and sustainability issues, including the Canadian Chamber of Commerce, the Montréal Council on Foreign Relations (CORIM), the Business Council of Canada, Canadian Manufacturers and Exporters and the Canadian Nuclear Association. Provincially, SNC-Lavalin was a founding member of the Québec Business Council on the Environment and we are members of the Federation of Chambers of Commerce of Quebec, the Conseil du Patronat, Canadian Chamber of Commerce of Metropolitan Montréal, the Ontario Chamber of Commerce, the Metro Toronto Board of Trade, the Business Council of British Columbia and other engineering groups. SNC-Lavalin is a member of the Confederation of British Industry, as well as the UK Nuclear and Aerospace Industry Associations and a number of associations in the United States and around the world, i.e. the World Economic Forum's Partnering Against Corruption Initiative and the U.N. Global Compact. Finally, SNC-Lavalin has a long history of collaborating and working with Indigenous communities and businesses in Canada, such as Indigenous Works (previously the Aboriginal Human Resources Council).
102-14			Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Please see CEO's message in this report.
102-16	Principle 10: Anti-corruption	SDG 16 - Ethical and lawful behaviour	Values, principles, standards, and norms of behaviour	a. Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	For values, please refer to the "About us" section of our website at https://www.snclavalin.com/en/about/vision-and-values . Our Code of Conduct is publicly available at : https://www.snclavalin.com/~media/Files/S/SNC-Lavalin/documents/policies/1003_en.pdf The Governance section of the present report also give an overview of how SNC-Lavalin embeds sustainability in its business structure.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
102-18			Governance structure	<p>a. Governance structure of the organization, including committees of the highest governance body.</p> <p>b. Committees responsible for decision-making on economic, environmental, and social topics.</p>	<p>a. Please see the "Board of directors" (https://www.snclavalin.com/en/about/leadership-and-governance/board-of-directors), "Leadership Team" (https://www.snclavalin.com/en/about/leadership-and-governance/leadership-team) and the "Governance" (https://www.snclavalin.com/en/about/leadership-and-governance/governance) sections of our website.</p> <p>b. The Governance and Ethics Committee assists the Board in developing the Corporation's approach to corporate governance and ethical and compliance issues. The Safety, Workplace and Project Risk Committee is responsible for overseeing the overall framework for managing project risks and health, safety, security, environmental, business continuity and emergency preparedness risks arising from the Corporation's operations and business it undertakes with clients. The mandates of these committees can be accessed via the Governance section of our website: (https://www.snclavalin.com/en/about/leadership-and-governance/governance) section of our website.</p>
102-40			List of stakeholder groups	a. Provide a list of stakeholder groups engaged by the organization.	The Company considers its key stakeholders to be its clients, its shareholders and its employees. Business units are encouraged to engage local communities, particularly in less developed countries and in urban areas, near project sites under the Company's management.
102-41	Principle 3: Labour	SDG 8 - Freedom of association and collective bargaining	Collective bargaining agreements	a. Report the percentage of total employees covered by collective bargaining agreements.	As of June 2019, the percentage of unionized employees was 3.4% of our global workforce, or about 1,778 people. It has to be noted that, in some countries where we operate, it is not legal to ask whether an employee is unionized. In these countries we used an estimate based on the national average.
102-42			Identifying and selecting stakeholders	a. Report the basis for identification and selection of stakeholders with whom to engage.	SNC-Lavalin engages with all stakeholders who communicate with the corporation.
102-43			Approach to stakeholder engagement	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	<p>Stakeholders are consulted through the following activities:</p> <p>Employees: "Townhall" meetings (off-location employees can attend via webcasts and interact with presenters through "chat"); internal communications (intranet, emails, etc.); Annual and Sustainability Reports and surveys (in 2017, employees were invited to take part in a survey regarding Company Culture and a second one aiming at realigning the company's values following Atkins' acquisition).</p> <p>Clients: Project management activities, conferences and trade fairs, client surveys. Shareholders, investors and analysts: Website postings, Financial reports, Press releases and media relations, Annual Information Form and Annual Report. Annual Meeting of Shareholders (Please see the Management Proxy Circular and Notice of Annual Meeting of Shareholders, dated March 11, 2019, "Shareholder Engagement" section, p.64.).</p> <p>External stakeholders were not consulted in the report preparation process.</p>
102-44			Approach to stakeholder engagement Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	<p>Clients: Client surveys did not denote an increased interest for topics related to sustainable development amongst our clients. However, based on the fact that clients have been asking SNC-Lavalin to fill "supplier reports" regarding our GHG emissions for the last 3 years and that call for proposal questionnaires now generally include sections regarding environment management and/ or sustainable development related metrics, we consider these topics to be somewhat significant for our clients.</p> <p>Shareholders: Other than anecdotal questions regarding SNC-Lavalin's involvement in certain type of markets and projects (CO₂ sequestration, for instance), shareholders did not raise concern pertaining to sustainable development topics during public information sessions. However, shareholders and investors do refer to reports and ratings prepared by firms dedicated to ESG and Corporate Governance research. SNC-Lavalin does communicate and collaborate with such firms as Sustainability and, as previously mentioned, fills report regarding carbon emission and water via the CDP. Employees: Our latest employee survey, conducted in 2017, helped SNC-Lavalin determine its new set of values as well as its new vision for the company. Topics explicitly pertaining to sustainable development were not retained. However, we consider that these topics are covered by the umbrella values of "Integrity" and "Safety". To read about SNC-Lavalin's definition of these values, please refer to : https://www.snclavalin.com/en/about/vision-and-values</p>

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
102-45			Entities included in the consolidated financial statements	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p> <p>The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.</p>	<p>a. The main segments (sectors) of the Company are presented in Section 1 "Overview of Our Business and Strategy" of our MD&A, p.17 and in further details in Section 7, "Segmented Information", p.48 and following. As of December 2018, they were*:</p> <ul style="list-style-type: none"> • Mining & Metallurgy; • Oil & Gas; • Nuclear; • Clean Power; • Thermal Power; • Infrastructure; • Engineering, Design and Project Management ("EDPM"); and • Capital <p>A list of main subsidiaries, joint arrangements and associates of the Company, as well as the principal infrastructure concession entities in which the Company participates, are published in note 39 "Subsidiaries, Joint Arrangements and Associates," on p.228-229 of the Financial report 2018 (notes to consolidated financial statements).</p> <p>*Since the start of 2019, Infrastructure includes the Technology Ventures business, which consolidates our expertise in hydro electricity, transmission and distribution, renewables, energy storage, and intelligent networks and cybersecurity, as well as the Linxon subsidiary which were previously part of Clean Power. And Resources combines the full lifecycle services in oil, gas and metals and mining, which were two distinct sectors all through 2018.</p> <p>b. Unless stated otherwise, all sectors are included in the present report, but not the subsidiaries, joint venture and associates.</p>
102-46			Defining report content and topic Boundaries	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	Issues of content, scope, boundaries, materiality and prioritisation were reviewed by a joint team composed of representatives Global Sustainability, the Environment & Geosciences business unit and Global Corporate Communications.
