

COMMON VISION

UNCOMMON COMMITMENT

THIS JOURNEY BEGAN **A CENTURY AGO.**
ITS LATEST MILESTONE IS THE REPORT
YOU ARE READING **TODAY.**

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. As part of its centennial celebrations in 2011, SNC-Lavalin is issuing its first sustainability report.

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

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AT A GLANCE



INFRASTRUCTURE

We design and build various types of infrastructure including airports, bridges, buildings, healthcare facilities, seaports, marine and ferry terminals, flood control systems, mass transit systems, railways, roads and water treatment/distribution infrastructure and facilities for the public and private sectors.



ENVIRONMENT

Our expertise includes social and environmental impact assessments and studies; site assessment, remediation and reclamation; ecological and human health risk assessment; waste management, water and wastewater; marine and coastal management; air quality and acoustics; environmental management; climate change; institutional strengthening and rural development.

CHEMICALS & PETROLEUM

In this sector, we offer front end engineering, detailed design, procurement, construction, commissioning and ongoing sustaining capital services in the areas of gas processing; heavy and conventional oil production; onshore and offshore oil and gas; LNG re-gasification terminals; coal to liquid gas; carbon capture, transportation and sequestration; pipelines, terminals and pump stations; refining and upgrading; bitumen production; biofuels; petrochemicals and chemicals.

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

MINING & METALLURGY

We provide project management, process and detailed engineering, procurement, construction and commissioning for all mineral and metal recovery processes to our global and regional clients, including mine development, mineral processing, smelting, refining, mine closure and reclamation, and fertilizer plants. We also have specialized expertise in training simulation software and equipment.

SNC-Lavalin operates across a broad range of industry sectors and brings expertise in multiple engineering and business disciplines to every project.



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.

INFRASTRUCTURE CONCESSION INVESTMENTS (ICIs)

SNC-Lavalin Capital invests in ICIs in various industry sectors and can take full or partial ownership of infrastructure which SNC-Lavalin often also designs, builds, operates and maintains. SNC-Lavalin Capital also has 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 ICIs.

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 and retrofit 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.

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.

DEFINING SUSTAINABILITY

In the now famous words of the UN-sponsored Brundtland Report (1987), sustainable development “meets the needs of the present without compromising the ability of future generations to meet their own needs.”

These words inspire our own efforts—and those we undertake on behalf of our clients—to promote a life cycle approach to the projects we carry out; to offer services across the entire project continuum—from planning through construction and operation to final decommissioning.

These words also guide our commitment to protect the interests of our employees, neighbours and the environment, and to ensure we have a viable business that continues to provide employment and generate economic benefits for our stakeholders.

The basic principles of sustainability have informed our practice since our founding a century ago, and are formalized in the WE CARE values that govern our actions toward employees, health and safety, our communities, the environment, and quality. In place since 2005, WE CARE is fundamental to who we are and how we operate.

This report is a natural outgrowth of these principles.

OUR REPORTING SCOPE

As this is our first sustainability report, we are establishing reporting mechanisms that will broaden the scope of future reports. Our GHG (greenhouse gas) footprint therefore reflects the impact of our office space. Similarly, health and safety statistics and environmental spills reported in this publication reflect activities undertaken in our offices and on construction sites under our supervision. This is very much a work in progress and this report represents our preliminary findings.



WE CARE
NOUS VEILLONS

OUR VALUES: WE CARE



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, 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 QUALITY
We care about the quality of our work.



A WORD FROM THE PRESIDENT

Around the world, a groundswell of opinion is demanding change from governments and business. Stakeholders are calling on leaders to look beyond society's short-term interests. By limiting our perspective, they say, we're asking future generations to shoulder a heavy and unfair burden. They are undoubtedly right. In the long-run, short-term thinking is based on poor economics and flawed engineering. In short, the world it creates is not sustainable.

As a total solutions service company, I believe SNC-Lavalin has a responsibility to integrate sustainability throughout every project's life cycle, and to promote the good sense of sustainability to clients and stakeholders, contributing and creating shared value.

I'll go further and say the entire engineering and construction industry shares this responsibility. After all, our basic training and best practices support its basic principles: a well-executed project uses fewer materials and resources, minimally or positively impacts its environment, and delivers lasting benefits to its owners and society. Sustainability therefore delivers added economic and social value—especially today.

Sustainability has been fundamental to SNC-Lavalin from its very founding 100 years ago. Through our WE CARE program, we have a head start on sustainability, and share its principles with stakeholders—especially our employees.

So how are we doing with respect to sustainability? As this report indicates, we're making progress in health and safety, which remains our chief priority. We're also building awareness and processes. But frankly, we know we could do better. This report represents our first step toward making a stronger commitment to sustainability and to honouring our obligation to future generations.



PIERRE DUHAIME

“An engineer is a person familiar with known scientific truths and respectful of the laws of nature, one who plans, executes, and economically manages works that will improve the comfort and well-being of humanity.”

ARTHUR SURVEYER,
Co-Founder of SNC-Lavalin,
1917



EMPLOYEES



WE CARE
NOUS VEILLONS

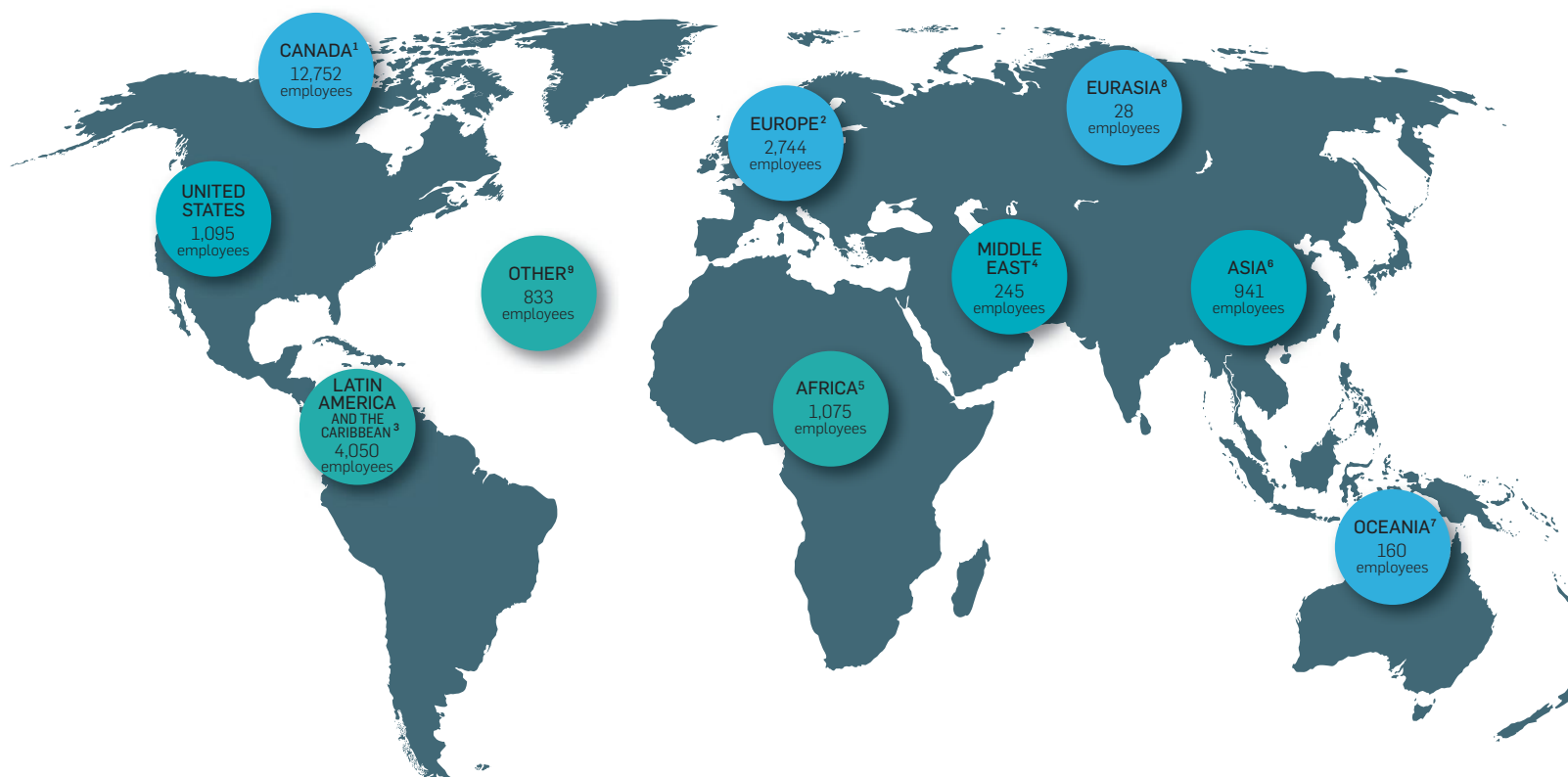
WE CARE ABOUT
OUR EMPLOYEES,
THEIR PERSONAL
GROWTH, CAREER
DEVELOPMENT AND
GENERAL WELL-BEING.

SNC-Lavalin has offices across Canada and in over 35 other countries, and is currently working in some 100 countries. We have a multicultural workforce of nearly 24,000* permanent employees (excluding consultants), thanks in part to several strategic acquisitions over the last five years. During this time, our number of employees has more than doubled. This increase is particularly evident in Asia, Africa, South America and Europe.

In our mission to create value for our shareholders, we continue to seek out opportunities to expand our presence in countries where we already do business or to enter new key geographic areas. We therefore devote considerable effort to harmonizing diverse organizational cultures and corporate systems. One of our current major projects is to consolidate our human resources capabilities as we identify additional business opportunities.

OUR EMPLOYEES SPEAK
60 LANGUAGES AND HAIL FROM
ALL FIVE CONTINENTS.

