

SNC-Lavalin Sustainable Business Strategy

OUR NET ZERO CARBON ROUTEMAP

High-Level Targets, Objectives and Metrics

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SNC · LAVALIN

PEOPLE. DRIVE. RESULTS.

EXECUTIVE SUMMARY

Executive Summary

As signatories to the UN Global Compact we are committed to setting high-level targets, objectives and metrics in relation to Sustainability.

As part of our commitment to reducing energy use and carbon dioxide emissions, we are publishing our Net Zero Carbon Routemap which outlines how we will achieve net zero carbon emissions by the end of 2030.

The Routemap includes Scope 1, 2 and 3 emissions associated with our corporate activities as a business.

Our baseline was established in 2019 and our Greenhouse Gas Emissions (GHG) are updated annually in our Carbon Disclosure Project (CDP) Climate Report. The 2019 data is set out in the table opposite, along with our 2030 forecasts.

Our Carbon Footprint in Metric Tons – CO₂ e

	Scope 1	Scope 2	Scope 3	Total
2019 Baseline	55,765	29,400	58,731	143,896
2030 Forecast	3,570	14,351	38,929	56,851

Definitions

Scope 1 – Gas or other fuels to operate Buildings and Facilities, Purchase of Fuels for vehicles and equipment, Refrigerants (Fugitive Emissions)

Scope 2 – Electricity to operate Buildings and Facilities

Scope 3 – Business Travel from car rental, rail and air travel, Electric and Gas consumption for upstream leased assets



A blurred office scene with people and a city skyline through a window. The text 'OUR APPROACH' is overlaid on the left side.

OUR APPROACH



Our Approach

Greenhouse Gas Emissions Calculation Methodology

Our carbon footprint is based on our assets and corporate emissions as it stands on 31st December 2019.

- > Includes corporate emissions.
- > Includes operational carbon emissions for assets under SNC-Lavalin ownership, offices and facilities.
- > Includes operational carbon emissions for leased assets, offices and facilities.
- > Is calculated on a location basis using local carbon emissions factors.
- > Includes operational carbon emissions for upstream leased assets.

Our Scope 1, 2 and 3 Greenhouse Gas Emissions include



Scope 1

- > Gas or other fuels to operate Buildings and Facilities
- > Purchase of fuels for vehicles and equipment
- > Refrigerants (Fugitive Emissions)



Scope 2

- > Electricity to operate Buildings and Facilities



Scope 3

- > Business Travel from car rental, rail and air travel
- > Electric and Gas consumption for upstream leased assets





OUR ROUTEMAP



Our Routemap to Net Zero Carbon Emissions by 2030

Phase One

2019

2021

Estate Portfolio Rationalization Utilization

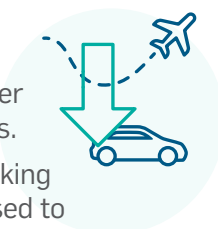
Increase utilization factor of all offices and facilities.



Net Zero Carbon Travel policy

Implementation of travel policy to deliver better management of employee travel requirements.

Digital meetings and active travel such as walking and cycling, and train travel should be prioritised to reduce carbon emissions associated with travel.



Flexible Working

A comprehensive policy will be put in place with criteria defining which roles will require full-time presence versus working part-time or full-time remotely depending on the employee and the business requirements.

The policy will also define in which case the company keeps office space allocated to given roles.



Phase Two

2021

2023



Estate Portfolio Rationalization Energy Efficiency

Transition from existing offices and facilities to low carbon alternatives.

Digital Technologies

Increase the use of virtual reality techniques and drone technologies for site visits, fieldwork and audits.



Energy Procurement

Increase energy purchase agreements for renewable energy supply contracts per region.



Our Routemap to Net Zero Carbon Emissions by 2030

Phase Three

2023

2025

Estate Portfolio

Rationalization Supply of Gas

In Canada and the UK legislation is in place to prohibit new buildings from being supplied with gas. We will review all of our buildings worldwide supplied by gas and will either vacate buildings, moving into all electric buildings, or work with the landlord to find an alternative solution.



Digital Technologies

Increase virtual reality and drone techniques for site visits, fieldwork and audits.



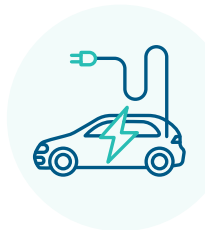
Travel Booking

Prioritize air travel providers using low carbon fuels and aircraft. Prioritize travel itinerary and class yielding lower carbon emissions.



