



2011 SUSTAINABILITY REPORT

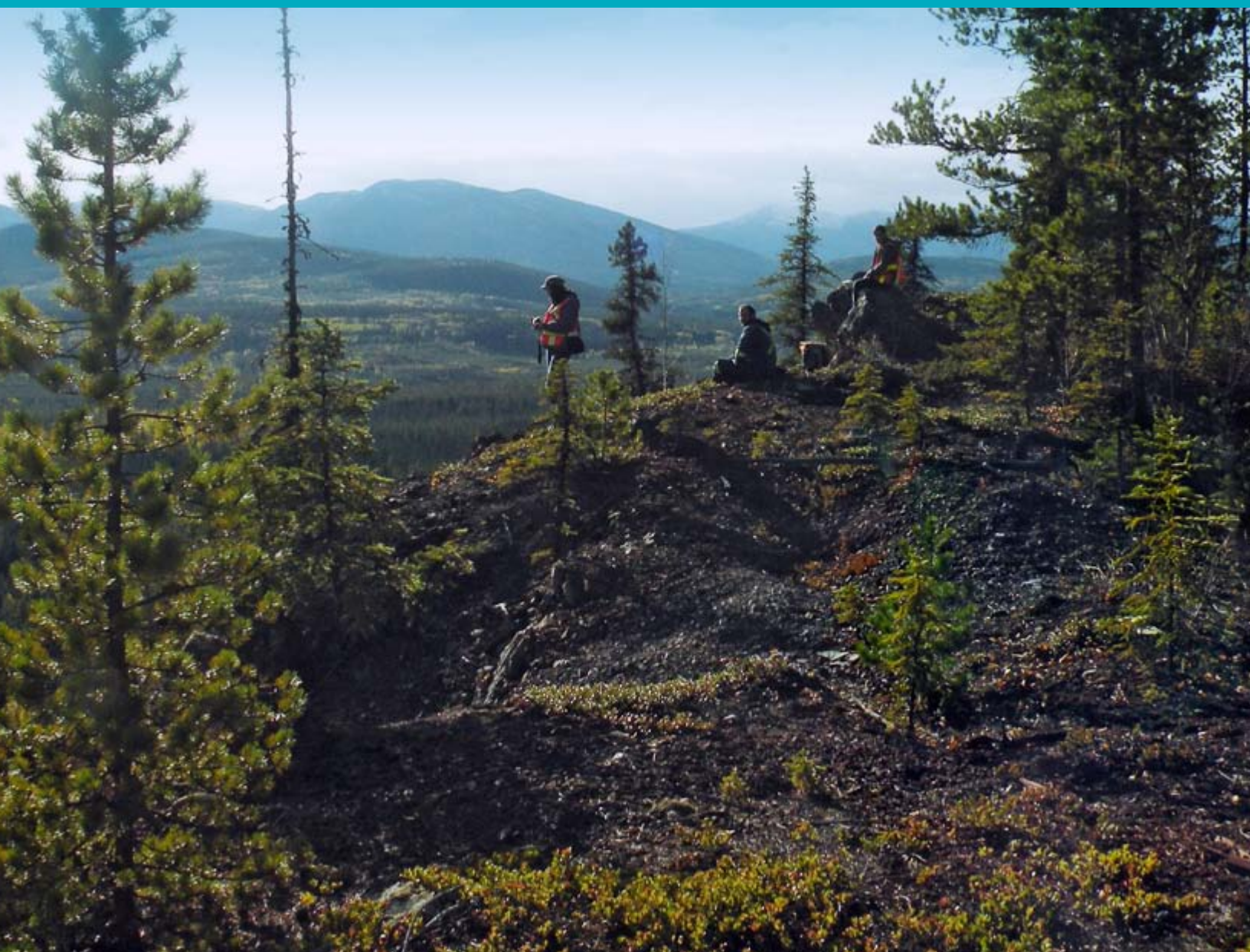
MEET OUR PEOPLE



SNC • LAVALIN



DISCOVER OUR VALUES



(COVER)
A GROUNDWATER SAMPLING AND
ANALYSIS STUDY IN CANADA

A PUBLIC OUTREACH PROGRAM
DURING THE ARGHANDAB IRRIGATION
PROJECT IN AFGHANISTAN



One of the leading engineering and construction groups in the world, SNC-Lavalin is also a major player in the ownership of infrastructure and in the provision of operations and maintenance services—all delivered locally to clients anywhere in the world through an extensive international network of offices, partners and suppliers. SNC-Lavalin has its headquarters in Montreal, Canada, and projects in some 100 countries.

For more information about SNC-Lavalin, visit www.snclavalin.com.

(COVER)
THE MCGILL UNIVERSITY HEALTH
CENTRE'S GLEN CAMPUS
PROJECT IN CANADA

MINING RECLAMATION STUDIES
IN CANADA'S TSE KEH NAY
TRADITIONAL TERRITORY



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ENVIRONMENT

Our expertise includes social and environmental impact assessments and studies; community engagement; site assessment, remediation and

reclamation; ecological and human health risk assessment; waste management; water resources planning, development, supply, treatment and sanitation; marine and coastal management; geoenvironmental services; climate change; air quality and acoustics; environmental management; geographic information systems; and agriculture and rural development.

At a Glance

INFRASTRUCTURE

We build various types of infrastructure for the public and private sectors including airports; buildings; health care, educational and recreational facilities; seaports; marine and ferry terminals; flood control systems; urban transit systems; railways; roads and bridges; and water and waste water treatment/distribution facilities.

HYDROCARBONS & CHEMICALS

In this sector, we offer feasibility studies, FEED, FEED validation, detailed engineering, procurement, construction, commissioning and ongoing sustaining capital services in the areas of bitumen production; heavy and conventional oil production; onshore/

offshore oil and gas; upgrading and refining; petrochemicals, chemicals, biofuels and green chemicals; gas processing; LNG plants and re-gasification terminals; coal gasification; carbon capture, transportation and storage; and pipelines, terminals and pump stations.

MINING & METALLURGY

We provide project management, process and detailed engineering, procurement, construction, construction management, and ongoing sustaining capital services for all mineral and metal recovery processes to our global and regional clients. Our services include mine infrastructure development, mineral processing, smelting, refining, mine closure and reclamation, and mine and tailings management. We also have specialized expertise in customized operator training simulation software and equipment.

DAHLE DAM
IRRIGATION
PROJECT,
AFGHANISTAN



Source: AIRP

AMBATOVY
NICKEL PROJECT,
MADAGASCAR



CALGARY WEST
LRT PROJECT,
CANADA



Source:
The City of Calgary

SOUTHCENTRAL
THERMAL PLANT,
USA



SUNCOR
REFINERY
PROJECT,
CANADA



POWER

Our areas of activity include hydro, thermal and nuclear power generation, energy from waste, green energy solutions and transmission and distribution projects. We offer end-to-end project services, including

FEED for project feasibility, detailed design, construction, commissioning and operation of power facilities. We also offer unique expertise in the application of information technologies and in telecommunications and network design.

**WORKER
ACCOMMODATIONS
AT SURMONT
PROJECT,
CANADA**



OPERATIONS & MAINTENANCE

We provide operations, maintenance and logistics solutions for buildings, power plants, water supply and treatment systems, desalination plants, postal services, broadcasting facilities, highways, bridges, light rail transit systems, airports, ships and camps for construction sites and the military.

AGRIFOOD

We provide solutions covering the full life cycle, from food processing, packaging and handling, to distribution and storage, for companies of all sizes in their domestic markets and internationally. We have expertise in designing and building agrifood facilities, quality systems and compliance, plant modifications, retrofitting and automation.

INDUSTRIAL

Our areas of activity include glass, lubricants, sugar, cement, automobile and aircraft assembly, cosmetics, filling and packaging lines, sulphuric and phosphoric acid, fertilizers, green chemistry and

many others. Our expertise includes process development and design, instrumentation and automation, e-learning and simulation, construction, project management, plant commissioning and start-up, and a full range of technical and advisory services.

**GROUPE
SALIN'S
EVAPO-
CRYSTALLIZATION
UNIT,
FRANCE**



Source:
GEA Process Engineering

**ST MICHEL
PILOT PLANT,
FRANCE**



INFRASTRUCTURE CONCESSION INVESTMENTS (ICI)

We invest in ICI in various industry sectors and assume full or partial ownership of infrastructure which we often also design, build, operate and maintain. We also have the breadth of expertise to arrange short-term or long-term financing, participate in economic aspects of feasibility studies, negotiate legal agreements, prepare financial models, perform due diligence and manage ICI.

**CEVA
PRODUCTION
FACILITY,
USA**



PHARMACEUTICALS & BIOTECHNOLOGY

We provide full-service solutions for the pharmaceutical, biotechnology and life sciences sectors including engineering, construction, automation, commissioning and validation. We also have international expertise in biotechnology and pharmaceutical process engineering and regulatory compliance.

**MONTREAL'S
MAISON
SYMPHONIQUE,
CANADA**



Source:
Stéphane Brügger

Corporate Governance

A year that tested our resolve, and made us stronger

Since the appearance of SNC-Lavalin's 2010 sustainability report, our resolve and commitment on the corporate governance front has been tested, given the well-known issues which came to light in early 2012.

SNC-Lavalin is a company that prides itself on its adherence to the principles of corporate governance, so when we learned of these issues, we took immediate and decisive action.

Following the receipt of some allegations of inappropriate conduct, the Board launched an independent review under the direction of the Audit Committee. We released a report in March 2012, which publicly gave an account of the issues and recommended measures aimed at reinforcing our standards of conduct, strengthening and improving our internal controls and processes, and reviewing our compliance environment.

Within three months of the initial report, we had implemented almost all of the Audit Committee's recommendations, and taken certain additional actions. Among the remedial measures were revisions to some aspects of the company's reporting structure; improved third-party reporting mechanisms for employees; an enhancement of the Agents' Policy to strengthen due diligence procedures related to the hiring and retention of agents; and a more comprehensive Code of Ethics and Business Conduct. This includes a new training program for all employees, along with several measures for supporting and monitoring compliance of the Code. We will make further structural and procedural improvements over the months to come, and are committed to an ongoing review and update of all our governance practices.

These recent events have provided us an opportunity to take a hard look at our company. If there are areas where we can do a better job than we are currently doing, we want to address them. Our more than 28,000 employees around the world who serve our clients with skill and dedication want to work for a company that meets the highest standards of corporate governance, and the measures we are taking will help us ensure SNC-Lavalin continues to do so, now and in the future.

Nothing can diminish the fundamental values of our company, values that are encompassed by our WE CARE philosophy. WE CARE touches areas of our business to which we are most committed and allow no compromise:

- Health and Safety
- Commitment to our employees
- Sustainable development of the communities where we live and work
- Protection of the environment
- The quality of our work

We have made these decisions because we care, and we will continue to do the right things to grow the profitability and reach of this strong Canadian company. Going forward, we will use our well-known capacities to be strategic and innovative. We will find solutions so we can continue to allow what works to work well and continue to improve.

As is often the case in situations like these, we can confidently say that we believe these events are making SNC-Lavalin a stronger company. Most of all, they have demonstrated our commitment to doing the right thing for all our stakeholders.

CEO's Message

SNC-Lavalin:
a sustainability
solutions provider



**WE CARE
NOUS VEILLONS**

WE CARE ABOUT THE HEALTH AND SAFETY of our employees, of those who work under our care and of the people our projects serve.

WE CARE ABOUT OUR EMPLOYEES and their personal growth, career development and general well-being.

WE CARE ABOUT THE COMMUNITIES where we live and work and their sustainable development, and we commit to fulfilling our responsibilities as a global citizen.

WE CARE ABOUT THE ENVIRONMENT and about conducting our business in an environmentally responsible manner.

WE CARE ABOUT THE QUALITY of our work.

The engineering profession has always valued the principles of sustainability. Even as early as 1911, the year SNC-Lavalin was founded, engineers were conscious of the need to be efficient in their use of resources, striving to limit waste at every stage of a mandate.

While this is a great basis, it is no longer enough. In the 21st century, no project can be called a success unless it is designed and built in a way that respects the environment and local communities, while ensuring no one is harmed during construction or operation. This is the definition of project success that SNC-Lavalin has embraced. We understand that a project is never designed and built in a vacuum, and the decisions we make have real continuing impacts on the planet and its people.

This understanding is one that aligns us perfectly with our clients. Increasingly, they too are embracing a more fully rounded definition of sustainability. They do it because it is the right thing to do and because their own stakeholders demand it. They also know, as we do, that it makes good business sense. Sustainable projects are more cost-effective in the long run, and help build relationships of trust with communities and governments. That trust allows our clients to continue to do business in those regions, giving them what we call a "license to operate."

Our sustainability report for 2011 showcases some of the ways we are supporting clients around the world. The examples in these pages demonstrate that we can build world-class facilities that do not compromise the principles of sustainability. Whether it is a cutting-edge geothermal power plant in New Zealand, or an empowering training initiative for local workers in Afghanistan, our projects are having a positive impact that will be felt for years.

We have also included examples of employee initiatives that are making a difference in communities around the world. We are proud that so many of our people, often on their own initiative, are taking action and reaching out to communities. Through their contributions, they are changing lives every day and serving as true ambassadors for our company.

Finally, you will notice that we have included a Global Reporting Initiative (GRI) index table in our 2011 sustainability report. We have done so because transparency is also an integral aspect of sustainability. The index indicates where we have made progress, and where we have room for improvement. We are committed to adding more indicators to our report next year.

