UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

Commission File Number: 001-32562

STANTEC INC.

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English (if applicable))

Canada

(Province or other jurisdiction of incorporation or organization)

8711

(Primary Standard Industrial Classification Code Number (if applicable))

98-0601423

(I.R.S. Employer Identification Number (if applicable))

10220-103 Avenue NW, Suite 400, Edmonton, Alberta, Canada T5J 0K4, (780) 917-7000

(Address and telephone number of Registrant's principal executive offices)

Stantec Consulting Services Inc., 370 Interlocken Boulevard, Suite 300, Broomfield, CO 80021-8012, (303) 410-4000

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	STN	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None.

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None.

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

☑ Annual information form ☑ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2020 – 111,005,347 Common Shares outstanding.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

DISCLOSURE CONTROLS AND PROCEDURES

The disclosure provided under “Controls and Procedures” on page M-38 of Exhibit 99.2, Management’s Discussion and Analysis, is incorporated by reference herein.

MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The disclosure provided under “Management’s Annual Report on Internal Control Over Financial Reporting” on page F-2 of Exhibit 99.3, 2020 Audited Consolidated Financial Statements, is incorporated by reference herein.

AUDITOR ATTESTATION

The disclosure provided under “Report of Independent Registered Public Accounting Firm” on pages F-6 and F-7 of Exhibit 99.3, 2020 Audited Consolidated Financial Statements, is incorporated by reference herein.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The disclosure provided under “Controls and Procedures” on page M-38 of Exhibit 99.2, Management’s Discussion and Analysis, is incorporated by reference herein.

IDENTIFICATION OF THE AUDIT COMMITTEE

On December 31, 2020, Stantec’s Audit and Risk Committee was made up of the following three members: Shelley A. M. Brown (Chair), Richard C. Bradeen, and Donald J. Lowry.

AUDIT COMMITTEE FINANCIAL EXPERT

Shelley A. M. Brown, Richard C. Bradeen, and Donald J. Lowry are each an audit committee financial expert (as such term is defined in the rules and regulations of the Securities Exchange Commission) and are independent, as that term is defined by the New York Stock Exchange’s corporate governance standards applicable to Stantec. The Securities and Exchange Commission has indicated that the designation of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than those imposed on such person as a member of the audit committee and the Board of Directors in the absence of such designation and does not affect the duties, obligations or liability of any other member of the audit committee or Board of Directors.

CODE OF ETHICS

Stantec has adopted a code of ethics, entitled the Stantec Code of Business Conduct (the “Code”). The Code applies to all directors, officers and employees of Stantec, including Stantec’s principal executive officer, principal financial officer and principal accounting officer. Stantec requires that all officers and employees annually certify that they have read and understand the Code. The Code is reviewed at least annually to ensure that it complies with all legal requirements and is in alignment with best practices. In the event that amendments are needed, recommendations are made to the Board of Directors for approval. On May 6, 2020, the Board of Directors of Stantec approved amendments to the Code to align it with Stantec’s Insider Trading Prohibition Policy and to clarify that any person who is in possession of material non-public information about Stantec or its business partners is prohibited from trading while in possession of such information. Other non-substantive clarifying amendments were made at that time. The Code is available on Stantec’s website (stantec.com) under the “About – Corporate Governance” section and included as Exhibit 99.9 hereto.

The Board of Directors believes that providing a forum for employees and officers to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within Stantec. The Code sets out our procedures for reporting and investigating observations or concerns raised by employees or officers of the company. Stantec monitors compliance with the Code through its external integrity hotline. The external integrity hotline allows officers or employees to report concerns regarding breaches of the Code in writing, over the telephone, by mail or by email. All complaints are treated as confidential, and requests to maintain anonymity are respected to the extent possible. The integrity hotline is managed by an independent third party.

Copies of all complaints are reviewed by the chair of the Audit and Risk Committee upon receipt. A quarterly report is presented to the Audit and Risk Committee and the Sustainability and Safety Committee summarizing the status of any active investigations of complaints and the resolution of all complaints made through the integrity hotline.

The Board of Directors believes that its effectiveness is furthered when directors exercise independent judgment in considering transactions and agreements. As such, if at any Board of Directors' meeting a director or executive officer has a material interest in a matter being considered, such director or officer would not be present for discussions relating to the matter and would not participate in any vote on the matter.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The disclosure provided under "External Auditor Service Fees" on page 19 of Exhibit 99.1, Annual Information Form, is incorporated by reference herein.

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The disclosure provided under "Preapproval Policy" on page 19 of Exhibit 99.1, Annual Information Form, is incorporated by reference herein. No audit-related fees, tax fees or other fees were approved by the Audit and Risk Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

The disclosure provided under "Off-Balance Sheet Arrangements" on page M-26 of Exhibit 99.2, Management's Discussion and Analysis, is incorporated by reference herein.

CONTRACTUAL OBLIGATIONS

The disclosure provided under "Contractual Obligations" on page M-25 of Exhibit 99.2, Management's Discussion and Analysis, is incorporated by reference herein.

CORPORATE GOVERNANCE

The disclosure provided under "NYSE Corporate Governance Disclosure" on page 21 of Exhibit 99.1, Annual Information Form, is incorporated by reference herein.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

Stantec undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to Form 40-F, the securities in relation to which the obligation to file an annual report on Form 40-F arises, or transactions in said securities.

B. Consent to Service of Process

Stantec has previously filed with the Commission a Form F-X and amendments thereto in connection with the Common Shares. Any change to the name or address of a Registrant's agent for service shall be communicated promptly to the Commission by an amendment to Form F-X referencing the file number of the Registrant.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Annual Information Form dated February 24, 2021
99.2	Management's Discussion and Analysis for the year ended December 31, 2020 (pages M-1 through M-41 of the 2020 Annual Report)
99.3	2020 Audited Consolidated Financial Statements (pages F-1 through F-59 of the 2020 Annual Report)
99.4	Consent of Ernst & Young LLP
99.5	Chief Executive Officer's Certifications required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
99.6	Chief Executive Officer's Certification pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002
99.7	Chief Financial Officer's Certifications required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
99.8	Chief Financial Officer's Certification pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002
99.9	Code of Business Conduct
101.	Interactive Data File

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

STANTEC INC.

/s/ Gordon A. Johnston

Gordon A. Johnston, M. Eng., P. Eng.
President and Chief Executive Officer

Date: February 24, 2021

Exhibit 99.1

Index to the Annual Information Form

Corporate Structure 4
Name, Address, and Incorporation 4
Intercorporate Relationships 4
General Development of the Business 6
2021 6
2020 6
2019 7
2018 8
Description of the Business 10
Innovation, Research, and Development 11
Competitive Conditions 11
Services 11
Employees 12
Sustainability 12
Environment 12
Social 12
Governance 13
Global Operations 13
Risk Factors 13
Dividends 14
Description of Capital Structure 14
Preferred Shares 14
Common Shares 14
Senior Unsecured Notes 15
Ratings 15
Market for Securities 16
Trading Price and Volume 16
Directors and Officers 17
Directors' and Executive Officers' Share Ownership 18
Audit and Risk Committee Information 19
Audit and Risk Committee Terms of Reference 19
Composition of the Audit and Risk Committee 19
Preapproval Policy 20
External Auditor Service Fees 20
Legal Proceedings and Regulatory Actions 21
Interest of Management and Others in Material Transactions 20
Conflicts of Interest 20
Transfer Agent 21
Material Contracts 21
Interests of Experts 22
Additional Information 22
NYSE Corporate Governance Disclosure 22
Appendix I – Audit and Risk Committee Terms of Reference (Mandate) A-1

Stantec Inc.

Annual Information Form

February 24, 2021
Cautionary Note Regarding Forward-Looking Statements

Our public communications often include written or verbal “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 “safe harbor” provisions and “forward-looking information” within the meaning of applicable Canadian securities laws (collectively, “forward-looking statements”). Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions or courses of action and include financial outlook or future-oriented financial information.

Statements of this type are contained and incorporated by reference in this Annual Information Form (AIF) and include

- The discussion of our goals, our key performance drivers, and our annual and long-term targets and expectations for our reportable segments, which can be found in our Management’s Discussion and Analysis (MD&A) section of our Annual Report for the year ended December 31, 2020. Refer to the following sections: Business Model and Strategy, Outlook, and Cautionary Note Regarding Forward-Looking Statements (incorporated by reference in this AIF and filed under our profile on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov).
- Our beliefs about our risk management strategy and our ability to compete effectively in the Description of the Business section in this AIF.

Forward-looking statements may involve but are not limited to comments with respect to our objectives for 2021 and beyond, our strategies or future actions, our targets, our expectations for our financial condition or share price, or the results of or outlook for our operations.

The purpose of this information is to describe management’s expectations and targets by which we measure our success and assist our shareholders in understanding our financial position as at and for the periods ended on the dates presented in this AIF. We caution readers that this information may not be appropriate for other purposes.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions, projections, and other forward-looking statements will not prove to be accurate. We caution readers of this AIF not to place undue reliance on our forward- looking statements since a number of factors could cause actual future results, conditions, actions, or events to differ materially from the targets, expectations, estimates, or intentions expressed in these forward-looking statements.

The following factors—among others listed under the Outlook, Risk Factors, and Assumptions sections of our MD&A for the year ended December 31, 2020 (incorporated by reference in this AIF and filed under our profile on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov)—could cause our actual results to differ materially from those projected in our forward-looking statements:

- Global economic conditions
- Continuing COVID-19 pandemic
- Climate change events
- Fluctuations in interest rates or currency values
- Fluctuations in commodity prices
- Effects of disruptions to public infrastructure spending
- Effects of competition in the geographic or business areas in which we operate
- Fluctuations in demand for design services

Many of these factors are beyond our control and have effects that are difficult to predict.

Assumptions about the performance of the Canadian, US, and global economies in 2021 and how this performance will affect our business are material factors that we consider when determining our forward-looking statements. These assumptions are discussed in the Outlook and Cautionary Note Regarding Forward-Looking Statements sections of our MD&A for the year ended December 31, 2020 (incorporated by reference in this AIF and filed under our profile on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov).

For additional information regarding material and known risks and assumptions, see pagesM-30 to M-36 and M-41 of our MD&A. Our MD&A for the year ended December 31, 2020 is incorporated by reference in this AIF and filed on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov.

We caution that various factors, including those discussed in our MD&A, could adversely affect our results. Investors and others should carefully consider these factors—as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements—when relying on these statements to make decisions about our Company.

The forward-looking statements contained in this AIF represent our expectations as at February 24, 2021 and are subject to change after that date. Except as may be required by law, we do not undertake to update any written or verbal forward-looking statement that we may make from time to time. Our current practice is to evaluate and, where we deem appropriate, provide updates to ranges of expected performance for 2021. However, subject to legal requirements, we may change this practice at any time at our sole discretion.

Corporate Structure

Name, Address, and Incorporation

Stantec Inc. was incorporated under the *Canada Business Corporations Act* on March 23, 1984, as 131277 Canada Ltd. We have amended our Articles of Incorporation on several occasions to change share attributes, create and delete classes of shares, reorganize our outstanding share capital and split our common shares on a two-for-one basis, and change the minimum and maximum number of directors of our board.

Since incorporation, we have also amended our Articles of Incorporation several times to change our Company's name:

- August 15, 1984 – 131277 Canada Ltd. changed to Stanley Engineering Group Inc.
- October 18, 1989 – Stanley Engineering Group Inc. changed to Stanley Technology Group Inc.
- March 30, 1994 – Stanley Technology Group Inc. amalgamated with 3013901 Canada Limited and continued as Stanley Technology Group Inc.
- October 28, 1998 – Stanley Technology Group Inc. changed to Stantec Inc.

Our head and principal office and our registered and records office are at Suite 400, 10220 – 103 Avenue NW, Edmonton, Alberta, Canada, T5J 0K4.

In this AIF, references to "Stantec" and the "Company" include (as the context may require) Stantec Inc. and all or some companies in which it has an interest. References to "our," "us," and "we" also refer to Stantec. All amounts in this AIF are in Canadian dollars unless otherwise noted.

Intercorporate Relationships

The following chart lists, as at December 31, 2020, the intercorporate relationships among Stantec and its main operating subsidiaries; the percentage of voting and restricted shares of the subsidiaries owned, controlled, or directed by Stantec; and the governing jurisdiction of these subsidiaries. For our other subsidiaries not included in this list, the total assets and revenue owned, controlled, or directed by Stantec do not constitute more than 10%, individually, of the consolidated assets or consolidated revenues of Stantec as at December 31, 2020. These excluded subsidiaries also do not constitute more than 20%, in the aggregate, of the consolidated assets or consolidated revenues of Stantec as at December 31, 2020.

Name of Subsidiary	Percentage of Voting Shares	Percentage of Restricted Shares[1]	Governing Jurisdiction
International Insurance Group Inc.	100	n/a	Barbados
Mustang Acquisition Holdings Inc.	100	n/a	Delaware
MWH International, Inc.	100	n/a	Delaware
Stantec Architecture Inc.	0[2]	n/a	North Carolina
Stantec Architecture Ltd.	0[2]	n/a	Canada
Stantec Australia Pty Ltd	100	n/a	Australia
Stantec Consulting Caribbean Ltd.	100	n/a	Barbados
Stantec Consulting International LLC	100	n/a	Arizona
Stantec Consulting International Ltd.	100	100	Canada
Stantec Consulting Ltd./Stantec Experts-conseils ltée	100	100	Canada
Stantec Consulting Michigan Inc.	100	n/a	Michigan
Stantec Consulting Services Inc.	100	100	New York
Stantec Delaware V LLC	100	n/a	Delaware
Stantec Geomatics Ltd.	50[2]	100	Alberta
Stantec Holding (2017) Limited	100	n/a	United Kingdom
Stantec Holdings LP	100	n/a	Alberta

Stantec Holdings ULC	100	n/a	Alberta
Stantec International Inc.	100[3]	n/a	Pennsylvania
Stantec New Zealand	100	n/a	New Zealand
Stantec Technology International Inc.	100	100	Delaware
Stantec UK Limited	100	n/a	United Kingdom

n/a – not applicable

(1) In this AIF, "restricted shares" means non-voting shares in the capital stock of a subsidiary of the Company.
(2) Stantec has control over the relevant activities of these entities by means of contractual arrangements.
(3) Held by a structured entity (an entity designed so that voting or similar rights are not the dominant factor in deciding who controls the entity).

General Development of the Business

2021

Acquisition
On February 16, 2021, Stantec announced that it had signed an agreement to acquire Greg Tucker and Associates Pty Ltd (GTA), an Australia-based transportation planning and engineering firm with a diverse portfolio of clients across the public and private sectors. The acquisition of GTA is expected to close on March 1, 2021.

Director Appointment
Effective January 1, 2021, Martin A. à Porta was appointed to Stantec's board of directors.

Three-Year History

Highlights of Stantec's general development over the past three years follow.

2020

Acquisitions
In 2020, we acquired the following firms in Canada, the United States, and the Netherlands:

Month	Business Acquired	Nature of Business
October	Teshmont Consultants LP	Provides electrical engineering specializing in high voltage power transmission and distribution. Principally located in Winnipeg, Manitoba.
December	AGEL Adviseurs B.V.	Provides multi-discipline engineering specializing in environmental services, spatial development, infrastructure, and GIS services. Principally located in Oosterhout, the Netherlands.
December	Wenck Enterprises, Inc.	Provides environmental engineering with core expertise in air, water, food processing, natural resources, and infrastructure. Principally located in Maple Plain, Minnesota.

Officer and Director Changes
On January 1, 2020, Stuart E. Lerner was appointed to the position of Stantec's chief operating officer – North America, Catherine M. Schefer became the Company's chief operating officer – Global, and Marshall W. Davert Jr. was appointed to the position of chief innovation officer. Each executive officer was an existing employee of Stantec at the time of their appointment.

Delores M. Etter and Susan E. Hartman did not stand for re-election as directors at our annual general meeting of shareholders held on May 7, 2020, and thus their service as directors of Stantec ended on that date.

On May 7, 2020, Patricia D. Galloway was appointed to Stantec's board of directors.

COVID-19 Pandemic
As details of the novel coronavirus outbreak began to emerge in January 2020, Stantec implemented its Pandemic Response Plan, with protocols to meet the guidelines and recommendations issued by government and health officials. In early March 2020, Stantec moved quickly to support the mobilization of its global workforce to work from home. Historical investments in our information technology systems resulted in a near-seamless transition to remote working. Productivity, measured by employee utilization, dipped slightly as employees first transitioned to working from home in early March, however, it returned to typical levels for the rest of the year. In the second quarter of 2020, the Company's Pandemic Committee began to develop guidelines for office remobilization while following specific requirements driven by local government and health authorities.

For more information on the impact of the COVID-19 pandemic on Stantec's operations, see page M-6 of our MD&A for the year ended December 31, 2020 which is incorporated by reference in this AIF and filed on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov.

Offering of Senior Unsecured Notes
On October 8, 2020, Stantec closed a private placement offering of $300 million in aggregate principal of senior unsecured notes due October 8, 2027. The notes bear an interest rate of 2.048% per annum and were priced at par. The notes are direct senior unsecured obligations of Stantec and rank *pari passu* with all of our existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness. Stantec used the net proceeds of this offering to repay a portion of existing indebtedness on our revolving credit facility and for general corporate purposes.

For more information about Stantec's senior unsecured notes, please refer to theDescription of Capital Structure section.

Renewal of Normal Course Issuer Bid and Automatic Share Purchase Plan
On November 9, 2020, Stantec announced the renewal of its Normal Course Issuer Bid (2020 NCIB). Pursuant to the Company's Notice of Intention to Make a Normal Course Issuer Bid approved by the Toronto Stock Exchange (TSX), Stantec may purchase up to 5,605,224 common shares, representing approximately 5% of Stantec's 112,104,491 issued and outstanding common shares as of November 2, 2020. Purchases were permitted to commence on November 16, 2020, and to terminate no later than November 15, 2021. Except for block purchases permitted by the TSX, the number of shares purchased per day will not exceed 56,146 or approximately 25% of the average daily trading volume for the six full calendar months prior to October 31, 2020.

In connection with the 2020 NCIB, Stantec also entered into an automatic share purchase plan (ASPP) with a designated broker to purchase its common shares under the NCIB at times when Stantec could not be active in the market due to applicable regulatory restrictions or internal trading blackout periods.

During 2020, 2,047,948 common shares were repurchased for cancellation at a weighted average price of $38.2106 per share.

2019

Acquisition
In 2019, we completed the following acquisition in Australia:

Month	Business Acquired	Nature of Business
March	Wood & Grieve Engineers Limited	Provides structural, mechanical, electrical, plumbing, and hydraulics engineering. Principally located in Perth, Australia.

Officer and Director Changes
On January 1, 2019, executive vice president Theresa B. Y. Jang was appointed to the position of chief financial officer (CFO) of Stantec.

Aram H. Keith did not stand for re-election as a director at our annual general meeting of shareholders held on May 10, 2019, and thus his service as a director of Stantec and the chair of the board of directors ended on that date. Following Mr. Keith's retirement from the board, Douglas K. Ammerman assumed the role of chair of the board and relinquished his role as chair of the Audit and Risk Committee.

On December 31, 2019, Scott L. Murray retired from his role as executive vice president and chief operating officer of Stantec.

Organizational Reshaping
In early 2019, we initiated a process to improve utilization and reshape the Company to reduce excess labor costs. Stantec's organizational reshaping efforts were largely complete at the end of 2019 and delivered cost savings within the guidance of approximately $40 to $45 million on an annualized basis.

Financing
On July 19, 2019, Stantec amended its credit facilities by extending the maturity date of our $800 million revolving credit facility by one year (expires on June 27, 2024), reducing certain interest rate spreads, reducing the minimum asset and EBITDA coverage percentages, and increasing the accordion feature to $600 million.

Renewal of Normal Course Issuer Bid and Automatic Share Purchase Plan
On November 8, 2019, Stantec announced the renewal of its Normal Course Issuer Bid (2019 NCIB). Pursuant to the Notice of Intention to Make a Normal Course Issuer Bid approved by the TSX, Stantec was permitted to purchase up to 5,559,313 common shares, representing approximately 5% of Stantec's 111,186,279 issued and outstanding common shares as of October 31, 2019. Purchases were permitted to commence on November 14, 2019, and to terminate no later than November 13, 2020. During 2019, 1,400,713 common shares were repurchased for cancellation at a weighted average price of $30.8148 per share.