102-47			List of material topics	a. A list of the material topics identified in the process for defining report content.	SNC-Lavalin did not complete a formal materiality assessment in preparation for the current report. However, following the appointment of a Global Head of Sustainability, in April 2018, approximately 500 internal experts, from all Sectors and Corporate functions of the Company were consulted in order to draft a sustainability strategy and select material topics. 10 broad material topics were identified during the consultations. these are: Energy; Water; Transport; Materials; Health; Pollution; Climate; Biodiversity; Diversity and Community. However, considering the material topics were selected midway through 2018, SNC-Lavalin will not be in a position to report on all of them in the current report. It is expected that data gathering processes, baselines and subsequent goals and target will be established in 2019.
102-48			Restatements of information	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	None to disclose.
102-49			Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	As mentioned above, in 2018 SNC-Lavalin selected 10 broad material topics identified during consultations with internal stakeholders and subject matter experts. However, considering the material topics were selected midway through 2018, SNC-Lavalin will not be in a position to report on all of them in the current report and thus, the topics covered in the 2018 sustainability report are the same as those covered in 2017.
102-50			Reporting period	a. Reporting period (such as fiscal or calendar year) for information provided.	The 2018 calendar year, which is also the Company's fiscal year.
102-51			Date of most recent report	a. Date of most recent previous report (if any).	May 17 th , 2018
102-52			Reporting cycle	a. Reporting cycle (such as annual, biennial).	Annual

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
102-53			Contact point for questions regarding the report	a. Provide the contact point for questions regarding the report or its contents.	For questions regarding this report and its contents, please contact Sarah-Jane Stewart, Global Head of Sustainability, Glasgow, United Kingdom at +44 141 220 2000 or via email at sarahjane.stewart@snc-lavalin.com. An inquiry form is also available on the Web page dedicated to Sustainability at https://www.snc-lavalin.com/en/sustainability .
102-54			Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	This report has been prepared in accordance with the GRI Standards: Core option
102-55			GRI content index	a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	GRI Content Index of this report.
102-56			External assurance	a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	SNC-Lavalin did not seek external assurance for the current report.
103-1			Explanation of the material topic and its Boundary	a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.	As mentioned above, SNC-Lavalin did not complete a formal materiality assessment in preparation for the current report. It is expected that data gathering processes, baselines, scope and boundaries as well as subsequent goals and target for the 10 measurement categories selected through internal consultations will be determined in 2019.
103-2		SDG 1, 5, 8 and 16 - Economic inclusion; Grievance mechanisms	The management approach and its components	a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies; ii. Commitments; iii. Goals and targets; iv. Responsibilities; v. Resources; vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programmes and initiatives	Please see section 7 "Sustainability, Governance and Leadership" of the current report.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
103-3			Evaluation of the management approach	a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.	No formal evaluation of the management approach has been completed in 2018.
201-1		SDG 2, 5, 7, 8 and 9- Infrastructure investments; Economic performance; Research and development	Direct economic value generated and distributed	a. Report the direct economic value generated and distributed (EVG&D) on an accruals basis including the basic components for the organization's global operations as listed below. If data is presented on a cash basis, report the justification for this decision and report the basic components as listed below: • Direct economic value generated: – Revenues; • Economic value distributed: – Operating costs; – Employee wages and benefits; – Payments to providers of capital; – Payments to government (by country); – Community investments; • Economic value retained (calculated as 'Direct economic value generated' less 'Economic value distributed'). b. To better assess local economic impacts, report EVG&D separately at country, regional, or market levels, where significant. Report the criteria used for defining significance.	a. Please refer to the "Consolidated Statements of Financial Position", p.130 and following, as well as to Note 34 "Pension plans, other long-term benefits and other post-employment benefits", on p.214 of our 2018 financial report. b. Please refer to sections 6 "Geographic Breakdown of Revenues by Category of Activity" (p.46) and 7 "Segmented Information" (p.48) of our 2018 financial report.
201-2	Principle 7: Environment:	SDG 13 - Risks and opportunities due to climate change	Financial implications and other risks and opportunities due to climate change	a. Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure, including: • A description of the risk or opportunity and its classification as either physical, regulatory or other; • A description of the impact associated with the risk or opportunity; • The financial implications of the risk or opportunity before action is taken; • The methods used to manage the risk or opportunity; • The costs of actions taken to manage the risk or opportunity.	Please see SNC-Lavalin's report to the Carbon Disclosure Project at: https://www.cdp.net/en/responses/17166
201-3			Defined benefit plan obligations and other retirement plans	a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities. b. If a separate fund exists to pay the plan's pension liabilities: i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; ii. the basis on which that estimate has been arrived at; iii. when that estimate was made. c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage. d. Percentage of salary contributed by employee or employer. e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.	Please see Note 34 "Pension plans, other long-term benefits and other post-employment benefits", on p.214 of our 2018 financial report.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
201-4			Financial assistance received from government	<p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including: i. tax relief and tax credits; ii. subsidies; iii. investment grants, research and development grants, and other relevant types of grant; iv. awards; v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives; viii. other financial benefits received or receivable from any government for any operation.</p> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	<p>a. SNC-Lavalin may receive financial assistance from some governments, however, such potential amounts received would not be considered material to this report.</p> <p>b. Not material.</p> <p>c. No government is directly present in SNC-Lavalin's shareholding structure. It has to be noted however that both the Caisse de Dépôt et Placement du Québec (lit. Québec Deposit and Investment Fund, also referred to "the Caisse") and the Canada Pension Plan Investment Board are SNC-Lavalin shareholders. Those institutional investors were founded respectively by the Province of Québec's National Assembly and the Parliament of Canada. However, even if both are accountable to government authorities, they should act "with full independence" in accordance with the acts governing them.</p>
202-1	Principle 6: Labour	SDG 1, 5 and 8 - Earnings, wages and benefits; Equal remuneration for women and men	Ratios of standard entry level wage by gender compared to local minimum wage	<p>a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.</p> <p>b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.</p> <p>c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.</p> <p>d. The definition used for 'significant locations of operation'.</p>	SNC-Lavalin is an engineering and construction company. As such there is not a significant proportion of our employees compensated based on wages subject to minimum wage rules.
