

BUILDING A SUSTAINABLE FUTURE



SNC • LAVALIN

PRESIDENT'S MESSAGE	3
OUR CORE VALUES	5
OUR EXPERTISE	6
HEALTH & SAFETY	8
EMPLOYEES	10
COMMUNITIES	12
ENVIRONMENT	14
QUALITY	16
ETHICS & COMPLIANCE	18
GRI CONTENT INDEX	25

(COVER)

SAFFRON FARMING INITIATIVE,
PART OF THE ARGHANDAB IRRIGATION PROJECT

Afghanistan

PRESIDENT'S MESSAGE



ACHIEVING OUR WE CARE OBJECTIVES

SNC-Lavalin is in the sustainability business, which is another way of saying that what ultimately drives our success is the respect we have for all of our stakeholders and everything that matters to them.

But how do we measure respect for our stakeholders? At SNC-Lavalin, we use our **WE CARE** principles of health & safety, employees, communities, environment, quality and ethics & compliance for that purpose. We know that we are meeting our sustainability goals when we are achieving outstanding performance across these crucial areas.

HERE'S HOW WE PERFORMED IN 2012

Health & Safety

Health & Safety is not just a business imperative for us, it is also a moral one. At no time is an injury ever acceptable at our project sites because we hold the health and well-being of the people who work for us to be priceless. I am pleased to report that we are making good progress in reducing the rate of injuries and near misses on our project sites. We are also working hard to improve incident reporting across the company. It is critical for us to track and understand all injuries so we can work together to prevent recurrences.

Employees

Our employees are our strength. Many corporations make statements like this, but it is especially true in the engineering and construction sector. In October 2012, we gained valuable insights into the employee experience at SNC-Lavalin when we launched our first Employee Engagement Survey. I was pleased with our first-time overall response rate of 70 percent. The survey told us that, on average, our employees are proud to work for SNC-Lavalin and are satisfied with the company as a place to work. The comments we collected on various aspects of their work experience are now being used to create action plans to further enhance the employee experience at SNC-Lavalin.

PRESIDENT'S MESSAGE



Communities

We always seek to maximize the benefits we bring to the communities where we live and work around the world. We are particularly proud of the work we have done and continue to do with First Nations communities, for example. As an EPCM contractor for major mining projects, we are becoming increasingly involved in Aboriginal training, employment and procurement on behalf of project developers. Our trademarked Local Resource Development Initiative (LRDI™) is constantly being adapted to meet these needs. We are also working on a corporate Aboriginal Policy, which includes guidelines and directions for increasing Aboriginal inclusion within our company and on our projects.

Environment

In the 21st century, respect for the environment is an essential element of any business model. By working closely with our clients, we are helping to protect the planet while allowing them to realize their most ambitious strategic objectives. We are also doing our best to ensure that our own day-to-day activities on projects have a minimal impact on the environment. I am proud that construction sites managed by SNC-Lavalin recorded no significant environmental incidents in 2012. We also spent much of the year developing a new Global Environmental Management System, which is now being deployed at our construction sites worldwide. The result will be greater standardization, enhanced consistency and a more proactive approach based on the use of leading indicators.

Quality

Our clients and their stakeholders deserve and expect nothing less than the very best in services. We were honoured to receive several prestigious awards in 2012 which affirm our ability to deliver projects that are second-to-none in terms of their quality metrics. Some standout projects in 2012 include the *Maison symphonique* concert hall in Montreal (which won its fifth award), the Barro Alto nickel smelter in Brazil (the third award for this project) and the EMAL I aluminium smelter in Abu Dhabi. These projects, like so many others we are working on, excelled by delivering top engineering and construction services and by achieving excellence in the areas of health & safety and environment.

Ethics & Compliance

The firm's past challenges in the ethics arena have provided a platform from which to create a world-class ethics and compliance program. As you will read in this part of the report, we implemented a host of remedial measures in 2012 which have served to greatly reinforce our compliance procedures. We are continuing to do what we must in 2013 to move forward and ensure that this company is beyond reproach in matters of ethics and compliance. In fact, we plan to become the standard bearer for ethics and compliance excellence in our sector, and I believe we are already well on our way to achieving that objective.

So these are our guiding principles and they are the heart of the culture of our organization. By focusing on consistently achieving nothing short of excellence in these areas, SNC-Lavalin will further enhance its status as a Tier-1 engineering and construction firm: a global provider of safe, well-governed, ethical and compliant integrated project services.

Robert G. Card

President and CEO

OUR CORE VALUES



**WE CARE
NOUS VEILLONS**

THE BASIC PRINCIPLES OF SUSTAINABILITY
HAVE INFORMED OUR BUSINESS PRACTICES SINCE OUR FOUNDING
MORE THAN 100 YEARS AGO.

At SNC-Lavalin, we see beyond the projects we work on. We know the economic, environmental, social, safety and civic challenges our clients and their stakeholders are facing; and we align our global capabilities around these unique needs.



This commitment is backed by company-wide health, safety, compliance and environment guidelines and our involvement, at both the corporate and local levels, in grassroots social action. We are dedicated to client satisfaction and to continuously improving our operations across all our sectors of activity. The quality of our work is another major factor in our success, and our divisions are generally ISO-certified.

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 are committed 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, and strive to surpass our clients' expectations.

WE CARE about being world-class in matters of governance and **ethics & compliance** for our shareholders, clients and employees.

OUR EXPERTISE

SINCE 1911, WE HAVE CONTINUALLY EXPANDED OUR EXPERTISE TO MEET THE CHALLENGES OF NEW AND EVOLVING SECTORS. TODAY, THE ABILITY TO DELIVER SUSTAINABLE SOLUTIONS FOR CHANGING MARKET REALITIES HAS MADE US ONE OF THE WORLD'S MOST RESPONSIBLE AND MULTIDISCIPLINARY ENGINEERING AND CONSTRUCTION FIRMS. MORE IMPORTANTLY, IT HAS GIVEN US A KEY ROLE IN ENHANCING QUALITY OF LIFE FOR AN ARRAY OF STAKEHOLDERS.



MINING & METALLURGY

SNC-Lavalin's Sustainable Mine Development (SMD) team delivers unique value to clients through a combination of leading technical expertise and environmental and social thinking. The SMD team provides sustaining capital and operations services, mine site and tailings reclamation services, pollution prevention engineering, manages social responsibility issues, and uses its multidisciplinary design capability to address environmental challenges across the entire project lifecycle.



OIL & GAS

SNC-Lavalin's Oil & Gas business unit can help clients reduce the amount of CO₂ released by their plants during oil and gas processing and oil refining through its expertise in carbon capture and sequestration. The company also has industry-leading expertise in the reduction of flaring at gas plants, and the development of high-tech solutions for tailings management at oil processing facilities.



INFRASTRUCTURE

SNC-Lavalin has extensive expertise in the design and construction of an array of sustainable infrastructure projects. The company provides complete end-to-end solutions for mass transit systems; green buildings, including recognized eco-friendly LEED-and HQE-certified buildings; high-tech wastewater treatment and distribution facilities; and flood control systems that mitigate the effects of climate change.