In connection with the 2019 NCIB, Stantec also renewed its automatic share purchase plan (ASPP) with a designated broker to purchase its common shares under the NCIB at times when Stantec could not be active in the market due to applicable regulatory restrictions or internal trading blackout periods.

2018

Acquisitions
In 2018, we acquired the following firms in Canada, the United States, Europe, and New Zealand:

Month	Business Acquired	Nature of Business
March	Occam Engineers Inc.	Provides water, transportation, and public works services. Principally located in Albuquerque, New Mexico.
March	ESI Limited	Provides environmental consulting services with capabilities in groundwater, land, and sustainable development. Principally located in Shrewsbury, United Kingdom.
April	Traffic Design Group Limited	Provides transportation planning and traffic engineering services. Principally located in Auckland, New Zealand.
May	Norwest Corporation	Provides resource assessment, mine development, reclamation, hydrology, and geotechnical engineering services. Principally located in Calgary, Alberta.
May	Cegertec Experts Conseils Inc.	Provides services in the power, industrial, building, and infrastructure sectors. Principally located in Chicoutimi, Quebec.
September	Peter Brett Associates LLP	Supports the office and commercial, urban regeneration, infrastructure, education, energy, public sector, residential, retail and town centers, tourism and leisure, waste and water sectors. Provides services related to urban planning, traffic assessments and optimization, environmental impact assessments, and public consultation. Principally located in Reading, United Kingdom.
October	True Grit Engineering Limited	Provides infrastructure engineering, project management and planning, and environmental services. Principally located in Thunder Bay, Ontario.

Divestitures
On August 31, 2018, Stantec closed the sale of its interest in EM&I (Canada) Ltd. (formerly EM&I Stantec Ltd.), a joint venture which delivered asset integrity services to the oil, gas, and energy industries in Canada.

On November 2, 2018, Stantec closed the sale of its Construction Services business (MWH Constructors, inclusive of MWH Constructors' UK and US divisions and Slayden Constructors, Inc.). MWH Constructors joined Stantec in 2016 through the MWH Global, Inc. acquisition. The divestiture of MWH Constructors returned Stantec's focus wholly to its core area of expertise (consulting services) and resulted in Stantec's Construction Services reportable segment being reported as discontinued operations.

Officer and Director Changes
On January 1, 2018, Gordon A. Johnston was appointed president and chief executive officer and appointed to Stantec's board of directors.

Steve M. Fleck was appointed to the newly created position of chief practice and project officer on January 1, 2018.

Effective February 21, 2018, Richard C. Bradeen was appointed to Stantec's board of directors.

Anthony P. Franceschini did not stand for re-election as a director at our annual general meeting of shareholders held on May 10, 2018, and thus his service as a director of Stantec ended on that date.

On August 23, 2018, the Company announced that Dan J. Lefaivre, Stantec's executive vice president and CFO, would retire from the CFO role effective December 31, 2018, as part of a planned executive leadership succession strategy and that executive vice president Theresa B. Y. Jang would, and did, take on the CFO role effective January 1, 2019.

On November 7, 2018, Shelley A. M. Brown was appointed to Stantec's board of directors.

Organizational Evolution
In 2018, following the divestiture of our Construction Services business, we focused wholly on continuing to grow our Consulting Services business. We expanded our global reach by completing acquisitions outside of North America including UK-based ESI Limited, New Zealand-based Traffic Design Group, and UK-based Peter Brett Associates LLP. In 2018, we also announced our intent to acquire Australian-based Wood & Grieve Engineers. The acquisition of Wood & Grieve Engineers was completed in March of 2019.

Financing
In 2018, Stantec entered into an amended and restated credit agreement with its syndicate of lenders (the "Amended and Restated Credit Agreement"), which removed provisions regarding the granting of collateral by Stantec and its subsidiaries, making all facilities unsecured. The Amended and Restated Credit Agreement extended Stantec's revolving credit maturity date to June 27, 2023, its $150 million term credit (Tranche B) maturity date to June 27, 2022, and its $160 million term credit (Tranche C) maturity date to June 27, 2023. It also decreased the number of cash management constraints and provided expanded operational flexibility. The revolver component remained at $800 million and the accordion feature was increased to $400 million. Before the amendment, on May 6, 2018 Stantec made a $150 million repayment on Tranche A of its term loan.

Renewal and Subsequent Amendment of Normal Course Issuer Bid and announcement of Automatic Share Purchase Plan
On November 9, 2018, Stantec announced the renewal of its Normal Course Issuer Bid (2018 NCIB). Pursuant to the Notice of Intention to Make a Normal Course Issuer Bid approved by the TSX, Stantec was permitted to purchase up to 2,273,879 common shares, representing approximately 2% of Stantec's 113,693,990 issued and outstanding common shares as of October 31, 2018. Purchases were permitted to commence on November 14, 2018, and to terminate no later than November 13, 2019. During 2018, 2,470,560 common shares were repurchased for cancellation at a weighted average price of $31.09 per share. In early 2019, the TSX approved an amendment to Stantec's 2018 NCIB pursuant to which the maximum number of common shares Stantec was permitted to repurchase for cancellation was increased from 2,273,879 (or 2% of Stantec's issued and outstanding shares as of October 31, 2018), to 5,684,699 common shares (or 5% of Stantec's shares as of October 31, 2018).

In connection with the 2018 NCIB, Stantec also entered into an automatic share purchase plan (ASPP) with a designated broker to purchase its common shares under the NCIB at times when Stantec could not be active in the market due to applicable regulatory restrictions or internal trading blackout periods.

Description of the Business

Stantec is a global design and engineering firm that collaborates across disciplines and industries to bring buildings, energy and resources, environmental, water, and infrastructure projects to life. Our Company's work—engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics—begins at the intersection of community, creativity, and client relationships. We provide professional services in all phases of the project life cycle: planning, design, construction administration, commissioning, maintenance, decommissioning, and remediation. By offering integrated expertise and services across the project life cycle, we provide our clients with a vast number of project solutions. We believe this integrated approach enables us to execute our operating philosophy by maintaining a world-class level of expertise, which we supply to our clients through the strength of our local offices.

We offer services through five business operating units. Within each business operating unit, we respond to the needs of clients from various sectors through our primary service offerings:

- Buildings – Pre-design, design, and construction administration services in planning, architecture, interior design, buildings engineering, and sustainability and building performance for vertical infrastructure, primarily for private sector and institutional clients
- Energy & Resources – Industrial engineering services for private sector energy, resource, and power clients
- Environmental Services – Planning and permitting services for private sector clients, and remediation activities for private and public sector clients
- Infrastructure – Front-end design and engineering services and some construction management and inspection work for private and public sector clients
- Water – Traditional planning, engineering, design, and construction management services augmented with financial and enterprise management, program and asset management, and intelligent platforms for public and private sector clients

Our vision is to be a top 10 global design firm that maximizes long-term, sustainable value. We aim to grow and diversify sustainably for the benefit of our clients, employees and shareholders. We will do this through a client-centric framework with four value creators: Excellence, Innovation, People, and Growth.

Our diverse business model allows us to adapt to changes in market conditions by offsetting decreased demand for services in one business operating unit or geographic location with increased demand in another. We believe this strategy helps us mitigate risk while we continue to increase our revenue and earnings. Our first and fourth quarters generally have the lowest revenue generation and project activity because of holidays and weather conditions in the northern hemisphere, but our diverse business model allows us to adapt to these slowdowns.

Our chief operating decision maker (CEO) assesses our Company's performance based on financial information available from our operating segments.

Our reportable segments (in accordance with IFRS) are based on the regional geographic areas in which we operate. The Company has three operating and reportable segments for its Consulting Services: Canada, United States, and Global.

The following table illustrates the breakdown of gross revenue for our reportable segments in 2019 and 2020.

Reportable Segments	2019 Gross Revenue (millions $)	2020 Gross Revenue (millions $)
Canada	1,283.1	**1,238.5**
United States	2,688.1	**2,655.2**
Global	856.1	**836.4**

For additional information regarding our business model and strategic plan, see our MD&A for the year ended December 31, 2020, page M-1 to M-5 (incorporated by reference in this AIF and filed on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov).

Innovation, Research, and Development

In 2020, we evolved our Creativity & Innovation Program by establishing the Innovation Office and naming Marshall Davert Jr. as chief innovation officer. Our Innovation Office combines proven ideas with curiosity, creativity, and digital-forward approaches to help develop new services, products, and business lines that allow us to meet client and community challenges.

Stantec employees can share ideas through an online portal managed by our Innovation Office. We support promising ideas with technical expertise, coaching, and progressive levels of funding. Throughout the process, ideas with a digital component are supported by experts who are leading our digital transformation efforts. Innovation leaders and coaches within our business lines encourage and facilitate creativity and innovation across our operating units and geographies. These leaders are key to our Innovation Office and help guide the evolution of innovation at Stantec.

Innovation at Stantec also exists outside the Innovation Office. Innovative research and development is conducted in a broad range of fields, including infrastructure evaluation and management systems, augmented and virtual reality, analytics, data management, digital twins of complex systems, parametric design, water and wastewater systems, costal resiliency, ecosystem restoration, smart cities, energy transition, pavement evaluation and management systems, stream restoration, habitat protection, and environmental biotechnology.

Competitive Conditions

We work in highly competitive markets and have numerous competitors for all our services. The number and identity of competitors vary widely with the type of service we provide. For small to midsized projects, we compete with many engineering, architecture, construction management, and other professional consulting firms. For larger projects, we have fewer but still many competitors; however, some competitors may have greater financial and other resources than we have. Although we compete with large private and public companies in certain geographic locations, our primary competitors are small to midsized privately held regional firms.

We believe that our operating structure, our operating philosophy, our enterprise systems, and the diversity and scope of our professional services differentiate us from other engineering, architecture, construction management, and professional consulting firms, whether private or public, small or large.

The main competitive advantages that we have in the services we offer are reputation, experience, breadth and quality of services, technical proficiency, local offices, competitive total project fees, and integrated service delivery. Our successful track record of acquiring and integrating firms also provides us with a competitive advantage. Given the expanding demand for the services we provide, additional competitors will likely emerge. Even with this increased competition, we believe that we will compete effectively because of our strengths and expertise in engineering, architecture, construction management, construction services, and related professional services, as well as our successful track record of service delivery.

Services

We serve many diverse clients in the private and public sectors and aim to establish ongoing relationships with clients that are likely to produce repeat business. We work on tens of thousands of projects for thousands of clients in hundreds of locations, thereby ensuring that we do not rely on a few large projects for our revenue.

In Consulting Services, we provide knowledge-based solutions through value-added professional consulting services in engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics in the areas of infrastructure and facilities, principally under fee-for-service agreements with clients.

We offer a range of pricing structures to our clients but usually provide our services based on a fixed or variable-fee contract (with a ceiling) or a time-and-material contract (without a stated ceiling). Most assignments are acquired because of our expertise and contacts; others are obtained through a competitive bidding process.

Employees

As of December 31, 2020, we had approximately 22,000 staff, including professionals, technologists and technicians, and support personnel.

We are a knowledge-based organization, always seeking talented and skilled professionals for all our specialized services. As we operate in a competitive industry where turnover costs are high and long-term relationships are key, we work hard to recruit and retain the best people. We use various recruitment strategies to address staffing needs: an employee referral bonus program, website job postings, career fairs, and student programs, and we have opportunities to transfer staff to other office locations.

The Social section of our annual Sustainability Report contains additional information on the steps we take to attract, support, motivate, and develop world-class talent and to build an inspiring and inclusive work environment for our staff.

Sustainability

Stantec's Sustainability Program is built on the premise that positive economic results are enabled when we effectively manage our environmental, social, and governance (ESG) concerns. Our Sustainability Policy guides us in implementing best practices that meet the letter and spirit of applicable laws and regulations as well as recognized international ESG frameworks. In recognition of our sustainability successes, Stantec was named the fifth most sustainable company in the world and first in North America by Corporate Knights. In 2020, Stantec was also named as one of the 50 Best Canadian Corporate Citizens.

Accountability for our sustainability performance sits with our Executive ESG Committee. Chaired by the chief financial officer, committee members include the chief operating officer (Global); chief human resources officer; senior vice president of Strategy; vice presidents of Corporate Sustainability, Risk Management, and Integrated Management Systems; and the operations leader of Continental Europe. The board's Sustainability and Safety Committee oversees the framework for managing sustainability; health, safety, security, and environment risks; emergency preparedness; and non-financial risks arising from the Company's Integrity Management Program.

Our annual Sustainability Report provides details about our ESG performance. Please also see our annual CDP disclosure and the MD&A portion of the Annual Report for information regarding our climate change risks and opportunities.

ESG highlights are outlined below.

Environment
Stantec manages, monitors, and improves our environmental performance with an ISO 14001- certified Environmental Management System. This management system sets environmental objectives and monitors and measures environmental targets, regulatory compliance, orders and citations, and improvement plans. We are in the process of setting a science-based target, implement actions that consistently reduce our greenhouse gas emissions, and take steps to conserve resources. In 2020, Stantec was recognized for our corporate climate change action through a leadership (A-) CDP score.

Stantec provides a wide range of environmental services to clients. Whether we are providing climate change mitigation services, designing energy-efficient buildings, protecting biodiversity, developing new ways to conserve water, or promoting renewable energy, our commitment to sustainability drives innovation, reduces risks, and provides attractive project life cycle return on investment.

Social
We are a professional services company that relies on the expertise of highly technical staff. We work hard to hire the best in the industry and focus on managing, mentoring, and retaining our people. Stantec offers a flexible and collaborative work environment, competitive employee benefits, and the opportunity to work on iconic projects. Our focus on inclusion and diversity increases employee engagement, connects us with clients, and improves employee well-being. In 2020, Stantec was recognized by Forbes as one of the World's Best Employers as well as one of Canada's Best Employers.

Stantec manages, monitors, and improves our health and safety performance with a formal ISO 45001-certified management system. To gauge the effectiveness of our programs, we track both lagging indicators (e.g., injury rates) and leading indicators (e.g., inspections, observations, hazard identifications).

Our investment in innovation and research helps us prepare for future client needs and promote thought leadership.

For the communities where we work and live, we invest in initiatives that build capacity and support long-term change. We do this by contributing time, expertise, and money to the arts, education, the environment, and health and wellness. We also specifically focus on maintaining respectful and successful relationships with Indigenous communities.

For clients, we consider the social impacts of decisions made when managing projects throughout their life cycle. We help clients understand the norms of local communities so that they address local priorities and build lasting positive relationships. We incorporate social equity and justice considerations into our projects and design to foster community well-being.

Governance
Stantec believes that good governance is essential to maintaining an ethical and effective corporate culture. By embracing ethical business practices, we demonstrate our Company values and, in turn, establish a competitive advantage in the global marketplace.

Our Code of Business Conduct sets global standards that employees are expected to follow in their day-to-day work. We commit to fighting corruption and anti-trust behaviors and employees are prohibited from using Company funds for political contributions. We have a Partner Code of Business Conduct program that passes our ESG expectations through our supply chain.

Our Integrated Management System provides a disciplined and accountable framework that monitors risks and hazards, reduces inefficiencies, maximizes Company resources, and directly supports the implementation of our strategy. The integrated system includes the Environmental Management System and Occupational Health and Safety Management System referenced above as well as a Quality Management System (ISO 9001 - certified) and an IT Service Management System (ISO/IEC20000-1 certified). Independent (third-party) audits of the Integrated Management System are conducted annually. Stantec focuses on data privacy and maintains comprehensive IT security systems.

Additional information about our board of directors, risk management, and strategic planning process can be found in Stantec's 2020 Annual Report and Management Information Circular.

Global Operations

In 2020, Stantec remained active internationally; gross revenue from our Global operations was $836.4 million.

We perform work and have permanent offices in the United Kingdom, Europe, Australia, New Zealand, the Middle East, China, Taiwan, Turkey, South and Central America, and the Caribbean.

All Stantec projects are reviewed in accordance with Stantec's Project Management Framework, which includes following legal, financial, and technical processes, among other things. As well, each in-country project is examined to ensure that any health, safety, security or political risks are acceptable. Each major project has an executive leadership sponsor and is formally reviewed.

Risk Factors

For a review of the risks pertaining to our Company, please refer to our MD&A for the year ended December 31, 2020, pages M-30 to M-36 (incorporated by reference in this AIF and filed on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov).

Dividends

On February 15, 2012, Stantec's board of directors approved our Dividend Policy and concurrently declared Stantec's first quarterly dividend. Pursuant to this policy, the Company anticipates that it will declare a dividend to shareholders of record on the last business day of each quarter and pay it on or about the fifteenth day of the following month.

Since adopting our Dividend Policy, we have paid quarterly dividends on our common shares. Although the Company aims to declare and pay a dividend quarterly, our Dividend Policy is at the sole discretion of our board of directors and may vary depending on various factors, including prevailing economic and market conditions, the Company's earnings, the financial requirements for the Company's operations, the business strategy of the Company, the provisions of applicable law, and any other factors that our board of directors considers relevant. Additionally, Stantec is required to meet certain financial thresholds under its credit facilities; this may restrict Stantec's ability to declare and pay dividends. Pursuant to our credit facilities, we are restricted from declaring or paying dividends where a default or event of default is continuing or would be caused by such declaration or payment. Therefore, Stantec cannot guarantee that our Dividend Policy will be maintained. For full particulars of our credit facility covenants, reference should be made to our Amended and Restated Credit Agreement, a copy of which is accessible on SEDAR at sedar.com.

The following table outlines cash dividends paid per common share in 2020, 2019, and 2018.

Dividends Paid ($ per common share)

	Year (Total)	Q4	Q3	Q2	Q1
2020	0.62	0.155	0.155	0.155	0.155
2019	0.58	0.145	0.145	0.145	0.145
2018	0.55	0.1375	0.1375	0.1375	0.1375

Description of Capital Structure

Our authorized share capital consists of an unlimited number of preferred shares, issuable in series, and an unlimited number of common shares. As at December 31, 2020, no preferred shares and 111,005,347 common shares were issued and outstanding.

In addition to share capital, Stantec has debt securities issued and outstanding. The attributes of Stantec's senior unsecured notes are provided in this section of the AIF.

Preferred Shares

Preferred shares may be issued in one or more series. The board of directors determines the number of shares and the rights, privileges, restrictions, and conditions attaching to each series. The holders of the preferred shares as a class are not entitled to receive notice of or attend any shareholders' meeting and are not entitled to vote at any shareholders' meeting, except to approve amendments to the terms of the preferred shares as a class or as required by law.

Each series of preferred shares will rank *pari passu* with each of the other series of preferred shares with respect to the entitlement to dividends and distribution of assets in the event of the liquidation, dissolution, or winding up of Stantec. Preferred shares as a class rank ahead of common shares with respect to entitlement to dividends and distribution of assets in the event of the liquidation, dissolution, or winding up of Stantec.

Common Shares

The holders of common shares are entitled to receive, as and when declared by our board of directors, dividends in an amount and form that our board of directors may from time to time determine. Holders of common shares are entitled to receive notice of and to attend all shareholders' meetings. They will have one vote for each common share held at each meeting, unless the meeting is only for holders of another specified class or series of our shares who are entitled to vote separately as a class or series.

Common shares rank behind preferred shares with respect to entitlement to dividends and distribution of assets in the event of the liquidation, dissolution, or winding up of Stantec.

Senior Unsecured Notes

Under the terms and conditions of the Trust Indenture (Indenture) between Stantec and Computershare Trust Company of Canada dated October 8, 2020, the Company may issue senior unsecured notes (Notes). The aggregate principal amount of Notes which may be issued under the Indenture is unlimited. The Notes, issuable in one or more Series, rank equally and *pari passu* with each other and with the Notes of every other Series, regardless of their actual dates or terms of issue.

On October 8, 2020, Stantec issued a first series of Notes designated as 2.048% senior unsecured notes due October 8, 2027 (Series 1 Notes). The maximum principal amount of Series 1 Notes that may be issued is $350 million. The initial amount of Series 1 Notes issued under the First Supplemental Trust Indenture dated October 8, 2020 is $300 million. The Series 1 Notes bear interest from the date of issue at the rate of 2.048% per annum, payable in equal installments, semi-annually in arrears. The Series 1 Notes are redeemable at the Company's option, in whole or in part, at the redemption price specified in the First Supplemental Trust Indenture.