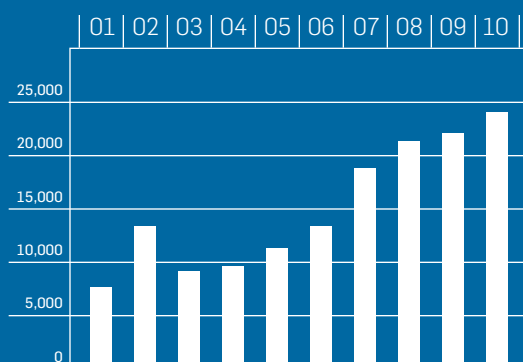
* As at December 31, 2010



NUMBER OF EMPLOYEES

2001-2010

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



1. Includes permanent employees listed under associated companies (prorated)—Quebec, Ontario, Alberta and other provinces
2. Belgium, France, Hungary, Romania, Spain, UK
3. Brazil, Chile, Colombia, Dominican Republic, Haiti, Honduras, Panama, Peru, Venezuela
4. Saudi Arabia, UAE
5. Algeria, Morocco, South Africa, Tunisia
6. China, India, Korea, Malaysia, Thailand, Vietnam
7. Australia, New Caledonia
8. Russia
9. Employees in associated companies (prorated)

A MANAGEMENT COMMITTEE RESPONSIVE TO THE COMPANY'S OBJECTIVES

SNC-Lavalin's Management Committee of approximately 90 senior managers, responsible for the company's operating units around the world, meets twice a year to exchange information on subjects that affect the company as a whole. Committee members also play a key role in ensuring that their business units' objectives align with the company's overall strategy. This is a concrete way of keeping the President and the members of the Office of the President connected with managers from every region.

EMPLOYEES

LEADERSHIP

C&P DEVELOPING LEADERSHIP SKILLS IN CALGARY AND INDIA

The Calgary Chemicals and Petroleum Business Unit's Strategic Training Committee some years ago began developing leadership skills among front line supervisors, recognizing the impact this kind of training would have across the organization.

So far, more than 150 members of Calgary's multicultural workforce, along with employees in Mumbai, India, have taken Leadership and Execution Advantage Program (LEAP) workshops. LEAP's primary strength is that senior leaders support the 30-hour program and contribute their invaluable experience to its delivery.

CODE OF ETHICS

Every employee at SNC-Lavalin is expected to annually review, sign and consistently abide by our Code of Ethics.



FROM THE ARCHIVES

"I emigrated from Germany to Canada in 1941. I knew very little about the country, but it did not take long for me to find a job at SNC, one of SNC-Lavalin's two founding companies. They had a very open hiring policy for the time. It really did not matter where you came from, whether you were male or female, or even what language you spoke, as long as you were able to do the job well. It makes me proud to have worked for a company like that."

WALTER STENSCH

SNC employee from 1943 to 1983



FIRST EUROPEAN 'MASTERS' FROM SNC-LAVALIN UNIVERSITY IN EUROPE

Last December, Sabine Monties was among the first 14 graduates from SNC-Lavalin University to earn the new Master of International Construction Project Management.

The 14-week program, spread over 18 months, also grants Project Management Institute (PMI) certification and enables Sabine to increase her expertise in project and team management. Beyond the formal training, the program also provides an opportunity for students from a broad range of specialties and backgrounds to get to know each other and share ideas. This gives them a global perspective on the company, enhancing their value to SNC-Lavalin and to their own careers.



LEARN@WORK WEEK

Hosted annually by the Canadian Society for Training and Development, Learn@Work Week recognizes the contribution workplace learning can make to job performance and economic success.

Under the leadership of SNC-Lavalin Project Management University, sessions were held in Montreal, Quebec City, Toronto and Calgary. Even our offices in South Africa took advantage of this opportunity to promote local training. Typical offerings included Project Controls, Introduction to Project Procurement and Introduction to Project Management.

Naturally, workplace training at SNC-Lavalin isn't limited to Learn@Work Week. We offer a range of programs in our offices and at our work sites throughout the year.



HEALTH AND SAFETY



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.



As the chart below indicates, our overall numbers for frequency of incidents have been declining in recent years.

Despite this positive trend, we're increasing our focus on leading indicators (see next page). Indeed, 2010 was marked with a renewed commitment to embedding Health & Safety into everything we do. In the words of President and CEO Pierre Duhaime, "A project executed on budget and on schedule is only a true success if everyone returns home safe at the end of their workday."

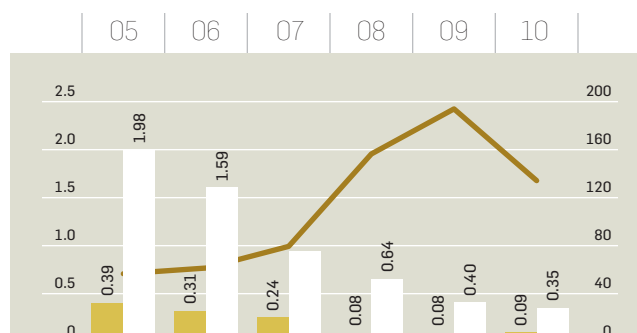
Our goal is to foster a more safety-aware culture—one that has a well-defined safety protocol accompanying every action. We are encouraged that this culture continues to take shape at SNC-Lavalin.

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

FULL-YEAR SAFETY PERFORMANCE

— Number of hours worked
■ LTIF
□ TRIF



Safety training a priority

As a first step to standardizing Health & Safety across the company, safety experts delivered a Safety Leadership Training session to the Office of the President, focusing on personal beliefs about safety, safety culture, risk management and expectations across SNC-Lavalin. This sets the foundation for developing and deploying a Safety Leadership Training Package for project managers and senior leaders, which is cascading down to all offices and project sites. By year-end, 20 sessions had been held for 450 participants.

Lagging safety indicators

This chart presents the full-year safety performance of SNC-Lavalin's worldwide business activities, including the operations of SNC-Lavalin and affiliates as well as projects controlled by those operations, and provides a comparison with results going back to 2005.

SAFETY STARTS WITH COMMITMENT AT THE TOP

Beginning in 2008 and continuing in 2010, each Executive Vice-President has personal Health & Safety goals for their SNC-Lavalin-controlled projects, based on risk management and proactive safety measures. The table lists activities, metrics and objectives as a reference for each member to demonstrate their business units' compliance with the leading indicator program.

LEADING INDICATORS	2011 OBJECTIVES	MEASURE
EVP visit to project site	At least 1 visit during the year by each EVP member to all of their major projects	Total number of visits focused on safety
StepBack Training or equivalent Hazard Assessment Training	100% persons trained on all active SNC-Lavalin-controlled project sites	Total number of persons trained
Positive Incentive Program deployed	All SNC-Lavalin-controlled project sites to develop their Positive Incentive Program	Total number of cards delivered (safe behaviours reinforced)
Critical Risk Control Protocol banners fully deployed and visible on each site	100% visibility on all SNC-Lavalin project sites	Total number of banners displayed
Projects with a Risk Register	100% of SNC-Lavalin-controlled projects with a current Risk Register	Number of projects and operations with a Risk Register
SNC-Lavalin Safety Leadership Training delivered (8 hours)	100% of business unit management trained in Corporate Safety Leadership	Total number of persons trained
Incident investigations completed on all incidents classified as high potential (HIPO)	100% of investigations completed on incidents (as per Global H&S Management System)	Number of HIPO incidents investigated / total number of HIPO incidents

OUR LAGGING INDICATOR GOAL IS TO HAVE ZERO RECORDABLE INCIDENTS

LEARNING FROM EACH OTHER

Under the leadership of the newly appointed Senior Vice-President, Global Health and Safety, Tim Van Wieren, SNC-Lavalin introduced a range of tools and processes in 2010 to accelerate the process of embedding safety into our corporate culture.

The multifaceted approach to risk management has a dual reporting structure. Senior safety professionals in each business unit continue to report to their member of the Office of the President, and now also have a dotted-line reporting relationship with Mr. Van Wieren.

Among the new initiatives for 2010 was a mechanism for ensuring that our organization learns from the past. When appropriate, the President and CEO issues to members of the Office of the President any incident findings that apply to the entire organization through an electronic feedback system developed internally to track the dissemination of this information. The responses sent back to him complete the feedback loop.