INFRASTRUCTURE CONCESSION INVESTMENTS

SNC-Lavalin manages a portfolio of concessions in a broad spectrum of sectors, from mass transit systems, to roads, bridges, power plants and hospitals. Many of our concessions inherently advance the cause of sustainability, notably by improving transit and commuting efficiency. We also integrate energy efficiency and sustainability principles into the design and operation of projects and have a track record of achieving LEED or HQE standards for many of the buildings we design.

OPERATIONS & MAINTENANCE

SNC-Lavalin's Operations & Maintenance business unit has developed a Sustainability Management Framework for facilities that includes seven services: a green operations model, assistance with corporate social responsibility reporting, a (Greenhouse gas) GHG inventory plan, energy management, environment management and planned maintenance.

ENVIRONMENT

Our expertise includes site assessment and remediation; environmental risk management; water resources management; participatory resettlement planning and implementation; geo-environmental services; agriculture and rural development; waste management; air quality, noise and vibration characterization and management; GHG characterization and climate change impact assessments; planning, permitting and approvals; Local Resource Development Initiatives (LRDI™); impact assessments, mitigation and community engagement; GIS; and assessment and management of biodiversity and ecosystem services.

POWER

SNC-Lavalin possesses a wealth of expertise in green power solutions, including geothermal power plants, run-of-river hydropower plants, waste-to-energy facilities, high-efficiency cogeneration thermal power plants and low-GHG nuclear plants.

OTHER INDUSTRIES

Agrifood

SNC-Lavalin can enhance agrifood production facilities through a variety of sustainable design and construction techniques, including optimization of production processes to reduce energy consumption, high-efficiency lighting, runoff collection and vegetalized pond processing, as well as clean construction.

Industrial

SNC-Lavalin has expertise in second-generation ethanol production processes. Unlike to first-generation methods, second-generation processes use the whole plant, producing a smaller footprint and putting less pressure on agricultural commodity prices. We also have extensive expertise in sustainable plant design and in the optimization of existing sulphuric acid plants to improve their environmental performance.

Pharma

By using a sustainable approach to process engineering we can help our clients develop and implement processes which use less energy and resources. These, and other environmental improvements, have allowed many of our clients to obtain LEED certification.

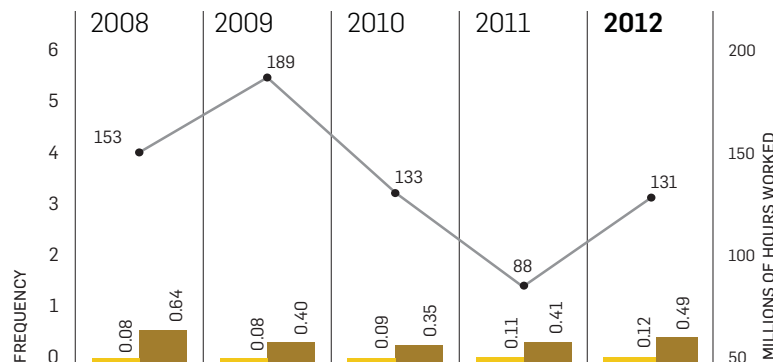
HEALTH & SAFETY



HEALTH & SAFETY IS THE CORNERSTONE OF ALL WE DO, WHETHER ON PROJECT SITES OR AT OUR OFFICES. KEEPING ALL OF OUR PROJECT STAKEHOLDERS SAFE IS AN IMPERATIVE, AND EVEN A SINGLE INJURY IS UNACCEPTABLE TO US.

2008-2012 SAFETY STATISTICS

- **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**



"Safety isn't just for the workplace. At SNC-Lavalin, we integrate health & safety into all facets of our activities, and strongly encourage our employees to live by those same principles outside the office as well."

Tim Van Wieren
Senior Vice-President
Global Health & Safety

DETERMINED TO CONTINUE MAKING PROGRESS

Our injury frequencies have remained relatively stagnant over the last few years (see chart above), with a slight uptick in our safety results in 2012. We have put new initiatives and additional resources in place to ensure we quickly return to a trend of continuous improvement.

We are confident that an even greater focus on leading (proactive) indicators will drive world-class safety performance. Leading indicators involve specific cross-company actions, such as participation in safety training, development of a project risk register and safety inductions.

FULLY PREVENTABLE AND UNACCEPTABLE

There were two fatalities associated with our construction activities in 2012. Both of these events were fully preventable, unnecessary and unacceptable. In response, we issued lessons learned reports company-wide reiterating the need to always fully comply with existing SNC-Lavalin Critical Risk Control Protocols. This document sets the minimum safety standards for all our high-risk activities.

CONTINUOUS IMPROVEMENT: THE HEART OF OUR COMMITMENT TO H&S

How do we continuously drive improvements in safety performance, toward a goal of zero recordable incidents?

Our plan has four pillars:

- Educate the organization through continued leadership and risk competency training
- Select clients and partners who share our commitment to health & safety
- Change the culture by being consistent and having the right "tone at the top"
- Provide unwavering support to the entire organization through talented personnel, credibility and appropriate systems

HEALTH & SAFETY EXCELLENCE IN THE EMIRATES

The excellent safety performance of our Emal II aluminum smelter project in Abu Dhabi continues: 16.5 million person-hours without an LTI at the end of 2012.



SNC-LAVALIN SUPPORTS SAFETY AT THE CALGARY STAMPEDE

SNC-Lavalin was an active partner at the 100th anniversary of the world-famous Calgary Stampede in Alberta and was the presenting sponsor of the Safety Award at the Rangeland Derby. The Stampede was an opportunity to focus on safety, one of the key operating principles for the company, and an essential component of our WE CARE philosophy.

HELPING TO KEEP OUR COMMUNITIES SAFE

Our Operations & Maintenance business unit and the Royal Canadian Mounted Police partnered to tour communities with a special rollover vehicle simulator. The simulator is designed to visually demonstrate the physics of a rollover and help keep our communities safe.

H&S AWARDS

SNC-Lavalin picked up three in 2012 for excellent health & safety performance on projects:

The Barro Alto project team received DuPont's Safety Excellence Award for Best-in-Class Health and Safety Management in Brazil. The award highlights the best solutions in the area of safety protection and health by an independent jury of experts.

SNC-Lavalin Chile received the *Servicio nacional de geología y minería* (National Department of Geology and Mining Chile) award for businesses that have maintained an excellent record in caring for their workers, assets and resources.

The Shipshaw optimization project in Quebec, completed this year by our Hydro division, received the prestigious Rio Tinto Chief Executive Safety Award. SNC-Lavalin was singled out for its "rigorous work to evaluate and mitigate the numerous risks" involved in the project.