We hope you will enjoy reading about these exciting projects and initiatives. I know that the many thousands of SNC-Lavalin employees who worked on them felt a real sense of satisfaction from their involvement.

IAN A. BOURNE

VICE-CHAIRMAN AND INTERIM CHIEF EXECUTIVE OFFICER



Employees

Creating an **engaging workplace** where we all grow professionally and personally



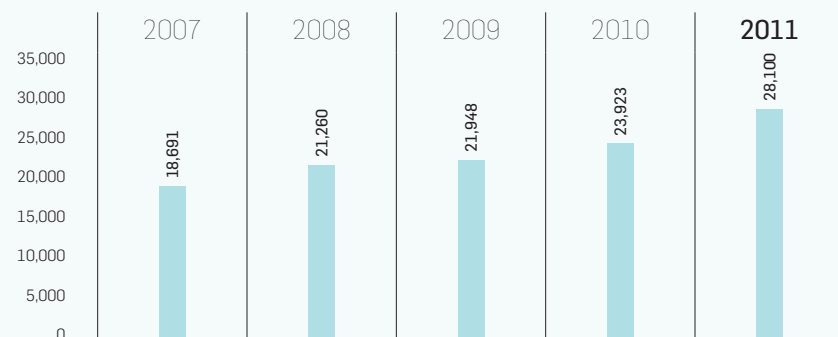
Founded in Canada more than 100 years ago, SNC-Lavalin today has offices across Canada and in over 40 other countries around the world.

We currently employ more than 28,000 people and have projects on every continent and in some 100 countries. A multilingual and multicultural company, we view ourselves as community partners wherever we operate and strive to be inclusive and local in our hiring and procurement practices.

SNC-Lavalin's rapid growth, particularly over the last decade, has heightened the need to build a longer term, company-wide strategy to manage our human capital. At the outset of 2011, a three-year plan was developed around six strategic pillars: Senior Leadership and Talent Pool Development, Enabling Growth, Employee Value Proposition, Strategic Staffing, Training and Development, and general HR Functional Excellence. With this plan in place, we focused on fundamental HR priorities, such as improving the link between pay and performance, providing more transparency on compensation decisions, sharing feedback across leadership teams, creating a pool of potential successors for key positions, identifying our talent pipeline and facilitating the flow of resources between business units.

NUMBER OF EMPLOYEES 2007-2011

SNC-Lavalin (including wholly owned subsidiaries) and associated companies



EMPLOYEES NEED THE
PROPER ENVIRONMENT,
TOOLS AND TRAINING
TO FEEL ENGAGED



Total of
28,100
employees
worldwide



	REGULAR EMPLOYEES	CONTRACTUAL EMPLOYEES	TEMPORARY OR OCCASIONAL EMPLOYEES	EMPLOYEES	CONSULTANTS	EMPLOYEES AND CONSULTANTS
CANADA	11,374	368	788	12,530	1,058	13,588
USA	923	2	70	994	59	1,053
LATIN AMERICA	4,380	409	42	4,831	78	4,909
EUROPE	2,609	312	59	2,980	601	3,581
AFRICA	697	1,499	234	2,430	17	2,447
MIDDLE EAST	851	4	0	855	27	882
EURASIA	45	14	2	60	8	68
ASIA	912	141	5	1,058	171	1,228
OCEANIA	223	20	31	273	70	343
Total	22,014	2,768	1,229	26,012	2,088	28,100

The goal for the year was to establish a solid foundation that would allow the company to create shareholder value, while developing an enticing value proposition for our current and future employees. To that end, we launched several initiatives in 2011, including:

- A Total Rewards study: The study consisted of measuring ourselves against four criteria: compensation, benefits, work environment and growth opportunities. A team of internal and external specialists met and interviewed 37 focus groups, composed of more than 300 employees from 12 countries. It was an opportunity for us to meet employees face-to-face and gain a better understanding of their perceptions. We also used the study to benchmark ourselves against the global market.
- A Performance Management initiative: Encompassing more than 10,000 employees across all job levels and business units, the process made key competencies an integral part of how we measure and reward performance. Employees are assessed on their ability to meet their job objectives, but also on their soft skills, such as communication and team development. SNC-Lavalin now measures the "how" as well as the "what."

We look forward to 2012 with much anticipation as we continue to deploy initiatives throughout the organization. We will address some of the gaps that were revealed in the Total Rewards study, introduce the SNC-Lavalin Academy, which focuses on company-wide learning needs, and develop career paths for all critical positions within the organization. We will also be looking at establishing an alumni program for retirees, along with a company-wide referral program.

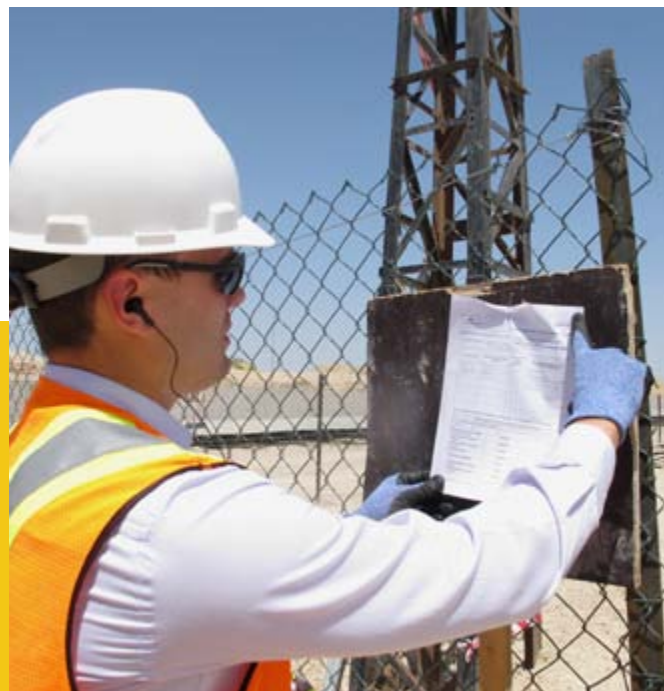
These initiatives play a key role in SNC-Lavalin's success. Above all, they demonstrate a commitment to our employees. Employees need the proper environment, tools and training to feel engaged and to deliver high quality work. We recognize that their sense of well-being matters: after all, "The employee experience is not what we say it is, it's what *the employee* says it is!"¹

1. Employee Value Proposition, presentation by Towers Watson, SNC-Lavalin's Global HR Forum, May 9, 2011.



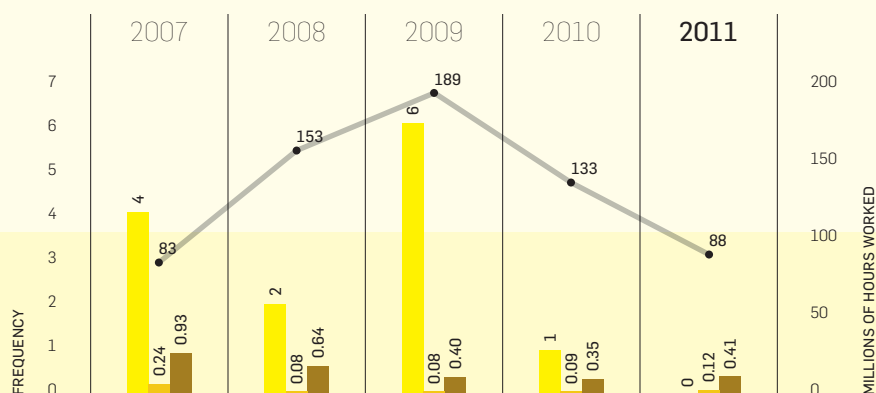
Health & Safety

Implementing a **stronger** safety culture across our organization



2007-2011 SAFETY STATISTICS

- **FATALITIES**
- **LOST-TIME INCIDENT FREQUENCY (LTIF):**
The number of occupational lost-time incidents (resulting in at least one full day of absence from work beyond the day/shift of occurrence) per 200,000 person-hours worked
- **TOTAL RECORDABLE INCIDENT FREQUENCY (TRIF):** The number of occupational recordable incidents (Fatalities, Lost-Time Incidents, Modified Work Incidents and Medical Aid Incidents) per 200,000 person-hours worked
- **NUMBER OF HOURS WORKED**



At the end of 2011, our Health & Safety team reviewed our performance and chose these leading and lagging indicators for 2012. We are confident in our ability to drive further success in 2012 by actively measuring and acting on them.

LEADING INDICATORS	OBJECTIVE
H&S-focused visits to project sites	Demonstrate visible safety leadership in a tangible way
Site self-assessment reviews	Have all sites evaluate their alignment with the Global Health & Safety Management System
Imminent danger reporting	Increase prevention activities prior to escalation into incidents classified as high potential (HIPO)
Risk registers utilized	Have each project use a risk register populated by multiple disciplines; assign specific actions and ensure forward-looking assessments of risk levels and control effectiveness
Incident investigations conducted	Have all HIPO incidents investigated sufficiently to prevent the possibility of reoccurrence, and thereafter shared globally as deemed appropriate
LAGGING INDICATORS	
The goal for SNC-Lavalin is zero incidents	
The organizational target for TRIF is a 10% reduction as compared with 2011	

WE CARE

in action:

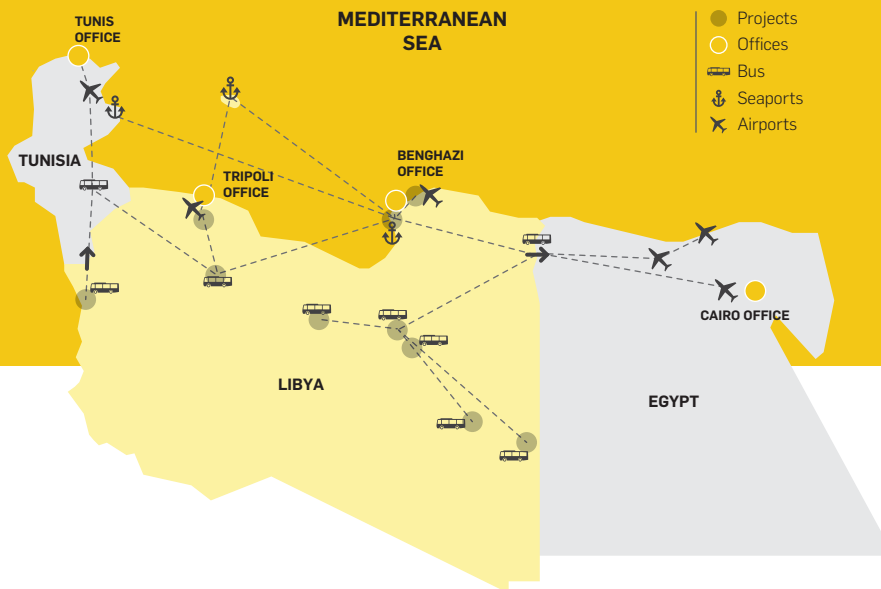
Libya evacuation

HOW TUNISIA PLAYED A KEY ROLE

600

people received at the
Libyan-Tunisian border

10 nationalities
15 buses from the
Libyan-Tunisian border
to Hammamet
and Tunis



HOW EGYPT PLAYED A KEY ROLE

3,900

people received at the
Libyan-Egyptian border

15 nationalities
83 buses from the
Libyan-Egyptian border
to hotels in Alexandria
98 buses from hotels
in Alexandria to three
airports in Cairo, Burj Al
Arab and Al Nozha

Health & Safety: the key to all we do

It is unacceptable that any employee be injured while on the job. This is why, as the Safety Statistics graph suggests, we have worked hard to significantly improve our safety record over the past six years.

Overall, 2011 was a successful year for our Health & Safety performance. We had no fatalities on any SNC-Lavalin-controlled project site, and made significant strides in standardizing our documentation by driving consistent reporting and establishing clear baselines through auditing.

Nevertheless, the graph also shows that our performance has flattened, which means some workers are still injured. So, the question becomes, how do we keep driving toward our goal of zero recordable incidents?

As we stated in last year's report, we believe safety starts at the top, so we hold our executive vice-presidents accountable for the performance of their business units. We are also tracking seven leading (proactive) and lagging (reactive) indicators in key areas. Based on this information, we can determine which preventative measures are proving effective, and where direct intervention is required to improve health and safety.

WE CARE in action

We successfully conducted a massive evacuation from Libya in 2011 following the well-publicized popular uprising in the country. Our employees had been working on 10 projects across Libya and at our two operating offices in Benghazi and Tripoli.

This meant quickly and efficiently transporting over 4,500 expatriate employees across distances that at times exceeded 1,000 km using airplanes, boats, frigates and buses.

SNC-Lavalin's Montreal-based crisis management centre and satellite crisis management centre spearheaded the operation, providing real-time, 24/7 communication with its personnel. The centres ensured the safety of our employees in a rapidly changing environment, and operated a hotline to inform and assist families during the crisis and post-evacuation.