202-2	Principle 6: Labour	SDG 8 - Employment	Proportion of senior management hired from the local community	<p>a. Report the percentage of senior management at significant locations of operation that are hired from the local community.</p> <p>b. Report the definition of 'senior management' used.</p> <p>c. Report the organization's geographical definition of 'local'.</p> <p>d. Report the definition used for 'significant locations of operation'.</p>	<p>a. At the executive level, 77% of senior management was "from the local community".</p> <p>b. In this instance, SNC-Lavalin considers local someone who has the nationality of his work location.</p>
203-1		SDG 2, 5, 7, 9 and 11 - Infrastructure investments	Infrastructure investments and services supported	<p>a. Extent of development of significant infrastructure investments and services supported.</p> <p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements.</p>	<p>Capital, our investment, project financing and asset management arm, manages a five billion dollar* portfolio of infrastructure investments and raised over twelve billion dollar of project financing in the past 10 years. The Company analyzes its revenue and gross margin separately for Engineering and Construction activities (E&C) and for its investments (Capital). All financial analysis presented in the annual report and MD&A is clearly identified as either.</p> <p>Section 5, "capital investments" (p. 166 and following of the 2018 Financial report) presents detailed information on investments net book value, accounting methodology for capital investments and revenues, segment ebit and dividends of the Capital segment as well as investment portfolio.</p> <p>*Average Fair Market Value as per analysts calculations, as at March 18, 2019</p>

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
203-2		SDG 1, 2, 3, 8, 10 and 17 - Availability of products and services for those on low incomes; Economic development in areas of high poverty; Changing the productivity of organizations, sectors, or the whole economy; Access to medicines; Changing the productivity of organizations, sectors, or the whole economy; Indirect impact on job creation; Jobs supported in the supply chain; Foreign direct investment	Significant indirect economic impacts	<p>a. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.</p> <p>b. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.</p>	Please see "Economic impacts" section of this report.
204-1		SDG 12 - Procurement practices	Proportion of spending on local suppliers	<p>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</p> <p>b. The organization's geographical definition of 'local'.</p> <p>c. The definition used for 'significant locations of operation'.</p>	SNC-Lavalin does not compile global data in relation to this metric: ad hoc procurement teams are assembled, as needed, on a per project basis and data on purchased material is not aggregated at the company level.
205-1	Principle 10: Anti-corruption	SDG 16 - Anti-corruption	Operations assessed for risks related to corruption	<p>a. Report the total number and percentage of operations assessed for risks related to corruption.</p> <p>b. Report the significant risks related to corruption identified through the risk assessment.</p>	Please refer to the "Integrity" section of the current report and to our dedicated webpage at https://www.snclavalin.com/en/about/integrity .
205-2	Principle 10: Anti-corruption	SDG 16 - Anti-corruption	Communication and training about anti-corruption policies and procedures	<p>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</p> <p>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p> <p>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</p> <p>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</p> <p>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</p>	Please refer to the "Integrity" section of this report, more specifically to the "Education and training" subsection.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
205-3	Principle 10: Anti-corruption	SDG 16 - Anti-corruption	Confirmed incidents of corruption and actions taken	<p>a. Report the total number and nature of confirmed incidents of corruption.</p> <p>b. Report the total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</p> <p>c. Report the total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</p> <p>d. Report public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</p>	Please refer to the "Integrity" section of this report.
301-1	Principle 7: Environment Principle 8: Environment	SDG 8 - Materials efficiency	Materials used by weight or volume	<p>a. Report the total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:</p> <ul style="list-style-type: none"> • Non-renewable materials used; • Renewable materials used. 	SNC-Lavalin does not manufacture products, with the exception of its Production & Processing Solutions facility in Texas, which assembles equipment packages for the oil and gas industry. Relative to the Company as a whole, the Production & Processing Solutions business unit is not considered to be material in terms of this report. Services provided by SNC-Lavalin are mainly related to engineering, design and management of construction projects. Thus, office supplies represent the majority of the material used in providing these services. SNC-Lavalin currently tracks its global use of electronic equipment and will present paper use statistics starting in 2019. To that effect, SNC-Lavalin has completed the installation of Ricoh's @Remote software on its multifunction printers in the greater Montréal, Toronto, Calgary and Vancouver areas in July 2017 and configuration was completed in July 2018.
301-2	Principle 8: Environment	SDG 8 and 12 - Materials efficiency; Materials efficiency/recycling	Recycled input materials used	a. Report the percentage of recycled input materials used to manufacture the organization's primary products and services.	As mentioned above, SNC-Lavalin does not produce consumer goods. Our consulting and engineering services uses primarily paper, IT equipment and other office supplies. All offices in the greater Montréal region (representing about 2050 employees) uses Domtar's first choice multiuse paper. This paper contains 0% of recycled material, but is certified both by the Rainforest Alliance™ and the Forest Stewardship Council (FSC)®. Buying FSC-certified paper counts as a sustainable purchase under the U.S. Green Building Council® Leadership in Energy and Environmental Design (LEED®) for Existing Building: Operation and Maintenance™ rating system. All PCs and laptops are refurbished in house and reused—often many times—before being disposed of. In 2018, SNC-Lavalin responded to demands for laptop and computers with 63% of used and refurbished computers.
301-3	Principle 8: Environment	SDG 8 and 12 - Resource efficiency of products and services; Resource efficiency of products and services	Reclaimed products and their packaging materials	<p>a. Report the percentage of reclaimed products and their packaging materials for each product category.</p> <p>b. Report how the data for this Indicator has been collected.</p>	SNC-Lavalin does not sell products intended for the general public. Equipment assembled by our Production & Processing Solutions business unit includes fabricated parts (ladders, cages, pressure vessels) and parts purchased from vendors (compressors, engines, coolers, pipe, valves, metal plate). The finished goods are massive (for instance, a condensate stabilizer can weigh up to 52,000 lbs) and are shipped on custom built permanent skids. Therefore, the quantity of packaging produced by SNC-Lavalin is not deemed significant enough to warrant a package reclamation programme.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
302-1		SDG 7, 8, 12 and 13 - Energy efficiency; transport	Energy consumption within the organization	a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: i. electricity consumption; ii. heating; consumption; iii. cooling consumption iv. steam consumption; d. In joules, watt-hours or multiples, the total: i. electricity sold; ii. heating sold; iii. cooling sold; iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	Please see SNC-Lavalin's report to the CDP publicly available at: https://www.cdp.net/en/responses/17166
302-2	Principle 8: Environment	SDG 7, 8, 12 and 13 - Energy efficiency; transport	Energy consumption outside of the organization	a. Energy consumption outside of the organization, in joules or multiples. b. Standards, methodologies, assumptions, and/or calculation tools used. c. Source of the conversion factors used.	SNC-Lavalin does not measure the energy consumed by third parties in relation to its activities and services.