For a complete description of the Notes and Series 1 Notes, please refer to the Trust Indenture and the First Supplemental Trust Indenture, copies of which are accessible on SEDAR at sedar.com.

Ratings

On September 24, 2020, we were assigned the credit ratings described in the tables below. As of December 31, 2020, the ratings assigned on September 24, 2020, remained unchanged.

Credit Rating Agency	Issuer Rating	Senior Unsecured Revolving Credit Facility	Senior Unsecured Term Loans
DBRS Limited (DBRS Morningstar)	BBB Stable Trend	BBB Stable Trend	BBB Stable Trend

Provisional Rating

Credit Rating Agency	Senior Unsecured Notes[1]	Trend
DBRS Limited (DBRS Morningstar)	BBB	Stable

(1) DBRS Morningstar first assigned the new provisional rating to Stantec's senior unsecured notes on September 24, 2020. The BBB rating was then finalized on October 8, 2020.

The DBRS Morningstar issuer and senior debt rating scale provides an opinion on the risk of default; that is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. The rating scale ranges from "AAA" to "D" which represents the range from an issuer with the highest credit quality to one that has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods. Ratings are based on quantitative and qualitative considerations relevant to the issuer. Stantec's rating of BBB means an adequate credit quality, acceptable capacity for the payment of financial obligations, and possible vulnerability to future events.

All rating categories other than AAA and D also contain the subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. The DBRS Morningstar rating trends provide guidance in respect of DBRS Morningstar's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories – ''Positive'', ''Stable'' or ''Negative''. The rating trend indicates the direction in which DBRS Morningstar considers the rating may move if present circumstances continue.

The credit ratings assigned to Stantec are not a recommendation to buy, hold, or sell our debt or securities. There is no assurance that any rating will remain in effect for any given period of time, and that any rating will not be revised or withdrawn entirely at any time by the credit rating organization, if in its judgement, circumstances warrant.

We have made payments to DBRS Morningstar in connection with the assignment of ratings to our long-term debt for purposes of the senior unsecured notes offering. In the past two years, there were no other services provided to us by DBRS Morningstar.

Market for Securities

Trading Price and Volume

Our common shares are listed for trading on the TSX and New York Stock Exchange (NYSE) under the symbol “STN”.

The following table outlines the monthly trading data on the TSX for January 1 to December 31, 2020:

Toronto Stock Exchange 2020

Month	High	Low	Volume
January	$40.30	$36.59	7,462,753
February	$42.31	$37.77	5,890,706
March	$42.31	$31.00	12,883,690
April	$42.70	$34.20	9,193,774
May	$43.10	$39.195	4,837,906
June	$42.70	$38.98	4,477,523
July	$44.31	$41.49	3,990,520
August	$44.85	$41.58	5,837,451
September	$42.75	$39.39	5,238,359
October	$41.21	$37.46	3,916,710
November	$40.20	$37.60	5,715,144
December	$42.25	$38.61	4,610,419
Total			74,054,955

The following table outlines the monthly trading data on the NYSE (in US$) for January 1 to December 31, 2020:

New York Stock Exchange 2020

Month	High	Low	Volume
January	$30.53	$28.19	1,890,164
February	$31.94	$28.56	2,721,522
March	$31.70	$21.43	3,856,788
April	$30.77	$24.11	3,389,723
May	$30.76	$27.79	2,088,223
June	$31.87	$28.62	2,033,254
July	$32.85	$30.31	2,096,413
August	$33.81	$31.50	2,439,037
September	$32.73	$29.42	1,897,248
October	$31.39	$28.10	1,696,648
November	$30.71	$28.86	1,523,146
December	$33.00	$29.87	1,556,001
Total			27,188,167

Directors and Officers

The following table lists Stantec's directors as of February 24, 2021, their place of residence and principal occupation:

Directors of Stantec Inc.

Name and Place of Residence	Principal Occupation	Director Since
Douglas K. Ammerman[1] Laguna Beach, California, United States	Corporate Director	2011
Martin A. à Porta Zug, Switzerland	Corporate Director	2021
Richard C. Bradeen Montreal West, Quebec, Canada	Corporate Director	2018
Shelley A. M. Brown Saskatoon, Saskatchewan, Canada	Corporate Director	2018
Patricia D. Galloway Cle Elum, Washington, United States	President, Galloway Arbitration Inc.	2020
Robert J. Gomes Edmonton, Alberta, Canada	Corporate Director	2009
Gordon A. Johnston Edmonton, Alberta, Canada	President and Chief Executive Officer of Stantec Inc.	2018
Donald J. Lowry Edmonton, Alberta, Canada	Corporate Director	2013
Marie-Lucie Morin Ottawa, Ontario, Canada	Corporate Director	2016

(1) Mr. Ammerman is the chair of our board.

All Stantec directors are elected annually and hold office until the next annual shareholders' meeting or until their earlier resignation. All directors have held the positions listed in the table above or other executive positions with the same or associated firms or organizations during the past five years or more, except the following:

- Mr. à Porta was president and CEO of Pöyry Plc.
- Ms. Brown was a partner at Deloitte until May 31, 2018
- Dr. Galloway was president and CEO of Pegasus Global Holdings Inc. until February 1, 2018
- Mr. Gomes was president and CEO of Stantec until December 31, 2017
- Mr. Johnston was executive vice president of Stantec's infrastructure business operating unit until December 31, 2017

The following lists the members of each committee of the board as at the date of this AIF:

- Audit and Risk Committee – Shelley A. M. Brown (chair), Richard C. Bradeen, and Donald J. Lowry
- Corporate Governance and Compensation Committee – Marie-Lucie Morin (chair), Martin A. à Porta, Richard C. Bradeen, and Patricia D. Galloway
- Sustainability and Safety Committee – Donald J. Lowry (chair), Martin A. à Porta, Patricia D. Galloway, and Robert J. Gomes

All of our directors, with the exception of Gordon A. Johnston, the Company's President and Chief Executive Officer, and Robert J. Gomes, Stantec's former President and Chief Executive Officer, are "independent" as those terms are defined under applicable Canadian and US securities laws.

The following table lists the name, residency and position held by each executive officer of Stantec as of February 24, 2021, as well as his or her principal occupation in the five preceding years:

Executive Officers of Stantec Inc.

Name and Municipality of Residence	Current Position with the Company	Current Position Start Date	Previously Held Positions During the Five Preceding Years[1]
Gordon A. Johnston Edmonton, Alberta, Canada	President and Chief Executive Officer	January 1, 2018	Senior Vice President, Water, Stantec Executive Vice President, Infrastructure, Stantec
Theresa B. Y. Jang Calgary, Alberta, Canada	Executive Vice President and Chief Financial Officer	January 1, 2019	Chief Financial Officer, Veresen Inc. Executive Vice President, Stantec
Valentino DiManno Calgary, Alberta, Canada	Executive Vice President and Chief Business Officer	January 1, 2016	Executive Vice President and Chief Business Officer
Stuart E. Lerner New York City, New York, United States	Executive Vice President and Chief Operating Officer – North America	January 1, 2020	Vice President, Stantec Senior Vice President, Stantec Executive Vice President, Infrastructure, Stantec
Catherine M. Schefer Warrington, United Kingdom	Executive Vice President and Chief Operating Officer - Global	January 1, 2020	Managing Director – UK Region, MWH UK Executive Vice President, Regional Operating Unit Leader, Stantec
Steve M. Fleck Vancouver, British Columbia, Canada	Executive Vice President and Chief Practice and Project Officer	January 1, 2018	Senior Vice President, Project Delivery Office, Stantec Executive Vice president, Project Delivery Office, Stantec
Marshall W. Davert Jr. Miami Beach, Florida, United States	Executive Vice President and Chief Innovation Officer	January 1, 2020	President, MWH Americas and Asia-Pacific Government & Infrastructure Executive Vice President, Water, Stantec
Paul J. D. Alpern Edmonton, Alberta, Canada	Senior Vice President, Secretary and General Counsel	November 5, 2009	Senior Vice President, Secretary and General Counsel

[1] Previous positions held at Stantec pertain to individuals' positions held with Stantec Inc.'s operating subsidiaries

Directors' and Executive Officers' Share Ownership

As of December 31, 2020, the directors and officers of Stantec Inc. as a group beneficially owned, controlled, or directed, either directly or indirectly, 451,463 common shares, which is 0.41% of our issued and outstanding common shares.

Audit and Risk Committee Information

Audit and Risk Committee Terms of Reference

The responsibilities and duties of our Audit and Risk Committee are set out in the committee's Terms of Reference (Mandate), attached as Appendix I to this AIF.

Composition of the Audit and Risk Committee

As of February 24, 2021, our Audit and Risk Committee members are Shelley A. M. Brown (chair), Richard C. Bradeen, and Donald J. Lowry.

The board of directors believes that the composition of this committee reflects an appropriate level of financial literacy and expertise and has determined that each committee member is "independent" and "financially literate" (as those terms are defined under applicable Canadian and US securities laws). As well, Ms. Brown, Mr. Bradeen, and Mr. Lowry are each an "audit committee financial expert" (as this term is defined in the rules and regulations of the US Securities and Exchange Commission [SEC]).

The following information describes each committee member's education and experience that is relevant to the performance of his or her committee responsibilities.

Shelley A. M. Brown
Ms. Brown has more than 25 years of board experience serving on not-for-profit, association, and for-profit corporate boards, including Deloitte Canada, the Accounting Standards Board Oversight Council, and the University of Saskatchewan Board of Governors. She brings expertise in strategic planning, good governance, finance, and risk management. During her distinguished 40-year career in accounting, Ms. Brown was a partner in two of the world's largest professional services firms. As chair of the Canadian Institute of Chartered Accountants, she played a key role in uniting Canada's accounting profession, culminating in the creation of the Chartered Professional Accountants of Canada. Ms. Brown currently chairs the audit committee of NorZinc Ltd. and serves on the audit committee of Inter Pipeline Ltd.

With nearly 40 years' experience in accounting, Ms. Brown has a strong familiarity with the preparation and review of interim and annual financial statements and is a valuable asset to the committee.

Richard C. Bradeen
Mr. Bradeen served as senior vice president of Strategy, Mergers & Acquisitions, Pension Investments, Corporate Audit Services and Risk Assessment for Bombardier Inc. (Bombardier), a leading worldwide manufacturer of planes and trains, from February 2009 to October 2013. He started his career at Bombardier in 1997 as vice president of Acquisitions. Before that, Mr. Bradeen served as a partner and a member of the Partnership Board of Directors of Ernst & Young (Canada). He joined Ernst & Young in 1978 and over 19 years held increasingly senior roles, including that of president of the Corporate Finance Group in Toronto. He currently serves on the board of directors and audit committee of Superior Plus Corp.

Mr. Bradeen's prior experience with Bombardier and Ernst & Young, as well as his service on the audit committee of Superior Plus Corp., provides him with the relevant experience to perform his responsibilities as an Audit and Risk Committee member.

Donald J. Lowry, ICD.D, F.ICD
Mr. Lowry retired in March 2013 as president & CEO of EPCOR Utilities Inc. He remains chair of Capital Power Corporation, a publicly traded company formed when EPCOR spun off its generation business in July 2009. Mr. Lowry was the chair of Canadian Oilsands Limited (TSX-COS) until the company was acquired in February 2016. He holds a bachelor of commerce (honors) and master of business administration degree from the University of Manitoba, and he is a graduate of the Harvard Advanced Management Program and the Banff School of Management. Mr. Lowry obtained his Institute of Corporate Directors designation in January 2016 from the Rotman School of Business.

Mr. Lowry's education, past role as president & CEO of EPCOR Utilities Inc., and more than 30 years of industry experience in the utilities, telecommunications, and power generation sectors provide him with the relevant knowledge to perform his responsibilities as an Audit and Risk Committee member.

Preapproval Policy

The Audit and Risk Committee must preapprove the audit and non-audit services performed by the independent auditor to ensure that the provision of those services does not impair the auditor's independence. Unless a type of service to be provided by the independent auditor has received general preapproval, it will require specific preapproval by the committee. Proposed services that exceed preapproved cost levels will require specific preapproval by the committee.

External Auditor Service Fees

Aggregate fees paid to Ernst & Young LLP, our external auditor, during fiscal years ended December 31, 2020, and 2019, follow:

Category	Note	2020 ($)	2019 ($)
Audit fees	1	5,811,200	5,995,700
Audit-related fees	2	390,800	337,700
Tax fees	3	827,000	825,600
All other fees	4	17,200	22,400
Total Fees		7,046,200	7,181,400

(1) Audit fees: Audit services provided by Ernst & Young LLP for the audit and review of Stantec's financial statements or services normally provided by Ernst & Young LLP in connection with statutory and regulatory filings or engagements, including the quarterly reviews, accounting consultation, statutory audit of in-scope subsidiaries and international financial reporting standard consultation.

(2) Audit-related fees: Assurance and related services provided by Ernst & Young LLP. These services can include attest services not required by statute or regulation and review engagements.

(3) Tax fees: Professional services rendered by Ernst & Young LLP for income tax compliance and tax advice relating to mergers, acquisitions, financing structures and tax planning.

(4) All other fees: Non-audit assurance fees and related services provided by Ernst & Young LLP.

Legal Proceedings and Regulatory Actions

We have pending legal claims and suits both by and against us. These are typical of the industries we operate in. Where appropriate, these claims have been reported to our insurers and the insurers of our predecessors, who are in the process of adjusting or defending them. None are expected to involve damages that exceed 10% of Stantec's current assets.

No penalties or sanctions have been imposed against us by a court relating to provincial and territorial securities legislation or by a securities regulatory authority. Nor have any other penalties or sanctions been imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision. We have not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

Interest of Management and Others in Material Transactions

To the best of our knowledge, none of the (i) directors or executive officers of the Company, (ii) shareholders of the Company that beneficially own, or control or direct, directly or indirectly, more than 10% of the Company's outstanding voting securities, or (iii) any associate or affiliate of persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

Conflicts of Interest

To the best of our knowledge, no director or officer of the Company has any existing or potential material conflicts of interest with the Company or any of its subsidiaries.

Transfer Agent

Computershare Trust Company of Canada is our transfer agent for our common shares listed on the TSX and NYSE at its offices in Calgary, Alberta; Toronto, Ontario; and Canton, Massachusetts.

Material Contracts

Except for contracts entered into in the ordinary course of business, which includes contracts in relation to the acquisition of professional services firms, the material contracts entered into by the Company within the most recently completed financial year, or before the most recently completed financial year but still remaining in effect, are as follows:

1. On June 27, 2018, we entered into an Amended and Restated Credit Agreement among Stantec Inc., as borrower; Canadian Imperial Bank of Commerce, as administrative agent, sole lead arranger, and sole bookrunner; Canadian Imperial Bank of Commerce, HSBC Bank Canada, and Bank of America, N.A., Canada Branch, as issuing banks; and certain other lenders with respect to the provision of certain credit facilities to Stantec Inc.
2. On July 19, 2019, we entered into Amending Agreement No. 1 in relation to the Amended and Restated Credit Agreement dated as of June 27, 2018 among Stantec Inc., as borrower; Canadian Imperial Bank of Commerce, as administrative agent, and the financial institutions, as lenders with respect to the amendment of certain terms and conditions of our credit facilities.
3. On October 8, 2020, Stantec entered into the Trust Indenture with Computershare Trust Company of Canada to create senior unsecured notes.
4. On October 8, 2020, Stantec entered into the First Supplemental Trust Indenture with Computershare Trust Company of Canada to create and issue a first series of Notes designated as 2.048% senior unsecured notes due October 8, 2027.

Copies of each of the above contracts are filed on SEDAR at sedar.com.

Interests of Experts

The Company's auditor—Ernst & Young LLP, Chartered Professional Accountants—is located at Suite 1400, 10423 – 101 Street, Edmonton, Alberta, T5H 0E7. The auditor is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta and has complied with the SEC's rules on auditor independence.

Additional Information

Additional financial information is provided in our financial statements and our MD&A for our most recently completed financial year. Additional information contained in our Management Information Circular includes directors' and officers' remuneration and indebtedness, the principal holders of our securities, and securities authorized for issuance under equity compensation plans.

A copy of this AIF, as well as our latest Management Information Circular and the Annual Report (which includes our MD&A and Audited Consolidated Financial Statements for the year ended December 31, 2020) may be obtained from our website at stantec.com or by mail on request from the Secretary at Suite 400, 10220 – 103 Avenue NW, Edmonton, Alberta, T5J 0K4. Additional information relating to our Company—including disclosure documents and any reports, statements, or other information that we file with Canadian provincial securities commissions or other similar regulatory authorities—is also available through SEDAR at sedar.com and on EDGAR at sec.gov.

NYSE Corporate Governance Disclosure

As a foreign private issuer listed on the NYSE, we are generally entitled to follow the Canadian requirements to the extent not contrary to US securities laws, including the rules of National Instrument 58-101 and National Policy 58-201, with respect to corporate governance practices. Pursuant to Section 303A.11 of the NYSE's Listed Company Manual, we are required to identify any significant ways that our corporate governance practices differ from those followed by US domestic companies under the NYSE's listing standards. These differences can be found on our website at stantec.com.

Appendix I – Audit and Risk Committee Terms of Reference (Mandate)

The following are the Audit and Risk Committee's Terms of Reference (Mandate) effective as of February 24, 2021.

A. Overview and Purpose

The Audit and Risk Committee is appointed by, and responsible to, the board of directors. The committee approves, monitors, evaluates, advises, and makes recommendations, in accordance with these terms of reference, on matters affecting the external and internal audits, risk management matters, the integrity of financial reporting, and the accounting control policies and practices of the Company. The involvement of the committee in overseeing the financial reporting process, including assessing the reasonableness of management's accounting judgments and estimates and reviewing key filings with regulatory agencies, is an important element of the Company's internal control over financial reporting. The committee has oversight responsibility for the performance of both the internal auditors and the external auditors. The committee also ensures the qualifications and independence of the external auditors. The committee has oversight of the Company's compliance with legal and regulatory requirements.

It is not the duty of the committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate, and in accordance with International Financial Reporting Standards.

B. Authority and Responsibilities

The Audit and Risk Committee shall

- Request such information and explanations in regard to the accounts of the Company as the committee may consider necessary and appropriate to carry out its duties and responsibilities.
- Consider any other matters which, in the opinion of the committee or at the request of the board, would assist the directors to meet their responsibilities.
- Provide reports and minutes of meetings to the board.
- Engage independent counsel and other advisors as may be deemed or considered necessary, and determine the fees of such counsel and advisors. Receive confirmation from management that the Company has provided for adequate funding for the payment of compensation to the independent counsel and other advisors.

C. Membership

The members of the committee shall be composed of a minimum of three independent directors, appointed by the board, all of whom must be financially literate as defined under the rules of the SEC and the New York Stock Exchange (NYSE) and applicable Canadian securities laws. At least one member shall have accounting or related financial management expertise and be an audit committee financial expert as defined in SEC regulations. For greater clarity, the board has adopted the definition of "independent director" as set out in Multilateral Instrument 52-110 of the Canadian Securities Administrators. The chair of the board of directors shall be an ex-officio member of the Audit and Risk Committee, in addition to the minimum number of required independent directors.

The chair of the committee shall be designated by the board.

Attendance by invitation at all or a portion of committee meetings is determined by the committee chair or its members and would normally include the chief financial officer of the Company, representatives of the external auditor, the internal auditor, and such other officers or support staff as may be deemed appropriate.