RISK MANAGEMENT APPROACH



HEALTH AND SAFETY

SAFETY TOOLS AND INITIATIVES IN 2010



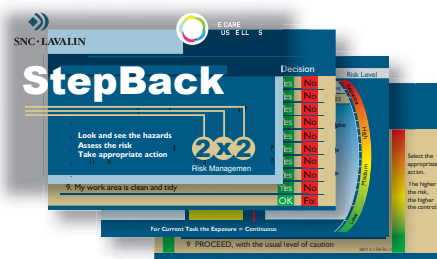
FIVE WAYS WE'RE INSTILLING A SAFETY CULTURE

We've based the action plan for upgrading SNC-Lavalin's safety culture on five principles: vulnerability, risk competency, accountability, empowerment and compliance. The plan also has five priorities for strengthening our safety culture:

- 1** Deploy the safety leadership program across the company
- 2** Establish a global health & safety management system to measure and share best practices, integrating existing programs and tools
- 3** Introduce a compliance audit tool to promote consistency
- 4** Foster a learning organization culture that openly shares lessons learned
- 5** Review training to identify gaps and make recommendations

At the annual Health & Safety conference in Calgary in 2010, participants focused on leadership development and a one company approach to H&S. Other 2010 highlights include:

- › Eye-on-Risk peer reviews to encourage objectivity, new ideas and best practices from cross-functional management teams and front-line employees. In 2010, reviews were held at the Shipshaw Project in Canada, the Rio Tinto Alcan Boyne Island Smelter Project in Australia, and the Barro Alto Ferro-Nickel Project in Brazil
- › Critical Risk Control Protocol banners displayed on SNC-Lavalin-controlled project sites visually demonstrate our commitment to health and safety, and provide a measure of consistency. The banners are available in English, French, Spanish, Arabic and Portuguese
- › Personal StepBack risk assessment programs, including the distribution of at-a-glance pocket guides (see illustration), e-learning training modules and free apps for iPhones, BlackBerry and Android phones
- › Progress on integrating environmental sustainability in project site safety metrics





EMAL – EMIRATES ALUMINIUM SMELTER COMPLEX: SNC-LAVALIN AWARD OF EXCELLENCE FOR HEALTH & SAFETY

Completed, and now phasing into operation, EMAL is the largest single-site aluminum smelter in the world, covering an area of six square kilometres. At the project's peak, 18,000 workers were on site, including 66 major contractors, all representing about 55 nationalities. In total, about one million vehicles passed through the project gates. Located in the desert, the site had to be entirely self-sufficient with its own clinic, ambulance and fire service. Despite these challenges, the project achieved an excellent health and safety record:

- › A total of 88 million person hours worked on the project
- › Lost time injury frequency rate of 0.02 days out of 25,000 person days worked
- › 40,000 safety inspections
- › 112,000 workers trained in the project training centre
- › Four mass crew health and safety meetings conducted on site, with a maximum attendance of 18,000 at peak

An innovative HSE risk assessment and mitigation three-month Look-Ahead tool was used to achieve this excellent performance. This tool highlights upcoming major hazards and risks, thus enabling the project team to focus on control measures to eliminate and/or minimize risks well in advance.

A great team effort by our client, EMAL, the workers, contractors and senior management resulted in an excellent health and safety record.

WHEN THE UNTHINKABLE HAPPENS

A tragic fatality occurred on February 20, 2010, when Hadi Gacem, Steel Erector on a project in North Africa, lost his life while responding to the shifting of the steel portal frames of a motorized equipment maintenance shop caused by strong winds. SNC-Lavalin representatives offered physical, financial and moral assistance to the Gacem family during their difficult time. We conducted a full investigation and implemented a joint procedure to ensure that all such potential risks are eliminated in the future. Riadh Ben Aïssa, the Executive Vice-President, presented a report on this incident to the Board of Directors' Health, Safety & Environment Committee on May 5, 2010.



COMMUNITY



WE CARE
NOUS VEILLONS

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.

LRDI™ SETS US APART

Our actions directly and indirectly affect countless communities, and about half of our projects are overseas, often in developing countries. Through the people we hire, train and mentor; the supplies and materials we buy; and our relations with local communities, our impact on the economy and society is incalculable.

This is why we have developed the Local Resource Development Initiative (LRDI). LRDI's mission is to develop and empower local workers, companies and communities through training, mentorship and capacity building, in order to optimize socio-economic development and the sustainability of a project, without compromising on cost, schedule, quality and safety.

Successfully implemented in South Africa, Mozambique, Afghanistan and Madagascar, LRDI is part of our project sustainability strategy. It addresses the host government's requirements and maximizes benefits for the national and local economies by training and hiring local labour, helping local suppliers to contribute, and thereby building community capacity.

What's more, LRDI is designed to leave lasting benefits, by training local people to maintain and supply the projects after construction is completed. SNC-Lavalin is conducting LRDI feasibility studies in Peru and Madagascar, and a full program implementation on a large mining project in Panama.

OUR INTERACTION
WITH THE
COMMUNITY IS A
RESPONSIBILITY
BUT ALSO AN
OPPORTUNITY FOR
RELATIONSHIP-
BUILDING.

“By hiring local staff, purchasing local products, maintaining good communication with the communities in which our projects are being carried out and transferring our knowledge to community members, we contribute to local economic development and know-how which, in the long term, will improve the quality of life of all stakeholders in our projects.”

—SNC-Lavalin Construction Sustainable Development Action Plan: 2010-2013

HOMES FOR HABITAT FOR HUMANITY

In Ontario, SNC-Lavalin employees from a number of divisions, including Mining & Metallurgy, Energy & Infrastructure, Nuclear, Environment and Operations & Maintenance committed to raising a total of \$160,000 for Habitat for Humanity Toronto. As a Block Sponsor, SNC-Lavalin's total donation was recognized with the presentation of two homes to two separate families. The money was raised through a combination of corporate donations, fundraising and payroll deductions, and SNC-Lavalin employees volunteered their time to help build the two homes at the site.

Over the past several years, SNC-Lavalin employees in Ontario have helped raise over \$500,000 and donated more than 2,000 hours to building homes.

Habitat for Humanity is an international organization whose mission is to "mobilize volunteers and community partners to build affordable housing and promote homeownership as a way to break the cycle of poverty".



MADAGASCAR: LRDI IN ACTION

The Ambatovy nickel mine and processing plant is located in Madagascar, an African country characterized by poverty and remarkable biodiversity. As a partner on the Ambatovy project, and EPCM contractor responsible for engineering, procurement and construction management, we saw an opportunity with our partners to create a shared value for an LRDI for the communities, government and the environment to meet short and long-term sustainable development goals.

By integrating LRDI principles, we delivered over 63% of the project using local labour, a total of more than 10,500 people. Beyond basic training, we provided mentoring and additional training in disciplines such as civil and concrete works, architecture, and electrical and mechanical crafts. This enabled us to create a skilled local workforce, complete the project on time, and leave in place a community with skills and advanced training.

The economic impact has been equally transformative. All these initiatives generated \$1 billion of procurement for local suppliers, in an economy whose entire annual GDP in 2010 was \$8 billion, surpassing the initial target.

Training for small and micro business

We also supported small and micro enterprises, providing over 15,000 hours of training and more than 5,500 hours of mentorship. For example, one local woman launched a business providing protective clothing for our work site and ended up employing an additional 35 women. Many small companies that sprang up to serve our project are now winning contracts from other businesses in Madagascar.

Forest plan promotes biodiversity

On the environmental front, a forest management plan minimized impacts on regional biodiversity. For example, forest clearing was done by hand rather than machine. This saved close to 10,000 reptiles, amphibians and lemurs, minimized the amount of forest cleared, and reduced overall cost and complexity. As an added benefit, the recuperated wood was used and recycled at source.



COMMUNITY

TO DEVELOP AND EMPOWER

SUPPORTING HAITI IN ITS HOUR OF NEED

The 2010 earthquake in Haiti unleashed a global outpouring of humanitarian aid to this troubled nation. Active in Haiti for nearly 40 years, SNC-Lavalin worked quickly to ensure that its 88 employees and consultants were safe and unharmed, and also:

- › Dispatched a team of nine engineers to help in reconstruction, water supply repairs, demolition and debris removal, building inspections, electricity transmission, agriculture, and the rehabilitation of government offices



- › Donated \$25,000 for reconstruction and humanitarian aid, and also encouraged employee donations

When the quake struck, SNC-Lavalin was working on a national construction code and guide to construction best practices. Following the disaster, however, SNC-Lavalin experts recognized that a far more accessible code was needed, and worked quickly to create an easy-to-understand guide that non-engineers, in a country with low literacy rates, could use to build more quake-resistant structures.



Among the rescuers travelling to Haiti was SNC-Lavalin Chile employee Rodrigo Recabarren Rojas, who leads an organization called "Rescue Dogs Without Borders." His team of specially trained dogs and their handlers assisted in locating victims of the quake.

WINTER OLYMPICS

The 2010 Olympic and Paralympic Winter Games in Vancouver gave SNC-Lavalin an opportunity to support its home country's moment in the spotlight, and to uphold the Olympic values. Named official supplier for engineering and construction services, SNC-Lavalin delivered the Canada Line, a transit link between Vancouver International Airport, Richmond and downtown Vancouver. Over the 17-day Olympic period, the Canada Line carried close to four million people. Dozens of proud employees also volunteered throughout the Games to play host to the world.

As part of our sponsorship, we received 10 slots in the Olympic Torch Relay. The record-breaking relay was the longest in Olympic history, covering 45,000 km in 100 days.



SNC-Lavalin's 10 official torch carriers were:

- › Fabien Cuisinier-Raynal, Quebec
- › Evelyn Pai, Ontario
- › Billy Kot, Saskatchewan
- › Erin Sanford, British Columbia
- › Silvia Paola Contreras, Alberta
- › Jennifer Ng, British Columbia
- › Yuming Ding, British Columbia
- › Frank Bojkovsky, Saskatchewan
- › Peter Lau, Ontario
- › Ashley Nordstrom, Alberta



REBUILDING KANDAHARI DAM AND COMMUNITY CAPACITY IN AFGHANISTAN

After almost three decades of warfare and prolonged drought, the Arghandab Irrigation System and Dahla Dam reservoir have deteriorated to such a point, they impede economic and agricultural development.

SNC-Lavalin was awarded a contract by the Canadian International Development Agency (CIDA) to execute the Arghandab Irrigation Rehabilitation Project (AIRP), as part of a joint venture with the water consultant Hydrosult (since acquired by SNC-Lavalin). The AIRP represents Canada's largest single foreign-aid project in a generation. It will improve the lives of over 100,000 people by ensuring a reliable water supply for irrigation, sustainable agriculture and rural development.

THE AIRP INCLUDES THE PHYSICAL REHABILITATION OF THE 58-YEAR-OLD DAHLA DAM AND THE MAIN IRRIGATION AND DRAINAGE INFRASTRUCTURE, IN CONJUNCTION WITH INSTITUTIONAL SUPPORT FOR SUSTAINABLE OPERATIONS AND MAINTENANCE.