302-3	Principle 8: Environment	SDG 7, 8, 12 and 13 - Energy efficiency; transport	Energy intensity	a. Report the energy intensity ratio. b. Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio. c. Report the types of energy included in the intensity ratio: fuel, electricity, heating, cooling, steam, or all. d. Report whether the ratio uses energy consumed within the organization, outside of it or both.	Please see SNC-Lavalin's report to the CDP publicly available at: https://www.cdp.net/en/responses/17166
302-4	Principle 8: Environment Principle 9: Environment	SDG 7, 8, 12 and 13 - Energy efficiency; transport	Reduction of energy consumption	a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	Please see SNC-Lavalin's report to the CDP publicly available at: https://www.cdp.net/en/responses/17166
303-1	Principle 7: Environment Principle 8: Environment	SDG 6 - Sustainable water withdrawals	Water withdrawal by source	a. Total volume of water withdrawn, with a breakdown by the following sources: i. Surface water, including water from wetlands, rivers, lakes, and oceans; ii. Ground water; iii. Rainwater collected directly and stored by the organization; iv. Waste water from another organization; v. Municipal water supplies or other public or private water utilities. b. Standards, methodologies, and assumptions used.	<p>SNC-Lavalin does not measure its global water withdrawal. Water is consumed in its offices and on project sites. In offices, water is used for drinking and sanitary purposes. It has to be noted that less than 1% of the total area we occupy is actually owned by SNC-Lavalin. The vast majority of offices are rented and thus, SNC-Lavalin has very little control on the equipment and installations.</p> <p>The principle use of water on project sites is for dust control and the production of concrete. Concrete tends to be manufactured off site and transported to the construction sites. Water for dust control is not considered to be significant.</p>

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
303-2	Principle 8: Environment	SDG 6 - Sustainable water withdrawals	Water sources significantly affected by withdrawal of water	a. Report the total number of water sources significantly affected by withdrawal by type: <ul style="list-style-type: none"> • Size of water source • Whether or not the source is designated as a protected area (nationally or internationally) • Biodiversity value (such as species diversity and endemism, total number of protected species) • Value or importance of water source to local communities and indigenous peoples b. Report standards, methodologies, and assumptions used.	SNC-Lavalin does not consider this topic to be material.
303-3	Principle 8: Environment	SDG 6, 8 and 12 - Water efficiency; Water recycling and reuse; Water efficiency	Water recycled and reused	a. Report the total volume of water recycled and reused by the organization. b. Report the total volume of water recycled and reused as a percentage of the total water withdrawal reported under Indicator G4-EN8. c. Report standards, methodologies, and assumptions used.	SNC-Lavalin does not consider this topic to be material.
304-1	Principle 8: Environment	SDG 6, 14 and 15 - Water-related ecosystems and biodiversity; Marine biodiversity; Mountain ecosystems; Natural habitat degradation; Terrestrial and inland freshwater ecosystems	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	a. For each operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas, the following information: i. Geographic location; ii. Subsurface and underground land that may be owned, leased, or managed by the organization; iii. Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas; iv. Type of operation (office, manufacturing or production, or extractive); v. Size of operational site in km ² (or another unit, if appropriate); vi. Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem); vii. Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	In 2017, only one SNC-Lavalin owned property was located within 1,000 m. of a protected area, namely the Bosque Oriental de Bogota, Colombia. It also has to be mentioned that the assembly plant leased by our Production & Processing Solutions division is located within 1,000 from the Atwater Prairie Chicken protected area in Texas, USA. This assessment was not undertaken in 2018, however, we do not expect any significant changes has SNC-Lavalin did not buy any new facilities in the last 12 months.
304-2	Principle 8: Environment	SDG 6, 14 and 15 - Water-related ecosystems and biodiversity; Marine biodiversity; Mountain ecosystems; Natural habitat degradation; Terrestrial and inland freshwater ecosystems	Significant impacts of activities, products, and services on biodiversity	a. Report the nature of significant direct and indirect impacts on biodiversity with reference to one or more of the following: <ul style="list-style-type: none"> • Construction or use of manufacturing plants, mines, and transport infrastructure • Pollution (introduction of substances that do not naturally occur in the habitat from point and non-point sources) • Introduction of invasive species, pests, and pathogens • Reduction of species • Habitat conversion • Changes in ecological processes outside the natural range of variation (such as salinity or changes in groundwater level) b. Report significant direct and indirect positive and negative impacts with reference to the following: <ul style="list-style-type: none"> • Species affected • Extent of areas impacted • Duration of impacts • Reversibility or irreversibility of the impacts 	Although some of SNC-Lavalin's offices and projects are located near or adjacent to protected areas, it is considered that SNC-Lavalin's activities impacts are minimal.

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304-3	Principle 8: Environment	SDG 6, 14 and 15 - Water-related ecosystems and biodiversity; Marine biodiversity; Mountain ecosystems; Natural habitat degradation; Terrestrial and inland freshwater ecosystems	Habitats protected or restored	<p>a. Report the size and location of all habitat protected areas or restored areas, and whether the success of the restoration measure was or is approved by independent external professionals.</p> <p>b. Report whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.</p> <p>c. Report on the status of each area based on its condition at the close of the reporting period.</p> <p>d. Report standards, methodologies, and assumptions used.</p>	<p>Although SNC-Lavalin occupies about 800 offices and buildings worldwide, it only owns 13 properties. One such property totaling about 197 hectares, is a former munitions factory, which operated from 1938 to 1990, after which it was decommissioned. The principal legacy environmental issue is a contaminated aquifer. By certificate of authorisation issued by the Québec Ministry of the Environment, SNC-Lavalin has been implementing a "Pump and treat" programme for many years. Studies are currently underway to determine how best to increase the scope or pace of treatment. No significant environmental impact is anticipated on soils and ground water at other company properties.</p> <p>In addition to this property, SNC-Lavalin has been helping clients, mainly in the mining, military and oil and gas sectors, to restore their sites after the end of their operations. In 2018, SNC-Lavalin completed the rehabilitation of the Canadian Forces Station Moisie's 2 hectares site, located in Canada. We were also still working on the Lac Renzy Mine (8 hectares nickel and copper mine) and Long Lake Mine (4 hectares gold mine) rehabilitations, as well as countless smaller mines, oil wells and military sites.</p>
305-1	Principle 7: Environment Principle 8: Environment	SDG 3, 12, 13, 14 and 15 - Air quality; Transport; GHG emissions; Ocean acidification; Forest degradation	Direct (Scope 1) GHG emissions	<p>a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	Please see SNC-Lavalin's CDP report (available at: https://www.cdp.net/en/responses/17166).