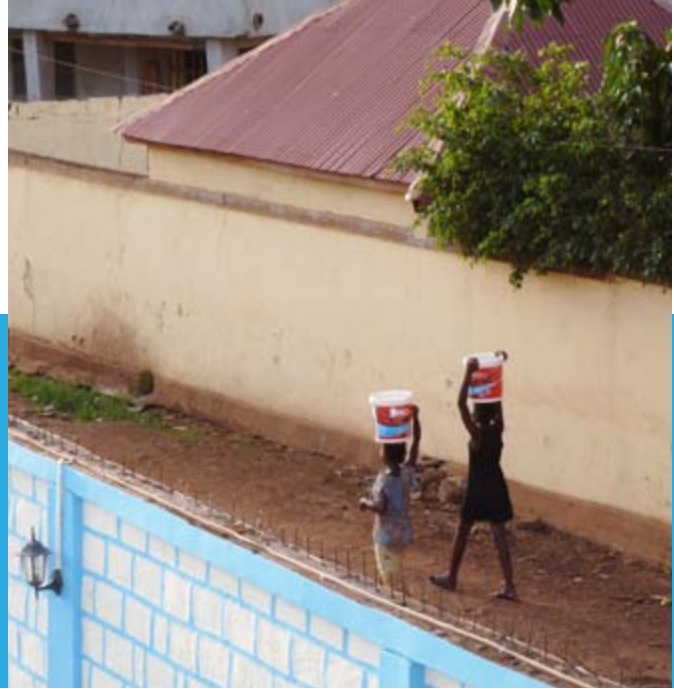
The evacuation was successful because of SNC-Lavalin's extensive knowledge of the North African region and our ability to rapidly mobilize personnel to support these efforts, not just in Libya, but also in Tunisia, Algeria, Egypt, Malta, India, the UK, France and Canada. The cooperation of many embassies and consular officials within and outside the country was also instrumental.

While the scale and complexity of the evacuation were immense, no one was harmed as a result of hostilities. We congratulate and thank all who helped with this massive logistical undertaking.



Communities

Contributing to the
development of communities
in which we work



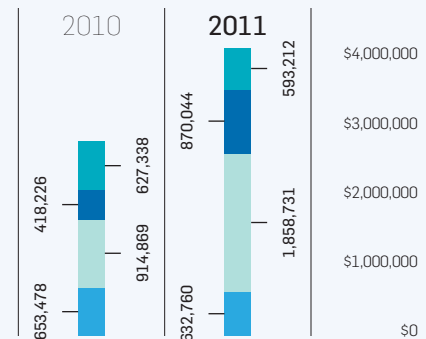
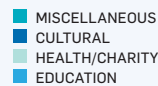
We become involved
members of
communities where
we do business.

We believe that we must go further than simply ensuring local communities are not harmed during our work. We know we must seek to maximize the benefits our projects and our people bring to the communities where we live and work around the world.

CORPORATE DONATIONS

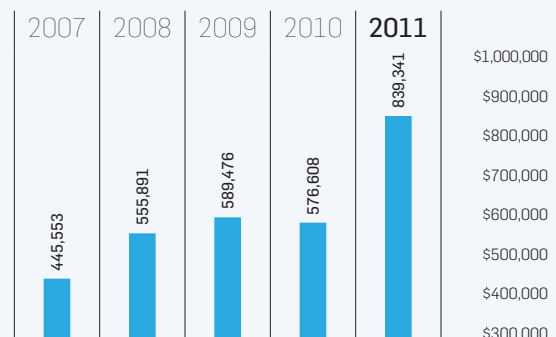
\$3,954,747

**Total donations by the
company worldwide
in 2011.**



**United Way
Centraide
Canada**

EMPLOYEE DONATIONS



SNC-LAVALIN HAS FOSTERED RELATIONSHIPS WITH FIRST NATIONS COMMUNITIES SINCE 1994



PUBLIC CONSULTATIONS HELP MAINTAIN DIALOGUE WITH COMMUNITIES



Through development programs like our Local Resource Development Initiative (LRDI™), we aim to empower local workers, companies and communities. The LRDI uses training, mentorship and capacity-building to ensure they become true stakeholders in our projects, benefiting from them long after completion and commissioning.

Meanwhile, through the extensive volunteer work of our employees and our corporate contributions, we do our best to make the world a better place for current and future generations, creating lasting connections with the people in our communities (see pages 17 to 19 for examples).

This was a banner year for philanthropy at SNC-Lavalin. The United Way Centraide campaign was once again the focus of our efforts in Canada. Employees across the country gave generously, donating a total of \$839,341 to the charity that supports society's least fortunate. Corporate donations also rose in 2011, hitting an all-time high of \$3,954,747 worldwide, an increase of more than 51% from 2010.

Working with and learning from Aboriginal partners

The United Nations defines sustainability as meeting the needs of the present without sacrificing those of future generations. That is a relatively recent insight, but not for Canadian First Nations, who traditionally assess the impact of every decision on the seven generations that will follow.

For far too long and in too many countries, projects have proceeded with little attention to their environmental and social impacts on indigenous peoples. In Canada, SNC-Lavalin has had an environmental policy since 1994, and we opened our Office of Aboriginal and Northern Affairs in 1998.

The Office:

- Maintains dialogue with Aboriginal partners throughout the project
- Transfers knowledge and promotes economic self-sufficiency
- Includes Aboriginal businesses in contracting and procurement
- Introduces apprenticeship, training and mentoring programs
- Ensures that every project protects Aboriginal culture, history, traditions and treaty rights, as embodied in Section 35 of Canada's *Constitution Act* of 1982

In 2011, SNC-Lavalin's Office of Aboriginal and Northern Affairs helped colleagues across the company develop their own Aboriginal inclusion programs and provided guidance and best practices on working with Aboriginal communities. We currently have more than a dozen partnerships with Aboriginal and First Nations organizations across Canada.

Our oldest partnership, Nishi-Khon/SNC-Lavalin Inc., is a joint venture between SNC-Lavalin and the Tlicho Nation. It was formed in 1994 to foster a mutually beneficial long-term relationship for the provision of engineering, construction and environmental services within the Dogrib North Slave Region of the Northwest Territories. The joint venture has completed several projects and is currently working on an engineering and procurement services contract for the Diavik Diamond Mines project. Nishi-Khon/SNC-Lavalin is also coming full circle: formed to pursue power projects only to end up working principally in the mining and metals sector, it is now studying the feasibility of a hydroelectric project.

Having served the interests of both SNC-Lavalin and the Tlicho Nation well, this partnership is clearly an example of a sustainable relationship in every sense of the word.



Environment

Building **sustainability** and concern for the environment into everything we do



Source: G. Fayet for SNC-Lavalin/TC Dôme

Sound environmental management is one of the three pillars of sustainable development.

At SNC-Lavalin, we help clients around the world reach their objectives in a way that respects local environmental laws and regulations and upholds the principles of sustainable development.

While SNC-Lavalin provides industry-leading support to its clients in all environmental matters, we are also constantly looking for ways to reduce our own environmental footprint. For several years, we have been improving our methodologies for measuring the environmental impacts of our offices worldwide. From this baseline, we are now investigating ways to further reduce our energy and carbon footprints.

For example, a recently completed energy efficiency program reduced power consumption by 12.4% compared with 2008 at our 21-storey head office in Montreal. As a result, our 2011 energy bill is 37% lower than that of the average Canadian office building—not bad for a building that's almost 30 years old.

We also require all SNC-Lavalin construction sites to internally report all environmental incidents. While we have experienced an overall decline in the number of environmental incidents over the past four years (see chart on page 13), we are continuing to target zero Level III environmental incidents. To achieve this ambitious objective, we are strengthening induction and emergency response team training at each construction site. We will also reinforce subcontractor training and education to ensure they are more accountable for environmental incidents. These measures already appear to be bearing fruit. In 2011, we had only one Level III incident and 12 "reportable"¹ incidents. These environmental incidents resulted in no fines or prosecutions.

KUDOS FOR CLIMATE CHANGE DISCLOSURE

The Carbon Disclosure Project (CDP), representing 551 investors, featured SNC-Lavalin in its "Carbon Disclosure Leadership Index." The index lists Canadian companies that show transparency in their climate change reporting. Our CDP report is available at: www.cdproject.net

EMISSIONS (T of CO₂ eq)

	2009	2010	2011
Electricity consumption (MW/h)	84,601	113,481	96,533
Scope 1 (direct emissions)	12,919	13,881	14,968
Scope 2 (purchased electricity)	28,009	28,236	30,424
Total (scope 1 and 2)	40,928	42,117	45,392
Number of employees ²	21,948	23,923	24,000
Emission intensity (T of CO ₂ eq/employee)	1.86	1.76	1.89

¹ "Reportable incidents" are defined as incidents that must be reported to the regulatory authority of the country where the project is located.

² In 2011, our scope for CDP changed: employees and buildings acquired throughout the reporting year were excluded. Thus, the numbers of employees considered for 2011 data are the same as 2010.

SNC-LAVALIN'S ENVIRONMENT
WEEK INITIATIVES IN 2011
SPANNED FIVE CONTINENTS.



TREE PLANTING
ACTIVITIES HAVE
AN IMMEDIATE
AND LONG-TERM
POSITIVE IMPACT



Celebrating UN Environment Day five ways

India acted as the host of UN World Environment Day on June 5, 2011, the theme of which was "Forests: Nature at Your Service." It was an excellent choice since forests cover one third of the earth's landmass and act as the planet's "lungs." They sustain the livelihoods of 1.6 billion people and are home to countless species.

Using June 5 as a springboard, we asked five business units representing five continents to showcase five initiatives that have had a positive impact on forests or other natural resources. We then unveiled the projects on five consecutive days during Canada's Environment Week from June 3 to 9.

DAY 1—ASIA

Our employees in India organized a range of activities, including a slogan-writing contest and many children-themed events to raise environmental awareness among the next generation. Conservation is a major concern in India: the country has to meet the demands of 16% of the world's population with only 1% of the world's forest resources.

DAY 2—AFRICA

Employees at the Skikda thermal power plant in Algeria invited local students to a tree-planting event and to tour the 825-MW plant. The tour demonstrated how the plant's cutting-edge technologies minimize environmental impacts and stimulate local economies. The UN estimates that 1.6 billion people, mostly in sub-Saharan Africa and southern Asia, lack access to electricity. With this much demand, it is essential that we build and refurbish power plants in a more sustainable way.

DAY 3—AUSTRALIA

Employees on the driest continent, and one experiencing escalating extreme-weather events, focused on water issues. Awareness-raising events included a film describing some uncomfortable truths about bottled water: it takes three litres of water to produce a litre of bottled water; each bottle consumes precious energy to source, fill and transport; and plastic is a petroleum product. Turning on the tap makes a lot more economic and environmental sense, and more Australian employees are changing their habits.

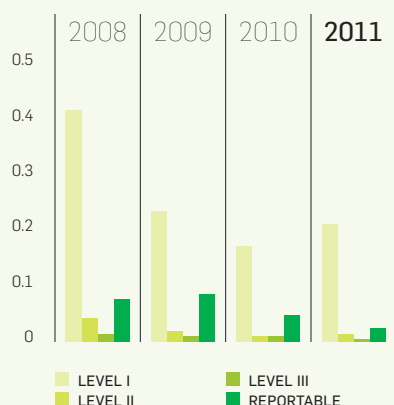
DAY 4—EUROPE

In France, employees were challenged to commit to two print-free days (with the exception of contracts, proposals and other urgent documents). It is estimated we saved 55,000 sheets, or five trees, as well as 16,500 litres of water and 2 MWh. More importantly, the challenge got employees thinking, "Do I really need to print that?" This is the reflex we should all have to, at a minimum, eliminate the estimated 14% of documents that are printed but never read.

DAY 5—NORTH AMERICA

A 30-person-strong team from our Montreal office took part in "100 Trees for 100 Years," bringing their shovels to neighbourhoods across the city. It is estimated that 100 trees offset 3,500 kg of CO₂ annually, which can make a major difference if you consider the average lifespan of a tree. The project was carried out with a local non-profit organization dedicated to urban greening.

NUMBER OF SPILLS FOR EVERY 200,000 HOURS WORKED





Quality

Doing the
**best possible
work**, always



Source: Stéphane Brügger

An old engineering adage has it that, “every project has three drivers—cost, scheduling and quality. Pick any two.”

As this received wisdom suggests, it is impossible to achieve all three. At SNC-Lavalin, we respectfully disagree.

Quality is one of our core principles, like Health & Safety, and is directly linked to excellence. This is what we strive to deliver to all our clients. Quality is about doing it right the first time, exceeding our client's expectations and delivering projects that meet the criteria they were meant to achieve.

So how do you measure quality? While our quality management systems focus on client satisfaction and continuous improvement programs, one measure of quality is recognition from our peers, professional associations and other industry experts. The next page showcases just a few of the awards we picked up in 2011.

Certified quality

SNC-LAVALIN HOLDS THE FOLLOWING CERTIFICATIONS, AMONG OTHERS:

65 ISO 9001
QUALITY
MANAGEMENT
CERTIFICATIONS

10 ISO 14001
ENVIRONMENTAL
MANAGEMENT
CERTIFICATIONS

6 OHSAS 18001
OCCUPATIONAL
HEALTH & SAFETY
CERTIFICATIONS



SNC-Lavalin shapes tomorrow's engineers

At SNC-Lavalin, quality transcends management certification. It actually begins well before the work itself, and even before our hiring process. Since the mid-1970s, the SNC-Lavalin Awards Scholarship Internship program has enabled hundreds of engineering students to gain hands-on experience with a major engineering firm. In 2011, we welcomed 20 students from three countries into the company as part of this program.

SNC-LAVALIN'S COAST MERIDIAN
OVERPASS PROJECT IN PORT
COQUITLAM, BRITISH COLUMBIA, HAS
WON FOUR INDUSTRY AWARDS



Awards

SAFETY AWARD

Among other safety awards received in 2011, the International Pipe Line & Offshore Contractors Association Health and Safety Award went to SNC-Lavalin's Hazard Assessment Process, which uses pictograms to overcome possible literacy and language barriers on project sites and at facilities. SNC-Lavalin was selected for the award from among four international finalists.