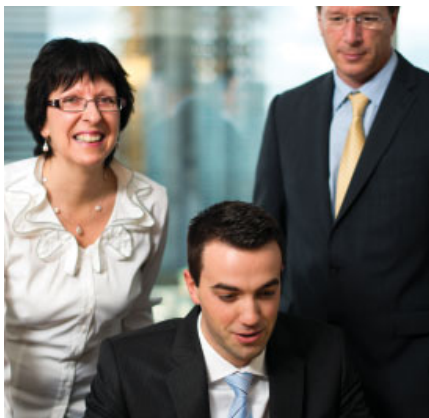
SAVING A LIFE IN MONT WRIGHT

SNC-Lavalin honoured two of its employees and three contractor workers for their outstanding response to a medical emergency at the Spiral Project site in Mont-Wright, Quebec. When a contractor with a medical history suddenly collapsed from cardiac arrest, they administered CPR and used a defibrillator to revive him. The case doctor notified the man's family that the quick intervention of the workers and their use of the defibrillator kept him alive.

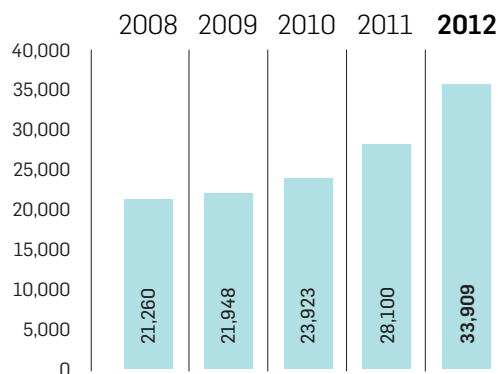
EMPLOYEES



IN 2012, WE DELIVERED MORE PROGRAMS TO EMPLOYEES AROUND THE WORLD AND REINFORCED OUR BEST PRACTICES IN CORPORATE GOVERNANCE AS PART OF A COMMITMENT TO BECOME ONE OF THE WORLD'S BEST EMPLOYERS.



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



"Our employees are known for their passion and commitment to our clients' success, as well as their dedication to outstanding safety, environment, security and compliance, regardless of where they are working across the globe."

Darleen Caron

Executive Vice-President
Global Human Resources

In our quest to become one of the world's best employers, we must ask ourselves: "Why would the best talent want to join, stay and go the extra mile for SNC-Lavalin?" Part of the answer lies in our ability to develop and deliver initiatives that produce a first-rate employee experience. With that objective in mind, here are some of the projects we undertook in 2012.

EMPLOYEE ENGAGEMENT SURVEY

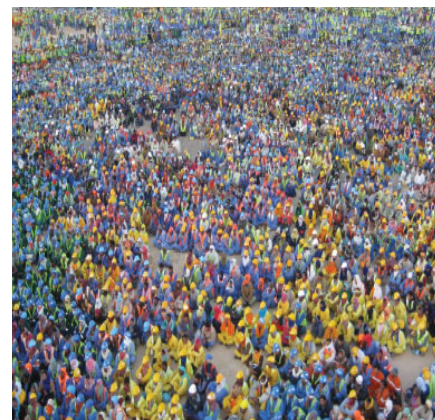
In October, we gained valuable insight into the employee experience when we launched our first Employee Engagement Survey. The survey complemented feedback we received during a Total Rewards Study in 2011 and allowed us to collect thousands of comments from employees on various aspects of their work environment. Results and comments from the Engagement Survey were reviewed at the end of the year and detailed action plans are being communicated to employees in 2013.

CODE OF ETHICS AND BUSINESS CONDUCT

The introduction of our new SNC-Lavalin Code of Ethics and Business Conduct in 12 languages helped to renew our strong focus on integrity and transparency. In addition to a more robust Code, our Human Resources team designed a mandatory Training and Certification Program for all employees, led face-to-face training sessions with priority groups around the world, and engaged an independent third-party provider to collect reports of any Code violations. The company also announced that it was creating the position of Chief Compliance Officer, which has now been filled.

A GLOBAL VISION

SNC-Lavalin continued to consolidate and improve its company-wide strategy to manage human capital.



BREAKDOWN OF EMPLOYEES BY TYPE AND REGION

	Regular Employees	Contractual Employees	Temporary or Occasional Employees	Employees
CANADA	16,741	286	778	17,805
USA	1,212	21	56	1,289
LATIN AMERICA	2,402	3,063	69	5,534
EUROPE	2,874	257	20	3,151
AFRICA	1,463	2,010	237	3,710
MIDDLE EAST	274	243	324	841
EURASIA	43	4	0	47
ASIA	981	167	9	1,157
OCEANIA	269	86	20	375
Total	26,259	6,137	1,513	33,909

JOB CLASSIFICATION SYSTEM

Work began on a complete revision of our Job Classification System. A more comprehensive system will enable the organization to define jobs and establish hierarchy in a systematic manner; create a solid basis for reward and talent management decisions including base pay, incentives, career management, workforce planning, learning and development; ensure the consistent administration of pay and performance programs across the organization; and create a flexible means of communicating career paths and facilitating talent mobility. One of the most unique features of this classification system is the creation of a career ladder for project managers.

SNC-LAVALIN ACADEMY

The Academy provides an opportunity for participants to align themselves with the company's business strategy while they develop key competencies, synergies and networks in their area of expertise. In the fall, we launched three company-wide learning programs: Leadership Development, Functional Excellence and Accelerated Development Pool. A highly specialized Project Management program is being developed and will be deployed in 2013.

PERFORMANCE MANAGEMENT

The 2012 Performance Management cycle was synchronized with our yearly financial results and other processes. This will help employees better understand how their performance rating directly influences their salary, as well as any other compensation components. The Performance Management process was also extended to include an additional 15,000 employees.

AN EMPLOYER OF CHOICE

In May 2012, SNC-Lavalin was named the sixth-best Canadian employer in the 2012 Randstad Award employer survey. More than 7,000 Canadians were polled to come up with the top company brands for the year. The respondents were asked to identify companies they would like to work for, and evaluate their attractiveness based on criteria such as:

- > training opportunities
- > long-term job security and career advancement opportunities
- > competitive salaries and employee benefits
- > progressive environmental policies

COMMUNITIES



WE GO FURTHER THAN SIMPLY ENSURING LOCAL COMMUNITIES ARE NOT HARMED DURING AND AFTER OUR WORK. WE SEEK TO MAXIMIZE THE BENEFITS OUR PROJECTS AND OUR PEOPLE BRING TO THE COMMUNITIES WHERE WE LIVE AND WORK AROUND THE WORLD.



"We are proud that so many of our employees have made a personal commitment to give back to the communities where they live and work. When you combine these efforts with the real, positive benefits of our projects, the impact we are having on stakeholders around the world is tremendous."

Robert G. Card
President & CEO

GREAT CANADIAN SHORELINE CLEANUP

For the second year in a row, our employees gathered to clean up the shorelines of lakes, rivers and oceans from coast-to-coast for the Great Canadian Shoreline Cleanup. Altogether, more than 125 large trash bags of human-generated litter and recyclables were collected. Employees who participated reported coming across a variety of rather curious garbage items, including patio furniture, car, and barbeque parts, shotgun casings, random toys, a mooring buoy, and even an inflatable party boat.

ENGAGED WITH OUR ABORIGINAL STAKEHOLDERS

SNC-Lavalin is proud to work on many projects that are actively seeking to make Aboriginal communities principal stakeholders. These include agreements that will allow us to transfer valuable expertise, and implement initiatives to enhance project employment and procurement opportunities for First Nations groups.