KANDAHARI FIRST

Through an LRDI, and with the support of our client, CIDA, we are ensuring that project benefits flow directly into Kandahari communities. We're maximizing local employment and procurement, for example, by training and mentoring people and businesses.

We're also working closely with Mirabs—traditional water managers—and local authorities to build on systems of water management and conflict resolution that have prevailed for centuries.

Among other initiatives supporting the AIRP's sustainable impacts:

- ▶ A pilot program in several villages to help raise small livestock, with equal participation by men and women
- ▶ Community-based projects to support women's agricultural roles, as well as training and integration of female extension officers in the provincial Department of Agriculture
- ▶ Water management advice to farmers to improve food production and job creation beyond the project's completion



AIRP BENEFITS

PROVIDES A SECURE WATER SUPPLY TO
13,900
FAMILIES — THE MAJORITY OF KANDAHARIS

EMPLOYS
172
WORKERS
INCREASES CROP INTENSITY
125%

EXPANDS CULTIVATION OF POMEGRANATES, GRAPES, ALFALFA AND LIVESTOCK

CREATES
10,000
SEASONAL JOBS

WE'RE ADVISING FARMERS ON HOW TO IMPROVE EXISTING CASH CROPS SUCH AS POMEGRANATES AND GRAPES. WE'RE ALSO ENCOURAGING THEM TO GROW SAFFRON — POSSIBLY THE ONLY CROP THAT CAN RIVAL POPPIES FOR HIGH REVENUE.



COMMUNITY

ADDRESSING THE GENDER IMBALANCE

SENEGAL

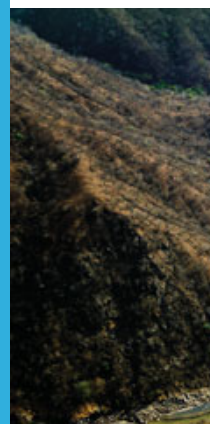
CIDA gave us a mandate to provide training and counselling to small and micro-businesses in the agrifood sector, mostly operated by women in extremely impoverished conditions. Based on a participatory approach, we helped them build their businesses into profitable activities by developing appropriate technologies and equipment, and by upgrading their skills in management, accounting, processing and marketing. This enabled them to take charge of their businesses and guaranteed sustainability even after we had left. Many women have gone from bare subsistence to operating successful, long-term businesses.

CHILE

Our Chile office signed an agreement with the Ministry of Women's Affairs to improve and promote gender equity in recruitment, employment stability, salary, access to training and promotion, and work/family balance through a program known as IGUALA. In short, to implement good work practices. SNC-Lavalin is the first engineering and construction company to enter into this type of agreement in Chile, incorporating an important differentiating factor that is highly appreciated by all stakeholders.

CALGARY

In Calgary, female mentors from several divisions participated in Operation Minerva, run by the Alberta Women's Science Network. The shadowing opportunity gave eighth-grade girls a better understanding of how science and business intersect outside school, encouraging them to pursue careers in science, engineering and mathematics. Just as important, Operation Minerva introduced them to successful female role models from within our ranks.



COMMUNITY INITIATIVES IN SOUTH AFRICA

MOTHER TOUCH ACADEMY: Johannesburg's Mother Touch Academy provides care, education and two meals a day to over 120 pre-school children. For many, this is the only food they get.

Recognizing the need, the local SNC-Lavalin office took on volunteer jobs such as painting the jungle gym and donating party packs for birthday celebrations and school supplies. Staff have also donated computers, clothes and toys, and pledged regular monthly contributions.

AKANIVANTSHWA TRUST: Our South African office also contributes school supplies to the Akanivantshwa program, which provides life skills coaching to high school students. Our support has enabled organizers to extend the program to three schools instead of just one, as originally planned.



AFRICA

NILE BASIN INITIATIVE PUMPS UP CAPACITY

For an ongoing project in the Nile Basin, funded by the African Development Bank, we're training senior officials in nine African nations in water and power project management. A cross-divisional team developed the eight courses in such areas as preparing feasibility studies, project financing, and project communications and reporting. The point of the exercise: achieve sustainable socio-economic development through the equitable utilization of and benefit from the common Nile Basin water resources.

ALGERIA

TAKSEBT BRINGS WATER TO PARCHED REGION

The Taksebt Water Transfer project we carried out for the Algerian Agence Nationale des Barrages in Algeria won the 2009 Léonard award from the Association des ingénieurs-conseils du Québec in the International category.

Serving people who formerly had access to drinking water only a few days a week — often for just a few hours — Taksebt today provides four million Algerians with drinking water that is on par with North American and European standards. Access to water not only enhances lives and health, it helps to stimulate the economy through investment and better living conditions.

COMMUNITY

WE CARE ABOUT OUR COMMUNITIES

SNC-Lavalin offices around the world support their communities through fundraising, donations and volunteerism. While the local SNC-Lavalin office often provides critical resources and support, it is our employees' compassion and spirit of giving that drive these initiatives. Some examples from 2010:

Food Bank in Pittsburgh: In support of the Greater Pittsburgh Community Food Bank, a team of 28 volunteers gave their time to re-package more than three tons of cereal in 450 g bags, which will help to feed over 6,000 needy families. The Pittsburgh employees stepped up to the challenge and are already looking forward to the next opportunity to help.

Humanitarian aid in Noida, India: The infrastructure team in India is focusing its community activities on supporting one of the slums in Noida that has more than 1,000 inhabitants. In addition to organizing a clothing drive among employees, the office launched a free preschool in order to provide the basics of education. More than 60 children enrolled in March. The office provides all study materials and, as the initiative develops, hopes to also supply school uniforms.

Merry Christmas for at-risk kids in Chile:

Blanca Nieves nursery school and kindergarten, located in a poor rural area near Santiago, educates 130 children, many of whom are at high social risk. It's become a tradition for local SNC-Lavalin employees to donate gifts for the school's annual Christmas party. Last December, our Christmas campaign volunteers arrived with 130 gifts and participated in the celebration—including one employee who assumed the all-important role of Santa Claus and distributed the presents. The local office also supports this initiative by providing transportation for volunteers, as well as food and refreshments.

Another Santiago school, GRADA Home Nursery, received gifts, diapers, bottles, juice mugs and toys. Thanks to the generosity of employees, we far exceeded our Christmas targets—for example, tripling the amount of

donated diapers. The campaign was based on a meeting with the nursery director to align donations with needs. This is intended to become a model of its kind, and the school is exploring SNC-Lavalin-led initiatives such as water/diaper recycling and solar panels to reduce energy costs.

Securing benefits for homeless youth in Canada:

For the second year, Montreal employees volunteered to fill out tax returns for more than 100 homeless and at-risk youth served by Dans la rue, a local organization. This initiative can help to get these young lives back on track by securing tax credits and other benefits — otherwise difficult to obtain when so many of these youths have no fixed address.

MENTORING SKILLED IMMIGRANTS TO LAND HIGH-VALUE JOBS

Recent immigrants to Canada are often forced to make difficult choices, leaving behind good jobs in order to take up a new life in a new land. Helping these high-skill immigrants find jobs may only be a matter of networking, training and, above all, mentoring.

Our Calgary business units joined the Calgary Region Immigrant Employment Council (CRIEC) to provide skilled immigrants with tools for securing jobs in their field — from engineering, engineering services, human resources, information technology and project management, to sales, accounting and auditing.

The pilot program resulted in 26 mentor-mentee matches.

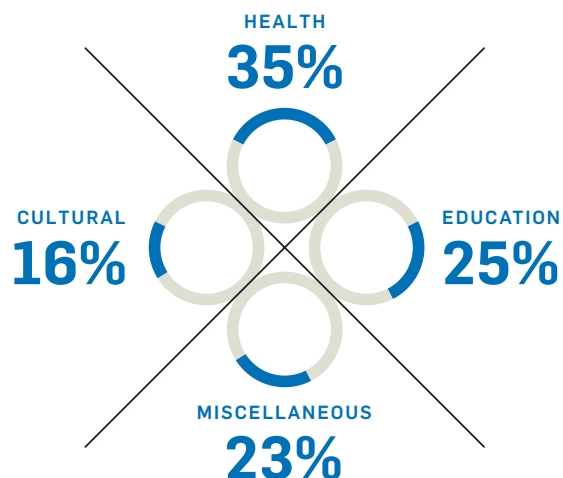




CORPORATE DONATIONS

\$2,613,910.22

Total donations by the company worldwide in 2010.



PRINCESS MARGARET BRIDGE

During the 2010 closure of the Princess Margaret Bridge in Fredericton, New Brunswick, we partnered with governments, associations and businesses to promote active commuting. This demonstrates how a public constraint (a bridge closed for rehabilitation) can be transformed into a community benefit—an opportunity to learn more about each other, participate in healthy activities and promote a more sustainable environment.

The Princess Margaret project team:

- › Gave guided tours during the morning commute, travelling via an alternative footbridge
- › Provided information on the bridge closure, advice on bike maintenance and free refreshments
- › Invited commuters (cyclists, walkers and joggers) to participate in a weekly bike draw and daily giveaways



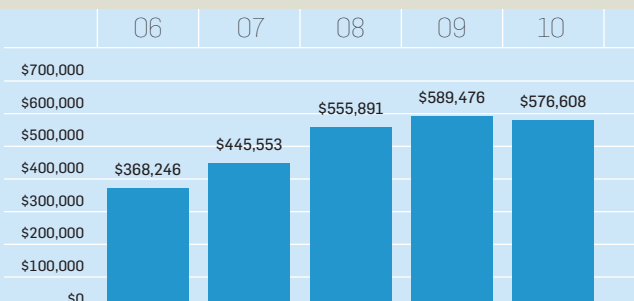
FROM THE ARCHIVES

SNC-Lavalin's commitment to the communities where it lives and works is longstanding. In the mid-1970s, for example, both SNC and Lavalin began holding annual fund raising drives for The United Way/Centraide, a major Canadian charity for the underprivileged. Today, SNC-Lavalin's annual donations to the organization regularly exceed \$1 million across the country about half of which come from employees.