305-2	Principle 7: Environment Principle 8: Environment	SDG 3, 12, 13, 14 and 15 - Air quality; Transport; GHG emissions; Ocean acidification; Forest degradation	Energy indirect (Scope 2) GHG emissions	<p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.</p> <p>c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>d. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	Please see SNC-Lavalin's CDP report (available at: https://www.cdp.net/en/responses/17166).

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
305-3	Principle 7: Environment Principle 8: Environment	SDG 3, 12, 13, 14 and 15 - Air quality; Transport; GHG emissions; Ocean acidification; Forest degradation	Other indirect (Scope 3) GHG emissions	<p>a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent.</p> <p>b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent.</p> <p>d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</p> <p>e. Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.</p> <p>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</p> <p>g. Standards, methodologies, assumptions, and/or calculation tools used.</p>	Please see SNC-Lavalin's CDP report (available at: https://www.cdp.net/en/responses/17166).
305-4	Principle 8: Environment	SDG 13, 14 and 15 - GHG emissions; Ocean acidification; Forest degradation	GHG emissions intensity	<p>a. Report the GHG emissions intensity ratio.</p> <p>b. Report the organization-specific metric (the ratio denominator) chosen to calculate the ratio.</p> <p>c. Report the types of GHG emissions included in the intensity ratio: direct (Scope 1), energy indirect (Scope 2) and other indirect (Scope 3).</p> <p>d. Report gases included in the calculation.</p>	Please see SNC-Lavalin's CDP report (available at: https://www.cdp.net/en/responses/17166).
305-5	Principle 8: Environment Principle 9: Environment	SDG 13, 14 and 15 - GHG emissions; Ocean acidification; Forest degradation	Reduction of GHG emissions	<p>a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO₂ equivalent.</p> <p>b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.</p> <p>c. Base year or baseline, including the rationale for choosing it.</p> <p>d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</p> <p>e. Standards, methodologies, assumptions, and/or calculation tools used.</p>	Please see SNC-Lavalin's CDP report (available at: https://www.cdp.net/en/responses/17166).
305-7	Principle 8: Environment	SDG 3, 12, 13, 14 and 15 - Air quality; Transport; GHG emissions; Ocean acidification; Forest degradation	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	<p>a. Significant air emissions, in kilograms or multiples, for each of the following:</p> <ul style="list-style-type: none"> i. NO_x ii. SO_x iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) vi. Particulate matter (PM) vii. Other standard categories of air emissions identified in relevant regulations <p>b. Source of the emission factors used.</p> <p>c. Standards, methodologies, assumptions, and/or calculation tools used.</p>	<p>a. SNC-Lavalin operates one assembly plant in Texas for which the emissions from coating operations, external combustion sources (paint booth air makeup units) and internal combustion from engine run testing are the following:</p> <ul style="list-style-type: none"> i. NO_x: 1.13 tons per year (tpy) ii. SO₂: 0.15 tpy iii. POP: not tracked iv. Volatile organic compounds (VOC): 5.00 tpy v. Hazardous air pollutants (HAP): 2.73 tpy vi. Particulate matter (PM): 0.21 tpy vii. Exempt Solvent (ES): 0.36 tpy (mainly Acetone from spray application equipment cleaning) <p>Notes: POP tracking is not required under USA regulations.</p> <p>Direct and indirect emissions of NO₂ from heating and electricity usage in office buildings are presented in SNC-Lavalin's GHG emissions report to the CDP (available at: https://www.cdp.net/en/responses/17166).</p>

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
306-1	Principle 8: Environment	SDG 3, 6, 12 and 14 - Water quality; Sustainable water withdrawals; Water-related ecosystems and biodiversity; Water discharge to oceans	Water discharge by quality and destination	a. Report the total volume of planned and unplanned water discharges by: <ul style="list-style-type: none"> • Destination • Quality of the water including treatment method • Whether it was reused by another organization b. Report standards, methodologies, and assumptions used.	SNC-Lavalin's water discharges are mainly sanitary water which is collected and treated by the municipalities where we operate. In some instances, sanitary water is collected in septic tanks. However, all SNC-Lavalin locations operate in accordance with local legislation. As for controlled project sites, measures are put in place to insure that run off does not have detrimental impacts on surrounding watercourses. Those measures include basins to retain sediments, coffer dams and silt curtains, specific confined areas to wash cement mixers, etc. Such measures are implemented based on the relevant environmental impact assessment reports prepared for each project.
306-2	Principle 8: Environment	SDG 3, 6 and 12 - spills; Waste; Water-related ecosystems and biodiversity	Waste by type and disposal method	a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse; ii. Recycling; iii. Composting; iv. Recovery, including energy recovery; v. Incineration (mass burn); vi. Deep well injection; vii. Landfill; viii. On-site storage ix. Other (to be specified by the organization) b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse; ii. Recycling; iii. Composting; iv. Recovery, including energy recovery; v. Incineration (mass burn); vi. Deep well injection; vii. Landfill viii. On-site storage; ix. Other (to be specified by the organization) c. How the waste disposal method has been determined: i. Disposed of directly by the organization, or otherwise directly confirmed; ii. Information provided by the waste disposal contractor; iii. Organizational defaults of the waste disposal contractor.	SNC-Lavalin does not compile a global register of hazardous waste and their treatment methods for project sites or offices. However, major project sites maintain such a register and are fully compliant with local legislation when it comes to the storage, management and disposal of hazardous and non-hazardous wastes. In 2018, our assembly plant in Texas generated 47.9 tons of Paint and Paint-Related Waste, which, in the USA, is managed under "Universal Waste" regulations and not under "Hazardous Waste" regulations. The plant does not produce any waste covered by the later regulations.