D. Financial Statements and Disclosures

1. Review and recommend to the board for approval the annual audited financial statements and Management Discussion and Analysis.
2. Review and recommend to the board for approval the following public disclosure documents:
    a. The annual Management Information Circular and proxy materials
    b. The Annual Information Form, including any regulatory requirements for Audit and Risk Committee reporting obligations
    c. The year-end news release on the earnings of the Company
    d. Other regulatory filings of a financial nature
3. Review and, if appropriate, approve and authorize the release of the quarterly unaudited financial statements, including Management's Discussion and Analysis, the quarterly interim report to shareholders, and the quarterly news release on the earnings of the Company. However, in the event that there is a significant or extraordinary matter that, in the opinion of the committee, should be reviewed by the board before the release of such information, the matter shall be referred to the board for review.
4. Receive the quarterly report from the Disclosure Committee on the adequacy of disclosure with respect to material events in the Company's financial statements, Management's Discussion and Analysis, and earnings news releases.
5. Receive annually an evaluation from the internal auditor of the procedures that exist for the review of financial information (extracted or derived from the financial statements) that is publicly disclosed by the Company.
6. Review and recommend to the board for approval all annual financial statements, reports of a financial nature (other than quarterly unaudited financial statements), and the financial content of prospectuses or any other reports that require approval by the board prior to submission thereof to any regulatory authority.
7. Review the Audit and Risk Committee information required as part of the Annual Information Form.
8. Review with management on an annual basis, the Company's obligations pursuant to guarantees (including those granted under the Surety Credit Facility) that have been issued and material obligations that have been entered into and the manner in which these guarantees and obligations have been, or should be, disclosed in the financial statements.
9. Review and assess, in conjunction with management and the external auditor, at least annually or on a quarterly basis where appropriate or required
    a. The appropriateness of accounting policies and financial reporting practices used by the Company, including alternative treatments that are available for consideration
    b. Any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Company
    c. Any new or pending developments in accounting and reporting standards that may affect or impact the Company
    d. Any off-balance sheet structures
    e. The key estimates and judgments of management that may be material to the financial reporting of the Company
10. At least annually, request the external auditor to provide their views on the quality (not just the acceptability) of the Company's annual and interim financial reporting. Such quality assessment should encompass judgments about the appropriateness, aggressiveness, or conservatism of estimates and elective accounting principles or methods and judgments about the clarity of disclosures.
11. Review any litigation, claim, or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Company and the manner in which these matters have been disclosed in the financial statements.
12. Review with management on a quarterly basis the indicators of impairment to the Company's goodwill.

E. External Auditor

13. Assess the performance and consider the annual appointment of an external auditor for recommendation to the board for ultimate recommendation for appointment by the shareholders.
14. Review, approve, and execute the annual engagement letter with the external auditor, and ensure that there is a clear understanding between the board, the committee, the external auditor, and management that the external auditor reports directly to the shareholders and the board through the committee. The terms of the engagement letter or the annual audit plan should include, but not be limited to, the following:
    a. Staffing
    b. Objectives and scope of the external audit work
    c. Materiality limits
    d. Audit reports required
    e. Areas of audit risk
    f. Timetable
    g. Proposed fees
15. Obtain and review a report from the external auditor at least annually regarding the auditor's independence and the profession's or audit firm's requirements regarding audit partner rotation.
16. Approve, before the fact, the engagement of the external auditor for all non-audit services and the fees for such services, and consider the impact on the independence of the external audit work of fees for such non-audit services.
17. Review all fees paid to the external auditor for audit services and, if appropriate, recommend their approval to the board. Receive confirmation from management that the Company has provided for adequate funding for the payment of compensation to the external auditor.
18. Receive an annual certification from the external auditor that they participate in the public oversight program established by the Canadian Public Accountability Board (CPAB) and the standards of the US Public Company Accounting Oversight Board (PCAOB) and that they are in good standing with the CPAB and the PCAOB.
19. Review a report from the external auditors describing (a) the firm's internal quality control procedures and (b) any material issues raised by the most recent internal quality control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years regarding the audits carried out by the external auditor together with any steps taken to deal with any such issues.
20. Receive and resolve any disagreements between management and the external auditor regarding all aspects of the Company's financial reporting.
21. Review with the external auditor the results of the annual audit examination including, but not limited to, the following:
    a. Any difficulties encountered, or restrictions imposed by management, during the annual audit
    b. Any significant accounting or financial reporting issues
    c. The auditor's evaluation of the Company's internal controls over financial reporting and management's evaluation thereon, including internal control deficiencies identified by the auditor that have not been previously reported to the committee
    d. The auditor's evaluation of the selection and application of accounting principles and estimates and the presentation of disclosures
    e. The post-audit or management letter or other material written communications containing any findings or recommendations of the external auditor including management's response thereto and the subsequent follow-up to any identified internal accounting control weaknesses
    f. Any other matters which the external auditor should bring to the attention of the committee
22. Meet with the external auditor at every meeting of the committee or as requested by the auditor, without management representatives present, and meet with management, at least annually or as requested by management, without the external auditor present.

23. When there is to be a change in the external auditor, review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51102 and the planned steps for an orderly transition.
24. Review and approve the Company's hiring policies regarding employees and former employees of the present and former external auditors of the Company.
25. Receive comments from the external auditor on their assessment of the effectiveness of the committee's oversight of internal control over financial reporting.
26. Conduct an annual review of the external auditor, with the intention of identifying potential areas for improvement for the audit firm, and to reach a final conclusion on whether the auditor should be reappointed or the audit put out for tender.

F. Internal Audit

27. Review the appointment or termination of the internal auditor.
28. Review and approve the internal audit charter periodically (at least every three years).
29. Review and approve the annual audit plan of the internal auditor (where applicable) and ensure that there is a clear understanding between the board, the committee, the internal auditor, and management that the internal auditor reports directly to the board through the committee. Receive confirmation from management that the Company has provided for adequate funding for the internal auditor. The terms of the audit plan should include, but not be limited to, the following:
    a. Staffing
    b. Objectives and scope of the internal audit work
    c. Materiality limits
    d. Audit reports required
    e. Areas of audit risk
    f. Timetable
    g. Proposed budget
30. Review with the internal auditor the results of their audit examination, including, but not be limited to, the following:
    a. Any difficulties encountered, or restrictions imposed by management, during the audit
    b. Any significant accounting or financial reporting issues
    c. The auditor's evaluation of the Company's system of internal accounting controls, procedures, and documentation
    d. The internal audit reports or other material written communications containing any findings or recommendations of the internal auditor, including management's response thereto and the subsequent follow-up to any identified internal accounting control weaknesses
    e. Any other matters which the internal auditor should bring to the attention of the committee
31. Meet with the internal auditor at every meeting of the committee or as requested by the internal auditor, without management representatives present.

G. Internal Controls

32. Obtain reasonable assurance, through discussions with and reports from management, the external auditor, and the internal auditors, that the accounting systems are reliable, the system for preparation of financial data reported to the market is adequate and effective, and the system of internal controls is effectively designed and implemented.
33. Review management's annual report on the effectiveness of internal controls and procedures, as well as quarterly and annual chief executive officer and chief financial officer certificates filed pursuant to securities regulations.

34. Receive reports from management and/or the internal auditor on all significant deficiencies and material weaknesses identified.
35. Review annually, or as required, the appropriateness of the system of internal controls and approval policies and practices concerning the expenses of the officers of the Company, including the use of its assets.
36. Review and approve, on a quarterly after-the-fact basis, the expense accounts of the board chair and of the chief executive officer of the Company.

H. Risk

General

37. Review at least annually with management
    a. The Company's method of identifying, evaluating, mitigating, and reporting on the principal risks inherent in the Company's businesses and strategic directions
    b. The systems, policies and practices applicable to the Company's assessment, management, prevention and mitigation of risks (including strategic, operating, compliance, and reputation, as well as financial risks including but not limited to the foreign currency, liquidity and interest rate risk, the use of derivative instruments, counterparty credit exposure, litigation, and adequacy of tax provisions)
    c. The Company's risk appetite, risk tolerance, and risk retention philosophy, including the Company's loss prevention policies and insurance programs and corporate liability protection programs for directors and officers, as well as disaster response and business continuity plans
    d. The Company's cybersecurity program and measures designed to ensure security of the Company's information technology systems.
38. Receive an annual report from and review with management the status of the Company's principal and emerging risks, as well as the related mitigation programs (the Enterprise Risk Management program). Receive quarterly updates from management on the Company's Enterprise Risk Management program.
39. Review with management the disclosures of the Company's risks and risk factors in the Company's Annual Information Form, the Management's Discussion and Analysis, and other regulatory filings.
40. Report to the board annually on its activities in connection with the risk oversight role referenced herein so that the board as a whole can fulfill its responsibilities for risk oversight.
41. Receive a risk assessment report from management following due diligence on acquisitions within North America with an enterprise value of C$100 million or greater, all acquisitions outside North America with an enterprise value of C$50 million or greater, and all acquisitions with atypical risks compared to our current service and business model; make such further inquiries as considered necessary; and report thereon to the board. The content of the risk assessment report will be developed by the committee in conjunction with management with appropriate case-by-case enhancements to reflect risk associated with each opportunity and will be reviewed annually by the committee.

Finance

42. Review and assess, in conjunction with management and the external auditor, at least annually or on a quarterly basis where appropriate or required, the impact of the Company's capital structure on current and future profitability.
43. Review and recommend to the board of directors proposals requesting a grant of a guarantee issued by Stantec for an amount in excess of $50 million, prior to issuance.
44. Review and recommend to the board of directors proposals requesting a grant of a surety bond issued by Stantec or its subsidiaries for (a) an amount in excess of $50 million individually or (b) whereby virtue of the grant of such surety bond would put the aggregate value of all surety bonds issued and outstanding in excess of $500 million, prior to issuance.

45. Review and approve, if appropriate and as required, the decision to enter into swaps that are exempt from the requirements of sections 2(h)(1) and 2(h)(8) of the US Commodity Exchange Act and to exercise the end-user exception.
46. Review and approve, as required, any policies with respect to swaps, hedging activities, clearing, and the end-user exception.

I. Compliance/Fraud

47. Receive quarterly reports on the Company's fraud risk assessment activities.
48. In accordance with the Company's integrity practices, review and determine the disposition of any complaints or correspondence received under the Company's Code of Business Conduct.
49. Discuss with management the Company's policies and procedures designed to ensure an effective compliance and ethics program, including the Company's Code of Business Conduct.
50. Discuss with management and the Company's in-house legal counsel any legal matters that may have a material impact on the financial statements or the Company's compliance requirements.
51. Review quarterly the compliance certificate of the chief financial officer.

J. Other

52. Review, as required, any claims of indemnification pursuant to the bylaws of the Company.
53. Receive at least annually a report from the chief financial officer regarding private aircraft use, including itinerary and passenger manifest.
54. Review and determine the disposition of any complaints received from shareholders or any regulatory body.
55. Conduct an annual assessment of the effectiveness of the committee and provide a report thereon to the board.
56. Review annually the terms of reference for the committee and recommend any required changes to the board.

K. Meetings

57. Regular meetings of the committee are held at least four times each year.
58. Meetings may be called by the committee chair or by a majority of the committee members, usually in consultation with management of the Company.
59. Meetings are chaired by the committee chair or, in the chair's absence, by a member chosen from among the committee.
60. A quorum for the transaction of business at any meeting of the committee is a majority of the appointed members.
61. The secretary of the Company shall provide for the delivery of notices, agendas, and supporting materials to the committee members at least five days prior to the meeting except in unusual circumstances.
62. Meetings may be conducted with members present or by telephone or other communications facilities that permit all persons participating in the meeting to hear or communicate with each other.
63. A written resolution signed by all committee members entitled to vote on that resolution at a meeting of the committee is as valid as one passed at a committee meeting.
64. The secretary of the Company, or his or her designate, shall be the secretary for the committee and shall keep a record of minutes of all meetings of the committee.
65. Minutes of the meetings of the committee shall be distributed by the secretary of the Company to all members of the committee and shall be submitted for approval at the next regular meeting of the committee.

Exhibit 99.2 - Stantec Inc.'s Management's Discussion and Analysis

Management's Discussion and Analysis

February 24, 2021

This discussion and analysis of Stantec Inc.'s (Stantec or the Company) operations, financial position, and cash flows for the year ended December 31, 2020, dated February 24, 2021, should be read in conjunction with the Company's 2020 audited consolidated financial statements and related notes for the year ended December 31, 2020. Our 2020 audited consolidated financial statements and related notes are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All amounts shown are in Canadian dollars.

Additional information regarding the Company, including our Annual Information Form, is available on SEDAR at sedar.com and on EDGAR at sec.gov. This additional information is not incorporated by reference unless otherwise specified and should not be deemed to be made part of this Management's Discussion and Analysis (MD&A).

Stantec trades on the TSX and the NYSE under the symbol STN. Visit us at stantec.com or find us on social media.

Business Model

Stantec is a global design and engineering firm with 22,000 employees that operate out of 350 locations around the world. We design with community in mind. Annual net revenue in 2020 of $3.7 billion was earned 29% in Canada, 53% in the United States and 18% from our Global operations. We will continue to grow and diversify sustainably for the benefit of our clients, employees, and shareholders.

With strong expertise across the buildings, energy and resources, environmental services, infrastructure, and water sectors, Stantec is well positioned to address new opportunities that are emerging as a result of climate change, urbanization, geopolitics and technology. Over the next decade, an incremental US$2 trillion in emerging engineering and design opportunities are expected worldwide in areas like coastal resilience, ecosystem restoration, smart cities and urban places, and energy transition. This is on top of an already healthy level of business activity.

Stantec's vision is to remain a top tier global design firm that maximizes long-term, sustainable value.

Key components of our business model are:

1. Geographic diversification. We do business in three regional operating units—Canada, the United States, and Global—offering similar services across all regions. This diversity allows us to cultivate close client relationships at the local level while offering the expertise of our global team.
2. Service diversification. We offer services in various sectors across the project life cycle through five business operating units (BOUs): Buildings, Energy & Resources, Environmental Services, Infrastructure, and Water.
3. Design focus. We serve the design phase of buildings, energy, and infrastructure projects, which offers higher margin opportunities and more controllable risk than integrated engineering and construction firms.
4. Life-cycle solutions. We provide professional services in all phases of the project life cycle: planning, design, construction administration, commissioning, maintenance, decommissioning, and remediation.

Strategic Plan

In December 2019, we announced our three-year strategic plan to grow and diversify sustainably for the benefit of our clients, employees, and shareholders through a client-centric framework with four value creators: excellence, innovation, people, and growth.

We entered 2020 ideally positioned for success. Our CEO had restructured the senior leadership team to create clearer lines of accountability and, through our reshaping initiative in 2019, we had leaned out our organization. Our balance sheet was strong. And, with the clarity of a rigorous capital allocation framework, we were prepared to step up our acquisition activity to deliver on our growth aspirations.

2020 Key Accomplishments

We are very proud that our employees rose to the challenge and delivered exceptional results despite the disruption and hardship caused by the pandemic. (Our response to the pandemic is discussed below in the section Impact of COVID-19 Pandemic.) Through our value creators, we have made several notable accomplishments in 2020.

Excellence

Our focus on excellence enabled us to meet and exceed stakeholder expectations, even as we faced the challenges brought on by the pandemic.

Strong execution and operational efficiency

In addition to our reshaping initiative undertaken in 2019, which removed approximately $45 million from our cost structure, in 2020 we undertook a detailed review of our business processes to ensure they are efficient and cost effective. We identified specific areas where we have been able to reduce complexity in our processes and organizational structure. Our success in 2020 is reflected in our year-over-year increase in adjusted EBITDA and adjusted EBITDA margin, demonstrating our continued commitment to strong project execution and efficient operations. The agility with which we have managed our discretionary costs during the pandemic further augmented adjusted EBITDA.

Our drive for excellence has also resulted in a 59.8% improvement in free cash flow. Our continual focus on Days Sales Outstanding drove this metric down to 75 days, a four-day improvement from December 31, 2019.

In 2020, we continued to lay the groundwork for future operational efficiencies by advancing the integration of our Oracle ERP in our Global operations, and by developing a roadmap for growing our project delivery and administrative support center in Pune, India. Both initiatives will enable our global teams with enhanced project delivery systems while also driving longer-term margin improvement and shareholder returns.

Strategic initiative to reduce occupancy costs

A key component of our strategic plan to drive operating efficiency is our commitment to optimize our occupancy footprint. In 2020, we undertook a detailed review and analysis with the objective to drive a competitive operational advantage. While this initiative began in early 2020, sending our entire workforce to work from home as the pandemic unfolded gave us a unique view into the sentiment of our employees regarding flexible working models and the scale of the opportunity.

We surveyed our staff to ask them about their preferred work model after the pandemic. These survey results, combined with projected employee productivity levels, informed our conclusion that a flexible workplace model provides Stantec with the opportunities to:

- Maximize the return on our investment in office space by subleasing space that is not required;
- Increase the satisfaction and productivity of our employees by allowing those that would prefer to work more days from home to do so;
- Significantly shrink our real estate footprint and office space expenses as leases expire by reducing the number of office workstations and office square footage per staff; and
- Further reduce our office-based emissions in support of our carbon neutrality and net-zero goals.

In Q4 2020, we finalized our decision to adopt a flexible workplace model when pandemic restrictions are lifted. This plan is predicated on more aggressive office use efficiency targets. Our senior leadership approved a formal plan to market for sublease certain leased office spaces that were determined to no longer be needed for the remainder of their lease terms, which will materially increase net income. With the knowledge that approximately 50% of our lease space will renew over the next three years, we have set a target to reduce our existing physical real estate footprint by approximately 30% by the end of 2023. Achieving a lower space per employee ratio is key to Stantec meeting the emission reduction goals as committed in our 1.5ºC science-based target.

As of December 31, 2020, the assets that were designated to be subleased under the formal plan were removed from their respective cash generating units and indicators of impairment were assessed. The result was a total impairment charge of $66.7 million being recognized in Q4 2020.

Sustainability
We are tremendously proud to have been named, for a second consecutive year, on Corporate Knights' Top 100 list, this year as the fifth most sustainable company in the world, and first in North America – the only engineering and design firm to be included on this exclusive list. Sustainability – encompassing environmental, social, and governance performance – is a critical component of our excellence value creator and central to our core values. This recognition from Corporate Knights is validation of our leadership position on sustainability across all sectors and geographies.

In 2020, we took bold steps to address our operational impacts including committing to a science-based target for emission reductions, creating a roadmap to become carbon neutral by 2022 and net-zero by 2030, and signing on to the Women's Empowerment Principals. As a signatory to the United Nations (UN) Global Compact, we are active supporters of the UN's Sustainable Development Goals (SDG). As engineers, architects, and scientists, our greatest contribution to impactful SDG progress is through the services we provide to our clients and communities. The projects we design help our clients reduce carbon emissions, gain access to clean water, conserve and restore ecosystems, address the impacts of climate change, mitigate environmental impacts, and enhance the resilience of their communities.

We are the clear leader in sustainability within our engineering and design peer group, consistently receiving higher ratings from independent rating agencies. In addition to our Corporate Knights ranking, we received an A- rating from CDP (formerly the Carbon Disclosure Project) in 2020 for the third consecutive year. Also in 2020, ISS Quality Score gave Stantec a 1 in each of the environmental, social, and governance categories – the highest rating available – and ISS ESG Corporate Rating awarded us Prime status. Sustainalytics identifies us as low risk, placing Stantec in the top 1% of the construction and engineering space. And, MSCI gives us an AA ESG rating.

Innovation

Innovation is an essential ingredient for our continued market competitiveness, and a key enabler for organic growth and for the achievement of our sustainability targets. In January 2020, we established the Innovation Office under the leadership of our newly appointed Chief Innovation Officer, with a primary mission to stimulate, encourage, incubate, and operationalize transformative innovation at Stantec for the purpose of monetization and commercialization.

Building upon previous efforts of our Creativity and Innovation program, the organizing principal of the Innovation Office is the concept of an "idea life-cycle", with workstreams established to move ideas through a process of conceptualization, capture, development, commercialization, and operationalization. In 2020, we established processes to drive both bottom-up (from the greater business) and top-down (in alignment with strategic intent) innovation. These processes include increasing levels of investment through prototype development, market testing, and ultimately commercialization and deployment. Over 250 ideas were evaluated in 2020, with 57 selected for further investment. Overlaying this process is a rigorous effort to identify and protect our intellectual property.

Achievements of note in 2020 that have begun to generate revenue include:

- A move into the autonomous vehicles space with the establishment of Stantec GenAV. We are positioning ourselves at the intersection between clients/buyers who need guidance articulating their needs and the large ecosystem of tech providers struggling to articulate a resonating value proposition.
- The operationalization of FAMS (Financial Analysis and Management System), a web-based, software-as-a-service (SaaS) product tightly bound to our financial planning consultative practice.
- The operationalization of InsightAnalytics, a suite of tools and models for the optimization of water and wastewater utilities (also sold on a SaaS basis).

People

Our people are our greatest asset. We are focused on providing a workplace that attracts, engages, rewards, and retains the best talent in the industry. We focus on creating a collaborative, inclusive culture where employees feel welcome, valued, and professionally challenged. In doing so, we can ensure that Stantec will remain a place where the best and brightest come to build on each other's talents, do exciting work, and make a big impact. In 2020, we continued to build on our strategy to remain an employer of choice.