**United Way
Centraide**
Canada

EMPLOYEE DONATIONS



ENVIRONMENT



WE CARE
NOUS VEILLONS

WE CARE ABOUT THE
ENVIRONMENT AND
ABOUT CONDUCTING
OUR BUSINESS IN AN
ENVIRONMENTALLY
RESPONSIBLE MANNER.

To help clients plan and execute projects that respect the triple bottom line of people, planet and profits, all SNC-Lavalin divisions are expected to integrate sustainability principles into their operations and counsel. We are making progress in promoting greater sustainability to clients and improving our performance.

RESPONDING TO RISKS & OPPORTUNITIES

We created the Risk Management Committee in 2010 to inform the Board of Directors and the Office of the President about strategic issues, such as climate change, and to identify threats and opportunities. As these examples show, SNC-Lavalin is already addressing issues that will affect its clients and communities over the next several years:

RISK	OPPORTUNITY
Emission regulations and reporting requirements will become more stringent in jurisdictions around the world.	Carbon capture Carbon capture and sequestration can potentially reduce CO ₂ emissions by up to 90%. At the SaskPower Boundary Dam Project, we're building one of world's first and largest commercial scale carbon capture facilities. It will reduce the 150 MW coal plant's GHG emissions by 1.0 million tonnes of CO ₂ per year, and contribute to the growth of sustainable power solutions.
Energy costs and emissions will continue to rise.	Green energy Geothermal energy is a sustainable, renewable and cost-effective source of energy. Early in 2011, we were awarded a contract for the 166 MW Te Mihi geothermal project in New Zealand. Our mandate involves designing and building two new geothermal power units of 83 MW each near the existing Wairakei geothermal power station. Properly managed, geothermal resources can be operated perpetually.
	In 2010 SNC-Lavalin completed an engineering study for SolarReserve for a utility-scale power plant using concentrated solar power from thousands of mirrors to heat molten salt. The molten salt is utilized to produce steam in a secondary heat exchanger which drives a steam turbine. The technology is based on a demonstration plant funded by the US Department of Energy in Barstow California.
	Retrofitting existing facilities and ramping up efficiency Our experience in providing energy audits and retrofits for buildings is now widely available through our Centralized Audit Management System (CAMS). CAMS is a web-based management tool and search engine that contains energy-saving recommendations, along with a supporting business case that details project management, budgeting and overall payback.
	Enhancing operations SNC-Lavalin Nexacor launched an innovative fleet management system that enhances environmental, economic and safety performance. Each of SNC-Lavalin Nexacor's 170 vehicles is fitted with a transmitter that feeds real-time data on location, vehicle operations and driver behaviour to a centralized hub. The innovative program has reduced overall costs by 16%.
	Rethinking public infrastructure Governments and citizens are demanding new transportation solutions in urban areas. In 2010, the 19 km Canada Line — designed, built, operated and maintained by SNC-Lavalin — went into service in time to welcome visitors to the Vancouver Olympics. Carrying more than 100,000 passengers daily along its 16 stations, this automated light rapid transit system is Canada's first airport to downtown rapid transit line, displacing 10 major lanes in equivalent road capacity.

ADDRESSING CLIMATE CHANGE

Many regions will experience a growing need for seawater desalination and the transport of potable or irrigation water.	To support the Algerian government's efforts to supply drinking water to the Algiers region, making it less dependent on rain, we're completing the design, financing and construction of a major desalination plant in the town of Fouka. We'll also operate and maintain the plant for 25 years. Using reverse osmosis to treat seawater, the plant will distribute 120,000 m ³ of water daily to Algiers (pop. 5 million) and to 17 municipalities in Tipasa province.
Changing precipitation patterns in many parts of the world have the potential to severely impact water and irrigation.	We're now in the second phase of the Tiznados Irrigation Project in Venezuela, which seeks to deploy water from the Francisco Manilla reservoir to develop modern, self-sustaining agriculture and drive economic development within the Tiznados valley. Phase I—planning, baseline studies, infrastructure, training for farmers and a strategic program to market produce globally—culminated in a 400-hectare model farm and plans to irrigate 7,600 hectares. In Phase II (2008–2011), 28,600 hectares will be irrigated, including areas that formerly had no access to irrigation.
Where precipitation increases, agriculture and food processing will intensify.	We're providing innovative solutions to enhance the sustainability and operational cost-effectiveness of a major grain terminal recently completed on Île de la Réunion, in the Indian Ocean. The project will receive 300,000 tonnes of grain annually and has a storage capacity of 64,000 tonnes. The design and construction accommodate the region's powerful hurricanes, integrate solar panels on the roofs, and use specialized lighting that won't disturb the island's protected petrel population.

ENVIRONMENT

LEADERSHIP IN SUSTAINABILITY

LAUNCH OF SUSTAINABILITY³ TOOLKIT

Our proprietary and innovative sustainability³ software tool translates the seemingly abstract notion of sustainability into concrete measures in existing and proposed infrastructure projects. It's a 'compass' that orients the project toward sustainability goals during prefeasibility studies, and a 'dashboard' that displays key economic, social and environmental indicators, distance travelled and obstacles. The sustainability³ toolkit is being rolled out internationally in 2011.



In 2010 SNC-Lavalin Construction took its WE CARE values to the next level by launching a Sustainable Development Action Plan for 2010 to 2013.

While four years ago the division tracked 20 indicators — considered cutting-edge at the time — it's now tracking 74 indicators monthly on every project around the world. It has also evolved from tracking only 'lagging' indicators (such as spills and injuries) to also include 'leading' indicators (such as HSE training, which reduces incidents).

TAKING
OUR WE
CARE
VALUES
TO THE
NEXT
LEVEL



FROM THE ARCHIVES

The early 1970s was a time of increased environmental awareness in Quebec. Lavalin, one of SNC-Lavalin's two founding companies, reacted by forming its first dedicated environmental division. A team was built up around local environmental expert, André Marsan. While Lavalin had long offered select environmental services to clients, it was now able to position itself as a true specialist in the field, offering a broad range of studies across a multitude of different sectors.

THREE COMMUNITIES OF PRACTICE IN 2010

Our leadership in sustainability depends on understanding the complex interplay of nature with society's evolving needs, and then providing timely solutions to emerging challenges. This is why in 2010 our President and CEO, Pierre Duhaime, created Communities of Practice that focus on clean technologies, green and LEED®-certified buildings, and sustainable projects.

These Communities of Practice have several purposes. They leverage our existing know-how and technology, concentrate resources on specific challenges, and, equally important, connect experts across divisions and generations to create a multidisciplinary community that shares knowledge and generates innovative solutions.

SUSTAINABILITY SERVICES

All SNC-Lavalin divisions seek to integrate sustainability principles into every service and project. The list below is therefore not exhaustive — nor is it limited to our Environment division, which is one of the strongest and oldest environmental engineering and consulting teams in Canada. It has more than 50 years of experience, 550 specialists across the country and thousands of projects completed.

- › Site assessment and remediation
- › Environmental risk management
- › Environmental management plans
- › Water and waste water resource management
- › Local Resource Development Initiative (LRDI)
- › Participatory resettlement planning & implementation
- › Community engagement
- › Agriculture and rural development
- › Waste management
- › Air quality, noise and vibration characterization and management
- › Greenhouse gas and climate change assessment
- › Planning, permitting and approvals
- › Social and environmental impact assessments
- › Integrated geographical information management
- › Process optimization
- › Leadership in Energy and Environmental Design (LEED)

WINNER OF THE 2010 SNC-LAVALIN AWARD OF EXCELLENCE FOR THE ENVIRONMENT



EMAL—EMIRATES ALUMINIUM SMELTER COMPLEX

For SNC-Lavalin, building the world's largest single-site aluminum smelter on the edge of the Persian Gulf and surrounded by desert was a challenge. Equally challenging was ensuring this megaproject wouldn't harm its surrounding ecosystem. In close cooperation with our client, EMAL, the project team was successful in minimizing impacts and ultimately earning an SNC-Lavalin Award of Excellence. Among the team's achievements:

Biodiversity: Our Animal Relocation Program inventoried animals living on the sebkha (salted desertic zone) and coastal white sands (dunes) to determine which might be disturbed. The program relocated 942 small mammals and reptiles (including several endangered species) to a suitable habitat under the protection of the Environmental Agency of Abu Dhabi.

Recycling: Under EMAL's recycling program:

- › 2000 tonnes of concrete waste were crushed and reused in construction
- › 305 tonnes of paper and cardboard (equiv. to 7300 trees)
- › 95 tonnes of plastic
- › 3994 tonnes of metal
- › 4427 tonnes of wood waste were reused for pallets and home furniture

Water conservation: We used recycled water to 'green' site areas and grow vegetables for local use. All toilets were dual flush, and a portion of the water 'dewatered' during civil activities was used for dust abatement.

ENVIRONMENT

LOWERING THE ENERGY INTENSITY

CANADIAN LEADER IN CARBON DISCLOSURE

In 2010, SNC-Lavalin received a Carbon Disclosure Leader award for demonstrating exceptional disclosure practices. The award came from the Conference Board of Canada as part of the Carbon Disclosure Project (CDP). It was the third year in a row that we participated in the Canadian index, which is part of an annual survey of over 3,700 large-cap companies in 60 countries.

The independent not-for-profit CDP is widely recognized as the gold standard for reporting, administering the largest database of corporate GHG emissions data in world. In Canada, the leading 200 publicly traded companies are invited to participate each year.

The award cites our reporting transparency and our discussion of threats and opportunities associated with climate change.