THREE LÉONARD AWARDS

The Quebec Consulting Engineering Grand Prize Awards, or Léonards, are handed out to engineering firms and clients whose projects are judged to be models of design, execution and sustainable development. Out of 38 competing projects, SNC-Lavalin won three Léonards in 2011:

The Raymond-Lévesque Library for the Longueuil borough of Saint-Hubert won in the Buildings and Structures category. The ambitious design integrated several sustainable development elements. **The Canada Pavilion for World Expo 2010** in Shanghai, which overcame many challenges and hosted more than 6.4 million visitors, won in the International category.

Philippe Larouche won the Visionary prize for his **12-kilometre road rehabilitation project** in Haiti, which is making a mountainous route passable. It is the first time this award has gone to an engineer just starting his career.

PLATINUM PLAYER IN CANADIAN INFRASTRUCTURE

SNC-Lavalin earned Platinum Badge status from *ReNew Canada* magazine for its involvement in 13 of the country's 100 largest infrastructure projects. The project list reflects the breadth of our expertise across an array of infrastructure types. Examples include:

- The Maison symphonique de Montreal Concert Hall (Quebec)
- West LRT Line (Alberta)
- McGill University Health Centre's Glen Campus (Quebec)
- Forrest Kerr Run-of-River Project (B.C.)

QUEBEC AWARD OF MERIT

Employee Gaétan Samson was honoured with the Quebec Interprofessional Council Award of Merit for his contributions to the advancement of the engineering profession. The award was given by the Quebec Interprofessional Council, which represents Quebec's 46 professional orders.

SPANISH AWARD FOR EXCELLENCE

Spain's General Board of Official Industrial Engineering Colleges awarded its National Industrial Engineering Award (Engineering Projects) to SNC-Lavalin's Spanish subsidiary for Repsol's Cartagena refinery expansion. Our solution reduced the project's pipeline investment, operating costs and environmental footprint.

TWO POWER PLANTS HONOURED

Among *Power* magazine's annual selection of the half dozen most noteworthy gas-fired power plants worldwide, two were designed and built by SNC-Lavalin: the 550-MW Astoria II plant in New York City, commended for how it was constructed in a dense urban setting, and the 2,100-MW Emal I cogeneration plant in Abu Dhabi, cited for its efficient and reliable design.

BEST SUPPLIER

Brazil-based Vale, one of the world's largest mining companies, named our Brazilian subsidiary the Best Brazilian Engineering Supplier for the third year in a row. Over 3,000 companies were evaluated on a Supplier Performance Index, giving weight to innovation and partnership development.

One Year to Celebrate 100

SNC-Lavalin's year-long centennial celebration touched our employees all around the world.



It was a time to reflect on our roots and on our future together as a company.

As a company that has made a commitment to sustainability, we believe our future is just as important as our present and our past.



100 Acts of WE CARE



As part of our 100th anniversary celebration, we challenged employees around the world to submit proposals for 100 activities that align with our WE CARE principles.

Divisions and individual employees around the world were asked to demonstrate their commitment to Health & Safety, Employees, Communities, the Environment and Quality.

For many, it was an opportunity to share projects that were already underway. For others, 100 Acts of WE CARE was the spark that ignited a desire to give something back to society in a more meaningful way.

Community building ideas included coaching budding athletes, volunteering for the Special Olympics and mentoring school kids. Employees worked with NGOs and with each other to fight poverty and homelessness, protect the environment and build homes for those who cannot afford them. They also took part in more traditional charity work, such as fundraising for medical research into deadly diseases.

All these efforts are worthy of recognition. And it all added up to a year that changed many people's lives—including those of many of our employees.



▲
TWO TEAMS, ONE IN MONTREAL AND ONE IN INDONESIA, HAD THE SAME IDEA: PLANT 100 TREES FOR SNC-LAVALIN'S CENTENNIAL

100 Ways in Which WE CARE

Here is a sample of some of the featured 100 Acts of WE CARE from around the world.



Living and learning in...

TANZANIA

While rehabilitating an airport runway on Mafia Island, Tanzania, employees donated time and resources to local children, helping to paint their school, fund scholarships and build a lab for 25 donated computers and associated equipment.

QUEBEC AND LIBERIA

Robert Vesper saw a way of connecting kids from his own community in Trois-Rivières, Quebec, with children in Liberia. Robert recruited a local high school, and then he and the students set a goal of filling a 20-foot shipping container with school supplies for Liberian students. Nearly a year later, they filled a container twice that size with chairs and desks, books, bikes, clothing—even 300 soccer jerseys and 150 balls.

COLOMBIA

A group of 45 employees launched six projects to support underprivileged and orphaned kids in several Colombian communities. In addition to donating food, toys, clothing and school supplies, they also provided outings and fun activities to entertain and educate them.



**SNC-LAVALIN EMPLOYEES
OFFERED A ONE-YEAR
SCHOLARSHIP TO FOUR
TANZANIAN CHILDREN**

Planting trees in Indonesia

Deforestation, land clearing and forest fires have made Indonesia a major emitter of greenhouse gases (GHG). To show our environmental commitment and set an example for others, our employees in Indonesia planted 100 trees to support President Susilo Bambang Yudhoyono's two-year moratorium on forest and peatland clearance.

Giving the gift of blood in...

CANADA

Yvan Déry has now given some 175 blood donations, or 75 litres over more than 35 years. As a universal donor, Yvan's blood type is the most highly sought after, and so is his example.

AND AROUND THE WORLD

Together with the Rotary Blood Bank in New Delhi, India, employees hosted a clinic to help make up for the country's chronic shortfall in donated blood. Our United Arab Emirates employees partnered with a local hospital and blood bank to hold a clinic in a shopping mall, raising the event's profile and encouraging other companies and the public to give. And in Tunisia, our team in Sousse marked World Blood Donor Day on June 14 with a clinic set up in partnership with a university hospital.

18th Great Canadian Shoreline Cleanup

More than 175 employees, along with friends and family, joined one of Canada's largest direct-action conservation programs. They pitched in to collect over a tonne of garbage from rivers, ponds, lakes and other shorelines. Their haul included surprises such as a car seat, dinghy, lawnmower and fire extinguishers.

VOLUNTEERS AT THE
RHOIRDE NOUSS PROJECT IN
ALGERIA ORGANIZED A FREE
CLINIC FOR LOCALS



A SHIPPING CONTAINER OF
SCHOOL SUPPLIES WAS SENT
FROM QUEBEC TO LIBERIA



Emergency response saves lives in...

CANADA

Within seconds of getting a call from local police about two men who were clinging to an overturned canoe on the St. John River in New Brunswick, Stephen McAllister, HSSE coordinator for the Princess Margaret Bridge rehabilitation project, dispatched rescue boats from a subcontractor. The men were rescued in less than five minutes, while Stephen maintained rescue services for the bridge. It was an excellent test of on-site emergency preparedness.

ALGERIA

A tragic road accident in the Algerian desert, not involving our employees, tested our local team's bi-monthly safety drills. A late-night accident involving a truck and a bus launched a rescue mission 40 km from the Rhoirde Nouss gas project. SNC-Lavalin's medical team of Dr. Faycal Kermezli, two nurses and two ambulances rushed to give first aid and stabilize the many victims before they were transferred to a nearby hospital.

Fish rescue

A total of 12 employees from SNC-Lavalin's Transmission & Distribution office in Calgary, Alberta, volunteered their time over two days to join the 2012 Southern Alberta Fish Rescue Project. Every summer, fish become trapped in irrigation canals. When the canals are shut down in the fall, the rescue effort attempts to salvage as many fish as possible, releasing them into their home rivers or reservoirs. Besides rescuing fish, the project is also a major educational opportunity for the hundreds of volunteers who participate each year.



ONE OF THE ESTIMATED 50,000
FISH RESCUED FROM ALBERTA
CANALS BY VOLUNTEERS
EACH YEAR

Fighting poverty in...

MADAGASCAR

Our employees are making a difference in Madagascar in conjunction with their work on the Ambatovy nickel project. Coordinated by Isabelle Plante, they raised more than half of the \$10,000 needed to renovate an orphanage, with our subcontractors donating the rest. Several projects were also launched to encourage regular contributions to local churches, orphanages, detention centres and schools, and a trust fund was set up to feed infants and to educate mothers.

CANADA

Eighteen employees from SNC-Lavalin Transmission & Distribution's Calgary office volunteered their time over four separate shifts at the city's food bank, which provides much-needed assistance and nutrition to families in need of a helping hand.

DEMOCRATIC REPUBLIC OF THE CONGO (DRC)

William Altimas, from our Montreal office, is helping to develop a strategic plan for Mwana Village, an organization that provides homes and education to poverty-stricken orphans and widows in the DRC.



SUSTAINABLE SOLUTIONS

THROUGH THE FULL ASSET LIFE CYCLE

SNC-Lavalin strives to integrate sustainability best practices into each project phase, from project planning and feasibility studies to safe closure. As the following pages illustrate, each link in the project life cycle can have environmental, social and economic consequences downstream. This is why getting it right *from the start* is so important.



PROJECT PLANNING

We work hand in hand with private sector clients, governments and international development agencies to devise strategies for sustainable programs and projects. This enables us to make better decisions together, based on more accurate assessments of economic, social, environmental and technical issues.



Simandou

MEASURING IMPACTS ON GUINEAN COMMUNITIES

A major project like Rio Tinto's Simandou, which includes an iron ore mine (95 mtpa) in southeastern Guinea, a 670-km railway to transport ore and a deepwater port in southwestern Guinea, can have serious social and environmental implications for an emerging economy like the Republic of Guinea.

SNC-Lavalin was asked to carry out environmental and social baseline studies prior to the project. Relying on our own specialists, as well as external international experts, we built up a highly detailed portrait of the region's socio-economic, cultural, biodiversity and marine characteristics. This included surveying 1,400 households and 270 villages. With these baseline studies in place, it will be easier to measure and manage change responsibly.

Some overall goals include:

- Characterizing the local cultural, historical and archaeological heritage
- Minimizing impacts on the environment and livelihoods
- Preserve the biodiversity and services provided by the ecosystem to local communities
- Generating positive socio-economic benefits through local training, employment and other spinoffs
- Managing social and cultural impacts from the expected influx of workers and induced in-migration
- Identifying priority species of fauna and flora for conservation based on vulnerability and geographic distribution
- Characterizing the biological environment of the mangrove forest and marine environment
- Assessing the socio-economic activities related to marine resources



LIKE MORIBADOU, SMALL VILLAGES LOCATED CLOSE TO THE MINE COULD BE AFFECTED BY THE SUDDEN INFLUX OF WORKERS. AS SUCH, THEIR INTERESTS AND CONCERNS HAVE BEEN ASSESSED

1 ▶

PROJECT
PLANNING

SNC-LAVALIN CONDUCTED A FLOOD RISK
ASSESSMENT IN THE GUADIANA RIVER BASIN



SNC-LAVALIN DEVELOPED
A MODEL TO CALCULATE
EMISSIONS OF AIR
POLLUTANTS AT TWO OF
CANADA'S LARGEST PORTS



Guadiana River

ASSESSING THE RISK OF FLOODING

Climate change trends are making the ability to predict floods more critical than ever. Today, floods rank second only to droughts in terms of socio-economic impact. In Europe alone, 100 major floods between 1998 and 2004 resulted in some 700 deaths, displaced half a million people and caused insured economic losses of over €25 billion.

This is why our growing expertise in flood risk assessment is in ever-greater demand. Witness Spain's retention of SNC-Lavalin in a joint venture to conduct a preliminary flood risk assessment in the Guadiana River Basin, which occupies a territory of 55,528 km² between Spain and Portugal. The study revealed that 10% of the region's 10,500 km of rivers and streams pose a significant flood risk, potentially affecting more than 2% of the 1.5 million inhabitants in the area. In its next phases, the study will define management measures and design flood control infrastructures.


Ports emissions

FRESH AIR AT 18 PORTS... AND COUNTING

The bustling traffic surrounding major ports can have adverse atmospheric impacts. In response to public concerns about air quality, SNC-Lavalin was contracted to develop a model that would calculate emissions of air pollutants at two of Canada's largest ports: Port Metro Vancouver and Port of Montreal. Canada's transportation agency, Transport Canada, subsequently contracted SNC-Lavalin to develop a Ports Emissions Inventory Model (Ports Model) applicable to all ports in Canada. The Ports Model includes emissions from marine sources, as well as those from trucks, rail, cargo handling equipment and port administration activities.

With this robust model, port authorities are able to devise emissions reduction strategies. One solution is to make overall operations more efficient, so that vehicles, equipment and vessels idle their engines for shorter periods of time. A second solution currently of interest is to offer "shoreside electric power" so that marine vessels do not run their auxiliary engines while at berth.

SNC-Lavalin is currently conducting inventories for all 18 Canadian Port Authorities and, with minor adjustments, the model could be applied to ports outside Canada.



DESIGN AND ENGINEERING

We partner with clients to develop practical but innovative engineering solutions using methods and technologies such as life-cycle assessments, process hazard analysis, carbon capture and sequestration, alternative fuels strategies, clean production technologies, green building design and value engineering.



Boundary Dam

CARBON CAPTURE COULD BE THE ANSWER

The cost-effective retrofit of an aging coal-fired generating plant into a producer of clean electricity is the ultimate environmental challenge. But how to capture and store CO₂ emissions *before* they enter the atmosphere? Together with a technology partner, SNC-Lavalin is effecting that transformation at Unit 3 of Saskatchewan's Boundary Dam, the largest post-combustion, integrated carbon capture and sequestration (ICCS) demonstration facility in the world.