306-3	Principle 8: Environment	SDG 3, 6, 12, 14 and 15 - spills	Significant spills	a. Report the total number and total volume of recorded significant spills. b. For spills that were reported in the organization's financial statements, report the additional following information for each such spill: <ul style="list-style-type: none"> • Location of spill; • Volume of spill; • Material of spill, categorized by: <ul style="list-style-type: none"> • Oil spills (soil or water surfaces); • Fuel spills (soil or water surfaces); • Spills of wastes (soil or water surfaces); • Spills of chemicals (mostly soil or water surfaces); • Other (to be specified by the organization). c. Report the impacts of significant spills.	a. In 2018, there were no significant environmental incidents, i.e. high potential incidents which caused significant environmental impact or notices of violation. b. No environmental release was reported in the organization's financial statement. c. No impacts to report
306-4	Principle 8: Environment	SDG 3 and 12 - spills; Waste	Transport of hazardous waste	a. Total weight for each of the following: <ul style="list-style-type: none"> i. Hazardous waste transported; ii. Hazardous waste imported; iii. Hazardous waste exported; iv. Hazardous waste treated; b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used.	The Company does not export or ship hazardous waste internationally. Very small quantities of hazardous waste are generated in regular office operations (cleaning, maintenance and renovation works). Hazardous waste generated in these activities are transported and disposed of by licensed haulers. Controlled project sites also generate some hazardous wastes which are managed as per legal requirements in the country of operation. And finally, as mentioned above, our assembly plant does not produce any Hazardous Waste as per the American regulations. All waste, including paint-related waste, is shipped off-site for disposal.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
306-5	Principle 8: Environment	SDG 6 and 15 - Water-related ecosystems and biodiversity; Natural habitat degradation; Terrestrial and inland freshwater ecosystems	Water bodies affected by water discharges and/or runoff	a. Water bodies and related habitats that are significantly affected by water discharges and/or runoff, including information on: i. the size of the water body and related habitat; ii. whether the water body and related habitat is designated as a nationally or internationally protected area; iii. the biodiversity value, such as total number of protected species.	a. To the best of the company's knowledge, no water bodies or related habitats were significantly impacted by SNC-Lavalin's activities in 2018. SNC-Lavalin, via its Global Health, Safety and Environment Management System (GHSEMS) prohibits the release of untreated process water or wastewater into the environment at all the facilities it controls.
307-1		SDG 16 - Compliance with laws and regulations	Non-compliance with environmental laws and regulations	a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	In 2018, no significant fine was imposed on SNC-Lavalin pertaining to environmental non-compliance.
308-1	Principle 8: Environment		New suppliers that were screened using environmental criteria	a. Report the percentage of new suppliers that were screened using environmental criteria.	At the time being, SNC-Lavalin does not screen product suppliers using environmental criteria. That being said, on construction projects, the main "suppliers" are contractors. Contractors and sub-contractors are expected to abide by SNC-Lavalin's Global Environment Management System and clauses to that effect are included in all major contracts. When a project is audited against corporate management system compliance, contractors are also audited. In 2018, 16 such audits were conducted.
308-2	Principle 8: Environment		Negative environmental impacts in the supply chain and actions taken	a. Report the number of suppliers subject to environmental impact assessments. b. Report the number of suppliers identified as having significant actual and potential negative environmental impacts. c. Report the significant actual and potential negative environmental impacts identified in the supply chain. d. Report the percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Report the percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	As mentioned above, SNC-Lavalin does not screen product suppliers using environmental criteria.
401-1	Principle 6: Labour	SDG 5 and 8 - Gender equality; Employment; Youth employment	New employee hires and employee turnover	a. Report the total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Report the total number and rate of employee turnover during the reporting period, by age group, gender and region.	a. In 2018, SNC-Lavalin hired regular employees, 6,389, representing about 12% of the total workforce. Among them, about 29% were women. It has to be noted that some employees prefer not to disclose their gender, explaining the data gap; b. SNC-Lavalin considers this information to be business sensitive
401-2		SDG 8 - Earnings, wages and benefits	Benefits provided to full-time employees that are not provided to temporary or part-time employees	a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. b. The definition used for 'significant locations of operation'.	SNC-Lavalin does not aggregate this information at the corporate level as this varies regionally in accordance with legislation and business environment. It also has to be noted that the main differences are between regular and temporary employees rather than between full time vs part time employees.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
401-3	Principle 6: Labour	SDG 5 and 8 - Parental leave	Parental leave	a. Report the total number of employees that were entitled to parental leave, by gender. b. Report the total number of employees that took parental leave, by gender. c. Report the total number of employees who returned to work after parental leave ended, by gender. d. Report the total number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender. e. Report the return to work and retention rates of employees who took parental leave, by gender.	At the time being, SNC-Lavalin does not track the relevant metrics in order to properly disclose on this topic.
402-1	Principle 3: Labour	SDG 8 - Labor/ management relations	Minimum notice periods regarding operational changes	a. Report the minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them. b. For organizations with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements.	a. Although various situations need to be analyzed on a case by case basis, SNC-Lavalin ensure to provide sufficient notice to employees prior to making operational changes.
403-1		SDG 8 - Occupational health and safety	Workers representation in formal joint management-worker health and safety committees	a. The level at which each formal joint management-worker health and safety committee typically operates within the organization. b. Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees.	Please see the "Health, Safety and Environment section" of this report.
403-2		SDG 3 and 8 - Occupational health and safety	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	a. Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by: i. region; ii. gender. b. Types of injury, injury rate (IR), and work-related fatalities, for all workers (excluding employees) whose work, or workplace, is controlled by the organization, with a breakdown by: i. region; ii. gender. c. The system of rules applied in recording and reporting accident statistics.	Please see the "HSE Performance" section of this report.
403-3		SDG 3 and 8 - Occupational health and safety	Workers with high incidence or high risk of diseases related to their occupation	a. Whether there are workers whose work, or workplace, is controlled by the organization, involved in occupational activities who have a high incidence or high risk of specific diseases.	SNC-Lavalin is not aware of any occupational disease specific or more prevalent amongst its workforce in comparison to the general population.
403-4		SDG 8 - Occupational health and safety	Health and safety topics covered in formal agreements with trade unions	a. Whether formal agreements (either local or global) with trade unions cover health and safety. b. If so, the extent, as a percentage, to which various health and safety topics are covered by these agreements.	As less than 5 percent of workers are unionized, this topic is not considered to be material.
404-1	Principle 6: Labour	SDG 4, 5 and 8 - Employee training and education; Gender equality	Average hours of training per year per employee	a. Report the average hours of training that the organization's employees have undertaken during the reporting period, by: <ul style="list-style-type: none"> • Gender • Employee category 	Please see the "SNC-Lavalin Academy" subsection of this report.