"The real climate change risk to a corporation such as SNC-Lavalin relates to its ability to adapt to changing markets so as to continue to serve its clients as they themselves must adapt to climate change issues."

— From SNC-Lavalin's submission to the Carbon Disclosure Project

SNC-LAVALIN 2010 GHG EMISSIONS* CARBON DISCLOSURE PROJECT

Emissions (T of CO ₂ eq)												
Office by country	Electricity consumption (Mwh)		Direct GHG emissions		Indirect GHG emissions (purchased electricity)		Total GHG emissions		Number of employees		Emission intensity (T of CO ₂ eq/employee)	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Canada	58,732	84,911	9,952	10,090	12,510	13,361	22,462	23,451	11,953	12,752	1.88	1.76
France	2,583	4,169	2,479	2,480	214	346	2,693	2,826	1,597	1,772	1.69	1.52
Belgium	1,319	465	132	93	382	135	514	228	205	198	2.51	2.60
Spain	1,534	1,162	71	509	683	518	754	1,027	559	522	1.35	1.44
United States of America	10,375	6,582	57	172	6,192	2,107	6,249	2,279	1,105	1,095	5.66	5.71
Rest of world	10,058	16,192	228	537	8,028	11,769	8,256	12,306	6,529	7,584	1.26	1.09
Total	84,601	113,481	12,919	13,881	28,009	28,236	40,928	42,117	21,948	23,923	1.86	1.71

* THESE FIGURES ARE FOR OFFICE SPACE

THE WORLD NEEDS MORE GREEN ENERGY

Our Global Power Group's established Centre of Excellence in green energy, along with its international presence and experience in the full cycle of power generation and distribution, give us a head start in sustainable energy solutions. We are committed to delivering green energy and other environmentally friendly solutions through renewable energy technology including:

- › Photovoltaic solar and solar thermal
- › Environmental management plans
- › Biomass
- › Geothermal
- › Landfill gas
- › Clean coal
- › Greenfield hydro and rehabilitated hydro plants
- › Waste to energy
- › Particulate emission controls
- › SO₂ emission controls
- › Waste heat and waste gas recovery



MUSKRAT DAM FIRST NATION TO POWER UP WITH WINDIGO RAPIDS PROJECT

SNC-Lavalin is working with Ontario's Muskrat Dam First Nation to develop a hydroelectric generating station to replace its diesel electric generators with sustainable technology. Together, we're currently exploring the possibility of building a 1MW run-of-the-river generating station at Windigo Rapids as a green alternative. Following completion of a prefeasibility study in 2005 and a strategic plan in 2008, we've embarked upon a full feasibility study and environmental assessment.

As part of this project, we'll collaborate with the community to collect important baseline data on sensitive aquatic and terrestrial species, and to obtain traditional knowledge on hunting, fishing and trapping in the proposed development area. We'll then work together to ensure this project:

- › Will have a small environmental footprint, not requiring flooding or changes to river flows that could damage local fish habitats or other wildlife
- › Is sustainable and eliminates the need for continuing fuel subsidies
- › Is built and operated with the assistance of locally hired workers to generate economic spin-offs
- › Provides the local community with the skills needed to develop and construct other similar projects
- › Eliminates the consumption of approximately 1 million litres of diesel fuel per year, the environmental risk of trucking fuel over winter roads, and the production of over 3,000 tonnes of CO₂ annually

SNC-Lavalin has a long and successful track record partnering with First Nations, Métis and Inuit peoples on many projects, with the goal of raising local standards of living through job creation and training.

HARNESSING THE WIND

Over the past 10 years, we have provided environmental studies related to wind energy for projects totalling over 3,700 MW of installed capacity. In addition to ecological field inventories, environmental scoping and impact assessments, we manage public consultation, permitting and a wide range of monitoring studies.

Our most innovative contributions are the SAGIPE and GENE SCADA systems, developed for Hydro-Québec, which collect tens of thousands of data in real time from many wind farms and weather bureaus. The data interface with wind power prediction models to forecast wind generation and permit the seamless injection of 3,000 MW of wind generation capacity into the main power grid.



Energy Auditing

As part of our building operations and management, we perform detailed energy audits and enter data on our Centralized Audit Management System (CAMS) to set GHG reduction targets. To date, we have identified 910 projects which, if all were implemented, would lead to a reduction of 24,352 tonnes of CO₂ equivalent. This is equivalent to:

- › Powering **10,513 houses** for one year
- › Taking **18,834 cars** off the road



RETHINKING GREEN

GREEN BUILDING BENCHMARKS

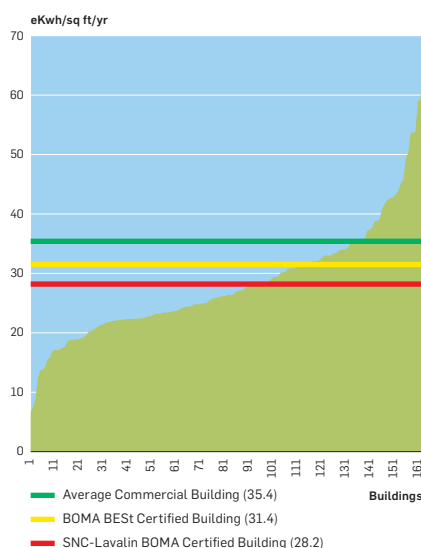
Our clients, such as Public Works Government Services Canada, Standard Life and CBC Television and Radio have embraced various green standards including LEED and BOMA BEST to help make their buildings more sustainable. Our clients trust in SNC-Lavalin O&M's expertise to help them obtain BOMA building certification. Between 2006 and 2010, SNC-Lavalin Operations and Maintenance (O&M) certified more than one-third of the 450 Canadian buildings to have earned Go Green Plus certification under the BOMA standard by 2009.

As the chart shows, the buildings we certified to BOMA BEST standards had a lower energy intensity than the average certified and non-certified buildings. In fact, the 168 BOMA certified buildings we operate and manage delivered

energy savings of 198.3 million kWh/year compared to the average commercial building. This translates to:

- ▶ About \$17.5 million/year in savings
- ▶ A reduction of 31,621 tonnes of CO₂ equivalent
- ▶ Or taking 24,456 cars off the road annually

ENERGY INTENSITIES OF SNC-LAVALIN O&M BOMA BEST CERTIFIED BUILDINGS



DANONE EXPANDS OPERATIONS, REDUCES IMPACT

SNC-Lavalin Agro, which serves the global agrifood industry, was handed two challenges by the French food company, Danone. The first challenge was to expand production at Pays de Bray, France, combining two existing plants, adding 2,700 m² of warehouse space and aligning the entire facility with sustainable practices. The biggest challenge: how to accomplish all this without interrupting production.

Less water — we helped Danone to actually double production at its Pays de Bray facility without increasing water consumption. This was made possible through reverse osmosis technology, which Danone now uses in production to concentrate its products, and in operations to recover and reuse rinse water.

Less energy — Danone realized similar gains in energy generation and consumption. Its modern, more efficient systems consume half the energy and yet double the production and double the cooling capacity.

More comfort — the plant's office and common areas received similar upgrades. The restaurant area, for example, showcases some of France's most stringent sustainable building standards. Designed and built to Très Haute Performance Énergétique (THPE) requirements, it reduces energy consumption by 25% and emits zero greenhouse gas emissions.

ABOUT

\$17.5
MILLION/YEAR
IN SAVINGS

A REDUCTION OF

31,621
TONNES OF CO₂
EQUIVALENT

OR TAKING

24,456
CARS OFF THE
ROAD ANNUALLY



GREEN BUILDINGS

Already a leader in LEED projects in Canada, with more than 50 accredited LEED professionals, in 2010 we strengthened our international presence and team by acquiring France-based Penicaud Green Building, which has 30 years of expertise in sustainable buildings.

Our Canadian portfolio of more than 30 LEED projects, completed or under construction, includes the University of Calgary's LEED Platinum-certified Child Development Centre, which was the highest-scoring LEED project in Canada in 2008. Other ongoing projects:



SOUTH HEALTH CAMPUS, CALGARY

We're currently providing mechanical and electrical building design engineering services to the 170,000 m², 260-bed South Health Campus, which is pursuing LEED Silver certification through:

- ▶ Reduced exterior and internal light pollution
- ▶ Landscaping irrigation that uses 50% less water and doesn't use potable water
- ▶ High-efficiency plumbing fixtures
- ▶ Compliance with the Model National Energy Code
- ▶ Elimination of CFCs, halons and HCFCs
- ▶ Optimized energy performance through heat recovery, efficient lighting and controls, and other strategies
- ▶ Minimum standards for interior air quality during and post-construction
- ▶ Control of indoor chemical and pollutant sources, such as high-volume photocopier rooms
- ▶ ASHRAE Standard 55-2004 for thermal comfort

REGENT PARK REDEVELOPMENT, TORONTO

Occupying a 20-block footprint, Regent Park Redevelopment will provide subsidized rental housing and condominiums for families and seniors. The 10-year project, comprising buildings of various heights, is designed to LEED Gold standard.

We provided mechanical and electrical design for all buildings in Phase I, including One Oak (above). Completed in 2010, One Oak is an 82-unit rent geared to income (RGI) building that integrates a daycare as well as:

- ▶ Heating and cooling from a central energy system
- ▶ Low flow plumbing fixtures
- ▶ Energy efficient light fixtures linked to occupancy sensors
- ▶ Heat recovery throughout
- ▶ Free cooling in amenity areas
- ▶ Building automation systems
- ▶ Some buildings also include shower drain heat recovery and storm water retention for use in irrigation

BOMA BEST (Building Environmental Standards) is Canada's leading environmental certification program for commercial buildings, and a guide to best practices.

LEED (Leadership in Energy & Environmental Design) is the internationally recognized green building certification system established in 1998.