Through potentially reducing CO₂ emissions of the 150-MW unit by 90%, 1 million tonnes per year of GHG emissions could be eliminated from the atmosphere. According to the U.S. Environmental Protection Agency (EPA), it would take 10 years for 23,000 trees to sequester that much CO₂. The Boundary Dam also makes perfect economic sense. The CO₂ the project removes will be sold to oil producers, who can inject it into the ground to coax more resources from mature wells, while the sulphur dioxide (SO₂), which causes acid rain, will be converted into sulphuric acid for the local market. Once proven at Boundary Dam, the technology has the potential to be commercialized worldwide.

IN THE UAE OIL FIELDS

A similar project in the United Arab Emirates will capture CO₂ and nitrogen from the Bab Thamama 'B' North oil field and the Habshan gas processing plant and pipe these gases under high pressure to injection wells to aid in the extraction of oil. The natural gas that was previously injected into the wells will be freed up for sale, and GHG emissions significantly reduced.

West LRT

CALGARY BETS ON PUBLIC TRANSIT

Calgary's new West Light Rail Transit (LRT) line, one of the largest infrastructure projects ever undertaken in the city, embraces a greater vision of how enhanced public transportation can stimulate growth. LRT is already a way of life for thousands of Calgary residents, carrying more than 276,000 passengers each weekday. With the city's southwest communities expected to grow to 120,000 people over the next 20 years, we are helping to strengthen Calgary's infrastructure. The West LRT project will ease traffic congestion, lessen commute times and reduce greenhouse gas emissions.

The project, for which SNC-Lavalin is providing design, construction and procurement services, takes an integrated approach to enhanced city living. The West LRT works in tandem with updated and newly devised bus routes, pedestrian improvements to numerous intersections and a new regional pathway. Together, these improvements to the mobility systems will better connect the southwest communities to the other 50 kilometres of LRT networks and the rest of the city.



THE WEST LRT
TAKES AN
INTEGRATED
APPROACH TO
ENHANCED CITY
LIVING

2

DESIGN AND
ENGINEERING

Carpe Diem

TRIPLE-CERTIFIED CARPE DIEM TOWER SEIZES
THE IMAGINATION

SNC-Lavalin has a long history of designing green buildings. Its latest achievement is the dramatic 38-storey Carpe Diem office tower, now rising in Paris's La Défense business district. The visually arresting building will be eminently sustainable, targeting three of the world's most exacting green building certifications: France's HQE (high environmental quality) and THPE (very high energy efficiency) labels, as well as US LEED Core & Shell v2.0 Platinum certification. The Carpe Diem tower will feature:

- A double-glazed argon-filled curtain wall with a special coating for high thermal insulation and reduced heating and cooling needs
- An extensive network of sensors that manage automated window blinds, ventilators, heating and lighting to optimize environmental conditions and minimize energy consumption
- Heat recovery on chiller condensers to pre-heat hot water for restaurant use
- Grey water recovered from office lavatories that will provide 30% of the water used in office toilets
- Electric car recharging stations
- Rainwater harvesting for drip irrigation in the winter garden
- Air heat exchangers with greater than 75% efficiency
- Groundwater heat pumps, coupled with adiabatic air coolers
- Connection to the urban heating and cooling grids
- Ice storage to limit power needs for cooling, thus reducing the size of chillers and utility grid sub-stations



Source: Robert A.M. Stern Architects and SRA Architects

TALL BUILDING, SMALL FOOTPRINT

The Carpe Diem project will yield:

- 45% reduction in energy
- 47% reduction in potable water use
- 22% use of recycled materials
- 47% use of non-HVAC materials sourced within 800 km
- 65% use of FSC-certified wood
- 90% recycling of construction waste

2 ▶

DESIGN AND
ENGINEERING

PRODUCTION WILL BE OPTIMIZED AT AQUALANDE'S
PLANT TO REDUCE ENERGY CONSUMPTION



TITANIUM CORPORATION'S
PROCESS RECOVERS SOLVENT,
BITUMEN AND MINERALS FROM
OIL SANDS TAILINGS



Aqualande

SUSTAINABLE FISH, SUSTAINABLE PROCESSING

With sales for its smoked trout surging, Aqualande wanted to expand its plant at Sarbazan, France, which processes fish from local farms and sells to domestic markets. Given consumer demand for sustainable products and Aqualande's recent ISO 14001 environmental certification, the company saw this as an opportunity to build a more sustainable plant.

Following a feasibility study, SNC-Lavalin used a range of strategies to reduce the plant's energy consumption. Aqualande's innovations include:

- Recycling heat generated by chilling and freezing equipment
- Optimizing production to reduce energy consumption by 10% to 15%
- Installing high-efficiency lighting, workstation sensors and automated environmental controls
- Collecting runoff from the parking lot and processing it in a vegetalized pond (reeds and other macrophyte plants), thus reducing hydrocarbons in the final effluents to 5 mg/l
- Promoting local suppliers and contractors (10 of the project's 12 suppliers come from within 100 km)
- Establishing a "clean construction" environment (dust and sedimentary deposits in sewers were nearly eliminated by preparing up to 90% of the concrete off-site)

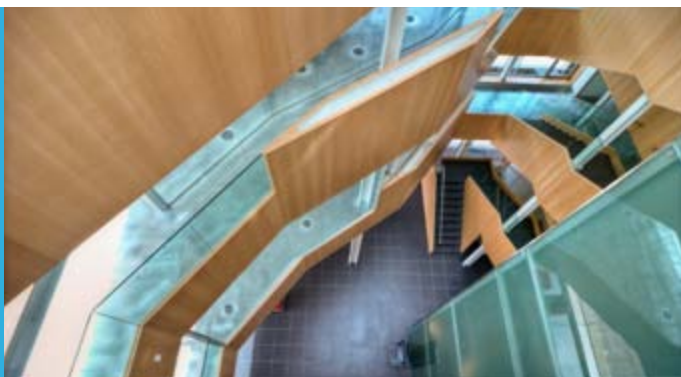
Bitumen froth treatment

CLEANING UP TAILINGS IN THE ALBERTA OIL SANDS

Striking the right balance between resource development and the environment remains a challenge in the Alberta oil sands. The industry continues to generate controversy, in part because of the tailings produced by the extraction process. The situation is particularly acute where operators use solvents and volatile organic compounds (VOCs) to clean "bitumen froth," producing tailings that are especially harmful to plant and animal life.

One solution may be at hand. Titanium Corporation has developed a patent-protected process to recover solvent, bitumen and valuable minerals that reside in oil sands tailings. Successfully demonstrated in the lab, the process now needs proof in the real world. SNC-Lavalin provided technical support for the design of a pilot-scale hydrocarbon processing plant, and we explored three options for a full-scale commercial plant that would treat 2,000 tonnes of tailings per hour. Titanium Corporation's system could genuinely improve the sustainability of the Alberta oil sands.

2

DESIGN AND
ENGINEERINGTHE ZERO EMISSIONS BUILDING IN SPAIN
GENERATES MORE POWER THAN IT CONSUMESTHE CESBRON
CAMPUS IS AN
ULTRA-HIGH
EFFICIENCY
SHOWCASE

Source: Bodreau Architecture

Zero Emissions building

A SUSTAINABLE BUILDING SHOWCASE THAT HARNESSES
SOLAR AND WIND ENERGY

Our track record in sustainable projects helped us win architectural, engineering and project management contracts for the landmark Zero Emissions building in Zaragoza, Spain. The project is intended as a business incubator and sustainable building showcase. Harnessing solar and wind energy, it actually generates more power than it consumes. It produces 75 MWh annually through its rooftop and façade solar panels, and 9.5 MWh through its windmills, yielding an excess 26 MWh per year, which is sold to the local grid.

The building is also energy efficient, integrating natural light, a double skin and automatic sensors. And to cope with Zaragoza's summer heat, ventilators draw exterior air through a geothermal piping system, where it is cooled an average of 8.5° C before entering the building.



THE ZERO
EMISSIONS
BUILDING
PRODUCES
75 MWH ANNUALLY
THROUGH
ITS ROOFTOP
AND FACADE
SOLAR PANELS

Cesbron Campus

CENTENNIAL BUILDING LEADS THE WAY WITH
SUSTAINABLE FEATURES

The French company Cesbron, a leader in refrigeration, air conditioning and energy efficiency services, celebrated its 100th anniversary in 2011 by inaugurating a new 3,000-m² head office campus. The building, designed by Bodreau Architecture and engineered by SNC-Lavalin (which also coincidentally celebrated its centennial in 2011), is an ultra-high efficiency showcase.

The exterior features an aluminum-skinned, egg-shaped amphitheatre resting on a 1,800-m² pond. Besides just framing the amphitheatre, the pond is functional, working with the landscaped grounds and mature trees to temper the summer heat.

The main building is a red cedar-clad concrete structure pierced by dramatic skylights and high-efficiency windows. A combination of heat pumps, light dimmers and hydrothermal systems are designed with the objective of reducing Cesbron's primary energy consumption to 34 kWh/m² annually, or about a quarter of France's RT2005 (thermal regulation) standard. And, with 430-m² solar panels generating 48 kWp, this is another "positive energy" building that produces more energy than it consumes.



PROCUREMENT AND CONSTRUCTION

On construction sites, compliance with environmental laws and regulations is just the starting point for good environmental management. Even in remote locations, such as the Sahara Desert, we can and do implement the 3Rs of reduce, reuse and recycle. We have also pioneered the Local Resource Development Initiative (LRDI™) to train and mentor local workers and businesses for large projects.



Maison symphonique

SOUND SOLUTIONS FOR MONTREAL'S COMMUNITY CONCERT HALL

Innovation was clearly in order when SNC-Lavalin was asked to build a LEED-certified home (certification pending) for the Orchestre symphonique de Montreal and other local classical music ensembles on a constrained site in the heart of the city. It was no small feat to acoustically isolate the hall, which is located over a parking garage and adjacent to a subway station. The challenge was met by creating a box-within-a-box design. The hall actually rests against approximately 300 specially fabricated natural rubber cushions, isolating it from external vibrations.

SNC-Lavalin and the architects worked with some of the world's foremost acoustics consultants to perfect the sound quality of the hall. The interior is clad with FSC-certified beech and uses massive mobile acoustical reflectors covering 35% of the ceiling, automated acoustical control curtains and an innovative system that silently vents fresh air under each of the hall's 2,100 seats.

MULTIPLE AWARDS FOR MONTREAL CONCERT HALL

- The Canadian Institute of Steel Construction (Quebec) gave its top award in the Commercial and Institutional Projects category to Montreal's new Concert Hall. The LEED-targeted project was selected from 12 finalists.
- The Quebec Institute of Reinforcing Steel handed out two Armatura awards to the project: one to SNC-Lavalin for Design and Project Execution and a second to its architects.



THE MAISON SYMPHONIQUE
PROJECT USED AN INNOVATIVE
BOX-WITHIN-A-BOX DESIGN

3 ▶

PROCUREMENT
AND CONSTRUCTION

MUHC

MONTREAL "SUPER-HOSPITAL" TO TRANSFORM
COMMUNITY HEALTH

Montreal is taking confident strides into the future with its massive hospital redevelopment project, spearheaded by the construction of the McGill University Health Centre's (MUHC) Glen Campus. Currently being executed as a public-private partnership (P3) project by SNC-Lavalin and its partners, the 220,000-m² complex (excluding two parking structures) will offer cutting-edge care and technologies, delivered across 500 single-patient and 20 operating rooms. Once completed in 2014, Glen Campus will include some of the world's most efficient and advanced medical buildings.

A HEALTHY APPROACH TO HOSPITAL CONSTRUCTION

Designed and built to LEED Silver standards, the MUHC hospital will replace facilities that are in some cases more than a century old, making it the most sustainable and efficient hospital project in Canada. It will integrate the latest digital technologies, linking the MUHC's three campuses with network partners and healthcare institutions around the world.



AWARD-WINNING ACHIEVEMENT IN FINANCING

Between 2008 and 2009, SNC-Lavalin and its partners assembled what was, at the time, the largest health-sector P3 in history for Glen Campus. In the process, they created what has been called a financing "masterpiece" in the midst of one of the decade's most challenging markets.



Below are some of the many innovations introduced to sustainably manage the complex and extensive construction process:

- Good Neighbourly Relations Committee to foster dialogue with residents and business owners
- Four 24-hour webcams, enabling Montrealers to monitor progress
- An innovative GPS system on the site's 12 tower cranes to prevent collisions
- As of December 2011, more than 7,000 hours of Health & Safety, induction and equipment training. This initiative is so extensive, we expect it to have a long-term positive impact on the Quebec construction industry
- Use of electronic tablets to make on-site access to plans, scheduling and other documents virtually paperless and instantaneous
- Specific LEED Program initiatives to:
 - › Minimize air pollution from dust, moulds and volatile organic compounds (paints and adhesives)
 - › Reduce water pollution caused by sediment deposits in sewers to 30 mg/l
 - › Maximize construction waste recycling (we are aiming to divert 95% of waste from the landfill)



**GLEN CAMPUS WILL BE
DESIGNED AND BUILT TO
LEED SILVER STANDARDS**

3 ▶

PROCUREMENT
AND CONSTRUCTIONTHE BARRO ALTO PROJECT
EARNED IMPRESSIVE HEALTH &
SAFETY STATISTICS

Barro Alto

FROM FEASIBILITY TO AWARD-WINNING

HEALTH & SAFETY

The performance of the Barro Alto project in Brazil has been impressive, with a safety record that stands as an example to the industry. SNC-Lavalin first became involved in the major ferro-nickel mining project when it won a contract for the detailed feasibility study. That study later grew into a full-scale engineering, procurement and construction management project with a capital cost of \$2 billion.