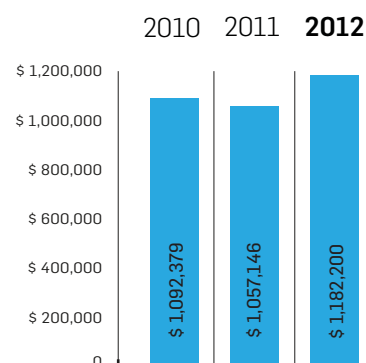
- In April 2012, we signed a Memorandum of Understanding with Seven Generations Environmental Services, a company wholly owned by six Stó:lō communities of British Columbia. Through this relationship, we intend to jointly provide environmental management services for a variety of potential projects throughout British Columbia.
- SNC-Lavalin developed an operational training strategy and Aboriginal inclusion plan for the Éléonore gold project in northern Quebec. An emphasis on local resource development and close collaboration with the client and the Aboriginal community led to the creation of 700 jobs for residents in the area. As a result of this initiative, the Éléonore Project will be better harmonized with surrounding communities.

GIVING BACK WORLDWIDE

SNC-Lavalin's donations and sponsorships in 2012 totalled \$3,926,053.



DONATIONS



EXERCISING OUR RIGHT TO MAKE A DIFFERENCE

SNC-Lavalin employees did not back down in the face of tough (and fun) challenges organized to raise funds for charity organisations in 2012:

- Several employees participated in a triathlon to raise funds for the *Association pulmonaire du Québec*. The money raised will go toward the prevention and support of important new research.
- Seven courageous SNC-Lavalin skiers took part in the 12th edition of the Tremblant 24h of Skiing, a relay race on skis that raises money for foundations that focus on enriching the lives of children and their families, including the *Fondation Centre de cancérologie Charles-Bruneau*, the *Sens (Ottawa Senators) Foundation*, *Fondation Martin-Matte* and *Fondation Tremblant*.
- Some of our Saskatoon employees teamed up to participate in the annual Saskatoon Corporate Challenge. In a six-day competition pitting the who's who of the Saskatoon business community against one another, the team tackled both physical and mental battles to raise funds for the Children's Hospital Foundation of Saskatchewan.
- On March 31, 2012, five SNC-Lavalin employees participated in the 14th annual Kurling for Kids (K4K) fundraiser for two hospitals that provide specialized care to children and adolescents in the Montreal region.

A HISTORY OF GIVING

SNC-Lavalin has been working with the United Way/Centraide since the early 1970s. For the first time this year, employees were given additional encouragement since every dollar raised through the Employee campaign was matched by the company. When combined with individual employee donations and a variety of innovative fundraising activities, SNC-Lavalin succeeded in collecting a total of \$1,182,200. This money was given to various local United Way/Centraide organizations, whose mission is to provide concrete solutions for thousands of people in need in local communities across Canada.

ONE PLANE, ONE CHILD, ONE DREAM

In France, employees at our subsidiary, *Société d'Exploitation de Chalon-Champforgeuil Aéroport*, supported the One Plane, One Child, One Dream initiative. The event offers the disabled a chance to discover the pleasure of flight, and encourages them to pursue careers in aviation.

In 2012, 150 people participated in the event, including 70 children, with a total of 63 flights taking off from the airport runway. While awaiting their turns, participants were entertained by sidecar tours, makeup tables and drawing activities. The day ended with a big show, complete with aerial acrobatics and skydiving. It was a day where everyone got to soar.

RAISING AWARENESS IN TUNISIA

Our medical team in Tunisia invited professionals and faculty from a nearby teaching hospital to lead an awareness raising activity for World No Tobacco Day at one of our local projects. In addition to providing personnel with information about the negative impacts of tobacco use, smokers working on the project were invited to have their lungs tested and their overall health evaluated. In cases where respiratory problems were identified, personnel were directed to the nearby teaching hospital for additional evaluation and treatment.

THE KEY TO A NEW LIFE

SNC-Lavalin was invited to speak at a Habitat for Humanity dedication ceremony in Toronto and present the key to their partner family's newly-built home. SNC-Lavalin has been partnering with Habitat for Humanity Toronto since 2004, proudly raising more than \$500,000 to help deserving families. The partnership has also seen hundreds of SNC-Lavalin employees in the Greater Toronto Area participate in Habitat Build Days, working together to construct homes for families in need.

ENVIRONMENT



WE KNOW THAT RESPONSIBLE ENVIRONMENTAL STEWARDSHIP IS NOT ONLY ABOUT HOW WE ENGINEER AND CONSTRUCT OUR PROJECTS; IT IS ABOUT ENSURING WE WILL LEAVE A POSITIVE LEGACY TO FUTURE GENERATIONS.



"Sustainability may well be the biggest challenge facing humanity in the 21st century. Every day, SNC-Lavalin professionals help address this challenge, be it in the environmental sciences or in fields as diverse as water and sanitation, energy efficiency and sufficiency, and public transportation."

Mark Osterman
Vice-President, Environment

COMING TOGETHER FOR THE ENVIRONMENT

Under the theme "I am Eco-centric – The future of the planet never goes out of style," SNC-Lavalin marked Canada's Environment Week and World Environment Day in 2012 by inviting employees to share tips, ideas and strategies for being more environmentally friendly.

Thousands of our personnel participated. Close to 4,000 employees made pledges to protect the environment, some literally going the distance by pledging to move closer to the office to limit their carbon footprint. In all, 1,648 comments were left by employees, starting a cross-cultural dialogue about ways to better protect the only planet we have.

REDUCE, REUSE AND RECYCLE

SNC-Lavalin's office recycling program, in place now for over two decades, saw the recycling of 62 tonnes of paper in 2012 at the head office alone. There has been a reduction in volumes of paper recycled during the last five years, notwithstanding the fact that our volume of business has grown considerably over the same period. The trend is not cause for alarm. That period also coincides with a concerted effort to reduce the volume of waste paper we produce by using double-sided printing, or not printing at all.

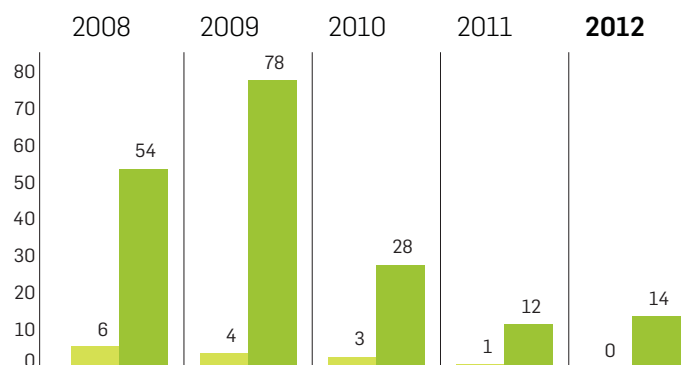
AN ENERGETIC RECYCLING PROGRAM

In the first five years of a program for recycling batteries and small electronic devices, SNC-Lavalin collected 871 kg of batteries, 582 cell phones and 39 MP3 players. Though these quantities may seem small, a single battery can contaminate 1 m³ of soil and 1,000 m³ of water over 50 years.