MAINTAINING GREEN BUILDINGS FOR A BLUE PLANET

Designing and constructing sustainable buildings is of course the ultimate goal. But what about existing buildings? After all, it's been reported that office buildings account for 33% of total energy use annually in Canada, which represents a huge potential for making a positive contribution to our communities.

SNC-Lavalin O&M is in the business of ensuring its clients' buildings function more efficiently and sustainably. As Canada's leading supplier of outsourced services, its portfolio contains — in addition to power plants, highways and naval vessels — more than 10 million square metres of real estate in over 9,000 buildings.

By informing and educating building owners, our Technical Operations Group, which includes our Centre of Excellence for Energy, Environment, Asset Management and Sustainability, provides technical support through regular forums and

training, delivered through teleconferences and webinars. Some examples of the recommendations we make:

- ▶ Installing solar energy panels
- ▶ Investigating green roof alternatives
- ▶ Promoting energy efficiency as a priority to all project teams
- ▶ Using life cycle costing
- ▶ Educating tenants on energy efficiency and environmental stewardship
- ▶ Using remote monitoring to track energy use

ENVIRONMENT

PROTECTING OUR PLANET



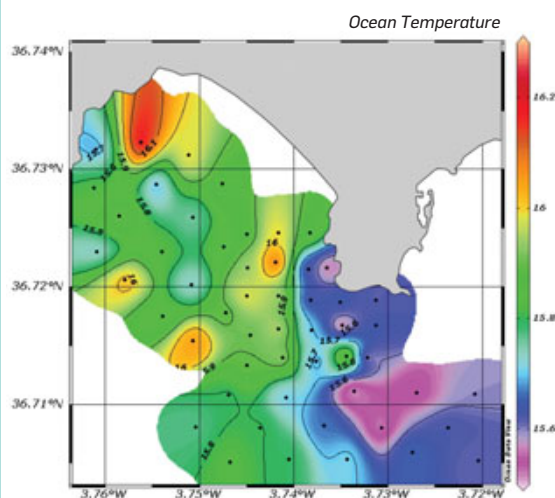
DELHI OFFICE HELPS CLEAN UP YAMUNA RIVER

As part of the Meri Dilli, Meri Yamuna (My Delhi, My Yamuna) initiative in 2010, members of our Delhi office participated in a clean up of the Yamuna River, the largest tributary of the Ganges. They joined volunteers from NGOs, the business community and local associations to commit to the long-term restoration of the Yamuna, which has become one of the most polluted rivers in the world. The Yamuna provides 55% of Delhi's drinking water and occupies a special place in Indian spiritual history.

HELPING SPAIN MANAGE ITS COASTS

SNC-Lavalin's Spanish office built on several projects for that country's government ministries in recent years to launch a study of undersea freshwater springs along the Andalusian coast. This will require surveying the coastline and marine environments to help build a model for improved resource management, including the possibility of supplying additional drinking water at less cost than desalinization. This resource management model could well be applied to other countries.

In previous studies for government ministries, our Madrid office mapped stretches of the coastline, studied terrestrial and marine environments, constructed artificial reefs to protect fishing resources, and submitted a master plan for sustainable development.



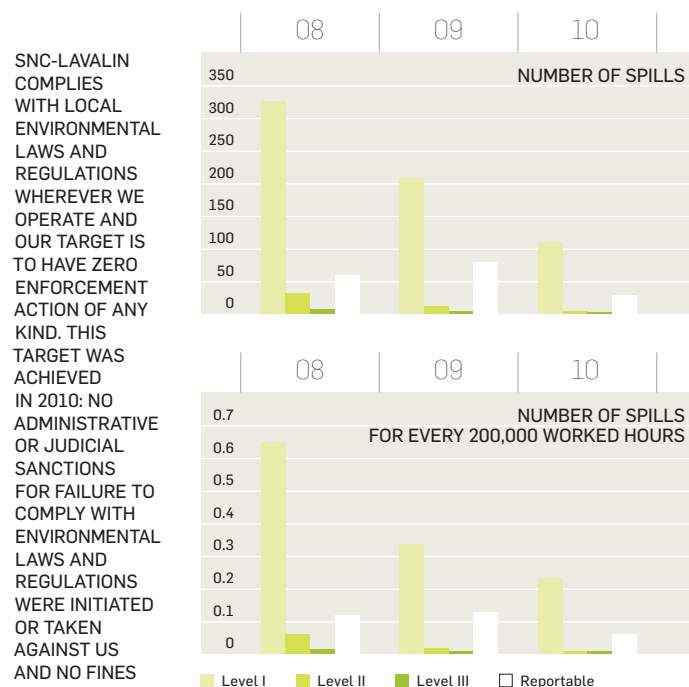
PERFORMANCE MONITORING AND REPORTING

Since 2006, all SNC-Lavalin's construction sites are required to report internally all Level I, II or III environmental incidents. In 2008, we added 'reportable incident' as a fourth category to also be reported internally. Reportable incidents are defined as incidents that must be reported to the regulatory authority of the country where the project is located.

While SNC-Lavalin has experienced an overall decline in the number of environmental incidents over the past three years (see charts), we are nevertheless targeting zero Level III environmental incidents.

In 2010, there were a total of 117 environmental incidents which translates into 0.245 environmental incidents per 200,000 hours worked. These environmental incidents resulted in no fines or environmental prosecutions. Our immediate goal is to ensure that all Level I incidents are systematically reported; as these are self-reported by project managers some may not be captured.

To work towards zero Level III environmental incidents, we are strengthening induction and emergency response team training at each construction site. We will also reinforce sub-contractors' training and education to ensure they are more accountable for environmental incidents.



	LEVEL 1 MINOR INCIDENT	LEVEL 2 SIGNIFICANT INCIDENT	LEVEL 3 MAJOR INCIDENT	REPORTABLE SPILLS
	➤ No risk of contamination of sensitive areas ➤ Cleanup using kit available on site	➤ Risk of contamination of sensitive areas ➤ Cleanup: using kit available on site or specialized external resources (excavation, pumping, etc.) ➤ Inside the site battery	➤ Contamination affecting sensitive areas ➤ Cleanup: specialized external resources (excavation, pumping, etc.) ➤ Decontamination required	➤ Incidents that must be reported to regulatory authority
HYDRO-CARBON SPILL	➤ Amount < 25 litres	➤ Amount > 25 litres < 100	➤ Amount > 100 litres	

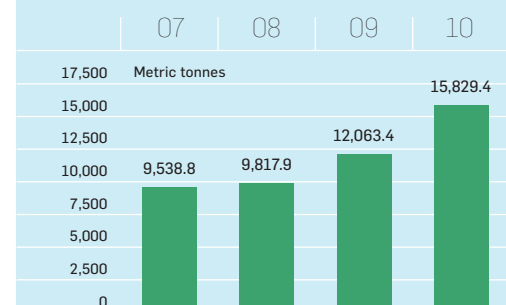
MANAGING WASTE

By helping clients to set up and operate solid waste/recycling management programs, we do our part in diverting waste from landfill.

The chart below shows the estimated amount of waste diverted by some of our biggest real estate clients from 2007 to 2010. The 47,000 tonnes of waste is equivalent to:

- Over 1.2 million bags of garbage
- 5,197 garbage trucks off the road

WASTE DIVERTED FROM LANDFILL



QUALITY



WE CARE
NOUS VEILLONS

WE CARE ABOUT THE QUALITY OF OUR WORK.

The quality of our work is a key factor in our growth and continued ability to add value to our projects and to the lives of our stakeholders. Quality defines who we are and why we're recognized as one of the world's leading groups of engineering and construction companies.

Ultimately, the quality of our work is a function of our investment in people. The way we learn from each other and from experience, and the way we provide training and foster a continuous learning and teaching environment will always be reflected in the quality of our work.

QUALITY MEANS
THE APPLICATION
OF KNOW-HOW AND
BEST STANDARDS
TO ACHIEVE
EXCELLENCE.

FROM THE ARCHIVES

In 1971, soon after the completion of the Manic-5 multiple arch dam in northern Quebec, SNC was presented with an Award of Excellence from the Canadian Department of Industry and Commerce for its design of the structure, the largest of its kind in the world. The jury called Manic-5 a "remarkable statement on the efficient use of concrete" and a "pleasing architectural and structural expression."



SCHOLARSHIP-INTERNSHIP PROGRAM REWARDS EXCELLENCE, RECRUITS THE BEST

The SNC-Lavalin Award Scholarship-Internship Program gives select third-year engineering students a \$2,500 scholarship and the chance to gain hands-on experience. Currently offered across Canada, in the United States, Chile, France, Belgium and Egypt, it is one of the few student hiring programs that offers winners both a scholarship and a paid internship.

In return, SNC-Lavalin engineers get help on the job and the satisfaction of sharing their knowledge with the next generation of engineers. Student recruitment is a key priority, as it is important for senior staff to pass along their valuable knowledge to younger engineers.

This year we received more than 200 applications for the award from students studying in 15 of the 29 participating universities, welcoming 15 students in 2009 and 23 in 2010.

PARTNERING WITH UNIVERSITIES

In 2010, we funded or partially funded seven research chairs at four Canadian universities. In addition to the \$205,000 earmarked for these research chairs, we gave \$255,000 for scholarships, faculty development, student career development, internship programs and other university needs to twelve universities. The chairs included the Maghrebine Rabah-Bitat Research Chair with Université Laval on water and sustainable development. Along with several other partners, SNC-Lavalin is also partially funding the NSERC-École Polytechnique-UQAT Industrial Research Chair in Environment and Mine Waste Management.