With a strong safety culture at all levels, committed on-site inspectors, lots of communication and a proven Health & Safety process, Barro Alto has earned some formidable statistics.

For 2010 and 2011, there were:

- Zero lost-time injuries
- Zero injuries requiring medical aid
- Zero recordable incidents
- Zero high-potential incidents

And through the project's five-year run, Barro Alto registered:

- A lost-time incident frequency (LTIF) of 0.037

THREE HEALTH & SAFETY AWARDS

Barro Alto's impressive statistics garnered the project three Health & Safety awards in 2011 from industry and government partners:

- The project was commended for its top Health & Safety management practices with a *Prêmio Proteção Brasil* (Brazil Protection Award) from *Brazil Protection* magazine, a publication focused on workplace Health & Safety.
- The Project Team (SNC-Lavalin Minerconsult and client Anglo American Brazil/Nickel) was presented with Anglo American's 2011 Applaud Award. The team was recognized for achieving a level of safety performance that set an example for excellence within Anglo American's organization.
- At the DuPont Awards, which highlight the best solutions in safety protection and health, a jury of experts in accident prevention and occupational diseases cited the project team as the best example of Health & Safety Project Management in Brazil.

3 ▶

PROCUREMENT
AND CONSTRUCTION

SNC-LAVALIN RECENTLY IMPLEMENTED ITS LRDI FOR AN IRRIGATION REHABILITATION PROJECT IN AFGHANISTAN



THE RHOURDE NOUSS
PROJECT RECYCLES
OR REUSES 60% OF
THE SOLID WASTE
IT GENERATES



Three projects, one initiative

LRDI DESIGNED TO FOSTER DIVERSITY AND OPPORTUNITY

When a multi-billion-dollar project is launched, its socio-economic impacts can be significant, and not necessarily positive for all. This is why SNC-Lavalin created the Local Resource Development Initiative (LRDI). Applied in both developing and developed countries around the world, LRDI ensures that project benefits are more widely and locally shared. This is achieved through:

- Training that enables local residents to develop skills, allowing them to work on construction sites and in facility operations
- Development programs for local businesses so they can successfully tender for construction and project supply contracts
- Awareness-raising programs to communicate with and involve local communities, allowing the project to better respond to their needs

Throughout 2011, our team carried out a study that identified job creation and training priorities in the communities near the Cobre Panama copper mine project site. This led to a first training and development program for prospective local workers in early 2012. SNC-Lavalin is currently the lead partner in a joint venture to provide EPCM services for the project infrastructure component of Cobre Panama.

Also in 2011, our LRDI specialists helped the Ambatovy nickel project in Madagascar manage the demobilization of thousands of local workers, in part by helping identify other work opportunities related to the startup of the mine.

In Afghanistan, the end of 2011 saw the close of the Arghandab Irrigation Rehabilitation Project, the largest single Canadian International Development Agency (CIDA) financed project. The LRDI implemented by SNC-Lavalin in support of the project resulted in over 100,000 person-days of employment for local workers. All 103 contracts for physical works on the main and secondary canals, as well as all related structures, were awarded to small and medium-sized Afghan companies.

Rhourde Nouss

SUSTAINABILITY IN THE SAHARA

The Rhourde Nouss project is a gas treatment facility in the middle of the Algerian Sahara that will treat 11 million m^3 of gas per day. Given the remote location of the site, environmental and sustainability management issues were a considerable challenge.

SNC-Lavalin's construction team designed, built and operates a waste water treatment plant that allows for over 88% of waste water to be treated and reused. The team is also making the most of materials on the site by recycling or reusing 60% of the solid waste it generates. Rhourde Nouss's community initiatives include an outreach program to open up the lines of communication with the local Touareg people, approximately 40 of whom were trained and hired to work on the project.

3 ▶

PROCUREMENT
AND CONSTRUCTION

THE PUY DE DÔME RAILWAY GENERATES 50%
OF ITS ENERGY BY HARNESSING GRAVITY ON DESCENT



Source: G. Fayet for SNC-Lavalin/TC Dôme

Puy de Dôme

PROTECTING PUY DE DÔME'S CULTURAL AND ENVIRONMENTAL HERITAGE

The Puy de Dôme in France is a remarkable lava dome and protected ecosystem that is classified as a major heritage site. With more than 400,000 visitors per year, however, authorities were concerned about erosion and other disturbances at the site.

SNC-Lavalin responded to the initial request for proposals for a cog railway to the summit with a truly comprehensive and sustainable solution. Completed in the spring of 2012, the 5.2-km electric railway, with a capacity of 1,200 passengers per hour, has expanded access to the summit year-round. The railway also generates 50% of its energy requirements by harnessing gravity on descent and reduces CO₂ emissions by replacing the thousands of cars and buses that previously climbed the site annually. Reaching the world-famous tourist site in south-central France is now easier and far more sustainable. SNC-Lavalin is currently operating and maintaining the railway for a 35-year period.

SNC-Lavalin's innovations for the Puy de Dôme project, which is targeting HQE certification, include:

- Low environmental impact construction and partly sunken structures to reduce visual profiles
- A "green" roof integrated into the ground-level station
- Landscaping that is sensitive to indigenous species, as well as the soil and water table
- An integrated education centre with restaurant and boutique
- Rainwater recycling for sanitation and train washing

FUTUROL USES A
SECOND-GENERATION
PROCESS TO CONVERT
NON-FOOD BIOMASS
INTO ETHANOL



Futurol

EXTRACTING ETHANOL FROM WASTE

The French company Procethol 2G asked SNC-Lavalin to manage the construction of its Futurol pilot plant, which uses a second-generation ethanol production process to convert non-food biomass into ethanol.

Straw, food by-products, forest residues and lignocellulosic crops (such as corn and sugar cane stalks) go into one end, and ethanol comes out the other: about 180,000 litres annually, to be exact. Once the process is proven technologically and economically, Procethol 2G expects that customers will buy the technology to convert their waste into revenue, while also reducing landfill and our dependence on fossil fuels.



FIRST-GENERATION ETHANOL
PROCESSES USE THE EDIBLE
PARTS OF PLANTS, WHILE
SECOND-GENERATION
PROCESSES USE THE WHOLE
PLANT, PRODUCING A SMALLER
FOOTPRINT AND PUTTING LESS
PRESSURE ON AGRICULTURAL
COMMODITY PRICES

3 ▶

PROCUREMENT
AND CONSTRUCTION

TE MIHI'S ADVANCED TECHNOLOGY WILL MAKE IT MORE
ENERGY EFFICIENT THAN THE SITE'S EXISTING FACILITIES



SNC-LAVALIN HAS
IMPLEMENTED SAFETY
AND ENVIRONMENTAL
BEST PRACTICES ACROSS
THE WANETA PROJECT



Te Mihi

GEOTHERMAL ON THE RISE

New Zealanders have been harnessing their famed geothermal fields for generations, using the most cost-effective and among the greenest renewable energy sources on, or in, the earth.

SNC-Lavalin is growing its renewable energy portfolio with the Te Mihi geothermal project in the country's famous Wairakei geothermal field. Together with its consortium partners, the company is developing a 166-MW plant that will generate enough energy to power over 150,000 homes.

Once completed, some of the new generation from the Te Mihi power station will have replaced older parts of the existing Wairakei geothermal station, which is now over 50 years old, and will gradually be taken out of service. The project's use of advanced technology, including two sophisticated 83-MW Toshiba steam turbines and a geothermal water reinjection system, will make it considerably more energy efficient than the existing facilities.

THE EARTH'S OWN ENERGY

The beauty of geothermal power is that it is virtually unlimited. Steam extracted from geothermal fluid inside the earth's crust drives the turbines. The condensed steam and plant effluent are then returned below ground for reheating.

Waneta

RESPECTING LOCAL FAUNA

A major hydroelectric power expansion project on British Columbia's Pend d'Oreille River is expected to stimulate local economies and provide clean energy to British Columbians for generations. The expansion of the Waneta dam will create more than 400 jobs, 85% of which will be filled by workers living within 100 km of the project. In addition to providing project engineering, design and construction, we are responsible for implementing safety and environmental best practices across the project.

In advance of project construction, SNC-Lavalin developed a comprehensive stewardship plan that includes environmental training and education for every employee. To help protect local species, our personnel:

- Are implementing fish exclusion screens, cameras and other devices to safeguard the river's highly prized sturgeon
- Relocated a local black bear and her cubs before they could den at a future blast site
- Ensured that all roads have large underpasses so that rubber boa snakes can travel freely



OPERATIONS AND MAINTENANCE

We develop operational procedures that preserve and maintain our clients' assets, while minimizing their environmental footprint, generating local benefits and encouraging community involvement and support.



Saving energy on the Canada Line

FINDING EFFICIENCIES

SNC-Lavalin Operations & Maintenance (O&M) is continually seeking to reduce resource consumption on the Canada Line in Vancouver. For the next 29 years of its concession agreement, SNC-Lavalin O&M will operate and maintain the 19-km long, rail-based rapid transit system and its 16 stations.

In 2010, a review of electrical power consumption was undertaken which found inefficiencies in some of the motor management procedures. Using these findings, SNC-Lavalin was able to reduce energy use by 1.1 million kWh in 2011. This resulted in a savings of over \$75,000, and a reduction in CO₂ of approximately 34 tonnes.

Brun-Way Highways Operations: seeking solutions

SOLVING AN OLD PROBLEM WITH NEW IDEAS

Brun-Way Highways Operations Inc., led by SNC-Lavalin O&M, is responsible for the operation, maintenance and rehabilitation of 275 kilometres of highway from the Quebec border to Fredericton, New Brunswick.

In 2009, Brun-Way was the first New Brunswick company to test a mixture of brine and an organic product (beet juice) called "hot mix" as a de-icing agent for the highway. The hot mix was also used to "pre-wet" the salt and sand before spreading (anti-icing). The mixture was shown to loosen the bond between pavement and ice on the highway, which accelerates the clearing of ice and snow. The net result is an estimated 5% reduction in salt usage (thus less chlorides) and a 50% reduction in sand usage.

Sustainable at every step

A FRAMEWORK FOR THE FUTURE

SNC-Lavalin O&M's Sustainability Management Framework (SMF) helps facilitate cooperation across client groups, disciplines and teams, providing a common language and understanding of what sustainability means for the operation and maintenance of buildings. The SMF is a comprehensive multi-point platform that helps our clients meet their sustainability goals and achieve a balance that benefits the environment, society and their bottom line.

The SMF is just one way that SNC-Lavalin O&M demonstrates that it abides by its policy commitment of incorporating leading-edge sustainable technologies and practices into its business. The seven key areas of the framework are:

- Green Operations Model
- Corporate Social Responsibility Reporting
- Greenhouse Gas Management
- Energy Management
- Environmental Management
- Planned Maintenance
- Communications

The SMF provides a structured way of identifying priorities, setting goals aligned with sustainability commitments, and monitoring progress towards these targets. As such, the key elements of the framework can be used as building blocks for developing an action plan.

For more information, please visit www.snclavalinom.com/en/Expertise/SustainabilityManagement.aspx



5 RETROFITTING

We retrofit outdated and inefficient industrial facilities when they reach the end of their life. By incorporating the best available technologies into aging plants, we dramatically decrease their impacts on the environment and local communities, while eliminating the need to build on new sites, use more resources or extend utility networks.



Bruce Power

NUCLEAR POWER—EXTENDING PLANT LIFE AND ENHANCING SAFETY

When SNC-Lavalin completed its acquisition of certain portions of Atomic Energy of Canada Limited's (AECL) Commercial Reactor division in 2011, it became Canada's largest private-sector nuclear engineering group. AECL developed CANDU technology in the 1950s and built 34 reactors in seven countries. Nuclear energy remains one of the cleanest and most cost-effective CO₂-free energy options. Now, by refurbishing older reactors, owners can extend their plants' useful life instead of using replacement energy sources that are often less clean and can be more expensive.

SNC-Lavalin recently made worldwide history by successfully completing the first-of-its-kind replacement of 16 steam generators at the Bruce Power nuclear plant in Ontario. This large-scale refurbishment, which involved about 500 staff and tradesmen, was completed in August 2009. The Bruce A plant's unique design includes an arrangement of steam generators connected to an integrated steam drum. SNC-Lavalin's team temporarily removed the steam drums, installed new steam generators into interconnecting piping and returned the plant to its initial condition. This was accomplished by using advanced laser alignment technology.

Recognized as a major success in the nuclear industry, the project overcame considerable technical challenges and attained an important safety milestone: zero lost-time injuries over 1.4 million person-hours.

A NEW LEASE ON LIFE

In 2011, building on the landmark refurbishment at Bruce, SNC-Lavalin was contracted to "retube" Argentina's Embalse Nuclear Generating Station. The CANDU reactor, built in 1981, will have its life extended by another 25 to 30 years.

The retubing involves removing and replacing 760 reactor feeders, 380 fuel channels and 380 calandria tubes. To ensure safety and quality of work, the trained technicians guide remote-controlled tools and massive, highly shielded machines.