Community Engagement
We take pride in not only designing with community in mind with the work we do, but also in giving back to the communities in which we live by targeting up to 1% of our annual pre-tax profits to charitable and nonprofit organizations. In 2020, we invested $3.2 million into community organizations around the globe. Since the inception

of our community engagement initiative in 2007, Stantec has invested $26.7 million in our communities. We also launched our Stantec Better Together Fund to help Stantec employees who are facing financial hardship immediately after a natural disaster or unforeseen personal challenges.

Inclusion & Diversity
At Stantec, we create opportunity by inviting, embracing, and celebrating differences. This goal remains at the heart of our efforts to champion diversity and inclusion throughout our organization.

In 2020, we made a commitment to making a difference in the areas of racial injustice and societal inequity and developed a plan with five key actions areas including:

- Committing time and funds to STEM education within the Black, Indigenous, and People of Color community;
- Strengthening our partnerships with groups such as National Association of Minority Architects, Society of Hispanic Professional Engineers, ACE Mentor Program of America, and American Indian Science and Engineering Society;
- Enhancing and implementing internal programs, including our Unconscious Bias Training and our hiring and career advancement programs;
- Leveraging our digital platforms and community relationships to advocate for I&D issues in our industry and our communities; and
- Launching our World Mental Health Day Campaign and leveraging our resources for our employees' mental health and wellness.

We are proud to have been included in the 2020 Bloomberg Gender-Equality Index, which tracks the performance of public companies committed to advancing women's equality in the workplace. We also advanced our support of the Women's Empowerment Principles, established by the UN Global Compact and UN Women to promote and advance gender equality within the workplace broadly.

On the matter of pay equity, we conducted a study in 2020 and determined we have a base pay gap in North America of only 3% on a median *compa ratio* basis. While we are pleased our commitment to pay equity has yielded this positive result, we will continue to focus on closing this gap altogether. We also reviewed our pay practices which found that women have received higher than average pay increases since 2018 and are being promoted at a higher rate than are men during the same period.

Talent Attraction and Retention
Attracting and retaining top talent is key to differentiating Stantec and the reason why clients repeatedly want to partner with us. In 2020, we implemented initiatives to improve our pipeline of candidates including the development of a campus strategy and leveraging our partnerships with various organizations who represent and support under-represented groups. Our voluntary turnover rate was less than 8% in 2020, which continues to be 2% to 3% better than industry average.

Our commitment to our people and our ability to build an inspired and inclusive culture has earned us prestigious awards such as Forbes 2020 World's Best Employers, Forbes 2020 The Best Employers for Women, and Forbes 2020 Canada's Best Employers.

Growth

Growth is integral to our ability to compete in a rapidly changing competitive landscape and our vision of continuing to rank as a top tier global design firm. We are committed to creating shareholder value and grow earnings through a combination of organic and acquisition growth and disciplined capital allocation.

Against the backdrop of the greatest economic challenge in a generation, we delivered a 9.9% increase in 2020 adjusted diluted earnings per share, demonstrating the resiliency of our business model and our drive to grow earnings. We also generated a 9.9% adjusted return on invested capital for 2020, up from 9.1% in 2019. Our 2020 net revenue was consistent with the previous year, reflecting an organic retraction of only 1.8%. We have, however, grown our backlog organically by 3.1% relative to 2019. This speaks to the strength of our organic revenue growth programs which have set us up for solid growth in 2021.

We also successfully completed three acquisitions in the fourth quarter of 2020 for an aggregate cost of $61.3 million, adding approximately 400 employees to the Stantec family. Each of the firms acquired bring something special to Stantec and we are confident in the growth we can deliver together.

Our growth in 2020 has been underpinned by our disciplined approach to capital allocation. We remain committed to deploying capital to where we can generate the best risk-adjusted return for our shareholders. In addition to funding the three acquisitions discussed above, we also used $78.3 million to opportunistically repurchase our shares and $69.1 million to fund dividends. Our balance sheet remains strong, with our leverage below our internal range of 1.0 to 2.0 times net debt to adjusted EBITDA. And our capital structure has been significantly strengthened due to the 2020 issuance of $300 million of seven-year senior notes at historically low interest levels. As a result, virtually all of our $800 million revolving credit facility is available to fund future growth.

Three-Year Financial Targets

A key element of our strategic plan was the establishment of four key financial targets, which we intended to achieve by the end of 2022:

- Grow net revenue at a compound annual growth rate (CAGR) of greater than 10%.
- Drive adjusted EBITDA margins to the range of 16% to 17%.
- Grow earnings per share at a CAGR of greater than 11%.
- Deliver an adjusted return on invested capital of greater than 10%.

We continue to believe these financial targets are appropriate. However, in light of the disruption caused by the pandemic, we are recasting the timeline such that we now intend to achieve these targets by the end of 2023.

Strategic Acquisitions Completed in 2020 and 2019

Following is a list of acquisitions that contributed to revenue growth in our reportable segments and business operating units:

				BUSINESS OPERATING UNITS				
REPORTABLE SEGMENTS	**Date Acquired**	**Primary Location**	**# of Employees**	**Buildings**	**Energy & Resources**	**Environmental Services**	**Infrastructure**	**Water**
Canada								
Teshmont Consultants LP (Teshmont)	October 2020	Winnipeg, Manitoba	63		●			
United States								
Wenck	December 2020	Minneapolis, Minnesota	300			●		
Global								
AGEL adviseurs (AGEL)	December 2020	Oosterhout, Netherlands	75			●		
Wood & Grieve Engineers (WGE)	March 2019	Perth, Australia	600	●				

Impact of COVID–19 Pandemic

Protecting our Employees, Clients, and Communities
As details of the novel coronavirus outbreak began to emerge in January 2020, we implemented our Pandemic Response Plan, with protocols to meet the guidelines and recommendations issued by governments and health officials. These protocols have been critical to safeguarding our employees and their families, our clients, and our communities, which remains our highest priority.

Business Continuity
We moved quickly to support the mobilization of our global workforce to work from home. This included establishing flexible work solutions to aid our employees who have been directly or indirectly impacted by COVID-19 and equipping our employees with the necessary tools to work from home and provide for business continuity. Historical investments in our information technology systems have resulted in a near-seamless transition to remote working while supporting continued collaboration and teamwork. At peak periods, as many as 19,000 of our 22,000 employees around the world are simultaneously accessing our systems through our remote access networks.

Operations
Productivity, as measured by employee utilization, dipped slightly as employees first transitioned to working from home in early March, then returned to more typical levels for the balance of the year. We continue to monitor utilization, recognizing that, like the rest of the world, our employees are experiencing some fatigue as the pandemic persists. Where we are observing project slowdowns or cancellations, we are tailoring our workforce to align with client needs.

As we continue to engage with clients to offer our support and expertise during this disruptive time, we are proud to be doing our part. As recognized experts in the design of healthcare facilities, our Buildings business has been called upon by multiple clients to provide design and engineering services for the temporary conversion of spaces at facilities, including Chicago's McCormick Place Convention Center and Calgary's Peter Lougheed Centre, into alternate care facilities, isolation wards, and infection control units for COVID-19 patients. Across North America, Stantec management specialists in our Water business are using our proprietary software to advise utilities in optimizing 2021 capital spending scenarios and rate plans in response to COVID-19 impacts to water demands, sales tax, income tax, fees, and shared revenues.

Office Remobilization
Early in the second quarter, our Pandemic Committee began to develop guidelines for office remobilization. Recognizing that specific requirements are driven by local government and health authorities, responsibility for office reopening decisions was assigned to regional leaders who will ensure compliance with local safety protocols.

After months of comprehensive planning, phased office remobilization began in the third quarter. However, as the second wave of the pandemic gained momentum in the latter part of the year, most jurisdictions returned to strict lockdown requirements. As such, our employees in most jurisdictions continue to work from home, although our offices in Australia and New Zealand have safely reopened.

As offices are able to reopen, the process reflects thoughtful planning, assessment, and coordination between regional leaders and health and safety partners. The health and well-being of employees remains our top priority. Although office re-entry is a more complex exercise than the initial movement of employees to work from home, minimal disruptions to operational efficiency and effectiveness are expected through this process.

2020 Financial Highlights

(In millions of Canadian dollars, except per share amounts and percentages)	Year Ended Dec 31 2020 $	2020 % of Net Revenue	2019 $	2019 % of Net Revenue	2018 $	2018 % of Net Revenue
Gross revenue	**4,730.1**	**128.4 %**	4,827.3	130.1 %	4,283.8	127.7 %
Net revenue	**3,684.5**	**100.0 %**	3,711.3	100.0 %	3,355.2	100.0 %
Direct payroll costs	1,754.0	47.6 %	1,702.9	45.9 %	1,540.0	45.9 %
Gross margin	**1,930.5**	**52.4 %**	2,008.4	54.1 %	1,815.2	54.1 %
Administrative and marketing expenses	1,352.9	36.7 %	1,433.6	38.6 %	1,438.2	42.9 %
Other	4.3	0.1 %	(1.2)	— %	6.9	0.2 %
EBITDA from continuing operations *(note)*	**573.3**	**15.6 %**	576.0	15.5 %	370.1	11.0 %
Depreciation of property and equipment	57.9	1.6 %	58.2	1.6 %	50.1	1.5 %
Depreciation of lease assets	117.7	3.2 %	115.8	3.1 %	—	— %
Impairment of lease assets and property and equipment	78.6	2.1 %	—	— %	—	— %
Amortization of intangible assets	53.2	1.4 %	66.9	1.8 %	65.0	1.9 %
Net interest expense	49.2	1.4 %	69.6	1.9 %	28.7	0.9 %
Income taxes	57.6	1.6 %	71.1	1.9 %	55.0	1.6 %
Net income from continuing operations	**159.1**	**4.3 %**	194.4	5.2 %	171.3	5.1 %
Net income (loss) from discontinued operations	12.0	0.3 %	—	0.0 %	(123.9)	(3.7 %)
Net income	**171.1**	**4.6 %**	194.4	5.2 %	47.4	1.4 %
Basic earnings per share (EPS) from continuing operations	**1.43**	n/m	1.74	n/m	1.51	n/m
Diluted EPS from continuing operations	**1.42**	n/m	1.74	n/m	1.51	n/m
Adjusted EBITDA from continuing operations *(note)*	**578.9**	**15.7 %**	574.4	15.5 %	392.5	11.7 %
Adjusted net income from continuing operations *(note)*	**248.9**	**6.8 %**	225.0	6.1 %	206.6	6.2 %
Adjusted diluted EPS from continuing operations *(note)*	**2.22**	n/m	2.02	n/m	1.82	n/m
Dividends declared per common share	**0.62**	n/m	0.58	n/m	0.55	n/m
Total assets	**4,388.9**		4,561.5		4,009.9	
Total long-term debt	**680.8**		860.9		933.7	

Construction Services operations are presented as discontinued operations. Results for 2020 and 2019 were accounted for using IFRS 16 and results for 2018 were accounted for using IAS 17.

note: EBITDA, adjusted EBITDA, adjusted net income, adjusted basic and diluted EPS are non-IFRS measures (discussed in the Definitions section of this MD&A). Prior period results have been restated to conform with the amendments made to the Definitions.

n/m = not meaningful

For the year ended December 31, 2020, we reported adjusted diluted earnings per share of $2.22, an all-time record high and a 9.9% increase compared to 2019 results. Earnings for the year exceeded our expectations on the strength of our fourth quarter performance where net revenue generation was slightly stronger and discretionary costs were significantly lower than anticipated. As well, strong fourth quarter cash flow generation led to lower than expected interest expense. Our strong business performance was augmented by the favorable resolution of certain tax matters recorded in the fourth quarter.

- Adjusted net income from continuing operations increased 10.6%, or $23.9 million, to $248.9 million, representing 6.8% of net revenue, and adjusted diluted EPS increased 9.9%, or $0.20, to $2.22. Steady project execution and exceptional operational efficiency drove strong EBITDA generation. Adjusted net income was further augmented by reduced net interest expense, resulting from strong cash flow management, lower amortization of intangible assets, and higher income tax recoveries.

- Net revenue was comparable to the prior year, with a slight decrease of 0.7% or $26.8 million, mainly due to organic retraction of 1.8%, partially offset by positive foreign exchange fluctuations of 0.7% and acquisition growth of 0.4%. Organic growth was achieved in our Energy & Resources and Water businesses. Other businesses and regions experienced nominal retractions, with the exception of Buildings which retracted 7.2% due to pandemic-related disruptions.
- Gross margin decreased 3.9%, or $77.9 million, and decreased as a percentage of net revenue from 54.1% to 52.4%, primarily due to the impact of pandemic-related disruptions as well as project mix.
- Administrative and marketing costs were 36.7% of net revenue compared with 38.6% in the prior year, primarily as a result of improved operational efficiencies, the implementation of staffing strategies in response to the pandemic, and reduced discretionary spending. Partly offsetting the reductions is $5.0 million in COVID-related expenses incurred primarily for severance.
- Adjusted EBITDA from continuing operations increased by 0.8% to $578.9 million compared to $574.4 million, and adjusted EBITDA margin increased by 0.2% to 15.7% from 15.5% in 2019.
- Net income from continuing operations decreased 18.2%, or $35.3 million, to $159.1 million, and diluted EPS decreased by 18.4%, or $0.32, to $1.42 primarily due to the recording of $78.6 million in non-cash lease asset and related property and equipment impairments arising from our strategic initiative to optimize our occupancy footprint.
- Contract backlog is $4.4 billion—a 2.8% increase from December 31, 2019—representing approximately 11 months of work. Year over year, backlog grew organically by 3.1%.
- Net debt to adjusted EBITDA is 0.7x at December 31, 2020 —below our internal guideline of 1.0x to 2.0x.
- Operating cash flows from continuing operations increased 33.9% from $449.9 million to $602.6 million; this improvement was mainly due to increased cash receipts from clients and reduced payments paid to suppliers. These increases were partly offset by higher payments made to employees and higher income tax paid.
- Days sales outstanding was 75 days, a strong improvement compared to 79 days at December 31, 2019 and 82 days at September 30, 2020.
- In line with our growth strategy, we completed three acquisitions in the fourth quarter of 2020. These acquisitions complement our existing businesses and geographic operations and are expected to deliver immediate value.
- We closed a private placement offering of $300 million senior unsecured notes on October 8, 2020, which were assigned an investment-grade credit rating of BBB by DBRS Limited, and used the proceeds to repay a portion of existing indebtedness on our revolving credit facility.
- We repurchased 2,047,948 common shares for an aggregated price of $78.3 million under our normal course issuer bid (NCIB). We also renewed our NCIB on November 12, 2020 which allows us to repurchase up to 5,605,224 of our common shares.
- Subsequent to the end of the year, we entered into an agreement to acquire GTA consultants, a 135-person transportation firm based in Australia.
- On February 24, 2021, our Board of Directors declared a dividend of $0.165 per share, payable on April 15, 2021, to shareholders of record on March 31, 2021, representing a 6.5% increase on an annual basis.

Reconciliation of Non-IFRS Financial Measures

(In millions of Canadian dollars, except per share amounts)	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019	Quarter Ended Dec 31, 2020	Quarter Ended Dec 31, 2019
Net income from continuing operations	**159.1**	**194.4**	**14.9**	**42.4**
Add back:				
Income taxes	57.6	71.1	(4.4)	17.9
Net interest expense	49.2	69.6	10.2	17.5
Impairment of lease assets and property and equipment	78.6	—	66.7	—
Depreciation and amortization	228.8	240.9	53.9	62.2
EBITDA from continuing operations	**573.3**	**576.0**	**141.3**	**140.0**
Add back (deduct) pre-tax:				
Unrealized gain on investments held on equity securities	(0.7)	(7.9)	(5.2)	(1.0)
COVID-related expenses	5.0	—	1.1	—
Acquisition, integration, and restructuring costs (note 5)	1.3	6.3	1.3	3.8
Adjusted EBITDA from continuing operations	**578.9**	**574.4**	**138.5**	**142.8**

(In millions of Canadian dollars, except per share amounts)	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019	Quarter Ended Dec 31, 2020	Quarter Ended Dec 31, 2019
Net income from continuing operations	**159.1**	**194.4**	**14.9**	**42.4**
Add back (deduct) after tax:				
Amortization of intangible assets related to acquisitions (note 1)	26.4	30.7	5.8	8.0
Unrealized gain on investments held on equity securities (note 2)	(0.5)	(5.7)	(3.7)	(0.8)
Impairment of lease assets and property and equipment (note 3)	56.6	—	48.1	0.0
COVID-related expenses (note 4)	3.6	—	0.8	—
Acquisition, integration, and restructuring costs (note 5)	3.7	5.6	1.1	2.7
Adjusted net income from continuing operations	**248.9**	**225.0**	**67.0**	**52.3**
Weighted average number of shares outstanding - basic	111,553,711	111,550,424	111,597,381	111,202,939
Weighted average number of shares outstanding - diluted	111,949,305	111,550,424	111,987,362	111,209,939
Adjusted earnings per share from continuing operations				
Adjusted earnings per share - basic	**2.23**	**2.02**	**0.60**	**0.47**
Adjusted earnings per share - diluted	**2.22**	**2.02**	**0.60**	**0.47**

See the Definitions section of this MD&A for our discussion of non-IFRS measures used. Construction Services operations are presented as discontinued operations. This table has been updated to include only continuing operations results.

note 1: The add back of intangible amortization relates only to the amortization from intangible assets acquired through acquisitions and excludes the amortization of software purchased by Stantec. For the year ended December 31, 2020, this amount is net of tax of $10.3 (2019 - $11.2). For the quarter ended December 31, 2020, this amount is net of tax of $2.0 (2019 - $2.4).

note 2: For the year ended December 31, 2020, this amount is net of tax of ($0.2) (2019 - ($2.2)). For the quarter ended December 31, 2020, this amount is net of tax of ($1.5) (2019 - $0.2).

note 3: For the year ended December 31, 2020, this amount is net of tax of $22.0 (2019 - nil). For the quarter ended December 31, 2020, this amount is net of tax of $18.6 (2019 - nil).

note 4: For the year ended December 31, 2020, this amount is net of tax of $1.4 (2019 - nil). For the quarter ended December 31, 2020, this amount is net of tax of $0.3 (2019 - nil).

note 5: The add back of other costs primarily relates to integration expenses associated with our acquisitions, past service costs for pensions, one-time financing costs associated with internal debt restructuring, reorganization and transitional tax expenses, and severance related to organizational reshaping. For the year ended December 31, 2020, this amount is net of tax of $0.4 (2019 - $1.8). For the quarter ended December 31, 2020, this amount is net of tax of $0.4 (2019 - $1.1).

2020 Fourth Quarter Highlights

	Quarter Ended Dec 31			
	2020		2019	
(In millions of Canadian dollars, except per share amounts and percentages)	$	% of Net Revenue	$	% of Net Revenue
Gross revenue	**1,126.1**	**130.7 %**	1,210.2	134.3 %
Net revenue	**861.7**	**100.0 %**	901.0	100.0 %
Direct payroll costs	406.7	47.2 %	414.7	46.0 %
Gross margin	**455.0**	**52.8 %**	486.3	54.0 %
Administrative and marketing expenses	317.5	36.8 %	348.5	38.7 %
Other	(3.8)	(0.4 %)	(2.2)	(0.2 %)
EBITDA from continuing operations *(note)*	**141.3**	**16.4 %**	140.0	15.5 %
Depreciation of property and equipment	14.2	1.6 %	14.7	1.6 %
Depreciation of lease assets	27.9	3.3 %	30.6	3.4 %
Impairment of lease assets and property and equipment	66.7	7.7 %	—	— %
Amortization of intangible assets	11.8	1.4 %	16.9	1.9 %
Net interest expense	10.2	1.2 %	17.5	1.9 %
Income taxes	(4.4)	(0.5 %)	17.9	2.0 %
Net income from continuing operations	**14.9**	**1.7 %**	42.4	4.7 %
Net income from discontinued operations	1.8	0.2 %	—	— %
Net income	**16.7**	**1.9 %**	42.4	4.7 %
Basic and diluted earnings per share (EPS) from continuing operations	**0.13**	n/m	0.38	n/m
Adjusted EBITDA from continuing operations *(note)*	**138.5**	**16.1 %**	142.8	15.8 %
Adjusted net income from continuing operations *(note)*	**67.0**	**7.8 %**	52.3	5.8 %
Adjusted diluted EPS from continuing operations *(note)*	**0.60**	n/m	0.47	n/m
Dividends declared per common share	**0.155**	n/m	0.145	n/m

note: EBITDA, adjusted EBITDA, adjusted net income, adjusted basic and diluted EPS are non-IFRS measures (discussed in the Definitions section of this MD&A).
n/m = not meaningful

We delivered adjusted diluted earnings per share for Q4 2020 of $0.60, in excess of our expectations, and representing an increase of 27.7% compared to Q4 2019. Our strong business performance was augmented by the recovery of claim costs on a historical project and the favorable resolution of certain tax matters.