NUMBER OF SPILLS

Significant*
Reportable

*All hydrocarbon spills of over 100 litres, or any spill resulting in soil or water contamination, is deemed significant.



EMISSIONS (T OF CO₂eq)

	2009	2010	2011	2012		
	Offices	Offices	Offices	Offices	I&C ¹ worksites	Total
Electricity consumption (MW/h)	84,601	113,481	96,533	86,147	18,467	104,614
Scope 1 (direct emissions)	12,919	13,881	14,968	12,917	16,892	29,809
Scope 2 (purchased electricity)	28,009	28,236	30,424	20,178	5,295	25,473
Total (scope 1 and 2)	40,928	42,117	45,392	33,095	22,187	55,282
Number of employees	21,948	23,923	24,000	33,909	14,091	48,000
Emission intensity (T of CO ₂ eq/employee)	1.86	1.76	1.89	0.98	1.57	1.15

We are working hard to assess our own carbon footprint. For three consecutive years, the Carbon Disclosure Project (CDP) has recognized SNC-Lavalin as a Canadian leader in excellence in disclosure of greenhouse gas emissions and strategies.

Note:

Our detailed GHG emission report is published through the CDP and is available on the organization's website: www.cdproject.net

CLIMATE CHANGE:

A THREAT OR AN OPPORTUNITY?

At SNC-Lavalin, we understand that climate change is a threat to the future of the planet. Its impacts are already apparent around the world, and have the potential to seriously affect us, our children, and our children's children.

As one of the world's leading engineering and construction groups, we have the expertise to evaluate the risks posed by climate change and deal with its impacts, wherever they occur. In the fields of transportation, building design and construction, energy and power generation, water and sanitation, SNC-Lavalin specialists are implementing real solutions to the environmental and climate change challenges we face.

CONSTRUCTION SITE ENVIRONMENTAL EXCELLENCE

SNC-Lavalin-managed worksites can be found on all continents and in all climates. They recorded over 130,000,000 hours worked in 2012 (chart, page 8) without any significant environmental incidents.

Many legal jurisdictions have strict reporting requirements for environmental incidents, resulting in very small spills being recorded as "reportable." In 2012, our construction sites recorded 14 such reportable spills or incidents. None of these smaller spills resulted in environmental damage, or led to any prosecution, injunction, sanction or fine.

Can we do better? We absolutely believe we can. In 2012, SNC-Lavalin developed a Global Environmental Management System, which will be deployed in 2013 at all of our construction sites worldwide. The result will be greater standardization, enhanced consistency and a more proactive approach based on the use of leading indicators. We expect that this will help us identify potential areas of concern well before an environmental incident can occur.

A PARTNER FOR CARBON MANAGEMENT

We were granted official accreditation for greenhouse gas verification services for facility reports by the American National Standards Institute. The accreditation adds to our growing carbon management capability to provide an array of services, from facility verification to supporting carbon capture and sequestration projects to building risk management

¹I&C stands for infrastructure & Construction, one of the company's business units.

QUALITY



AT SNC-LAVALIN, QUALITY IS MORE THAN JUST A COMMITMENT WE MAKE TO OUR CLIENTS ON PROJECTS. TO ACHIEVE AND MAINTAIN THE QUALITY NECESSARY FOR FUTURE COMPETITIVENESS, WE KNOW THAT EVERY ASPECT OF THE ORGANIZATION MUST EMBRACE CONTINUOUS QUALITY IMPROVEMENT.



"We successfully met a variety of challenges during the *Maison symphonique* concert hall project. We are honoured to be recognized for our contributions to this state-of-the-art building, a cultural landmark for Montreal and the province of Quebec."

Charles Chebl

Executive Vice-President
Infrastructure & Construction



A STANDING OVATION

In the fall of 2011, the *Maison symphonique* concert hall in downtown Montreal opened its doors to audiences for the first time. Patrons found themselves in a building, every aspect of which had been conceived with absolute attention to detail. The general consensus was that the SNC-Lavalin-led project team had delivered a performance worthy of an ovation.

The outstanding quality of the concert hall continues to earn accolades. The project won SNC-Lavalin a pair of prestigious awards in 2012, bringing the total of prizes it has won for the facility to five:

- A Léonard award in the "Building-Structure" category at the 10th annual *Grands prix du génie-conseil québécois*, which honour consulting engineering firms whose projects are seen as models of exemplary engineering.
- An Award of Excellence at the 2012 Canadian Consulting Engineering Awards Gala in Ottawa in the buildings category, as selected by a panel of 12 independent jurors.

ACCOLADES IN THE EMIRATES

SNC-Lavalin was awarded EMAL I in 2007, the first phase of a project to build one of the world's largest single-site aluminum smelters in Abu Dhabi, launched by Emirates Aluminum. The team's excellent performance on EMAL I—which included finishing the project well ahead of schedule and under budget—has now won the company EMAL II, the second phase of the mega-project. In 2012, the success of EMAL I also earned the smelter an award for "Industrial Project of the Year" at the Middle East Economic Digest (MEED) Quality Awards in Abu Dhabi.

BUILDING ON OUR STRENGTHS

SNC-Lavalin won two awards from the *Building Owners and Managers Association (BOMA)* of Canada. The Outstanding Building of the Year Awards recognize quality in commercial real estate buildings and excellence in building management.

CERTIFIED QUALITY



DOING IT RIGHT THE FIRST TIME

SNC-Lavalin won an award of excellence from the Canadian Society for Training and Development. The award was given for the innovative Quality Toolkit SNC-Lavalin developed for on-site quality control enhancement. Called "Do it right the first time," the Toolkit helps identify quality discrepancies by promoting a proactive approach to quality standardization and accountability, and highlighting the critical aspects of ongoing construction processes.

MEETING AND EXCEEDING THE HIGHEST QUALITY STANDARDS

ISO 9001 standards provide guidance and tools for companies that want to ensure that their services consistently meet customers requirements, and that their quality performance improves consistently. SNC-Lavalin divisions and business units around the world generally attain and surpass ISO 9001 standards. Since 2010, we have added 29 such certifications for a total of 64 across the company.

PROVIDING QUALITY ENVIRONMENTAL SOLUTIONS

In 2012, SNC-Lavalin Environment won three awards from Shell for demonstrating all-around superior quality in its ongoing work for the company:

- ▶ Shell recognized SNC-Lavalin for achieving "Goal Zero" status. SNC-Lavalin was commended for having zero recordable safety incidents, implementing programs to report near misses and potential incidents, organizing a reward program for employee safety stewardship, and embracing a culture that places safety at the centre of all decisions.
- ▶ SNC-Lavalin was named Shell's Top North American Environmental Consultant. This award is based on performance in the areas of health, safety, security and environment, commercial management and technical performance, as well as the team's overall relationship with Shell.
- ▶ Ryan Taylor, Project Manager, Western Canada, was recognized by Shell for his regulatory advocacy at a site in British Columbia. Ryan has been one of the key players in a complex Shell project that required a different approach from other contaminated downstream petroleum sites.