Transport Procurement

As countries decarbonize electricity supply, establish electric vehicle leasing and all electric taxis frameworks.



Phase Four

2025

2030

Digital Project Execution

If we have to undertake projects in energy-intensive regions, base the project team remotely in a region which has been decarbonized and base a small client-facing team on site.

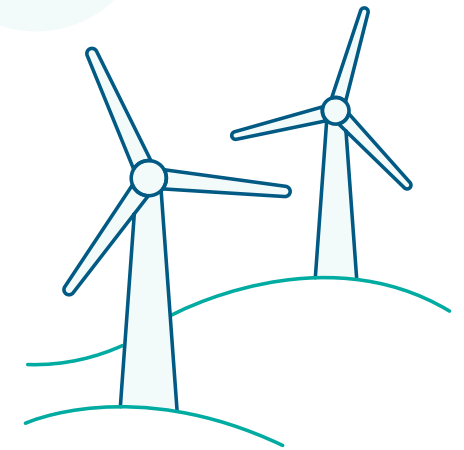


Offsetting Emissions

Invest in high quality certified offsetting programs to offset residual emissions in each region.



Prioritize offsetting programs which enhance the existing native ecology in each region, increase biodiversity, create social value and economic value for local communities and indigenous communities in the countries we operate in.





REDUCING OUR CARBON FOOTPRINT

Our Net Zero Carbon Routemap



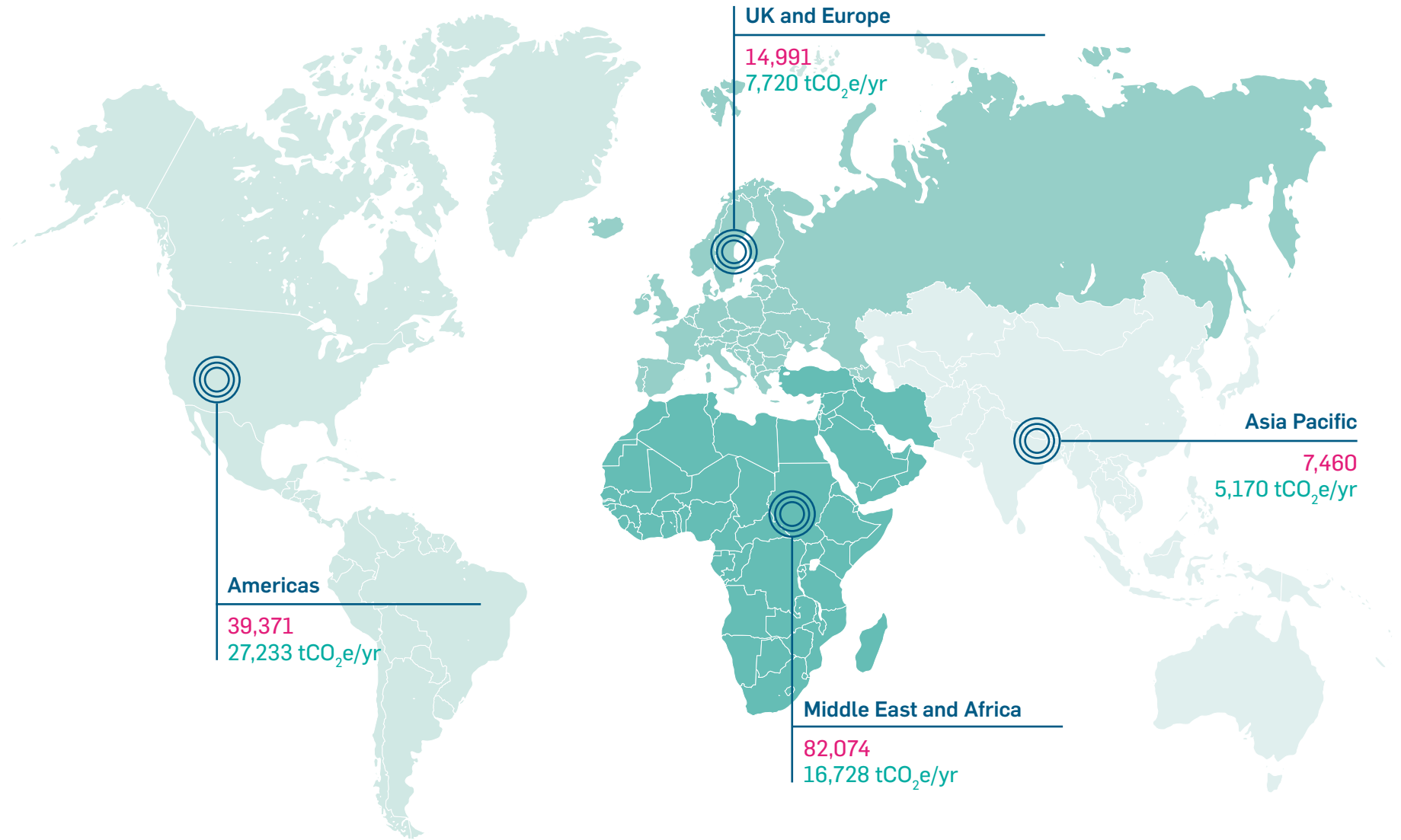


Our Carbon Footprint 2019

Our Baseline Carbon Footprint is based on our portfolio as of 31st December 2019. The company had permanent offices in 44 countries, located in the following regions. SNC-Lavalin conducts projects in some 100 countries worldwide.

Baseline emissions:
2019

Estimated emissions:
2030



Reducing our Carbon Footprint

Operational Carbon Emissions

Once our Lump Sum Turnkey (LSTK) projects are completed, our carbon footprint will be dominated by emissions from the operation of our buildings and facilities.

Our largest proportion of emissions come from our business travel emissions.

Our transition to net zero carbon emissions is being achieved through:



Robust Sustainability Governance and Senior Leadership Commitment

Delivery of our sustainable business strategy is a company-wide commitment which has been approved at Executive Committee and Board level.

Reducing energy and carbon emissions is a key objective of the Energy and Transport measurement categories of our Sustainable Business Strategy.