JARISLOWSKY/ SNC-LAVALIN RESEARCH CHAIR

Launched in partnership with the Jarislowsky Foundation, the Jarislowsky/SNC-Lavalin Research Chair in International Project Management is the first of its kind in the world. Established at the École Polytechnique de Montréal, the chair will lead basic and applied research on the complex challenges of managing international projects. It's expected to strengthen Montreal's position as a centre of excellence in project management, and draw on the counsel and experience of SNC-Lavalin personnel to develop best-in-class methodologies.



**PRESIDENT AND CEO PIERRE DUHAIME
SURROUNDED BY SOME OF THE
RECIPIENTS OF THE 2010 SCHOLARSHIP
AND INTERNSHIP AWARDS.**

QUALITY

SETTING THE PACE

SNC-LAVALIN'S RESEARCH AND DEVELOPMENT (R&D) IMPACTS SUSTAINABLE DEVELOPMENT

Through commercial projects and university collaboration, we conduct R&D in many fields to overcome complex engineering and sustainable development challenges.

Among our most recent and highest profile examples is the Canada Pavilion at Expo 2010 Shanghai China, which was designed in collaboration with the Cirque du Soleil and the Government of Canada. During its construction we integrated many 'green' features, including a system for fastening 4,000 m² of Canadian red cedar boards to the building's steel frame, allowing for easy disassembly and reuse, and a 15×40 m green wall that operated as a natural air filter. Other examples:

- ▶ SNC-Lavalin developed two emissions inventory management tools. The first manages emissions data from chemical and petrochemical plants, and the second quantifies and qualifies gas, liquid and solid emissions.



Also during the past year, we developed a remote monitoring station whose real-time data can be accessed via the Internet.

- ▶ We regularly develop innovative tools to measure contamination and provide environmental risk assessments. One piece of equipment under development collects pore water samples from various depths and sediments to assess risks to marine organisms in foreshore intertidal zones.
- ▶ Although stabilization/solidification (S/S) techniques have been used for the past twenty years to deal with contaminated soils, we're always looking for ways to improve. SNC-Lavalin is working with the École de Technologie Supérieure to extend S/S techniques to a wider range of contaminants, as they enable on-site treatment of contaminated soils while reducing environmental impacts.



LISTED IN RESEARCH INFOSOURCE'S TOP 100 CORPORATE R&D SPENDERS FOR THE PAST THREE YEARS.

ONE OF CANADA'S TOP R&D SPENDERS

Each year, SNC-Lavalin incurs approximately \$30 million in R&D expenses in Canada, as well as several million in its offices overseas. SNC-Lavalin has been listed in RESEARCH Infosource's Top 100 Corporate R&D Spenders for the past three years, and receives tax credits for some of the R&D it undertakes through programs such as the Scientific Research and Experimental Development (SR&ED) program in Canada and the Crédit d'Impôt Recherche (CIR) in France, as well as through similar programs in Spain, Belgium and Australia.

INDEPENDENCE AND TRANSPARENCY: IN THE VANGUARD OF CORPORATE GOVERNANCE

SNC-Lavalin championed good governance in the 1970s, long before it became a public company in 1986, and well before governance was the subject of troubling headlines around the world. In fact we introduced an independent Board of Directors in 1977, when even publicly traded companies weren't required to do so.

To best serve the interests of shareholders, and indeed all stakeholders, governance at SNC-Lavalin has always been ahead of its time, guided by the twin precepts of independence and transparency.

- › Since 2003, SNC-Lavalin has been honoured 15 times with corporate governance awards and top governance rankings.
- › Senior officers research best practices annually and present them to the Board's Corporate Governance Committee for adoption.
- › Other innovative practices include one-page summaries for every major section of the proxy; a detailed description of the Board's role in governing the company; a section indicating how much time the Board allocates to each agenda item; and how much time directors spend in sessions without management's presence.

PM+ DRIVES BEST PRACTICES

Drawing on a century of experience in engineering, procurement, construction and project management, SNC-Lavalin has developed its own world-leading project management system, which gives our clients a distinct advantage.

Designed for use by all project team members, including clients, suppliers, sub-contractors and consultants, PM+ provides secure and rapid access to critical information when it's needed. As a practical yet powerful management and reporting tool, it has few peers anywhere in the world. SNC-Lavalin is committed to ensuring that PM+ evolves according to best business practices, and that it continues to support our clients' interests.



CERTIFIED QUALITY

SNC-Lavalin holds the following certifications:

35 ISO 9001
**QUALITY
MANAGEMENT
CERTIFICATIONS**

5 ISO 14001
**ENVIRONMENTAL
MANAGEMENT
CERTIFICATIONS**

3 OSHAS 18001
**OCCUPATIONAL
HEALTH & SAFETY
CERTIFICATIONS**

CELEBRATING QUALITY

As in the past, the quality of our work continues to reflect the quality of our company. This is why we recognize our high achievers, celebrate their excellence together, and learn from them.

**PRESENTED EVERY
18 MONTHS AT THE
COMPANY'S INTERNATIONAL
SYMPOSIUM, THE
SNC-LAVALIN AWARDS
OF EXCELLENCE
RECOGNIZE OUTSTANDING
ACHIEVEMENTS BY OUR
PROJECT TEAMS**

We have presented the 2010 SNC-Lavalin Awards of Excellence for Health & Safety and for the Environment in the preceding pages. The other 2010 award winners are:

- › Engineering (Large Project): Bruce 'A' Steam Generator Replacement Project (Canada)
- › Engineering (Small Project): Moolarben Coal Project (Australia)
- › Project Management (Large Project): SouthWest Development: Southern Alberta High Voltage Transmission Line Substations (Canada)
- › Project Management (Small Project): Canadian Pavilion, Expo 2010 (China)
- › Operations & Maintenance: Canada Line (Canada)



QUALITY RECOGNITION

CANADIAN CONSULTING ENGINEERING AWARDS

SNC-Lavalin was awarded three prizes, including the prestigious Schreyer Award, for highest technical merit, for the Canada Line Rapid Transit Project. Also:

The International Award: Taksebt Dam Water Transfer Project, Algeria

The Natural Resources, Industry & Energy prize: CANDU steam generator replacement; Bruce A power plant (Units 1 and 2), Canada

GRAND PRIX OF THE DECADE

The Quebec Institute of Reinforcing Steel awarded SNC-Lavalin three prizes for Montreal-area projects:

Grand Prix of the Decade (civil engineering) for the Extension of Metro Line 2 East to Laval Project

Grand Prix of the Decade (industrial): Interquisa Silo Support Structure

Grand Prix of the Decade (civil engineering): Pierre-Elliott Trudeau International Airport Unloading Area Extension Project

POWER DEAL OF THE YEAR

Astoria Energy II Project was named 'Power Deal of the Year' at the Project Finance International Awards. SNC-Lavalin's Energy and Project Finance Group oversaw the transactions, valued at more than \$1.5 billion.



SNC-LAVALIN O&M NAMED COMPANY OF THE YEAR

The Quebec Construction Association named SNC-Lavalin O&M the 2010 Company of the Year for Metropolitan Montreal.

GRANDS PRIX DU GÉNIE-CONSEIL QUÉBÉCOIS

SNC-Lavalin received a Léonard Award for the design of a baggage handling system at Pierre-Elliott Trudeau International Airport. To satisfy new requirements from the US Department of Homeland Security, the system incorporates the world's first fully automated pre-clearance process. This innovative tracking method is expected to become an airport industry benchmark.

INTERNATIONAL PIPELINE & OFFSHORE CONTRACTORS ASSOCIATION'S AWARD

SNC-Lavalin Construction was recognized for innovation and leadership in health & safety by the International Pipeline & Offshore Contractors Association. The award recognized our health, safety and environmental risk assessment and mitigation plan three-month Look-Ahead tool as a method for significantly improving safety performance. Developed in-house, the tool is the first of its kind in the industry. It enables users to highlight major hazards and risks for the upcoming months, and focuses on control measures to eliminate and/or minimize risks.

CANADA CHINA BUSINESS COUNCIL GOLD MEDALIST

For the Canada Pavilion project's success at Expo 2010 Shanghai China, including an excellent safety record.

GOLD AWARD FOR PROJECT FINANCING

The Canadian Council for Public-Private Partnerships presented its Gold Award to the McGill University Health Centre, the Groupe immobilier santé McGill, which includes SNC-Lavalin, and Infrastructure Quebec for the financing of MUHC's new Glen Campus project. The campus is integrating LEED and BOMA BEST practices.

CEDAR BAYOU AWARD

Over the past decade, SNC-Lavalin Engineers & Constructors (SLE&C), based in Houston, Texas, has earned an excellent reputation for H&S excellence in the oil and gas sector by continually seeking to refine its practices.

For SLE&C, this has meant avoiding complacency about its excellent record by staying flexible and focused, always identifying and adapting best practices.

During 2010 alone, SLE&C won the Cedar Bayou award from Houston Business Roundtable, and the Voluntary Protection Program Star Contractor Safety Certification. The business unit deploys a range of tools to keep improving, including a new course entitled Seven Essential HSE Skills and Competencies.

SNC-LAVALIN MINERCONSULT WINS TWO GOLDEN VALVE AWARDS

The Mechanical and Systems Automation Projects team won First Place in the Animation category, and Third Place in the Specific Discipline category, both for the Apolo iron ore beneficiation plant in Brazil.

CANADIAN ENGINEERING INSTITUTE AWARD FOR MANIC 5 (1960)



EXCELLENCE IN EXECUTIVE REMUNERATION PRACTICES

SNC-Lavalin was awarded the Korn/Ferry Les Affaires prize for excellence in its executive remuneration practices. Among items cited by the jury were equitable distribution of the total package and direct link between remuneration and performance.



SNC • LAVALIN

ABOUT THE PRODUCTION OF OUR SUSTAINABILITY REPORT

SNC-Lavalin recognized 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 6,000 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.

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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 2010 Annual and Financial Report. All documents are available on our website or can be ordered through the Company.