RECOGNIZING EXCELLENCE

SNC-Lavalin held its annual Awards of Excellence in September. The program was established in 2004 to recognize outstanding achievement in different categories of expertise by a team of employees on a project. The Awards reaffirm SNC-Lavalin's commitment to providing excellence in terms of services, technical expertise, health & safety, and sustainable development for our clients and shareholders.

THE WINNERS WERE:

HEALTH & SAFETY

BOYNE SMELTER DEVELOPMENT
Australia

OPERATIONS & MAINTENANCE

TAKSEBT WATER PLANT
Algeria

PROJECT MANAGEMENT Large Project

BARRO ALTO NICKEL PROJECT
Brazil

PROJECT MANAGEMENT Small Project

SHELL PORTFOLIO OF WORK
Canada

ENGINEERING Large Project

COAST MERIDIAN OVERPASS
Canada

ENGINEERING Small Project

HANGAR 1 MAINTENANCE AT CFB TRENTON
Canada

SUSTAINABLE DEVELOPMENT

ARGHANDAB IRRIGATION REHABILITATION
Afghanistan

ETHICS & COMPLIANCE



OUR COMMITMENT TO ETHICAL BEHAVIOUR AND THE HIGHEST STANDARDS IN GOVERNANCE, COMPLIANCE AND ACCOUNTABILITY IS UNWAVERING. WE CONTINUE TO IMPROVE AND STRENGTHEN OUR PROCESSES ACROSS THE ORGANIZATION AND AT ALL LEVELS.



"The firm's past challenges in the ethics arena have provided a platform from which to create a world-class ethics and compliance program."

Robert G. Card
President and CEO

OUR COMMITMENT

Millions of stakeholders around the world are positively impacted by the work that SNC-Lavalin does. Through our diverse expertise and vast global network, we play an essential role in closing the gap between resource capacity and resource needs worldwide—whether the need is for food, materials, energy, water or crucial infrastructure. But how we go about doing our work and conducting ourselves is just as important as what we do. By doing the right thing the right way in every situation, we are able to change, not just the landscape, but the world around us for the better.

SNC-Lavalin is committed to doing business with integrity. The former challenges we have faced related to ethics have provided a platform for us to create a world-class compliance and ethics program. A number of concrete measures have been taken this reporting period, with the introduction of multiple initiatives and the amendment of others to meet the rigor and standards of a world-class ethics and compliance program.

OUR ACTIONS: PREVENT, DETECT AND RESPOND

SNC-Lavalin's Compliance Program has three main pillars: Prevent, Detect and Respond. These pillars combine to create a comprehensive system of activities by which we intend to ensure that our business is carried out in accordance with all applicable laws and regulations, as well as with our own internal principles and processes.

By doing the right thing the right way in every situation, we are able to change, not just the landscape, but the world around us for the better.



PREVENT

Corporate structure

Our internal corporate structure has been further reinforced. The Chief Financial Officer and the Executive Vice-President and General Counsel set, monitor and enforce policy compliance throughout all our business units through direct reporting lines from the Legal and Finance heads in each business unit.

Our Code seeks to promote integrity and transparency in the conduct of our business and in our relations with our colleagues, directors, shareholders and business partners, including customers, associates, suppliers, governments, the public and the media.

Amended Code of Ethics and Business Conduct

Our continued success as a business and as an employer of choice is built on our commitment to excellence, our reputation for high-quality work, and our strict adherence to operating in compliance with our Code of Ethics and Business Conduct (our Code) and the applicable laws and regulations.

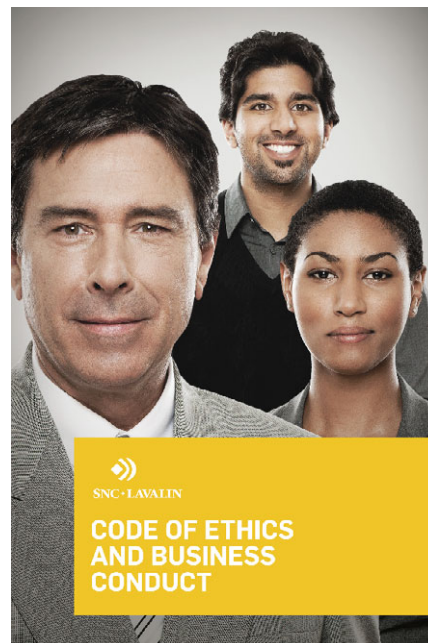
Our Code seeks to promote integrity and transparency in the conduct of our business and in our relations with our colleagues, directors, shareholders and business partners, including customers, associates, suppliers, governments, the public and the media.

All employees and directors of our Board must comply with our Code and its underlying policies and procedures as a condition of employment. Prior to being appointed or employed, and on an annual basis, a certification process must be completed to ensure that our Code is understood and acknowledged.

In 2012, the Code was updated to provide enhanced guidance to our employees. The updated Code included clarification or new provisions on the following:

- Obligation to report Code violations
- Possibility to report Code violations via an independent third party ("EthicsPoint")
- Giving and receiving gifts and other items of value
- Actual or perceived conflict of interest
- Political contributions and lobbying
- Anti-corruption and anti-boycott
- Managers are to lead by example and provide guidance to those under their supervision, ensuring they understand and follow the standards set forth in our Code

Our revised Code has now been adopted and posted online, internally and externally. It is available in 12 languages and will be continuously updated or amended to reflect changes in laws and policies, as well as best practices. The most current version of our Code is always available on our website at www.snc-lavalin.com/ethics.



Anti-bribery & anti-corruption

Employees and managers must not, directly or indirectly, offer, promise, grant or authorize the giving of anything of value – money, gifts, entertainment, employment, contracts or advantages of any kind – to a government official or any third-party to influence official action or obtain an improper advantage.

Offers, promises, grants or gifts must comply with applicable laws, as well as our Code and accompanying policies. This means, among other things, that no offer, promise, grant or gift may be given or made if it could reasonably be understood as an effort to improperly influence or bribe a government official to grant SNC-Lavalin a business advantage.

Third-party adherence

We are establishing procedures which require that suppliers and partners meet the same standards of business conduct that we support. When it is necessary to engage the services of an individual or a firm to consult for, or otherwise represent, SNC-Lavalin, conflicts of interest between SNC-Lavalin and the person or firm to be employed are not permitted. Our partners, such as consultants, representatives and agents, must act on SNC-Lavalin's behalf in a way that is always consistent with our Code and applicable laws or regulations to ensure that the highest standard of business conduct is upheld.

We reserve the right to audit our partners at all times to ensure that they are complying with our Code. Should they be in violation of our Code or the values it promotes, SNC-Lavalin will take the appropriate course of action, including the termination or non-renewal of the contract.

Benchmarking

We have benchmarked, and will continue to benchmark our policies, procedures and business practices against a number of outside sources (such as the World Economic Forum) and leading corporations in our peer group.

We are establishing procedures which require that suppliers, partners and clients meet the same standards of business conduct that we support.