Behavioural Change – Remote Working and Strengthening Digital Communication Tools

In early 2020 we introduced Global COVID-19 remote working guidelines aimed at encouraging staff to work from home in response to the pandemic. This has transformed the way that our personnel behave and has had an additional positive impact of significantly reducing our carbon emissions associated with the operation of our buildings and facilities. A proportion of our staff will continue to work remotely as pandemic restrictions ease.



Behavioural Change – Travel Policy

In early 2019 we introduced a new travel policy aimed at encouraging staff to only travel when necessary particularly in relation to air travel. Company travel should be focused on undertaking our business activities in line with our approved travel policy and optimised to ensure maximum use of local resources.



Use of Drone Technology to Facilitate Digital Inspections, Audits, and Fieldwork

This year for a number of our live projects we have undertaken field work and site visits remotely using drones or virtual reality techniques. This has resulted in a reduction in carbon emissions for business travel as our employees have removed the need to travel to site to undertake fieldwork and audits. This technology will be utilized for other uses going forward to further reduce carbon emissions associated with business travel.





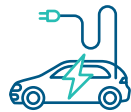
Portfolio Rationalization

We have rationalized our portfolio of buildings and facilities, transferring our employees to buildings which are more energy efficient with a lower energy consumption. This process is ongoing as leases expire.



Innovative Energy Procurement

We are working to ensure our global energy procurement is predominantly from additional low and zero carbon sources of energy.