- Adjusted net income increased 28.1%, or $14.7 million, to $67.0 million, representing 7.8% of net revenue, and adjusted diluted EPS increased 27.7%, or $0.13, to $0.60. Fourth quarter earnings reflect solid performance, enhanced by the recovery of claim costs on a historical project, reduced interest expense, lower amortization of intangible assets, and higher tax recoveries.
- Net revenue decreased 4.4% or $39.3 million mainly due to organic retraction of 4.4%. Consistent with expectations, organic growth was achieved in our Energy & Resources business, while anticipated project slowdowns and deferrals from the COVID-19 pandemic contributed to organic retractions in other businesses and geographies.
- Gross margin decreased 6.4%, or $31.3 million, and decreased as a percentage of net revenue from 54.0% to 52.8%, primarily due to the impact of pandemic-related disruptions as well as project mix.
- Administrative and marketing costs were 36.8% of net revenue compared with 38.7% in the prior period primarily as a result of reduced discretionary spending and the recovery of claim costs on a historical project.
- Adjusted EBITDA from continuing operations was $138.5 million, representing 16.1% of net revenue compared to $142.8 million or 15.8% of net revenue in the prior period. The recovery of claim costs discussed above contributed approximately 0.5% to Q4 2020 adjusted EBITDA margin.

- Net income from continuing operations decreased 64.9%, or $27.5 million, to $14.9 million, and diluted EPS decreased by 65.8%, or $0.25, to $0.13 primarily due to the recording of $66.7 million in non-cash lease asset and related property and equipment impairments arising from a strategic initiative to optimize our occupancy footprint.

Financial Targets

As a result of the unprecedented uncertainty caused by the pandemic, on May 6, 2020, we withdrew our 2020 guidance in its entirety, first provided on page M-10 in our 2019 Annual Report. Revised guidance for 2020 was provided on page M-6 of our Q3 2020 MD&A.

2020 Results Compared to 2020 Outlook

Summary of targets for 2020

Our outlook for 2020, provided in our Q3 MD&A, included the following targets:

- 2020 net revenues that are comparable to, although slightly below 2019;
- Adjusted net income and adjusted diluted EPS comparable to 2019;
- 55% of adjusted earnings in Q2 and Q3, and 45% in Q1 and Q4; and
- Net debt to adjusted EBITDA at or below the low end of our internal range of 1.0x to 2.0x.

Our 2020 net revenue was less than 1% lower than 2019, which is slightly better than the outlook provided.

Adjusted net income and adjusted diluted EPS increased 10.6% and 9.9%, respectively compared to 2019. Both metrics outperformed the outlook provided primarily due to slightly higher revenue generation, significantly lower discretionary costs, lower interest expense and higher tax recoveries in the fourth quarter. These factors also contributed to an adjusted earnings pattern of 49% generated in Q1 and Q4 and 51% generated in Q2 and Q3.

Outlook

Our vision to be a top tier global design firm that maximizes long-term, sustainable value has not changed. And our value creators of Excellence, Innovation, People, and Growth remain central to our strategy of growing and diversifying sustainably for the benefit of our clients, employees, and shareholders. Our business is well diversified across geographies and sectors, with a project mix that is more heavily weighted toward public sector end clients. This, combined with the strength of our balance sheet and the commitment of our talented workforce, allows us to be well positioned to withstand the continuing challenges caused by the pandemic.

Targets for 2021, which have been increased, continue to be based on the assumption of a continued gradual global recovery but may not be valid should our key geographies experience a severe worsening of the pandemic before relief from vaccinations efforts is achieved.

We remain committed to our strategic plan, launched in December 2019, and to the financial targets established at that time. However, disruption caused by the COVID-19 pandemic will delay the achievement of our targets by one year, such that we now expect to achieve these targets by the end of 2023.

Annual Targets for 2021 - Updated

As of the date of this MD&A, we are providing an update to our annual targets for 2021, first introduced on November 4, 2020.

Our performance in 2020, along with recent changes to our project mix and other initiatives, has increased our earnings expectations for 2021 from the outlook established in November 2020. In particular, the implementation of our strategic initiative to optimize occupancy costs in Q4 2020 will drive incremental earnings of approximately $0.10 per share, which had not been incorporated in our initial forecast. As well, with travel restrictions now anticipated to remain in place throughout much of 2021, we expect our discretionary spending will be lower for longer. These factors are expected to more than offset the approximate $0.10 per share we realized from claim cost and tax recoveries recorded primarily in Q4 2020. As a result, we are projecting low to mid-single digit growth, on a percentage basis, in adjusted diluted EPS in comparison to 2020.

On balance, a protracted recovery will likely result in some continued inefficiencies in our project delivery that were introduced by the pandemic. Further, there remains a great deal of uncertainty as to the pace of economic recovery from the disruption caused by the pandemic, particularly in light of unknown impacts from potential new virus variants and the current pace of vaccinations. Therefore, with respect to our 2021 targets, we are providing the following updates:

- raising the upper end of our target range for adjusted EBITDA as a percentage of net revenue to 16.0% and leaving the lower end of the range at 14.5%;
- raising our target range for adjusted net income to be at or above 6.5%; and
- raising our target range for adjusted return on invested capital to be at or above 9.5%.

(In millions of Canadian dollars, unless otherwise stated)	**Previously Published 2021 Range**	**Revised 2021 Annual Range**
Targets		
Adjusted EBITDA as % of net revenue (note)	14.5% to 15.5%	14.5% to 16.0%
Adjusted net income as % of net revenue (note)	At or above 6.0%	At or above 6.5%
Adjusted return on invested capital (note)	At or above 9.0%	At or above 9.5%
Other expectations		
Gross margin as % of net revenue	52% to 53.5%	52% to 54%
Administrative and marketing expenses as % of net revenue	37% to 39%	no change
Net debt to adjusted EBITDA (note)	1.0x to 2.0x	no change
Capital expenditures (including software)	$60 to $65	no change
Depreciation on property and equipment	$60 to $65	no change
Depreciation on leased assets	$112 to $117	$100 to $105
Amortization of intangible assets related to acquisitions	$28 to $33	no change
All other amortization of intangible assets	$6 to $9	no change
Effective tax rate (without discrete transactions)	27% to 28%	no change
Earnings pattern	40% in Q1 and Q4	no change
	60% in Q2 and Q3	no change
Days sales outstanding	90 days	no change

In setting our targets and guidance, we assumed an average value for the Canadian dollar of $0.76 USD and £0.58 GBP (see Assumptions included on page M-40).
note: Adjusted EBITDA, adjusted net income, and adjusted ROIC are non-IFRS measures and DSO is a metric discussed in the Definitions section of this MD&A.

We anticipate that organic net revenue growth in 2021 will be in the low to mid-single digits. Global is expected to generate mid-single digit growth, driven by anticipated strong performance in the regulated water market and with stimulus funds beginning to flow to catalyze the respective economies. Organic growth in Canada is expected to be in the low single digits. We also anticipate muted net revenue growth in the US. We have not incorporated any potential upside from a US stimulus bill in our revenue expectations due to the uncertainty around the timing of such legislation being passed. Historically, there is a lag between the passing of such a bill and the recognition of revenue from beneficiary projects.

We expect gross margin in 2021 to be in the range of 52.0% to 54.0%, reflecting improvement from our 2020 performance, owing to a recent change in project mix. We expect that the pandemic will continue to impact productivity both within our operations and that of our clients, and a meaningful increase in the cost of employee group benefits. 2021 gross margin is also expected to be impacted by several lower-margin, multi-billion-dollar transportation projects which are nearing completion.

Our expectations for the range for administrative and marketing costs in 2021 is 37% to 39% of net revenue. This range reflects an increased level of discretionary spending relative to 2020, but not a return to pre-pandemic levels. We do, however, anticipate an increase in non-discretionary costs, including insurance, employee group benefits associated with indirect labor, and stock-based compensation which reflects the recent appreciation in our share

price. As well, we intend to increase our investments in information technology sytems to support our growing US Federal Government practice, and to drive innovation initiatives through to commercialization.

We anticipate adjusted EBITDA will be in the range of 14.5% to 16.0%. We believe our adjusted EBITDA margin continues to be amongst the best in our industry.

We expect adjusted net income to benefit from the implementation of our initiative to optimize our occupancy footprint, as well as lower interest expense, driving to a margin of 6.5% or greater of net revenue. And we expect to deliver low to mid-single digit growth in adjusted diluted EPS in comparison to 2020.

As well, we have resumed our acquisition activity, completing three acquisitions in the fourth quarter of 2020. Subsequent to the end of the year, Stantec agreed to acquire GTA, a 135-person transportation firm based in Australia.

It should be noted that the above targets do not include any assumptions for additional acquisitions given the unpredictable nature of the size and timing of such acquisitions.

Three-Year Financial Targets

A key element of our strategic plan was the establishment of four key financial targets, which we intended to achieve by the end of 2022:

- Grow net revenue at a compound annual growth rate (CAGR) of greater than 10%.
- Drive adjusted EBITDA margins to the range of 16% to 17%.
- Grow adjusted earnings per share at a CAGR of greater than 11%.
- Deliver an adjusted return on invested capital of greater than 10%.

We continue to believe these financial targets are appropriate. However, in light of the disruption caused by the pandemic, we are recasting the timeline such that we now intend to achieve these targets by the end of 2023.

Financial Performance

The following sections outline specific factors that affected the results of our operations in 2020.

Gross and Net Revenue

While providing professional services, we incur certain direct costs for subconsultants, equipment, and other expenditures that are recoverable directly from our clients. Revenue associated with these direct costs is included in gross revenue. Because these direct costs and associated revenue can vary significantly from contract to contract, changes in gross revenue may not be indicative of our revenue trends. Accordingly, we also report net revenue (which is gross revenue less subconsultant and other direct expenses) and analyze results in relation to net revenue rather than gross revenue.

We generate approximately 75% of gross revenue in foreign currencies, primarily in US dollars and British pounds (GBP). Fluctuations in these currencies had a net $25.4 million positive impact on our net revenue results in 2020 compared to 2019, as further described below:

- The Canadian dollar averaged US$0.75 in both 2019 and 2020—fluctuations in the Canadian dollar compared to the US dollar throughout the year had a positive effect on gross and net revenue.
- The Canadian dollar averaged GBP0.59 in 2019 and GBP0.58 in 2020—a 1.7% decrease. The weakening Canadian dollar compared to the GBP had a positive effect on gross and net revenue.

Fluctuations in other foreign currencies did not have a material impact on our gross and net revenue in 2020 compared to 2019.

Revenue earned by acquired companies in the first 12 months following an acquisition is reported as revenue from acquisitions and thereafter as organic revenue.

Revenue by Reportable Segment

	Gross Revenue		Net Revenue		
(In millions of Canadian dollars, except percentages)	**2020**	**2019**	**2020**	**2019**	**2020 Organic Growth %**
Canada	1,238.5	1,283.1	1,073.7	1,109.5	(3.4 %)
United States	2,655.2	2,688.1	1,959.8	1,947.6	(0.5 %)
Global	836.4	856.1	651.0	654.2	(2.8 %)
Total	4,730.1	4,827.3	3,684.5	3,711.3	(1.8 %)

Revenue by Business Operating Unit

	Gross Revenue		Net Revenue		
(In millions of Canadian dollars, except percentages)	**2020**	**2019**	**2020**	**2019**	**2020 Organic Growth %**
Buildings	990.8	1,053.3	788.2	828.0	(7.2 %)
Energy & Resources	631.9	613.1	538.8	525.1	2.6 %
Environmental Services	757.6	779.8	559.1	561.7	(1.4 %)
Infrastructure	1,345.9	1,407.9	1,024.0	1,060.4	(4.2 %)
Water	1,003.9	973.2	774.4	736.1	4.3 %
Total	4,730.1	4,827.3	3,684.5	3,711.3	(1.8 %)

Comparative figures have been reclassified due to a realignment of several business lines and to conform to the presentation adopted for the current year.

Net revenue for 2020 retracted compared to 2019 with organic retraction of 1.8% offset by positive foreign exchange fluctuations of 0.7% and acquisition growth of 0.4%.

Canada

Slowed economic growth amplified by the COVID-19 pandemic resulted in net revenue retraction of 3.2% in 2020, particularly in our Buildings and Water businesses and in our Community Development and Mining sectors. Partly offsetting these retractions were organic growth in our Transportation sector from several large light-rail transit projects in Edmonton, Montreal, and the greater Toronto area and increased midstream project activity in our Oil & Gas sector and Environmental Services business.

United States

Despite pandemic disruptions, net revenue was consistent in 2020 compared to 2019. The impact of pandemic-related slowdowns contributed to organic net revenue retraction but was offset by strong project activities in the first half of the year.

Our Environmental Services, Energy & Resources, and Water businesses achieved continued growth throughout the year as work progressed on a number of projects and programs. Offsetting this growth were retractions in our primary infrastructure sectors of Transportation and Community Development. Lower than anticipated revenue recognized on large-scale transportation projects was primarily due to the timing of client change order approvals, which tends to be more protracted for Alternative Project Delivery (APD) projects nearing completion. Also, localized challenges on certain Community Development projects contributed to retractions. Net revenues in Buildings were negatively impacted by pandemic-related slowdowns in the commercial, airports and hospitality sectors, while work began pivoting to the healthcare and industrial sectors.

Global

Global net revenue was consistent in 2020 compared to 2019. Organic retractions from pandemic-related slowdowns were offset by increased project opportunities in local markets, growth from acquisitions, and positive foreign exchange fluctuations.

Strong performance in our UK and Australian Water businesses, New Zealand's work in the Transportation sector, and progressive recovery in core markets in our UK Infrastructure business continue to drive growth in our Global operations. Offsetting growth were project impacts from COVID-19, which were most pronounced in our UK and

Australia Buildings and European Environmental Services businesses. As well, our Energy & Resources business was adversely affected by the pandemic-related impacts, such as short-term mine closures in Peru and large Power & Dams project wind-downs.

Backlog

We define “backlog” as the total value of secured work that has not yet been completed where we have an executed contract or a letter of intent that management is reasonably assured will be finalized in a formal contract.

(In millions of Canadian dollars)	**2020**	**2019**
Canada	1,134.3	1,014.8
United States	2,449.2	2,612.6
Global	793.6	630.0
Total	4,377.1	4,257.4

Our contract backlog—$4.4 billion at December 31, 2020—represents approximately 11 months of work, a 2.8% increase compared to December 31, 2019, including 3.1% organic growth.

Backlog decreased by 8.8% compared to our backlog at September 30, 2020 as a result of foreign exchange impacts, the typical fourth quarter book to burn, and the effect of a revised role for Stantec on the Trans Mountain Expansion Project. Under a new Master Secondment Agreement with Trans Mountain, Stantec’s employees will continue to work on the project, while independent contractors will now support the project directly with Trans Mountain. This contract revision was mutually agreed to, and is not expected to have a material impact on 2021 EBITDA or net income.

Major Project Awards

In Canada, major project awards during the fourth quarter included being selected by Quebec’s Ministry of Transportation (MTQ) as part of Groupement Origine Orléans joint venture, to produce the preliminary design for the new Île-d’Orléans cable-stayed bridge. We were also selected as part of a joint venture to execute a Program Control Services Contract for Ontario’s four priority transit projects in the Greater Toronto Area. And our Buildings team in Ontario was selected to provide planning, design, and conformance services for the new South Niagara Hospital in Niagara Falls, Ontario.

In the United States, we were awarded several transportation projects, including providing engineering-design services for three bridge projects over the Maple River in North Dakota; redeveloping a section of roadway in Indian Creek, Florida; and providing design engineering services for a section of the I-80 and the I-55 interchange in Illinois. In Maryland, our team was selected as part of a consortium as the preferred proponent to design, build, finance, operate, and maintain six public schools in Prince George’s County, Maryland. And in Massachusetts, we partnered with Northeastern University and the City of Somerville on a COVID-19 wastewater testing program focused on early detection and intervention.

In our Global operations, major fourth-quarter wins included being awarded a design services contract to develop and detail the reference design for the Somerset Dam Improvement Project in Queensland, Australia. We were also contracted by one of Turkey’s leading utility companies to provide energy consultancy services. Our team was awarded a contract for the preparation of the conceptual design of a multi-purpose port on the North Pacific island of Kiritimati. And the European Union selected our team to partner with the government of Ghana to action their part of a regional transport governance project that will facilitate the stable and secure movement of goods and people across West Africa.

Gross Margin

Gross margin is calculated as net revenue minus direct payroll costs. Direct payroll costs include salaries and related fringe benefits for labor hours directly associated with completing projects. Labor costs and related fringe benefits for labor hours not directly associated with completing projects are included in administrative and marketing expenses.

Gross Margin by Reportable Segments

(In millions of Canadian dollars, except percentages)	2020 $	2020 % of Net Revenue	2019 $	2019 % of Net Revenue
Canada	533.7	49.7 %	571.1	51.5 %
United States	1,048.7	53.5 %	1,070.2	54.9 %
Global	348.1	53.5 %	367.1	56.1 %
Total	1,930.5	52.4 %	2,008.4	54.1 %

Gross margin decreased $77.9 million and 1.7% as a percentage of net revenue in 2020 compared to 2019, primarily reflecting impacts arising from the pandemic and project mix. The pandemic has created a degree of disruption in our operations and in that of our clients, causing some inefficiencies in project execution. Gross margin has also been unfavorably affected due to staffing strategies implemented to maintain employee engagement and ensure Stantec is positioned for the eventual economic recovery. In terms of project mix, a substantial portion of the organic growth achieved in 2020 has been in the Oil & Gas sector, specifically related to very large midstream projects where the volume of work has been higher than anticipated. Although these projects earn lower gross margins as a percentage of net revenue, utilization rates in this sector are amongst the highest in all our businesses. Our current project mix also includes several multi-billion-dollar transportation projects with lower gross margins compared to other projects, but that deliver substantial revenues and cash flows over multiple years and provide a desirable degree of stability.

Gross margin in our Canada operations decreased $37.4 million or 1.8% as a percentage of net revenue in 2020 compared to 2019. A shift in our project mix, driven largely by the increased volume of lower-margin work related to the Oil & Gas and Transit & Rail sectors, contributed to margin decreases in our Energy & Resources business and Transportation sector.

Gross margin in our US operations decreased $21.5 million or 1.4% as a percentage of net revenue in 2020 compared to 2019. The decrease as a percentage of net revenue was impacted by a shift in our project mix, primarily driven by the major projects in our Transportation sector. US gross margin was also affected by localized challenges on certain projects in our Community Development sector, for which we have put actions in place to address and are substantially resolved.

Gross margin in our Global operations decreased $19.0 million or 2.6% as a percentage of net revenue in 2020 compared to 2019. Margins were impacted by project mix and ongoing COVID-related pricing pressures for our services in the UK, Europe, and Australia. Additionally, localized challenges on certain projects reduced gross margins in our Middle East Water and Buildings businesses, as well as our Power & Dams sector in Nepal.

Administrative and Marketing Expenses

Administrative and marketing expenses fluctuate year to year due to the amount of staff time charged to marketing and administrative labor, which is influenced by the mix of projects in progress during the period, business development activities, and integration activities resulting from acquisitions. In the months after completing an acquisition, staff time charged to administration and marketing is generally higher as a result of integration activities, including orienting newly acquired staff. Our operations also include higher administrative and marketing expenses in the first and fourth quarters as a result of the holiday season and seasonal weather conditions in the northern hemisphere, which, in turn, result in lower staff utilization.

Administrative and marketing expenses were $1,352.9 million in 2020 and 36.7% as a percentage of revenue, compared to $1,433.6 million and 38.6% in 2019. The improvements in administrative and marketing expenses were mainly due to the success of our 2019 reshaping initiatives as well as cost containment efforts implemented in response to COVID-19. To manage our costs while still retaining our talent, we continued executing on various staff strategies, including furloughing employees with COVID-related project activity slowdowns in certain jurisdictions. Additional cost savings were realized from our continued focus on reduced discretionary spending and continued travel restrictions and by our fourth quarter recovery of claim costs related to a historical project. Costs savings and recoveries were offset by a net cost impact of $1.5 million primarily related to higher severance costs incurred as a result of the impact of the pandemic to our operations offset by pandemic-related government wage subsidies in the UK.