Corporate policy for representative agreements in foreign countries

Every SNC-Lavalin employee and individual acting on the Company's behalf is responsible for maintaining the Company's reputation and for conducting company business honestly and professionally. The Board of Directors and the Office of the President are committed to implementing and enforcing effective systems throughout SNC-Lavalin to prevent, monitor and eliminate bribery.

The major highlights of this updated policy are:

- Creation of the Agent Review Committee composed of the President and Chief Executive Officer, the Chief Financial Officer and the Executive Vice-President and General Counsel. Their mandate is to review and approve the entering into of certain representative agreements.
- Introduction of a red flag checklist to identify representative agreements subject to a more elaborate due diligence.
- Mandatory review by the Legal department of any proposed representative agreement containing a modification from the standard template.
- A thorough internal and external due diligence review of all representatives.
- Any proposed agreement with a third party for business development activities, including letters of intent and consultant-type agreements, with or without immediate remuneration, must be reported to the Agent Review Committee for evaluation and authorization before any commitment is made.

We reserve the right to audit our partners at all times to ensure that they are complying with our Code. Should they be in violation of our Code or the values it promotes, SNC-Lavalin will take the appropriate course of action, including the termination or non-renewal of the contract.



DETECT

Reporting complaints—ethics & compliance hotline

It is the policy of SNC-Lavalin to maintain the highest standard of ethics in its business and in its relations with whomever it does business or is associated. The Company's integrity and reputation for ethical practices are among its most valued assets and are essential elements in its continued quest for sustained profitability.

SNC-Lavalin has selected an independent third-party service provider, EthicsPoint, to provide all employees with a means of anonymously and confidentially reporting actual or possible violations of our Code. EthicsPoint, a comprehensive and confidential reporting tool, allows management and employees to work together to address any instances of fraud, abuse, and other misconduct in the workplace, all while cultivating a positive work environment.

Employees will not be penalized, dismissed, demoted or suspended and no retaliatory action taken against them for reporting or inquiring in good faith about potential breaches of the Code, or for seeking guidance on how to handle suspected breaches.

RESPOND

Ethics & Compliance Committee

Launched in 2012, the Ethics and Compliance Committee is an executive committee established by the President and Chief Executive Officer to ensure that SNC-Lavalin and its third party partners operate in an ethical manner and in accordance with applicable laws, regulations and our Code of Ethics and Business Conduct.

To fulfill its mandate, the ECC must foster a culture of ethics and compliance. Among other things, the ECC will:

- › Ensure that the ECC is sufficiently trained and informed in ethics and compliance to deal with such matters;
- › Ensure that directors, officers and employees of SNC-Lavalin are trained and certified on a recurrent basis on ethics and compliance matters;
- › Approve and review the training curriculum and certification process for all segments of the SNC-Lavalin population, including those within the "at-risk" community;

SNC-Lavalin has selected an independent third-party service provider, EthicsPoint, to provide all employees with a means of anonymously and confidentially reporting actual or possible violations of our Code.



- Diligently process and investigate matters forwarded to the ECC by the ECC Reporters;
- Following an investigation, provide the President and CEO with recommendations as to the appropriate course of action, where necessary;
- Review on an ongoing basis the ethics and compliance principles and mechanisms to ensure that they comply with the applicable laws, regulations and industry practices;
- Encourage directors, officers and employees to seek the guidance of Legal Affairs, Human Resources, Corporate Finance or Internal Audit when faced with difficult situations to ensure compliance with the applicable laws, regulations or the Code of Ethics;
- Ensure that employees who report matters in good faith are not subjected to retaliatory measures; and
- Increase awareness of ethics and compliance with our third party partners, such as our consultants, representatives and agents.

Remediation

We have now set mechanisms in place that not only address recommendations stemming from the Audit Committee's report published in March 2012, but ensure swift and effective response to any present or potential violation of our Code.

A comprehensive compliance structure has been put in place under the leadership of our new Chief Compliance Officer, Andreas Pohlmann. This includes the appointment of Compliance Officers in each of our business units and global Regional Compliance Officers, strengthening our ability to deliver on our commitments.

Most recently, to rapidly uncover and resolve any remaining ethics and compliance issues, we launched a temporary Amnesty Program in 2013 for current employees. To the best of our knowledge, this is the first time that a Canadian company has initiated an amnesty program, something that is strongly encouraged by the international ethics community in situations like the one we are now overcoming.

As these measures indicate, we are not satisfied with simply complying with good governance practices. Rather, our goal is to set a higher standard and become the benchmark that others measure themselves against. We are well on our way in our quest towards excellence in Ethics and Compliance.

More information about how positive change is being implemented at SNC-Lavalin is available at www.snc-lavalin.com/followus

As these measures indicate, we are not satisfied with simply complying with good governance practices. Rather, our goal is to set a higher standard and become the benchmark that others measure themselves against.

GRI CONTENT INDEX

USING THE GLOBAL REPORTING INITIATIVE (GRI) GUIDELINES 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 President and Chief Executive Officer on page 3 of this Sustainability Report.
1.2	Description of key impacts, risks, and opportunities	Please see the letter from our President and Chief Executive Officer on page 3 of this Sustainability 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 "Our expertise" section of our 2012 annual Summary Report and section 3 of the Management Discussion and Analysis (MD&A) section of our 2012 Financial Report.
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	The Company was incorporated under the laws of Canada by Letters Patent dated May 18, 1967 and was continued under the Canada Business Corporations Act 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. Section 9 of the MD&A provides further information on the activities of the Company, broken down by sectors of operation. 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) and in Note 34 on page 132 of the 2012 Financial Report.
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.

2.5	Number of countries where the organization operates	As of the December 31, 2012, the Company had permanent offices in the following countries: The Americas: Brazil, Canada, Chile, Colombia, Dominican Republic, Haiti, Honduras, Panama, Peru, United States, Venezuela. Europe: Belgium, France, Germany, Hungary, Malta, Monaco, Netherlands, Norway, Poland, Romania, Russia, Spain, Sweden, Switzerland, United Kingdom. Africa & Middle East: Algeria, Cameroon, Egypt, Equatorial Guinea, Kazakhstan, Kuwait, Libyan Arab Jamahiriya, Madagascar, Morocco, Qatar, Saudi Arabia, South Africa, Tunisia, Turkey, United Arab Emirates. Asia & Australasia: Australia, China, India, Indonesia, Kazakhstan, Malaysia, New Caledonia, New Zealand, Philippines, South Korea, Thailand, Vietnam.
2.6	Nature of ownership and legal form	The Company was incorporated under the laws of Canada by Letters Patent on May 18, 1967, and was continued under the Canada Business Corporations Act on March 24, 1980. The Shares of the Company are traded on the Toronto Stock Exchange (TSX: SNC). As of March 11, 2013, the Company had 151,349,071 Common Shares outstanding. As of March 11, 2013, to the knowledge of the Directors and officers of the Corporation based on shareholders' public filings, there are no persons or entities that beneficially owned or exercised control or direction over, directly or indirectly, 10% or more of the votes attached to the Common Shares.
2.7	Markets served (including geographic breakdowns, sectors served, and types of customers/beneficiaries)	The Company offers services and does not manufacture products. For a summary of markets served, including geographic breakdowns and sectors, please see sections 3 and 8 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.
2.8	Scale of the reporting organization	On December 31, 2012, the Company directly employed some 34,000 people. It should be noted that in 2012, the Company logged 131 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 131 million hours worked and not solely on the hours worked by the Company's 34,000 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.
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Please see section 2 of the AIF.
2.10	Awards received in the reporting period	Please see the Quality section of this Sustainability Report (p. 16-17).