Innovative Vehicle and Fuel Procurement

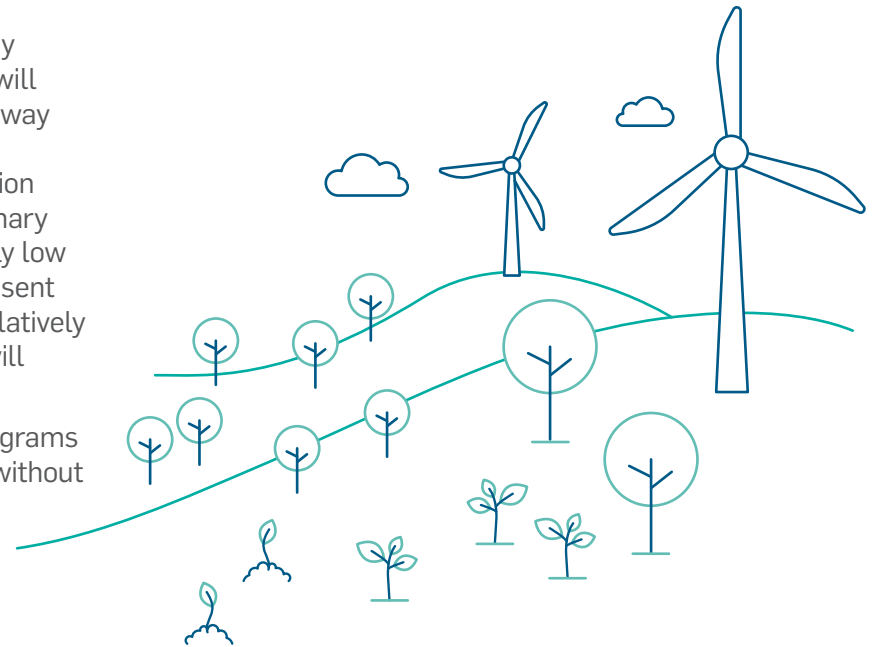
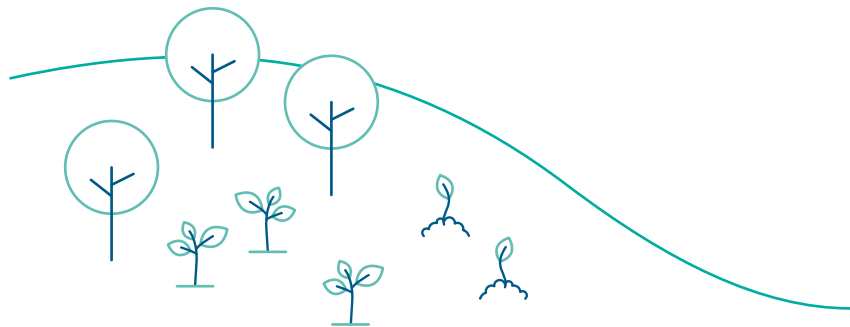
We are working to ensure our global transport procurement is predominantly from electrical vehicles as their respective countries decarbonize their grid supplied electricity.



Offsetting

Carbon offsetting is part of our strategy but is the last option. We will use and will form a reducing proportion of our pathway in parallel to our behavioural change, digital and estate portfolio rationalization programmes developed to reduce primary demand for energy. There is a relatively low demand for offsetting programs at present therefore the costs of offsetting are relatively low. The cost of offsetting programs will increase as demand increases.

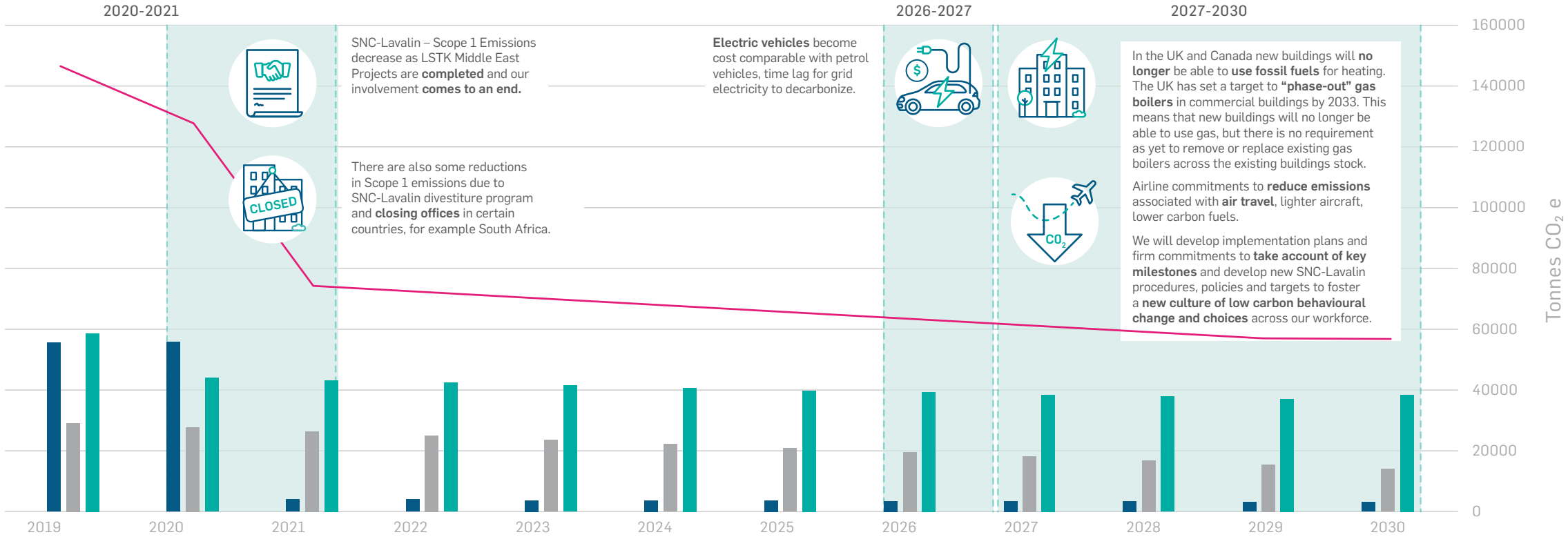
We will focus on verified offsetting programs which add value for our stakeholders without increasing reputational or other risks.