404-3	Principle 6: Labour	SDG 5 and 8 - Gender equality; Employee training and education	Percentage of employees receiving regular performance and career development reviews	a. Report the percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	In 2018, 99% of eligible employees received an evaluation. Eligible employees include all Professionals, Managers and Project Managers.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
405-1	Principle 6: Labour	SDG 5 and 8 - Equal remuneration for women and men; Gender equality; Women in leadership; Diversity and equal opportunity	Diversity of governance bodies and employees	<p>a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</p> <p>b. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</p>	<p>a. With respect to the composition of governance bodies, the Company has always taken Board diversity into consideration, as it believes such diversity enriches Board discussions by providing a variety of expertise and perspectives, particularly for globally active companies such as SNC-Lavalin. The Company is also convinced that diversity in all forms increases the efficiency and effectiveness of the Board and the Board committees. As of December 31, 2018: i. the Board of Directors of SNC-Lavalin was composed of 7 men and 3 women, excluding the President & CEO. The Company's Leadership Team was composed of 9 men and 2 women, excluding the President & CEO. ii. the board of director age distribution was: Less than 45 - 0%, 46-55 - 40%, 56-65 - 40%, over 65 - 20%</p> <p>b. i. Workforce by gender on December 31, 2018: In Senior Leadership positions: Male - 85,5%; Female - 14,5%, In Managers & Senior Professional positions: Male - 83%; Female - 17%. ii. Workforce by age (December 31, 2017): 25 years old and under - 8,5%, 26-35 - 32,1%, 36-45 - 28,2%, 46-55 - 19,0% 56-65 - 10,1%, 66 and over - 2,18%</p>
405-2	Principle 6: Labour	SDG 5, 8 and 10 - Equal remuneration for women and men	Ratio of basic salary and remuneration of women to men	<p>a. Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p> <p>b. Report the definition used for 'significant locations of operation.'</p>	As of June 2019, employee full time, the ratio of salaries (men to women) at the executive level, varied between 114 to 128% depending on the band within the level; at the manager level from 119 to 124%; at the professional level, from 101 to 115%; technician 95 to 126%. It has to be noted that part of these differences can be explained by regional particularities.
406-1	Principle 6: Labour	SDG 5, 8 and 16 - Non-discrimination	Incidents of discrimination and corrective actions taken	<p>a. Report the total number of incidents of discrimination during the reporting period.</p> <p>b. Report the status of the incidents and the actions taken with reference to the following:</p> <ul style="list-style-type: none"> • Incident reviewed by the organization; • Remediation plans being implemented; • Remediation plans have been implemented and results reviewed through routine internal management review processes; • Incident no longer subject to action. 	Very few allegations of discrimination were brought to the attention of senior management. For those deemed to be founded, remedies have been implemented or are in the process of implementation. A formal reporting process has been developed to facilitate the reporting of incidents, including an integrity hotline operated by an independent third-party service provider.
407-1	Principle 3: Labour	SDG 8 - Freedom of association and collective bargaining	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<p>a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of:</p> <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. <p>b. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.</p>	SNC-Lavalin is not aware of any instances where these rights may have been violated.
408-1	Principle 5	SDG 8 - Abolition of child labor	Operations and suppliers at significant risk for incidents of child labor	<p>a. Report operations and suppliers considered to have significant risk for incidents of:</p> <ul style="list-style-type: none"> • Child labour; • Young workers exposed to hazardous work. <p>b. Report operations and suppliers considered to have significant risk for incidents of child labour either in terms of:</p> <ul style="list-style-type: none"> • Type of operation (such as manufacturing plant) and supplier; • Countries or geographical areas with operations and suppliers considered at risk. <p>c. Report measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labour.</p>	Child labour is not permitted at SNC-Lavalin under any circumstances and represents a violation of our Code of conduct and Supplier code of conduct.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
409-1	Principle 4: Labour	SDG 8 - Elimination of forced or compulsory labor	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>a. Report operations and suppliers considered to have significant risk for incidents of forced or compulsory labour either in terms of:</p> <ul style="list-style-type: none"> • Type of operation (such as manufacturing plant) and supplier; • Countries or geographical areas with operations and suppliers considered at risk. <p>b. Report measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour.</p>	<p>Forced and compulsory labour is a violation of SNC-Lavalin's Code of conduct and Supplier code of conduct. SNC-Lavalin has a zero tolerance policy pertaining to forced and compulsory labour within its offices and on project sites under its responsibility.</p> <p>Due to the prevalence of the use of third country nationals for labour on construction sites, the Middle East and North Africa regions are considered at risk.</p> <p>SNC-Lavalin has developed processes for the recruitment of migrant workers which conform to international best practices (clear, unmodified contracts, no charging of recruitment costs to workers, no retention of passports, use of agents in country of origin that have been accredited by the relevant government administration, etc.).</p> <p>SNC-Lavalin conducts regular, detailed audits of workers transportation and accommodation (including accommodation used by third party agents) and screens prospective new business partners regarding their management of recruitment processes and accommodations.</p>
410-1	Principle 1: Human Rights Aspect: Security Practices	SDG 16 - Security	Security personnel trained in human rights policies or procedures	<p>a. Report the percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.</p> <p>b. Report whether training requirements also apply to third party organizations providing security personnel.</p>	SNC Lavalin Global Security Team continues to work towards meeting the Voluntary Principle on Security and Human Rights (VPSHR) standards. To this end, we have reviewed our global security guard contract to ensure that we include a compliance requirement to the VPSHR.
411-1	Principle 1: Human Rights Aspect: Indigenous Rights	SDG 2 - Indigenous rights	Incidents of violations involving rights of indigenous peoples	<p>a. Report the total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</p> <p>b. Report the status of the incidents and actions taken with reference to:</p> <ul style="list-style-type: none"> • Incident reviewed by the organization; • Remediation plans being implemented; • Remediation plans have been implemented and results reviewed through routine internal management review processes; • Incident no longer subject to action. 	To the knowledge of the Company, there were no identified incidents in relation to violations of the rights of indigenous peoples in 2018.
412-1	Principle 1: Human Rights Aspect: Assessment		Operations that have been subject to human rights reviews or impact assessments	a. Report the total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	Please refer to the "Integrity" section of this report.
412-2	Principle 1: Human Rights Aspect: Investment		Employee training on human rights policies or procedures	<p>a. Report the total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>b. Report the percentage of employees in the reporting period trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p>	Please refer to the "Integrity" section of this report.