Amortization of Intangible Assets

(In millions of Canadian dollars)	2020	2019
Client relationships	31.6	31.1
Backlog	5.0	10.0
Other	0.0	0.8
Total amortization of acquired intangible assets	36.6	41.9
Software	16.6	25.0
Total amortization of intangible assets	53.2	66.9

The decrease in intangible asset amortization of $13.7 million in 2020 compared to 2019 was mainly due to the decline of software amortization because subscription costs are now charged to administrative and marketing expenses. Additionally, backlog associated with the acquisition of Peter Brett Associates LLP (PBA) was fully amortized in Q3 2020.

We review intangible assets at each reporting period to determine whether there is an indication of impairment, and based on this review, there were no material indicators of impairment in 2020 and 2019. Our review considered external sources, such as prevailing economic and market conditions, and internal sources, such as the historical and expected financial performance of intangible assets. (See the Critical Accounting Estimates section of this MD&A for more information about the methodology used to test long-lived assets and intangibles for impairment.)

Impairment of Lease Assets and leasehold improvements

As a result of our strategic initiative to optimize our occupancy footprint (as described on M-2), we completed a review of our leased office spaces across our real estate portfolio in Q4 2020. Consequently, we recorded a non-cash net impairment charge of $78.6 million in 2020, comprised of the change in use of various leased office spaces across our Canada, US, and Global operations and the impairment of leasehold improvements and office equipment associated with the respective lease assets.

The recoverable amount of lease assets and associated property and equipment was estimated using the value in use approach. Fair value was estimated using market information and probability weighted pre-tax cash flow projections discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit (CGU). We used cash flow projections covering the remaining head lease term from financial forecasts approved by senior management.

Net Interest Expense

Net interest expense decreased $20.4 million in 2020 compared to 2019. This was primarily driven by the repayment of the revolving credit facility in October 2020 with proceeds from the issuance of senior unsecured notes, lower drawings on the revolving credit facility in the first three quarters of the year, and lower interest rates. The amendment of our credit facilities in 2019 reduced interest rate spreads on certain components of our facilities and the lowering of interest rates by the Bank of Canada in response to COVID-19 also contributed to the decrease in interest rates.

Other (Income) Expense

Other income was $2.1 million in 2020 compared to $11.0 million in 2019. Our 2020 results included an unrealized gain of $0.7 million, compared to an unrealized gain of $7.9 million in 2019, on our equity securities in our investments held for self-insured liabilities. The unrealized gains and losses are non-cash adjustments and represent the fair value fluctuations in the equity markets.

Income Taxes

Our 2020 effective income tax rate was 26.6% compared to 26.8% in 2019. Our normalized effective tax rate for 2020 would be 28.0% compared to 28.6% in 2019. Discrete items in our 2020 tax expense included total recoveries of $8.1 million related to a recovery of previously unrecognized tax losses, recoveries from favorable tax assessments and other true-up adjustments that arose in the ordinary course, and the remeasurement of deferred tax assets and liabilities for rate changes in certain tax jurisdictions. These recoveries were partly offset by a $2.6 million tax expense associated with corporate reorganization efforts to integrate Peter Brett Associates into our UK group.

Discussion of Discontinued Operations

In 2018, we completed the sale of our Construction Services operations and the results of our Construction Services operations are reported as discontinued operations in our consolidated financial statements as prescribed by IFRS 5. Pursuant to the settlement agreements executed and the conclusion of insurance claims, project loss recoveries of $12.8 million were recognized.

Fourth Quarter Results

The following sections outline specific factors that affected the results of our operations in Q4 2020 vs Q4 2019.

Gross and Net Revenue

Revenue by Reportable Segment

	Gross Revenue		Net Revenue		
(In millions of Canadian dollars, except percentages)	**Q4 2020**	**Q4 2019**	**Q4 2020**	**Q4 2019**	**Q4 20 Organic Growth %**
Canada	318.5	336.1	266.6	273.2	(3.0 %)
United States	599.9	659.7	439.5	466.1	(4.8 %)
Global	207.7	214.4	155.6	161.7	(5.6 %)
Total	1,126.1	1,210.2	861.7	901.0	(4.4 %)

Revenue by Business Operating Unit

	Gross Revenue		Net Revenue		
(In millions of Canadian dollars, except percentages)	**Q4 2020**	**Q4 2019**	**Q4 2020**	**Q4 2019**	**Q4 20 Organic Growth %**
Buildings	221.7	256.7	178.2	198.0	(10.2 %)
Energy & Resources	155.7	156.3	131.8	130.2	0.8 %
Environmental Services	193.2	211.6	135.4	140.4	(3.6 %)
Infrastructure	318.7	348.9	238.3	254.9	(6.2 %)
Water	236.8	236.7	178.0	177.5	0.3 %
Total	1,126.1	1,210.2	861.7	901.0	(4.4 %)

Comparative figures have been reclassified due to a realignment of several business lines and to conform to the presentation adopted for the current period.

Net revenue retracted by 4.4% in Q4 2020 compared to Q4 2019, driven by organic retraction of 4.4%.

Our Canada operations retracted organically by 3.0% in Q4 2020 compared to Q4 2019, primarily from continued retraction in our Energy & Resources, Buildings, and Infrastructure businesses due to slowed economic growth and pandemic-related disruptions. These retractions were partly offset by organic growth in our Water and Environmental Services businesses.

Our US operations saw organic net revenue retraction of 4.8% in Q4 2020 compared to Q4 2019. Consistent with our annual results, our Infrastructure business saw continued retraction in both primary sectors, Transportation and Community Development. Our Buildings business was impacted by pandemic-related slowdowns in our airport, hospitality and commercial sectors, while work began pivoting to the Healthcare and Industrial sectors. Partly offsetting these retractions was modest growth in our Water business through expansion efforts into our Pacific and US South markets. Growth in our Energy & Resources business was driven by a continued ramp-up of renewable power projects. Additionally, the ramp up of a project with a key industrial client resulted in growth in our Environmental Services business during the quarter.

Our Global operations saw net organic revenue retraction of 5.6% in Q4 2020 compared to Q4 2019 where pandemic-related slowdowns continued to impact projects in our Environmental Services and Buildings businesses. Offsetting these retractions were the continued strong performance in our UK and Australian Water businesses as well as our UK and New Zealand Infrastructure businesses. Increased project activity in our Power & Dams and Mining sectors also contributed to growth in the quarter.

Gross Margin

(In millions of Canadian dollars, except percentages)	Q4 2020 $	Q4 2020 % of Net Revenue	Q4 2019 $	Q4 2019 % of Net Revenue
Canada	131.3	49.2 %	140.0	51.2 %
United States	241.7	55.0 %	256.7	55.1 %
Global	82.0	52.7 %	89.6	55.4 %
Total	455.0	52.8 %	486.3	54.0 %

Gross margin decreased $31.3 million in the quarter and decreased 1.2% as a percentage of net revenue.

Our Canada operations margins were impacted by an increased volume of lower-margin work related to the midstream oil and gas sector. In our US operations, margins were mainly impacted by project mix, with lower margins from major transportation projects partly offset by strong project execution in our Power & Dams sector. Margins in our Global operations were primarily impacted by project mix, challenges on certain projects in the Middle East, and pricing pressures in the UK and European markets.

Other

Administrative and marketing expenses were $317.5 million in Q4 2020 and 36.8% as a percentage of net revenue compared to $348.5 million and 38.7% in Q4 2019. The decrease in administrative and marketing expenses was mainly from our focused effort to reduce discretionary spending in response to the pandemic. The recovery of claim costs from a historical project further reduced administrative and marketing expenses in the quarter.

Amortization of intangible assets decreased due to a decline of software amortization, because subscription costs are now charged to administrative and marketing expenses, and backlog associated with the PBA acquisition was fully amortized in Q3 2020. Net interest expense decreased $7.3 million primarily due to the lower long-term debt balances and interest rates. Impairments of lease assets and property and equipment were recognized based on the continued implementation of our strategic initiative to optimize our occupancy footprint.

Income taxes included a deferred tax recovery of $17.3 million related to an impairment provision recorded on lease assets and property and equipment. The recovery from the impairment provision did not have a significant effect on our annual effective tax rate. Other recoveries of $5.7 million recognized in the quarter included the recovery of previously unrecognized tax losses, recoveries from favorable tax assessments, and other true-up adjustments, which arose in the ordinary course. Our tax rate, normalized for these recoveries, would be 24.5% in Q4 2020 compared to 31.2% in Q4 2019. Lower tax rates in certain jurisdictions had a more significant impact to quarterly results.

Quarterly Trends

The following is a summary of our quarterly operating results for the last two fiscal years.

	2020				2019			
(In millions of Canadian dollars, except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Gross revenue	1,126.1	1,177.9	1,205.6	1,220.5	1,210.2	1,241.5	1,224.1	1,151.5
Net revenue	861.7	916.5	951.1	955.2	901.0	952.6	953.6	904.1
Net income from continuing operations	14.9	62.1	52.6	29.5	42.4	57.8	49.3	44.9
Net income from discontinued operations	1.8	—	—	10.2	—	—	—	—
Net income	16.7	62.1	52.6	39.7	42.4	57.8	49.3	44.9
Diluted earnings per share								
Continuing operations	0.13	0.55	0.47	0.26	0.38	0.52	0.44	0.40
Discontinued operations	0.02	—	—	0.09	—	—	—	—
Total diluted earnings per share	0.15	0.55	0.47	0.35	0.38	0.52	0.44	0.40
Continuing operations								
Adjusted net income *(note)*	67.0	69.9	57.7	54.3	52.3	66.3	56.1	50.3
Adjusted diluted EPS *(note)*	0.60	0.62	0.52	0.49	0.47	0.59	0.50	0.45

Adjusted net income and adjusted EPS are non-IFRS measures and are further discussed in the Definitions section of this MD&A.

Quarterly EPS and adjusted EPS are not additive and may not equal the annual EPS reported. This is a result of the effect of shares issued on the weighted average number of shares. Quarterly and annual diluted EPS and adjusted EPS are also affected by the change in the market price of our shares since we do not include in dilution options when the exercise price of the option is not in the money.

The table below compares quarters, summarizing the impact of acquisitions, organic growth, and foreign exchange on net revenue:

(In millions of Canadian dollars)	**Q4 2020 vs. Q4 2019**	**Q3 2020 vs. Q3 2019**	**Q2 2020 vs. Q2 2019**	**Q1 2020 vs. Q1 2019**
Increase (decrease) in net revenue due to				
Organic growth	(39.5)	(45.2)	(19.9)	38.4
Acquisition growth	1.7	—	—	12.3
Impact of foreign exchange rates on revenue earned by foreign subsidiaries	(1.5)	9.1	17.4	0.4
Total net increase (decrease) in net revenue	(39.3)	(36.1)	(2.5)	51.1

We experience variability in our results of operations from quarter to quarter due to the nature of the industries and geographic locations we operate in. In the first and fourth quarters, we see slowdowns related to winter weather conditions and holiday schedules. The net decrease in net revenue from Q2 to Q4 in 2020 compared to Q2 to Q4 in 2019 primarily reflects the impact of the pandemic. (See additional information about operating results in our MD&A for each respective quarter.)

Statements of Financial Position

The following highlights the major changes to our assets, liabilities, and equity from December 31, 2019 to December 31, 2020.

(In millions of Canadian dollars)	**Dec 31, 2020**	**Dec 31, 2019**
Total current assets	1,565.1	1,580.1
Property and equipment	240.1	286.5
Lease assets	447.0	558.5
Goodwill	1,673.8	1,651.8
Intangible assets	182.0	219.6
Net employee defined benefit asset	47.3	26.0
Deferred tax assets	42.4	31.9
Other assets	191.2	207.1
Total assets	**4,388.9**	**4,561.5**
Current portion of long-term debt	46.6	46.9
Current portion of provisions	20.5	23.9
Current portion of lease liabilities	103.6	99.9
All other current liabilities	816.5	835.6
Total current liabilities	987.2	1,006.3
Lease liabilities	526.2	589.0
Income taxes payable	10.2	11.6
Long-term debt	634.2	814.0
Provisions	107.7	89.1
Net employee defined benefit liability	91.2	85.2
Deferred tax liability	63.4	73.2
Other liabilities	39.5	16.0
Equity	1,928.5	1,875.5
Non-controlling interests	0.8	1.6
Total liabilities and equity	**4,388.9**	**4,561.5**

Refer to the Liquidity and Capital Resources section of this MD&A for an explanation of the changes in current assets and current liabilities and the Shareholders' Equity section of this MD&A for an explanation of the changes in equity.

The carrying amounts of assets and liabilities for our US subsidiaries on our consolidated statements of financial position decreased due to the strengthening Canadian dollar—from US$0.77 at December 31, 2019, to US$0.79 at December 31, 2020. Other factors that impacted our long-term assets and liabilities are indicated below.

Non-cash impairment charges associated with our occupancy footprint optimization initiative contributed to decreases in property and equipment and lease assets of $19.5 million and $59.1 million, respectively. Other impacts included depreciation expense, partly offset by additions of leasehold improvements and engineering equipment in property and equipment and new lease additions in lease assets. Recently completed acquisitions increased goodwill and intangible assets, with offsetting amortization expense resulting in an overall decrease in intangible assets. The total current and long-term portions of other assets increased primarily as a result of higher investments held for self-insured liabilities, partly offset by decreases in holdbacks on long-term contracts.

Total current and long-term portions of long-term debt decreased $180.1 million. Additions to long term debt included the issuance of senior unsecured notes of $300 million which was used to repay the revolving credit facility. Other repayments included $150.1 million made on the revolving credit facility, $19.9 million decrease in notes payable for repayments made on previous acquisitions, partly offset with notes payable issued for recent acquisitions, and $13.0 million in software financing obligations. Total current and long-term portions of lease liabilities decreased $59.1 million due to lease payments made partly offset by additions and interest accretion.

Other long-term liabilities increased $23.5 million primarily from $13.2 million in US payroll tax deferrals as part of COVID-relief programs, as well as the fair value movements on our long-term debt interest rate swap. Provisions increased $15.2 million as a result of higher claim charges, the timing of settlements, and changes in the discount rate used on our self-insured liabilities, partly offset by recoveries recognized in relation to discontinued operations, pursuant to settlement agreements executed. Net employee defined benefit liability increased $6.0 million, and net employee defined benefit asset increased $21.3 million for a combined net decrease of $15.3 million. The decrease was primarily due to a return on plan assets of $41.1 million and contributions of $20.2 million made in 2020, partly offset by actuarial losses of $41.6 million.

Goodwill

In accordance with our accounting policies (described in note 4 of our 2020 audited consolidated financial statements), we conduct a goodwill impairment test annually as at October 1 or more frequently if circumstances indicate that an impairment may occur or if a significant acquisition occurs between the annual impairment test date and December 31.

Our CGUs are identified by considering the interdependence of cash flows between different geographic locations and how management monitors the operations. As such, we define our CGUs as follows: Canada, US, Asia/Pacific, Latin America, and UK/Europe/ Middle East. As goodwill is not monitored at a level lower than our operating segments; three of our CGUs (Asia/Pacific, Latin America, and UK/Europe/ Middle East) are grouped into Global for the purpose of allocating goodwill and testing impairment.

On October 1, 2020, and October 1, 2019, we performed our annual goodwill impairment tests. We estimate the recoverable amount by using the fair value less costs of disposal approach. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of our CGUs, given the necessity of making key economic assumptions about the future.

As at October 31, 2020, we concluded that the recoverable amount of our Canada and US CGUs exceeded their carrying amount and management believes that no reasonably possible change in assumptions would have caused the carrying amount to exceed their respective recoverable amount. The recoverable amount of our Global group of CGUs exceeded its carrying amount by $62.8 million. Management believes that the only reasonably possible changes to key assumptions that would cause the group of CGUs' carrying amount to exceed its recoverable amount would be a 90-basis points reduction in the assumed operating margins or a 90-basis points increase in the discount rate (further described in note 13 of our 2020 audited consolidated financial statements and incorporated by reference in this MD&A).

Liquidity and Capital Resources

We are able to meet our liquidity needs through various sources, including cash generated from operations, long- and short-term borrowings from our $800 million revolving credit facility (with access to an additional $600 million subject to approval), our $310 million senior term loan, proceeds from the $300 million private placement of our senior unsecured notes, and the issuance of common shares. We use funds primarily to pay operational expenses; complete acquisitions; sustain capital spending on property, equipment, and software; repay long-term debt; repurchase shares; and pay dividend distributions to shareholders.

We believe that internally generated cash flows, supplemented by borrowings, if necessary, will be sufficient to cover our normal operating and capital expenditures. However, under certain favorable market conditions, we do consider issuing common shares to facilitate acquisition growth or to reduce borrowings under our credit facilities.

Working Capital

The following table shows summarized working capital information as at December 31, 2020, compared to December 31, 2019:

(In millions of Canadian dollars, except ratios)	**Dec 31, 2020**	**Dec 31, 2019**
Current assets	**1,565.1**	1,580.1
Current liabilities	**987.2**	1,006.3
Working capital *(note)*	**577.9**	573.8
Current ratio *(note)*	**1.59**	1.57

note: Working capital is calculated by subtracting current liabilities from current assets. Current ratio is calculated by dividing current assets by current liabilities. Both non-IFRS measures are further described in the Definitions section of this MD&A .

The carrying amounts of assets and liabilities for our US subsidiaries on our consolidated statements of financial position decreased due to the strengthening Canadian dollar.

Current assets increased primarily because of increases in cash and deposits of $66.0 million (explained in the Cash Flows section of this MD&A). Other increases included other current assets of $24.0 million relating to increases in investments held for self-insured liabilities and $11.0 million in income taxes recoverable primarily due to the acceleration of the depreciable life of leasehold improvements for tax purposes as a result of a COVID-19 related change in United States tax legislation. These increases were partly offset by a collective net decrease of $112.5 million in trade and other receivables, unbilled receivables, and contract assets.

- Our DSO, defined in the Definitions section of this MD&A, was 75 days at December 31, 2020, a 4 day decrease since December 31, 2019. The decrease in DSO was primarily due to our continued effort and focus on collection activities, which resulted in strong collections throughout our operations in Q4 2020.
- The aging of trade receivables remained consistent in the over 90-day aging category decreasing by 0.3% as a percentage of total trade receivables, or $14.0 million. Collection efforts have remained consistent despite the impacts of COVID-19.

Current liabilities decreased primarily because of a decrease of $14.8 million in bank indebtedness.

Cash Flows

	Continuing Operations			**Discontinued Operations**			**Total**		
(In millions of Canadian dollars)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Cash flows from operating activities	**602.6**	449.9	152.7	**1.2**	2.6	(1.4)	**603.8**	452.5	151.3
Cash flows used in investing activities	**(102.0)**	(135.2)	33.2	**—**	0.0	0.0	**(102.0)**	(135.2)	33.2
Cash flows used in financing activities	**(412.6)**	(286.0)	(126.6)	**—**	0.0	0.0	**(412.6)**	(286.0)	(126.6)

Cash flows from operating activities

Operating cash flows from continuing operations were $602.6 million, which increased $152.7 million compared to 2019. The increase in cash inflow was driven by a decrease in cash paid to suppliers, an increase in cash receipts from clients, and lower interest paid on debt. Operating cash flows in 2020 also benefited from the deferral of $39.4 million in certain non-corporate tax payments, payment for which will occur throughout 2021 and 2022. These cash inflows were partly offset by increases in cash paid to employees and income taxes paid.

Cash flows used in investing activities

Cash flows used in investing activities were $102.0 million, a $33.2 million decrease compared to 2019. This was due primarily to the acquisition of WGE in the first quarter of 2019, for net cash consideration of $77.1 million compared to the acquisition of Teshmont, AGEL, and Wenck in the fourth quarter of 2020, for aggregate net cash consideration of $50.6 million. As well, purchases of property and equipment and software decreased $26.1 million in 2020 compared to 2019 because non-essential capital spending has been paused due to the pandemic. The decreases in cash flows used were partly offset by an increase in cash used for the purchase of investments held for self-insured liabilities.