EMISSIONS REDUCTION FORECAST

Emissions Reduction Forecast

█ Scope 1 Emissions
 █ Scope 2 Emissions
 █ Scope 3 Emissions
 █ SNC-Lavalin CO₂e Emissions





ENERGY AND
TRANSPORT
PROCUREMENT

Energy and Transport Procurement

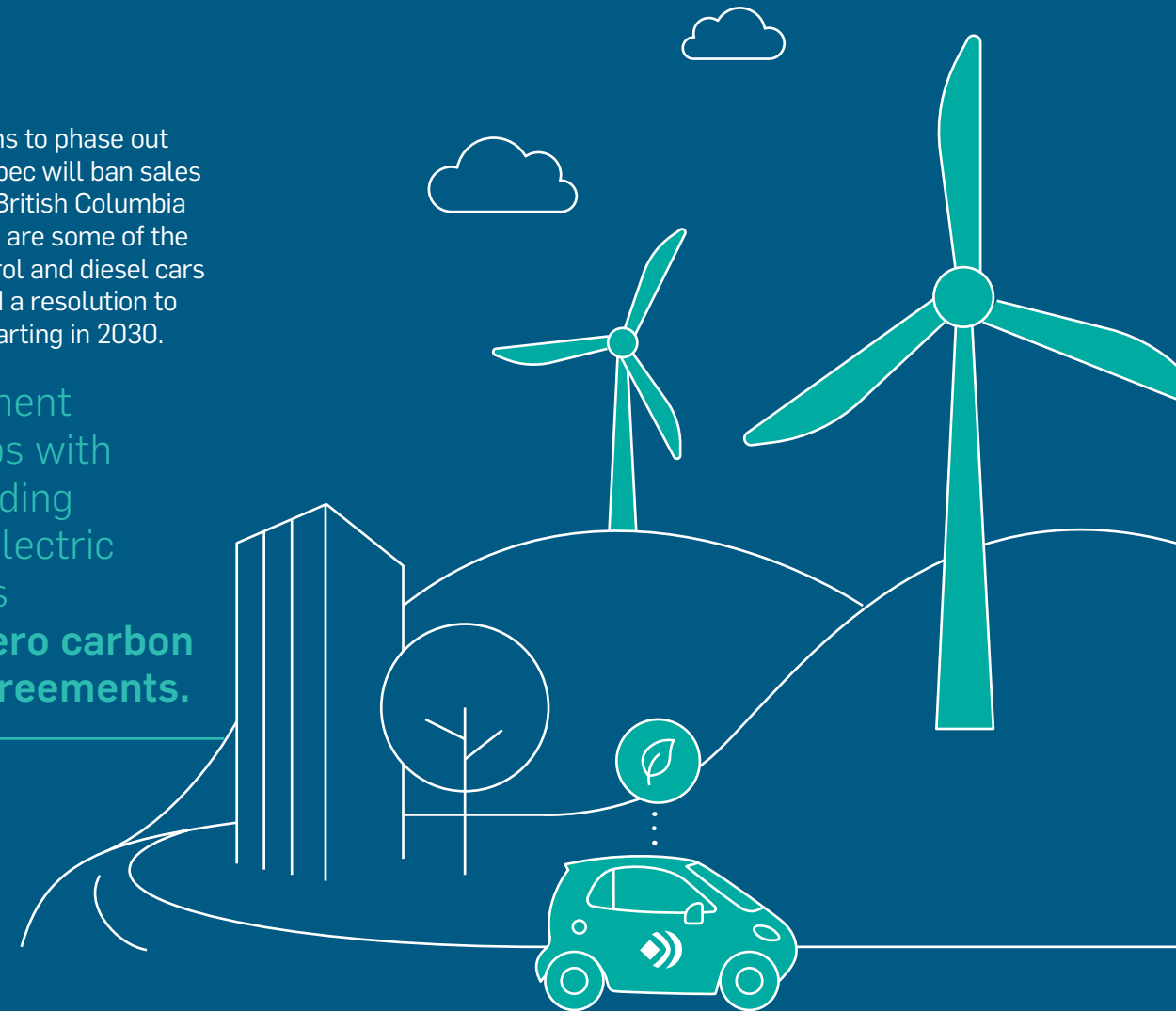
Some regions we operate in have already decarbonized grid supplied electricity and we are supplied with 100% renewable energy supplied to our facilities.

