

BUILDING WHAT MATTERS, SUSTAINABLY – 2016 SUSTAINABILITY REPORT

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BUILDING WHAT MATTERS, SUSTAINABLY

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

Driving sustainability

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

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

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

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

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

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

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

Our economic impact

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

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

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

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

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

Our environmental impact

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

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

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

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

Our social impact

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

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

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

Our Program's Gender Diversity Targets	
2016-2017	2018
<ul style="list-style-type: none"> Raise Awareness Throught Training And Communications Establish Gender Diversity Policies And Processes 	<ul style="list-style-type: none"> Market Visibility And Engagement To Expand Our Talent Pool

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

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

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

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

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