412-3	Principle 2: Human Rights Aspect: Investment		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>a. Report the total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.</p> <p>b. Report the definition of 'significant investment agreements' used by the organization.</p>	All SNC-Lavalin's suppliers must abide by our Supplier Code of Conduct (available at: https://www.snc-lavalin.com/~media/Files/S/SNC-Lavalin/download-centre/en/policy/supplier-code-conduct-en.pdf) which includes a chapter on Labour and states that "The Supplier will not use, nor support the use of, child labor nor use any forced labor, including but not limited to involuntary prison labor, victims of slavery and human trafficking." In 2018, 760 business partners were approved after being subjected to a compliance due diligence evaluation. For more information on integrity expectations bestowed on suppliers, please see the "Business Partner Compliance Due Diligence" subsection of the current report as well as our Web page dedicated to Integrity at https://www.snc-lavalin.com/en/about/integrity .

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
413-1	Principle 1: Human Rights Aspect: Local Communities		Operations with local community engagement, impact assessments, and development programmes	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programmes, including the use of: i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programmes based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes.	Please see the "Economic Impacts" section of this report, more specifically the subsection regarding our LRDI™ initiatives. It has to be noted that SNC-Lavalin does not carry permanent "operations" other than its office activities and one assembly plant, located in Texas. All project sites are, by definition, temporary and their location is determined by clients. In general, SNC-Lavalin is not responsible for community relations for the duration of the project. Regardless of our responsibilities we support our clients to create positive relationships with communities and local stakeholders and we have the capacity to complete (social and/or environmental) impact assessments as required by clients (please see our service offering and brochure at http://www.snclavalin.com/en/market-services/infrastructure/environment-geoscience/impact-assessment-community-engagement/ for more details).
413-2	Principle 1: Human Rights Aspect: Local Communities	SDG 1 and 2 - Access to land	Operations with significant actual and potential negative impacts on local communities	a. Report operations with significant actual and potential negative impacts on local communities, including: • The location of the operations • The significant actual and potential negative impacts of operations	This topic is not considered to be material. SNC-Lavalin is an engineering and construction company. As such, activities are either temporary (project sites) or office-based. When project sites are located close densely populated or urban areas, SNC-Lavalin complies to all law and regulations related to noise, traffic, dust, light, work hours, etc. Grievance mechanisms are in place to find solutions in the rare cases where local population is inconvenienced by the work carried by our teams.
414-1	Principle 2: Human Rights Aspect Supplier Human Rights Assessment	SDG 5, 8 and 16 - Workplace violence and harassment; Labor practices in the supply chain	New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	Please refer to the "Integrity" section of the current report.
414-2	Principle 2: Human Rights Aspect Supplier Human Rights Assessment	SDG 5, 8 and 16 - Workplace violence and harassment; Labor practices in the supply chain	Negative social impacts in the supply chain and actions taken	a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	Please refer to the "Integrity" section of the current report.
415-1	Principle 10: Anti-corruption	SDG 16 - Anti-corruption	Political contributions	a. Report the total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. Report how the monetary value of in-kind contributions was estimated, if applicable.	Subject to the constraints of the applicable legislation or regulations and unless prior written authorization from both the Donations and Sponsorship Committee and the Executive Committee, SNC-Lavalin employees are prohibited from making political contributions on behalf of SNC-Lavalin to political candidates, parties, organizations or any other political entity, at all levels of government.
416-1			Assessment of the health and safety impacts of product and service categories	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Safety in design is considered by our teams for all SNC-Lavalin engineering projects. A Standard Operational Procedure was developed in 2017 and adopted in early 2018. This procedure outlines the methodology used to minimize occupational hazards during the design process, with an emphasis on optimizing HSE throughout the life cycle of materials and process. Safety in design indicators were also added to our audit tool in January 2018.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
416-2		SDG 16 - Compliance with laws and regulations	Incidents of non-compliance concerning the health and safety impacts of products and services	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes.</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	No incidents of non-compliance concerning the health and safety impacts of products and services to report.
417-1		SDG 12 and 16 - Product and service information and labeling; Compliance with laws and regulations	Requirements for product and service information and labeling	<p>a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: i. The sourcing of components of the product or service; ii. Content, particularly with regard to substances that might produce an environmental or social impact; iii. Safe use of the product or service; iv. Disposal of the product and environmental or social impacts; v. Other (explain).</p> <p>b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.</p>	This topic is not considered to be material. SNC-Lavalin is an engineering and construction company. As such, we do not deliver "products" to clients, but services. However, SNC-Lavalin does fill specific CDP or GHG emission reports for clients who request it.
417-2		SDG 16 - Compliance with laws and regulations	Incidents of non-compliance concerning product and service information and labeling	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes.</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	No incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling to report. This criteria is not particularly relevant for a primarily engineering services company with extremely limited exposure to consumer retail activities.
417-3			Incidents of non-compliance concerning marketing communications	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes.</p> <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	No incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications to report.

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Disclosure Number	UNGC Principles	UNGC SDGs	Disclosure Title	Reporting requirements	SNC-Lavalin's 2018 disclosure
418-1		SDG 16 - Compliance with laws and regulations; Protection of privacy	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>a. Report the total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <ul style="list-style-type: none"> • Complaints received from outside parties and substantiated by the organization; • Complaints from regulatory bodies. <p>b. Report the total number of identified leaks, thefts or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	<p>a. No complaints were received in 2018.</p> <p>b. To the knowledge of SNC-Lavalin no customer data was lost or stolen in 2018. SNC-Lavalin Cybersecurity team's core mission is to ensure the protection of confidential information, particularly clients' intellectual property and employees' personal information. The team has put in place a number of programmes and actively monitor our infrastructures and assets to root out any weaknesses. In 2018, we thwarted 151 cybersecurity incidents.</p>
419-1		SDG 16 - Compliance with laws and regulations	Non-compliance with laws and regulations in the social and economic area	<p>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms.</p> <p>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</p> <p>c. The context against which significant fines and non-monetary sanctions were incurred.</p>	<p>No significant fines or non-monetary sanctions were imposed on SNC-Lavalin for non-compliance with laws and/or regulations in the social and economic area in 2018. However, the Company has been informed that the Canadian Federal government's Director of Public Prosecutions would not negotiate with SNC-Lavalin a remediation agreement in relation with corruption charges related to the company's conduct of business in Libya in the period prior to 2002-2011. The Company has serious grounds of defense against the charges and plans to vigorously defend the interest of employees, partners, clients, investors, pensioners and other stakeholders.</p> <p>Further information regarding the ongoing investigations, and other legal proceedings is available in note 35 "CONTINGENT LIABILITIES", on p.220-225 of the Financial report 2018 (notes to consolidated financial statements).</p>

For questions around sustainability or how we can help your business, please contact:

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