GRI CONTENT INDEX

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 third Sustainability Report, covering activities in 2012. 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.snclavalin.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 & Water business unit and Global 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 5 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 Content Index, pages 24 to 34 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 11, 2013, Section 3.3 - Board Organization, Structure and Composition, and Section 3.4 - Board Role and Mandate.
4.2	Is the 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 served as Interim CEO of the Company from March 25, 2012 to October 1, 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 11, 2013, 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 11, 2013, Section 7 - Executive CD&A.
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.
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.

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

GRI CONTENT INDEX

SKILLS MATRIX

	Ian A. Bourne	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
1. Industry-specific experience												
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	✓			✓				✓	✓	✓	✓	✓

		Ian A. Bourne	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
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 company 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 Company's shareholders whom 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	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 11, 2013, 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.											

GRI CONTENT INDEX

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. SNC-Lavalin is also a member of the Chamber of Commerce of Metropolitan Montreal.
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 11, 2013, 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 11, 2013, Section 3.11 – Shareholder Engagement.
4.17	Key topics and concerns raised by stakeholders and how the organization has responded	Please see 2012 MD&A, Section 1 – Recent Developments. The Company will keep stakeholders aware of all major developments through its quarterly MD&A and/or press releases. Also see 2012 MD&A, Section 15 – Controls and Procedures.

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 2012 Financial Report.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	SNC-Lavalin analyses 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	Please see page 126 of the 2012 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 Company 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.
------------	--	---

ENVIRONMENTAL

Energy

EN3	Direct energy consumption by primary energy source	In 2012, office spaces occupied by SNC-Lavalin consumed 246,748 gigajoules (GJ) of natural gas, 8,693 GJ of diesel and heating oil, 1,126 GJ of heavy fuel oil and 162 GJ of propane.
EN4	Indirect energy consumption by primary source	In 2012, SNC-Lavalin offices consumed 310,128 GJ of energy, primarily purchased electricity.
EN8	Total water withdrawal by source	In 2012 our construction sites recorded the consumption of 271,837,978 l of raw water and 63,800,812 l of potable water (these data include the actual sites and base camps combined).

Emissions, Effluents, and Waste

EN16	Total direct and indirect greenhouse gas emissions by weight	Please see page 15 of this report. A detailed GHG emission report is published through the CDP and the organization's website: https://www.cdproject.net
EN17	Other relevant indirect greenhouse gas emissions by weight	Please see our detailed GHG emission report published on the CDP website: https://www.cdproject.net
EN23	Total number and volume of significant spills	Please see page 15 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 manufacture 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 2012, no significant fines or non-monetary sanctions were imposed on SNC-Lavalin.
-------------	---	--

SOCIAL PERFORMANCE: LABOR PRACTICES & DECENT WORK

Employment

LA1	Total workforce by employment type, employment contract, and region	Please see table on pages 10 and 11 of this report.
------------	---	---

Occupational Health and Safety

LA7	Rates of injury, occupational diseases, lost days, and 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.

GRI CONTENT INDEX

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

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.

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 105 men and 17 women.

The age and gender breakdown for all employees is as follows:

AGE DISTRIBUTION		GENDER DISTRIBUTION	
< 30	6,775	F	9,020
30 - 50	17,979	M	24,889
> 50	9,155		
Total	33,909	Total	33,909

SOCIAL PERFORMANCE: HUMAN RIGHTS

Non-Discrimination

HR4	Total number of incidents of discrimination and actions taken	A very small (less than 10) number 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.
------------	---	--

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.
------------	---	---

Forced and Compulsory Labour

HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	SNC-Lavalin has zero tolerance pertaining to forced or 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.
------------	---	--

SOCIAL PERFORMANCE: SOCIETY

Community

S01	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 2012, 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.
------------	--	--

Corruption

S02	Percentage and total number of business units analyzed for risks related to corruption	In response to the events which occurred in 2011 and 2012, SNC-Lavalin has embarked on a comprehensive commitment to world-class compliance and ethics, with a number of concrete initiatives described on pages 18 to 23 of this report. Essentially, under this program all business units are considered equally at risk.
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	All employees are required to follow a training program and undergo a certification process to ensure that our Code of Ethics and Business Conduct is understood and properly applied in all situations and at all times. The Code is available in 12 languages and will be continuously updated or amended to reflect changes in laws and policies as well as best practices. The most current and authoritative version of our Code is available on our website at www.snc-lavalin.com/ethics. As of December 31, 2012, 99.54% of SNC-Lavalin employees had completed the Code certification process.
S04	Actions taken in response to incidents of corruption	In 2012, there were incidents in which employees were dismissed or disciplined in connection with suspicion or allegations of corruption; no details can be provided, as some of these cases are the subject of pending lawsuits. In 2012, no corrupt practices charges were brought against SNC-Lavalin or its employees. However, charges have been laid against a small number of former employees; these charges are still pending. As well, the World Bank had opened investigations regarding allegations of corruption by employees of SNC-Lavalin, relating to the Padma Bridge project in Bangladesh. On April 17, 2013, a settlement was reached with the World Bank in connection with these investigations. While the specific terms of the settlement are confidential, it includes the suspension of the right to bid on and to be awarded World Bank-financed projects by SNC-Lavalin Inc., a subsidiary of the Company, and its controlled affiliates for a period of 10 years. The suspension could be lifted after eight years, if the terms and conditions of the settlement agreement are complied with fully. The settlement also requires that the Company cooperate with the World Bank on various compliance matters in the future. The settlement does not include a financial penalty.

GRI CONTENT INDEX

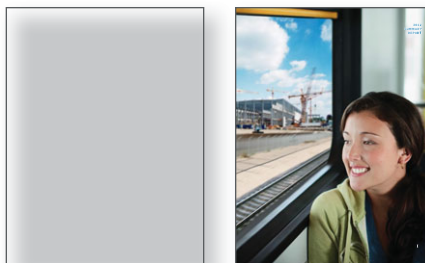
Public Policy		
S05	Public policy positions and participation in public policy development and lobbying.	SNC-Lavalin supports the policy positions taken by the Canadian Council of Chief Executives, the Conference Board of Canada and the Quebec Business Council for the Environment.
Compliance		
S08	Monetary 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 2012.
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.
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.
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 we operate. 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.
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.

BUILDING A SUSTAINABLE FUTURE

We invite you to visit our website at www.snclavalin.com for a list of our offices and to learn more about SNC-Lavalin. In addition to this Sustainability Report, SNC-Lavalin has produced a separate 2012 Summary Report and 2012 Financial Report. All documents are available on our website or can be ordered through the Company.

THANK YOU

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



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