5 ▶

RETROFITTING

THE UPGRADES TO THE BOR COMPLEX WILL
ALLOW IT TO CONSUME FAR LESS FOSSIL FUEL



SNC-LAVALIN IS
REDUCING KHARYAGA'S
EMISSIONS OF
GREENHOUSE GASES
AND POLLUTANTS



Source: iStock

BOR

SERBIAN COPPER MINE RECEIVING MASSIVE MAKEOVER

In operation since 1903, Serbia's BOR integrated copper mine and smelting complex is one of the region's foremost producers of copper and precious metals. Since its opening, significant impacts on rivers, wildlife and the atmosphere have been observed. Now, with more stringent Serbian and EU regulations in place, the state-owned complex is taking a big leap into the 21st century.

SNC-Lavalin's involvement began with a contract to evaluate the existing smelter and produce a feasibility study. This led to the current project, which includes a new state-of-the-art flash smelter furnace and other equipment for the state-owned enterprise. These upgrades will yield a dramatic improvement in copper recovery and allow the complex to use less fossil fuel. Meanwhile, capturing 98% of the sulphur from the smelter's SO₂ emissions (complying with the EU's most stringent standards) should have a noticeable impact on the local environment.

Kharyaga

REDUCING AND REUSING IN RUSSIA

In 2011, SNC-Lavalin won a contract to provide sustainability services at the Kharyaga oil field, 60 km north of the Polar Circle in Western Siberia, where temperatures can plummet to -50° C. The region is home to countless species and to indigenous peoples who have lived off the land for millennia.

SNC-Lavalin's task is to reduce flaring, which releases greenhouse gases and pollutants into the fragile ecosystem. We are accomplishing this by treating the "sour gas" stream to produce "sweet gas" and "acid gas," which are safer to handle and convert into useful products. The sweet gas is used on site to boost power generation, and any remainders are exported to an existing pipeline. The acid gas is converted to elemental sulphur for other uses. Water injection facilities are also being upgraded so that the water separated from the oil and gas can be re-injected into the well structure to further stimulate production.



DECOMMISSIONING AND CLOSURE

We employ innovative approaches to manage the end of life, decommissioning and closure of industrial facilities and other infrastructures. We endeavour to return project sites to their original states so they can be reused by future generations.



Source: Province of British Columbia

Mine reclamation

In Canada, as in many countries, thousands of abandoned mines litter the landscape, leaving a legacy of environmental degradation. SNC-Lavalin works with communities not just to clean up and restore abandoned mines, but also to ensure that local people have a say and share in any economic spin offs.

TSE KEH NAY, BRITISH COLUMBIA

Our community-based process began by prioritizing the reclamation of 56 historic mining and exploration sites on the Tse Keh Nay traditional territory, where the Tsay Keh Dene, Kwadacha and Takla Lake First Nations live. With extensive local input, we studied each site based on impact categories such as chemical, habitat, geophysical/geotechnical, aesthetic and traditional use and distilled the findings into two-page summaries. We then convened three First Nations workshops in 2011 to begin establishing priorities and next steps. Working directly with the First Nations on behalf of the BC Ministry of Forests, Lands and Natural Resource Operations, environmental sampling and/or mine reclamation activities were carried out at 10 of the sites, including the historic Ingenika Mine.

ROUYN-NORANDA, QUEBEC

Located 15 km west of the town of Rouyn-Noranda in Northern Quebec, the Aldermac Mine was in operation from 1932 to 1943. During that time, it generated 1.5 million tonnes of acid-generating tailings over 76 hectares, with negative consequences on the water quality of downstream rivers and lakes. SNC-Lavalin is currently working to sequester and contain the contamination from these tailings and to reintroduce biodiversity, particularly within local wetlands.

KIMBERLEY, BRITISH COLUMBIA

Since 1993, SNC-Lavalin has been providing extensive review, risk assessment and remediation services for the Sullivan Mine, which was operated from 1910 to 2001. Some of this work is highly complex, including hydrogeological and geochemical modeling of contaminant movement through the groundwater. Our experts are using this data to help predict future concentrations of groundwater and surface water contaminants, and ultimately reduce risks to human and ecological health.

6 ▶

DECOMMISSIONING
AND CLOSURE

THE 5 WING GOOSE BAY
PROJECT IS THE LARGEST
ACTIVE REMEDIATION
INITIATIVE IN CANADA



Goose Bay

CLEANUP DIGS DEEP

SNC-Lavalin's remediation project for 5 Wing Goose Bay, a Royal Canadian Air Force training and joint operations base in Newfoundland, is the largest active remediation project in Canada.

The problem we were asked to solve dates back to the 1940s, when Canada's air force installed eight underground bulk fuel tanks to supply its nearby base at Happy Valley-Goose Bay. Largely owing to the region's harsh climate (there are only about 100 frost-free days a year), the tanks eventually leaked into the groundwater and soil.

Now in its second year and scheduled for completion in 2015, the cleanup for Canada's Department of National Defence includes an Environmental Protection Plan (EPP) to ensure that the current project is sustainable. More specifically, our EPP includes:

- Best management practices
- Defining applicable standards and regulations (conforming to provincial and federal environmental laws)
- Spill Control and Emergency Response plans
- A Fugitive Dust Suppression plan
- A Sediment and Erosion Control plan
- A Soil Management plan
- A Noise Control plan

"BIO-SLURPING" SOLUTION A FIRST

How do you clean up a contaminated site without extensive excavation? SNC-Lavalin's solution was to install five remediation systems and 95 wells to a depth of about 30 metres and use "bio-slurping" multi-phase extraction technology to remediate the site. This technique extracts hydrocarbon vapour, liquid and contaminated groundwater for treatment and eventual safe disposal. Our successful use of this technology at such extensive depths is, as far as we know, a first.

SNC-Lavalin's on-site personnel operate the five systems continuously, 24/7, using remote telemetry, and have so far extracted more than 250,000 litres of hydrocarbons.

GRI Index

Using the Global Reporting Initiative (GRI) guide-lines allows us to measure and monitor our economic, environmental, social and governance performance through a widely used reporting framework. Not only does this framework give us a portrait of where we stand today, it will also allow us to benchmark ourselves for the future.



STRATEGY AND ANALYSIS

1.1	Statement from the most senior decision maker (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	Please see the letter from our Chief Executive Officer on page 5 of this sustainable development report.
1.2	Description of key impacts, risks, and opportunities	Please see the letter from our Chief Executive Officer on page 5 of this sustainable development report.

ORGANIZATIONAL PROFILE

2.1	Name of the organization	SNC-Lavalin Group Inc. (the " Company ").
2.2	Primary brands, products, and/or services	Please refer to the At a Glance section and section 3 of the Management Discussion and Analysis (MD&A) section of our 2011 Annual Report.
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	<p>The Company was incorporated under the laws of Canada by Letters Patent dated May 18, 1967 and was continued under the <i>Canada Business Corporations Act</i> on March 24, 1980. The articles of the Company were amended on several occasions for the following purposes, among others: split (in 1996) of its outstanding shares on a three-for-one basis; the implementation of a Shareholder Rights Plan, the change of its name; the creation of new classes of shares and the reorganization of its outstanding share capital; the modification of the maximum number of directors (the "Directors"); the addition of a requirement that at least two thirds of the Directors must not be employees of the Company or its affiliates; and the re-designation of its class A subordinate voting shares as common shares.</p> <p>Section 9 of the MD&A provides further information on the activities of the Company, broken down by sectors of operation.</p> <p>A list of main subsidiaries, joint ventures and associates of the Company, as well as the principal infrastructure concession entities in which the Company participates, are published in section 1.2 of the Company's Annual Information Form (AIF).</p>
2.4	Location of organization's headquarters	The Company's headquarters and registered office is located at 455 René-Lévesque Boulevard West, Montreal, Quebec, Canada H2Z 1Z3.

GRI INDEX (CONTINUED)

2.5	Number of countries where the organization operates	<p>As of the 31st of December, 2011, the Company had permanent offices in the following countries:</p> <p>The Americas: Brazil, Canada, Chili, Colombia, Dominican Republic, Haiti, Honduras, Panama, Peru, United States, Venezuela</p> <p>Europe: Belgium, France, Germany, Hungary, Malta, Monaco, Netherlands, Norway, Poland, Romania, Russia, Spain, Sweden, Switzerland, United Kingdom</p> <p>Africa & Middle East: Algeria, Cameroon, Egypt, Equatorial Guinea, Kuwait, Libya, Morocco, Qatar, Saudi Arabia, South Africa, Tunisia, Turkey, United Arab Emirates</p> <p>Asia & Australasia: Australia, China, India, Indonesia, Kazakhstan, Malaysia, New Caledonia, New Zealand, South Korea, Thailand, Vietnam</p> <p>For further information on the Company's global presence, please see Section 3 of the 2011 MD&A report.</p>
2.6	Nature of ownership and legal form	<p>The Company was incorporated under the laws of Canada by Letters Patent on May 18, 1967, and was continued under the <i>Canada Business Corporations Act</i> on March 24, 1980. The Shares of the Company are traded on the Toronto Stock Exchange (TSX: SNC).</p> <p>As of March 26, 2012, the Company had 151,143,903 Common Shares outstanding.</p> <p>To the knowledge of the Directors and officers of the Company based on the most recent publicly available information, the only investor who, as at March 26, 2012, owns or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Company is Jarislowsky, Fraser Limited ("JFL"), a fund manager. According to the most recent publicly available information concerning the shareholdings of JFL in the Common Shares of the Company, JFL held 21,699,311 Common Shares, representing 14.37% of the outstanding Common Shares of the Company.</p>
2.7	Markets served (including geographic breakdowns, sectors served, and types of customers/beneficiaries)	<p>The Company offers services and does not manufacture products. For a summary of markets served, including geographic breakdowns and sectors, please see section 3.1 of the MD&A. The Company serves a wide range of customers in the public, quasi-public and private sectors. Section 9 of the MD&A provides an overview of projects and clients by sectors (segments) of activity.</p>
2.8	Scale of the reporting organization	<p>On December 31, 2011, the Company directly employed some 28,000 people. It should be noted that in 2011, the Company logged 87.7 million person-hours worked. This number includes hours worked by the Company's employees, as well as by personnel working for contractors on SNC-Lavalin controlled construction sites. Health and safety statistics in this report (see page 8) are based on 87.7 million hours worked and not solely on the hours worked by the Company's 28,000 employees. The Company's network of offices is located in more than 40 countries around the world and its employees work on some 10,000 projects in some 100 different countries. For financial information related to the scale of the Company, please see the Consolidated Financial Statement of the Company.</p>
2.9	Significant changes during the reporting period regarding size, structure, or ownership	<p>In 2011, the Company added new Infrastructure Concession Investments and increased its ownership interest in one ICI. It also completed seven business acquisitions, adding approximately 2,900 people to its workforce. For details, please see section 2 of the AIF.</p>
2.10	Awards received in the reporting period	<p>Please see the quality section of this sustainability report, as well as other sections of the report.</p>

REPORT PARAMETERS

3.1	Reporting Period	Calendar year, which is the Corporation's fiscal year.
3.2	Date of most recent previous report	This is the second sustainability report, covering activities in 2011. The first sustainability report was issued in our centennial year, 2011, and covered activities in 2010 and earlier.
3.3	Reporting Cycle	SNC-Lavalin produces an annual sustainability report.
3.4	Contact point for questions regarding the report and its contents	For questions regarding this report and its contents, please visit the SNC-Lavalin website (www.snc-lavalin.com) and click on Contact Us.
3.5	Process for defining report content, including materiality, prioritizing topics and identifying stakeholders	This report aligns with the Company's Annual Report, Proxy Circular, MD&A and AIF. Issues of materiality and prioritization were reviewed by a joint team composed of representatives from the Corporate environment team, the environment business unit and Corporate Communications.

3.6	Boundary of the report	Boundaries of the report are the permanent offices of the group, plus limited data from construction sites under our responsibility, as more fully outlined in relevant sections of the report.
3.7	Any specific limitations on scope or boundary?	Project offices, which are temporary, are excluded from this report. Infrastructure concession investments, identified on page 4 of the AIF, are also excluded.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period	Not applicable, other than as stated in 3.7 above.
3.9	Data measurement techniques and bases of calculations, including assumptions	SNC-Lavalin is guided by the GRI Sustainability Reporting Guidelines, Version 3.0, the methodologies of the Carbon Disclosure Project and the Greenhouse Gas Protocol.
3.10	Effects of any restatements of information	None to report.
3.11	Significant changes from previous reporting periods, in scope boundaries or measurement methods	None to report.
3.12	Table identifying the location of disclosures in the report	GRI index, pages 39 to 46 of this report.
3.13	Policy and current practice regarding external assurance	This report is not externally verified.

GOVERNANCE

4.1	Governance structure of the organization	Please see the Management Proxy Circular and Notice of Annual General Meeting of Shareholders, dated March 26, 2012, Sections 3.3—Board Organization, Structure and Composition, and Section 3.4—Board Role and Mandate.
4.2	Is Chairman an executive officer or an independent director?	The Chairman of the Company is an independent director.
4.3	Discussion on independent directors	Based on information regarding personal and business circumstances provided in a comprehensive questionnaire completed annually by each of the Company's directors, the Company's Board is satisfied that 10 of its 11 nominees are "independent" within the meaning of the Regulatory Independence Requirements ¹ . The only non-independent nominee is Ian A. Bourne, who was appointed Vice-Chairman and Interim CEO of the Company on March 25, 2012.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Please see the Management Proxy Circular and Notice of Annual General Meeting of Shareholders, dated March 26, 2012, Section 3.11—Shareholder Engagement.
4.5	Linkage between compensation and performance	Please see the Management Proxy Circular and Notice of Annual General Meeting of Shareholders, dated March 26, 2012, Section 7.8—Performance Based Awards.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	To ensure ongoing director independence, each Director is required to inform the Board of any potential conflict of interest he or she may have at the beginning of each Board and Board committee meeting. A Director who is in a potential situation of conflict of interest in a matter before the Board or a Board committee must not attend any part of a meeting during which the matter is discussed or participate in a vote on the matter. The Governance Committee performs an annual review of Directors' interests in which all potential or perceived conflicts, including time commitments, length of service and other issues relevant to their independence, are considered. Directors are required to abide by the Code of Ethics and Business Conduct.