Renewable Energy Utility providers issue contracts which are known as “Power Purchase Agreements” or PPAs. PPAs are long-term contracts to buy low and zero carbon sources of energy in agreed volumes and at prices that meet the needs of the generator and the consumer. These energy purchase agreements provide both parties with financially beneficial solutions, but also secure clean renewable energy supplies to customers and enable investment in additional low and zero carbon energy developments.

We will explore procurement scenarios that enable us to purchase renewable electricity via “Power Purchase Agreements”.

Countries are already announcing plans to phase out petrol and diesel cars. In Canada, Quebec will ban sales of petrol and diesel cars by 2035 and British Columbia by 2030. In Europe, the UK and France are some of the countries planning to ban sales of petrol and diesel cars by 2030. Germany’s Bundesrat passed a resolution to ban the internal combustion engine starting in 2030.

We will explore procurement scenarios for partnerships with transport providers providing leasing agreements for electric fleet and leasing vehicles supplied with **low and zero carbon electricity purchase agreements.**





OFFSETTING RESIDUAL CARBON EMISSIONS



Offsetting Residual Carbon Emissions

A carbon offset is a way to compensate for your emissions by investing in an equivalent carbon dioxide saving elsewhere. An example of carbon offsetting would be planting trees to offset residual carbon emissions from air travel or road travel. Offsetting programs are associated with two activities: emissions reductions and emissions removals.

In 2030 SNC-Lavalin's Net Zero Balance must counterweigh: the liabilities of our emissions, with assets (owned or leased) that remove emissions. Planning for the creation or supply of these assets will reduce risk and cost to our business.

Trees are vital in the fight against climate change, but trees take time to grow and store carbon which is why we need to plant trees now if we want to reach net zero emissions by 2030.

Used correctly, carbon offsetting is an important emissions reduction tool.

Our Net Zero Carbon Strategy is based on the energy hierarchy focusing primarily on behavioural change in terms of facilitating **remote / flexible working** patterns to enable **travelling less**, secondly on **leasing and owning low carbon offices and facilities** and finally on **procurement of energy supply purchase agreements from low and zero carbon energy suppliers and transport providers**.

Our continuous monitoring of GHG data is a key element of our Net Zero Carbon Routemap Strategy. We will continuously monitor our data and Scope 1, 2 and 3 emissions to prove the energy hierarchy works and when it does not work develop interim and alternative strategies to make sure that we stay on target.

We recognise the important role offsetting can play but equally acknowledge the importance of prioritising behavioural change energy efficiency and demand reduction and strategic procurement of low carbon contracts.





Economics Scenario for Offsetting Residual Carbon Emissions

In developing our strategy to offset our residual emissions we considered two scenarios of how to deliver a net zero organization examining the economics of each scenarios.



Scenario 1: Targeting emissions reductions by their cost-effectiveness

This scenario prioritises investment based on the marginal cost of abatement to the organisation: examining the price paid, or value created by emissions reductions within operations and the supply chain.



Scenario 2: Simply offsetting

This scenario looks at paying for carbon emissions offsets to a third party as a new supplier.

Accelerating investment in carbon removal/reduction assets to balance residual 2030 emissions is a sensible business response to the climate emergency.

Scenario 1 prioritising the retention of value within carbon-based assets as a counter to emissions liabilities is our preferable solution as a long-term approach to deliver value to SNC-Lavalin and our stakeholders.



EXTERNAL VERIFICATION



External Verification and Progress Reporting

External verification ensures our stakeholders can have confidence in our reporting. It also supports the development of our reporting processes over time.

Progress will be reported annually in our Sustainability Report and in our Carbon Disclosure Project (CDP) Climate Report.

Our Sustainability and CDP reports will be externally verified. In addition, our reporting of progress against our Net Zero Carbon Routemap will also be externally verified.

We have been filing an annual Carbon Disclosure Project (CDP) report since 2007. We will continue to issue our GHG Emissions calculations via our annual CDP Climate Report Disclosure.

The Carbon Disclosure Project (CDP) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP is the gold industry standard in relation to GHG Emissions reporting with the richest and most comprehensive dataset on corporate and city action having been in place for 20 years.



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