1. NI 58-101, Form 58-101F1, section 1(b) and (c).

GRI INDEX (CONTINUED)

- 4.7** Process for determining the qualifications and expertise of the members of the highest governance body, on economic, environmental and social topics
- The Governance Committee's mandate provides for the establishment and update of the Skills Matrix (a table of industry specific experience, business expertise and individual qualifications of Directors in relation to the Board's specific skill requirements, so as to identify any eventual skill gaps on the Board). A sample of some of the criteria included in the Skills Matrix is listed below. The checked off squares indicate that a director possesses the skill:

SKILLS MATRIX**1. Industry specific experience**

	Ian A. Bourne	Pierre Duhaime	David Goldman	Patricia A. Hammick	Pierre H. Lessard	Lorna R. Marsden	Edythe A. Marcoux	Claude Mongeau	Gwyn Morgan	Michael D. Parker	Hugh D. Segal	Eric D. Siegel	Lawrence Stevenson
Oil and Gas	✓	✓		✓			✓		✓				
Coal	✓			✓					✓				
Regulated production and distribution of power	✓			✓			✓			✓			
Mining and metallurgy	✓	✓	✓	✓			✓						
Heavy industries	✓	✓	✓				✓			✓			
Engineering, construction and concessions		✓								✓			
Chemicals and petrochemicals		✓							✓	✓			
Accounting and finance	✓	✓			✓			✓	✓		✓	✓	✓
Retail business					✓								✓
Health, safety and sustainability	✓	✓				✓	✓			✓			
Energy and environment	✓			✓			✓		✓	✓	✓		
Power production	✓			✓					✓	✓			
Education						✓					✓		
Industrial relations					✓	✓		✓					
Economics and sociology						✓						✓	
Rail projects and logistics								✓					
Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social economic and public policy						✓			✓		✓	✓	
Public sector administration	✓					✓					✓	✓	
Consulting and private equity	✓							✓			✓		✓
Risk management	✓	✓			✓				✓	✓	✓	✓	✓

2. Business expertise

Individuals prominent and active in a broad variety of businesses, institutions or professions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategic insight	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Individuals familiar with the geographic regions in which the Corporation carries on its businesses		✓	✓	✓		✓	✓	✓	✓	✓		✓	
Individuals having international business experience	✓	✓	✓	✓			✓		✓	✓	✓	✓	✓

Individuals having sensitivity to, however, not representative of, special interests and constituencies						✓					✓	✓	
Knowledge and appreciation of public issues	✓		✓	✓		✓		✓	✓	✓	✓	✓	
Financial expertise	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Individuals with experience as senior executives	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

3. Individual qualifications required for all nominees

Integrity, honesty and the ability to generate public confidence and maintain the goodwill and confidence of the Corporation's shareholders who they represent

Sound business judgment

Independence of mind

Capability and willingness to travel, to attend and contribute to Board functions on a regular basis

Any other eligibility criteria deemed applicable by the Committee in relation to independence, affiliation and conflict of interest

4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to corporate responsibility	Also see SNC-Lavalin's website for the company's mission, values, Code of Ethics and Business Conduct, WE CARE statement (page 5 of this report) and principal policies on health and safety, environment and quality.
4.10	Processes for evaluating the highest governance body's own performance	Please see the Management Proxy Circular and Notice of Annual General Meeting of Shareholders, dated March 26, 2012, Section 5—Director Selection, Assessment, Orientation and Continuing Education.
4.11	Explanation of whether and how the precautionary approach or principle is addressed	The Company is a service provider, not a manufacturer of products. As such the precautionary principle is less relevant. Notwithstanding, the Company employs risk management processes which are currently being strengthened and the scope of 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.
4.12	Externally developed charters, principles or other initiatives to which the organization subscribes or endorses	The Company provides a wide range of engineering, procurement and construction management services on projects, as well as operations and maintenance activities, in roughly 100 countries. The Company applies the more stringent of the prevailing national law or recognized international standards.
4.13	Memberships in associations or advocacy organizations in which the organization has positions in governance bodies or participates in projects or committees or provides substantive funding (beyond dues) or views as strategic	SNC-Lavalin is a founding member of the Quebec Business Council on the Environment and a founding member of the Partnering Against Corruption Initiative (PACI). It is also a member of, and participates in, some executive networks of the Conference Board of Canada. In 2011, SNC-Lavalin's CEO was a member of the Canadian Council of Chief Executives. SNC-Lavalin is also a member of the Chamber of Commerce of Metropolitan Montreal and similar organizations in the cities and regions in which it operates.
4.14	List of stakeholder groups engaged by the organization	The Company engages its clients, shareholders, employees, subcontractors and suppliers, as well as the communities in which it operates. Our Investor Relations group also meets regularly with our institutional investors.
4.15	Basis for identification and selection of stakeholder groups engaged	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, near construction sites under the Company's management. Please see the Management Proxy Circular and Notice of Annual General Meeting of Shareholders, dated March 26, 2012, Section 3.11—Shareholder Engagement.
4.16	Approaches to stakeholder engagement	Please see the Management Proxy Circular and Notice of Annual General Meeting of Shareholders, dated March 26, 2012, Section 3.11—Shareholder Engagement. Each stakeholder group is approached differently according to the issue and circumstances. Communications plans and tactics are deployed accordingly.
4.17	Key topics and concerns raised by stakeholders and how the organization has responded	Please see 2011 MD&A, Section 1.1—Independent Review, Section 1.2—Departure of CEO and Appointment of Interim CEO, Section 1.3 Proposed Class Action and Section 1.4 Bangladesh Investigation. The Company will keep stakeholders aware of all major developments through its quarterly MD&A and/or press releases. Also see 2011 MD&A, Section 18.3—Remedial measures.

GRI INDEX (CONTINUED)

ECONOMIC

Economic Performance

EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Please see the 2011 Financial Report.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	SNC-Lavalin analyzes risks and opportunities related to climate change via its participation in the Carbon Disclosure Project. Please see our analysis of these issues at www.cdproject.net , under SNC-Lavalin.
EC3	Coverage of the organization's defined benefit plan obligations	Refer to page 101 of the 2011 Financial Report.
EC4	Significant financial assistance received from government	No significant financial assistance is received from government.

Market Presence

EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	All SNC-Lavalin offices, for reasons of efficiency, use locally based suppliers. On major construction sites, SNC-Lavalin promotes its Local Resource Development Initiative (LRDI™), whereby the Corporation actively promotes the use of local goods and services. Data is not currently collected in such a manner as to be aggregated for the entire Company.
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ENVIRONMENTAL

Energy

EN3	Direct energy consumption by primary energy source	In 2011, SNC-Lavalin offices consumed 492,465 giga joules (gj) of natural gas, 12,378 gj of No. 2 fuel and 313 gj of propane.
EN4	Indirect energy consumption by primary source	In 2011, SNC-Lavalin offices consumed 347,518.8 gj of energy, primarily purchased electricity.

Emissions, Effluents, and Waste

EN16	Total direct and indirect greenhouse gas emissions by weight	Please see page 12 of this report.
EN23	Total number and volume of significant spills	Please see page 13 of this report.

PRODUCTS AND SERVICES

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	SNC-Lavalin does not manufacture products. All construction sites under its responsibility implement site-specific environmental management plans to mitigate environmental impacts of construction activities.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	SNC-Lavalin does not produce products. However, all construction sites under the Company's responsibility have programs to reuse or recycle packaging materials. The percentage varies by country and project.

Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	In 2011, no significant fines or non-monetary sanctions were imposed on SNC-Lavalin.
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SOCIAL PERFORMANCE: LABOR PRACTICES & DECENT WORK

Employment

LA1	Total workforce by employment type, employment contract, and region	Please see table on page 7 of this report.
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OCCUPATIONAL HEALTH AND SAFETY

LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region	Please see page 8 of this report for our health and safety statistics. Please note that rates of occupational diseases and absenteeism are not tracked.
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	As part of its WE CARE program, various offices or project teams have programs in place which respond to local needs. An employee assistance program exists for all Canadian and U.S. employees (approximately 50% of the total employee population). A specific employee assistance program is available for expatriate employees. Other programs are designed for workers on construction sites in developing countries.

Diversity and Equal Opportunity

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	<p>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.</p> <p>The Board of Directors of SNC-Lavalin is composed of nine men and three women. The Office of the President is composed of 11 men and one woman. The Management Committee is composed of 79 men and nine women.</p> <p>The age and gender breakdown for all employees is as follows:</p>
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AGE DISTRIBUTION

< 30	5,189
30-50	13,226
> 50	9,686
Total	28,100

GENDER DISTRIBUTION

F	7,868
M	20,232
Total	28,100

SOCIAL PERFORMANCE: HUMAN RIGHTS

Non-Discrimination

HR4	Total number of incidents of discrimination and actions taken	A very small number (less than 10) of incidents of discrimination have been brought to the attention of members of the Office of the President. On the recommendation of the Executive Vice-President, Global Human Resources, a more formal reporting process is being developed to facilitate the reporting of such incidents.
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Child Labour

HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	Child labour is not permitted at SNC-Lavalin, under any circumstances. None of the permanent offices of the Company are considered to be at risk. Regarding its supply chain, the Company is presently developing processes to identify and manage at risk supply chain activities.
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Forced and Compulsory Labour

HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	SNC-Lavalin has zero tolerance pertaining to forced and compulsory labour within its offices and on construction sites under its responsibility. None of the operations under its control are considered to be at risk.
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SOCIAL PERFORMANCE: SOCIETY

Community

SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	In accordance with its WE CARE principles, SNC-Lavalin places great importance on community relations, particularly when operating in less advantaged communities and in developing countries. In Canada, when working in areas with significant First Nations populations, it seeks partnerships with First Nations communities and enterprises. In 2011, it had more than a dozen active partnerships in Canada. Elsewhere, it has developed its Local Resources Development Initiative (LRDI™), through which it works with its clients to maximize local benefits associated with projects, via training, employment and social outreach programs.
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GRI INDEX (CONTINUED)

Corruption

S02	Percentage and total number of business units analyzed for risks related to corruption	Every employee, on an annual basis, is required to complete a certification process ensuring that they have read, understood, acknowledged receipt of, and will comply with, the SNC-Lavalin Code of Ethics and Business Conduct. In 2011, under the joint leadership of the Legal and HR departments, a complete review of the Code was initiated. The updated Code is being rolled out in 2012 and, as of the date of publication of this report, 664 senior staff in priority groups had been trained. For further information please see section 1 of the 2011 MD&A.
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Public Policy

S05	Public policy positions and participation in public policy development and lobbying	SNC-Lavalin supports the policy positions taken by the Canadian Council of Chief Executives, the Conference Board of Canada and the Quebec Business Council for the Environment.
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Compliance

S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No significant fines or non-monetary sanctions were imposed on SNC-Lavalin in 2011.
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SOCIAL PERFORMANCE: PRODUCT RESPONSIBILITY

Customer Health and Safety

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	SNC-Lavalin does not manufacture products. However, the services it performs as an engineering and construction company have the potential to impact, either positively or negatively, on end users of what it designs and constructs for its clients. For this reason, SNC-Lavalin endeavours to extend its health and safety program into design to ensure that its designs are safe for the construction workers erecting them, for end users, be they the general public or the employees of its clients, and for those responsible for the maintenance of the infrastructure.
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Products and Service Labelling

PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Not relevant to SNC-Lavalin.
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Marketing Communications

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	All marketing communications, promotional work and sponsorship commitments are required to follow the regulations and legislation of the jurisdictions in which the company operates. The corporate Sponsorship and Donations Policy stipulates that no donation may be made with the expectation of receiving work. All communications work respects the codes of ethics for the professional organizations and orders to which members belong.
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Compliance

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No fines imposed
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ABOUT THE PRODUCTION OF OUR SUSTAINABILITY REPORT

SNC-Lavalin recognizes the importance of contributing to the protection of our environment by using paper that comes from well-managed forests or other controlled sources, certified in accordance with the international standards of the Forest Stewardship Council (FSC).

This Sustainability Report is printed on paper certified by *Environmental Choice* (EcoLogo) with 100% post-consumption recycled fibres, de-inked without chlorine and made using biogas energy.

By limiting the number of printed copies of this report to 2,000 and encouraging use of the PDF version, we are helping to protect the environment.

THANK YOU Our sincere thanks to all our employees who agreed to appear in this Sustainability Report.



We invite you to visit our website at www.snclavalin.com to learn more about SNC-Lavalin. In addition to this Sustainability Report, SNC-Lavalin has produced a separate 2011 Annual Report and 2011 Financial Report. All documents are available on our website or can be ordered through the Company.



SNC • LAVALIN

HEAD OFFICE

455 René-Lévesque Blvd. West, Montreal, QC, H2Z 1Z3, Canada
Tel.: 514-393-1000 Fax: 514-866-0795

www.snclavalin.com