Cash flows used in financing activities

Cash flows used in financing activities were $412.6 million, a $126.6 million increase compared to 2019. The increase was driven by the net repayment of the revolving credit facility of $448.0 million, which was partly offset by proceeds from the issue of senior unsecured notes of $297.9 million (discussed in the Capital Management section of this MD&A). As well, increases to cash flows used included lower proceeds from lease inducements of $47.6 million, higher share repurchases of $39.1 million, and higher lease obligation payments of $12.6 million. These were partly offset by an increase in proceeds of $39.6 million from stock options exercised.

Capital Management

Our objective in managing Stantec's capital is to provide sufficient capacity to cover normal operating and capital expenditures and to have flexibility for financing future growth. We focus our capital allocations on increasing shareholder value through funding accretive acquisitions in pursuit of our growth strategy while maintaining a strong balance sheet, repurchasing shares opportunistically, and managing dividend increases to our target payout ratio in a sustainable manner.

We manage our capital structure according to our internal guideline of maintaining a net debt to adjusted EBITDA (actual trailing twelve months) ratio of less than 2.0 to 1.0. At December 31, 2020, our net debt to adjusted EBITDA ratio was 0.7 to 1.0, falling below our stated internal guideline, mainly due to debt repayment and strong cash flows from operating activities. There may be occasions when we exceed our target by completing acquisitions that increase our debt level for a period of time.

(In millions of Canadian dollars, except ratios)	**Dec 31, 2020**	**Dec 31, 2019**
Current and non-current portion of long term debt	**680.8**	860.9
Less: cash and cash equivalents	**(289.5)**	(223.5)
Bank indebtedness	**4.7**	19.5
Net debt	**396.0**	656.9
Shareholders' equity	**1,928.5**	1,875.5
Total capital managed	**2,324.5**	2,532.4
Adjusted EBITDA from continuing operations (note)	**578.9**	574.4
Net debt to adjusted EBITDA ratio (note)	**0.7**	1.1

See the Definitions section of this MD&A for our discussion of non-IFRS measures used.

On October 8, 2020, we issued senior unsecured notes (the notes) for gross proceeds of $300.0 million Canadian dollars that mature on October 8, 2027. The notes, which were assigned an investment-grade credit rating of BBB by DBRS Limited, bear interest at a fixed rate of 2.048% per annum, which is payable in Canadian dollars semi-annually on April 8 and October 8 of each year. The notes rank pari passu with all our other debt and future indebtedness. We used the net proceeds from the notes to repay existing indebtedness.

Stantec has syndicated senior credit facilities consisting of a senior revolving credit facility of a maximum of $800 million, a $310 million senior term loan in two tranches, and access to additional funds of $600 million through an accordion feature.

For the syndicated credit facilities and notes, we are required to comply with various covenants. The key financial covenants include but are not limited to a leverage ratio and an interest coverage ratio (as defined by the credit facilities agreement). Refer to the Definition of Non-IFRS measures section for further discussion of our covenant ratios.

At December 31, 2020, $786.5 million was available in our revolving credit facility for future activities and we were in compliance with the covenants related to our credit facilities and notes as at and throughout the year ended December 31, 2020.

Shareholders' Equity

Shareholders' equity increased $53.0 million. The increase in shareholders' equity was mainly due to net income of $171.1 million earned in 2020 and $58.5 million in share options exercised for cash. These increases were partly offset by $27.8 million in exchange differences on translation of our foreign subsidiaries included in comprehensive income, $78.3 million in shares repurchased under our normal course issuer bid (NCIB), and $69.1 million in dividends declared.

Our NCIB on the TSX was renewed on November 12, 2020 enabling us to repurchase up to 5,605,224 of our common shares during the period November 16, 2020 to November 15, 2021. We also have an Automatic Share Purchase Plan with a broker that allows the purchase of common shares for cancellation under the NCIB at any time during predetermined trading blackout periods within certain pre-established parameters.

We believe that, from time to time, the market price of our common shares does not fully reflect the value of our business or future business prospects and that, at such times, the repurchase of outstanding common shares are an appropriate use of available Company funds. We repurchased 2,047,948 common shares for an aggregate price of $78.3 million during 2020, compared to the repurchase of 1,400,713 common shares for an aggregate price of $43.2 million during 2019.

Other

Outstanding Share Data

At December 31, 2020, there were 111,005,347 common shares and 2,123,800 share options outstanding. From January 1, 2021, to February 24, 2021no share options were granted, 225,934 share options were exercised, and 1,336 share options were forfeited. At February 24, 2021, there were 111,231,281 common shares and 1,896,530 share options outstanding.

Contractual Obligations

As part of our operations, we enter into long-term contractual arrangements from time to time. The following table summarizes the contractual obligations due on our long-term debt, lease arrangements, purchase and service obligations, and other obligations at December 31, 2020, on an undiscounted basis.

	Payment Due by Period				
(In millions of Canadian dollars)	**Total**	**Less than 1 Year**	**1–3 Years**	**4–5 Years**	**After 5 Years**
Debt	683.2	47.6	334.7	—	300.9
Interest on debt	59.6	14.8	21.6	12.4	10.8
Bank indebtedness	4.7	4.7			
Lease liabilities	740.3	127.8	226.9	146.8	238.8
Restoration	14.2	1.5	4.3	4.0	4.4
Variable lease payments	299.2	50.1	78.6	56.3	114.2
Short-term and low -value lease payments	3.3	2.2	0.9	0.2	—
Leases not commenced but committed	24.7	0.6	4.3	4.5	15.3
Foreign currency forward contract	96.0	96.0	—	—	—
Purchase and service obligations	85.2	51.6	33.0	0.6	—
Other obligations	71.6	9.7	41.3	1.2	19.4
Total contractual obligations	2,082.0	406.6	745.6	226.0	703.8

For further information regarding the nature and repayment terms of our long-term debt, refer to the Cash Flows (Used in) Financing Activities and Capital Management sections of this MD&A and notes 16, 17 and 26 in our 2020 audited consolidated financial statements, incorporated by reference.

Our lease arrangements include non-cancellable rental payments for office space, vehicles, and other equipment. Purchase and service obligations include enforceable and legally binding agreements to purchase future goods and services. Other obligations include amounts payable for our restricted share, deferred share, and performance share units issued under our Long-Term Incentive Plan and obligations for our end of employment benefit plans. Failure to meet the terms of our lease payment commitments may constitute a default, potentially resulting in a lease termination payment, accelerated payments, or a penalty as detailed in each lease agreement. The previous table does not include obligations to fund defined benefit pension plans, although we make regular contributions. Funding levels are monitored regularly and reset with triennial funding valuations performed for the pension plans' board of trustees. The Company expects to contribute $15.4 million to the pension plans in 2021.

Off-Balance Sheet Arrangements

Effective January 1, 2020, we entered into an additional separate letter of credit facility outside of our revolving credit facility that provides letters of credit up to $100.0 million. As at December 31, 2020, we had off-balance sheet financial arrangements relating to letters of credit under our revolving credit facility of $8.8 million and $66.2 million in aggregate letters of credit outside of our revolving credit facility. The letters of credit expire at various dates before January 2022, except for $12.4 million that have open-ended terms. These—including the guarantee of certain office rental obligations—were issued in the normal course of operations.

Also, in the normal course of operations, our surety facilities allow for the issuance of bonds for certain types of project work. At December 31, 2020, bonds issued under our surety facilities included $155.1 million in bonds for Construction Services (discontinued operations) expiring at various dates before December 2021. These bonds are intended to provide owners with financial security regarding the completion of their construction project in the event of default. Although we remain obligated for these instruments, the purchaser of the Construction Services business has indemnified Stantec should any of these obligations be triggered. We also have $12.0 million in bonds for Consulting Services expiring at various dates before September 2026.

In the normal course of business, we also provide indemnifications and, in limited circumstances, guarantees. These are granted on commercially reasonable contractual terms and are provided to counterparties in transactions such as purchase and sale contracts for assets or shares, service agreements, and leasing transactions. We also indemnify our directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. These indemnifications may require us to compensate the counterparty for costs incurred through various events. The terms of these indemnifications and guarantees will vary based on the contract, the nature of which prevents us from making a reasonable estimate of the maximum potential amount that could be required to pay counterparties. Historically, we have not made any significant payments under such indemnifications or guarantees, and no amounts have been accrued in our consolidated financial statements with respect to these guarantees.

Financial Instruments and Market Risk

We continue to hold an interest rate swap to manage the fluctuation in floating interest rates on Tranche C of our term loan. The agreement matures on June 27, 2023 and has the effect of converting the variable interest rate associated with $160 million of our term loan into a fixed interest rate of 2.295% plus an applicable basis points spread.

We had also entered into a foreign currency forward contract to purchase USD$75.0 million for CAD$96.0 million equivalent on the trade date.These contracts were entered to mitigate the risk of foreign currency fluctuations. The fair value of these contracts, estimated using market rates as at December 31, 2020, is an unrealized loss of $0.5 million.

These arrangements are further described in note 25 of our 2020 audited consolidated financial statements, incorporated by reference.

Market risk

We are exposed to various market factors that can affect our performance, primarily our currency and interest rates. At this time, there is some degree of uncertainty regarding the impact that the outbreak of COVID-19 will have on credit and price risk. Management does not anticipate a significant increase in credit risk exposure but will continue to monitor the situation as it evolves.

Credit risk

Our credit risk is highly diversified across clients, industries and geographies and our customers are primarily public sector entities and high-quality private clients. In light of the COVID-19 pandemic, we may negotiate some payment extensions with both our vendors and clients. At this time, we have not made significant extensions to our clients and we do not expect the extensions will result in increased credit risk because of our strong and diverse client base. We continue to limit our exposure to credit risk by placing our cash and cash equivalents in short-term deposits in—and, when appropriate, by entering into derivative agreements with—high-quality credit institutions. Investments held for self-insured liabilities include bonds, equities, and term deposits. We mitigate risk associated with these bonds, equities, and term deposits through the overall quality and mix of our investment portfolio.

Currency

Our currency exchange rate risk results primarily from the following three factors:

1. A significant portion of our revenue and expenses are in US dollars. Therefore, we are exposed to fluctuations in exchange rates to the extent that
    a. Foreign currency revenues greater than foreign currency expenses in a strengthening Canadian dollar environment will result in a negative impact on our income from operations.
    b. Foreign currency revenues greater than foreign currency expenses in a weakening Canadian dollar environment will result in a positive impact on our income from operations.
2. Foreign exchange fluctuations may also arise on the translation of the balance sheet of US-based or other foreign subsidiaries where the functional currency is different from the Canadian dollar, and they are recorded in other comprehensive income. We do not hedge for this foreign exchange translation risk.
3. Foreign exchange gains or losses arise on the translation of foreign-denominated assets and liabilities (such as accounts receivable, accounts payable and accrued liabilities, and long-term debt) held in our Canadian, US, and other foreign subsidiaries. We minimize our exposure to foreign exchange fluctuations on these items by matching foreign currency assets with foreign currency liabilities and, when appropriate, by entering into forward foreign currency contracts.

Although we may buy or sell foreign currencies in exchange for Canadian dollars in accordance with our foreign exchange risk mitigation strategy, on occasion we may have a net exposure to foreign exchange fluctuations because of the timing of the recognition and relief of foreign-denominated assets and liabilities.

Interest rates

Changes in interest rates also present a risk to our performance as we are subject to interest rate cash flow risk to the extent that the revolving credit facility and term loan are based on floating interest rates. However, this risk has been largely mitigated by our fixed rate senior unsecured notes (discussed in the Capital Management section of this MD&A) and our interest rate swap on one of the term loans. In addition, we are subject to interest rate pricing risk to the extent that our investments held for self-insured liabilities contain fixed-rate government and corporate bonds and term deposits.

Price risk

We are subject to market price risk to the extent that our investments held for self-insured liabilities contain equity funds. This risk is mitigated because the portfolio of equity funds is monitored regularly and is appropriately diversified. The effect of a 1.0% increase or decrease in equity prices at December 31, 2020 (with all other variables held constant) would have increased or decreased net income by $1.3 million, respectively.

Related-Party Transactions

We have subsidiaries that are 100% owned and are consolidated in our financial statements. We also have agreements in place with several structured entities to provide various services, including architecture, engineering, planning, and project management. From time to time, we enter into transactions with associated companies and other entities pursuant to a joint arrangement. In 2020, total sales to our joint ventures were $33.4 million, and at December 31, 2020, receivables from our joint ventures were $4.3 million.

From time to time, we guarantee the obligations of a subsidiary or structured entity for lease agreements, service agreements, and obligations to a third party pursuant to an acquisition agreement. In addition, we may guarantee service agreements for associated companies, joint ventures, and joint operations. (Transactions with subsidiaries, structured entities, associated companies, joint ventures, and joint operations are further described in note 34 of our 2020 audited consolidated financial statements and are incorporated by reference in this MD&A.)

Key management personnel have authority and responsibility for planning, directing, and controlling the activities of our Company. Total compensation to key management personnel and directors recognized as an expense was $19.9 million in 2020 and $20.1 million in 2019.

Critical Accounting Estimates, Developments, and Measures

Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with IFRS requires us to make various judgments, estimates, and assumptions. Note 5 of our December 31, 2020, audited consolidated financial statements outlines our significant accounting estimates and is incorporated by reference in this MD&A.

The accounting estimates discussed in our consolidated financial statements are considered particularly important because they require the most difficult, subjective, and complex management judgments. Accounting estimates are done for the following:

- Revenue and cost recognition on contracts
- Assessment of impairment of non-financial assets
- Fair values on business combinations
- Leases
- Provision for self-insured liabilities and claims
- Employee benefit plans, and
- Taxes

The COVID-19 pandemic has had adverse financial impacts on the global economy. As such, we continue to monitor the impact of the pandemic on our financial operations and financial position. Because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, the pandemic and future events may result in significant differences between estimates and actual results. We believe that each of our assumptions and estimates is appropriate to the circumstances and represents the most likely future outcomes.

Unless otherwise specified in our discussion of specific critical accounting estimates, we expect no material changes in overall financial performance and financial statement line items to arise, either from reasonably likely changes in material assumptions underlying an estimate or within a valid range of estimates from which the recorded estimate was selected. In addition, we are not aware of trends, commitments, events, or uncertainties that can reasonably be expected to materially affect the methodology or assumptions associated with our critical accounting estimates, subject to items identified in the Risk Factors, Outlook, and Cautionary Note Regarding Forward-Looking Statements sections of this MD&A.

Accounting Developments

Recently Adopted

Effective January 1, 2020, we adopted the following standards and amendments (further described in note 6 of our December 31, 2020, audited consolidated financial statements and incorporated by reference in this MD&A):

- Conceptual Framework for Financial Reporting
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)
- COVID-19-Related Rent Concessions (Amendments to IFRS 16)

The adoption of these new standards, amendments, interpretations, and improvements did not have an impact on our disclosure controls and procedures or our business activities, including debt covenants, key performance indicators, and compensation plans.

Future Adoptions

The list below includes issued standards, amendments, and interpretations that we reasonably expect to be applicable at a future date and intend to adopt when they become effective. We are currently assessing the impact of adopting these standards, amendments, and interpretations on our consolidated financial statements and cannot reasonably estimate the effect at this time.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These standards, amendments, and interpretations are described in note 6 of our December 31, 2020, audited consolidated financial statements and are incorporated by reference in this MD&A.

Materiality

We determine whether information is material based on whether we believe that a reasonable investor's decision to buy, sell, or hold securities in our Company would likely be influenced or changed if the information was omitted, obscured, or misstated.

Definition of Non-IFRS Measures

This Management's Discussion and Analysis includes references to and uses terms that are not specifically defined in IFRS and do not have any standardized meaning prescribed by IFRS. These measures and terms are defined below. These non-IFRS measures may not be comparable to similar measures presented by other companies. We believe that the measures defined here are useful for providing investors with additional information to assist them in understanding components of our financial results.

Working Capital. We use working capital as a measure for assessing overall liquidity. Working capital is calculated by subtracting current liabilities from current assets. There is no directly comparable IFRS measure for working capital.

Current Ratio. We use current ratio as a measure for assessing overall liquidity. Current ratio is calculated by dividing current assets by current liabilities. There is no directly comparable IFRS measure for current ratio.

EBITDA. Our definition was amended in 2020 to exclude the impairment charges related to lease assets because we believe it is a better measurement of our performance and will improve comparability with our peers. With the amended definition, EBITDA represents net income before interest expense, income taxes, depreciation of property and equipment, depreciation of lease assets, amortization of intangible assets, and impairment charges related to goodwill, intangible assets, lease assets, and property and equipment. This measure is referenced in our credit facility agreement (adjusted for pre-IFRS 16 basis) as part of our debt covenants, and we use it as part of our overall assessment of our operating performance. There is no directly comparable IFRS measure for EBITDA.

Net Debt to Adjusted EBITDA. As part of our assessment of our capital structure, we monitor net debt to adjusted EBITDA. It is defined as the sum of (1) long-term debt, including current portion, less cash and cash equivalents and cash in escrow, divided by (2) adjusted EBITDA (as defined below). There is no directly comparable IFRS measure for net debt to adjusted EBITDA.

Adjusted Return on Invested Capital (ROIC). Adjusted ROIC is a non-IFRS measure we use to evaluate our returns generated on our debt and equity capital. It represents our actual trailing twelve months adjusted net income before tax-adjusted interest relative to our average aggregate net debt and shareholders' equity. Our method of calculating adjusted ROIC may differ from methods presented by other companies. There is no directly comparable IFRS measure.

Days Sales Outstanding (DSO). DSO is a metric that we use to evaluate our business that does not have a standardized definition within IFRS. It represents the average number of days to convert our trade and other receivables, unbilled receivables, contract assets, and deferred revenue to cash.

Leverage Ratio. This ratio is referenced in our credit facilities agreement as part of our debt covenants. It is defined as total indebtedness divided by EBITDA (as defined by the credit facility agreement). There is no directly comparable IFRS measure for leverage ratio.

Interest Coverage Ratio. This ratio is referenced in our credit facilities agreement as part of our debt covenants. It is defined as trailing twelve months EBITDA divided by trailing twelve months interest expense (as defined by the credit facility agreement). There is no directly comparable IFRS measure for interest coverage ratio.

Free Cash Flow: Free cash flow is a non-IFRS measure we use to monitor the availability of discretionary cash as part of our capital management. It is defined as operating cash flows less capital expenditures and net payment of lease obligations. Our method of calculating free cash flows may differ from methods presented by other companies. There is no directly comparable IFRS measure.

Adjusted Measures

Adjusted EBITDA, **Adjusted Net Income, and Adjusted EPS** represent the respective financial measures (1) excluding the amortization of intangibles acquired through acquisitions and (2) after the adjustments for specific items that are significant but are not reflective of our underlying operations. Specific items are subjective; however, we use our judgement and informed decision-making when identifying items to be excluded in calculating our adjusted measures. We currently use EBITDA as a measure of pre-tax operating cash flow and net income as a measure of overall profitability. There is no directly comparable IFRS measure for adjusted EBITDA. The most comparable IFRS measure for adjusted net income and adjusted EPS is net income and EPS, respectively. Reconciliations to net income, EBITDA and EPS to their respective adjusted measures are included on page M-9.

We believe adjusted EBITDA, adjusted net income, and adjusted EPS are useful for providing securities analysts, investors, and other interested parties with additional information to assist them in understanding components of our financial results (including a more complete understanding of factors and trends affecting our operating performance). They also provide supplemental measures of operating performance, thus highlighting trends that may not otherwise be apparent when relying solely on IFRS financial measures.

Risk Factors

Overview

To deliver on our vision and strategic objectives, we continually identify and manage potential company-wide risks and uncertainties facing our business. We view each risk in relation to all other risks because the risks considered, and the actions taken to mitigate them may create new risks to the Company.

To effectively manage risks, our Enterprise Risk Management (ERM) program

- Maintains a value-based framework to support our efforts to manage risk effectively, transparently, and consistently
- Reviews our risk profile continuously and iteratively so risks are identified and managed as they evolve
- Aligns and embeds risk management into key processes like strategic planning to reduce the effect of uncertainty on achieving our objectives
- Reports to our executives and Board of Directors to provide assurance on the effectiveness of our risk management process

Board Governance and Risk Oversight

The board provides strategic direction to and guidance on the ERM program and has delegated the responsibility for oversight of the program to the Audit and Risk Committee (ARC).

The ARC supports the development and evolution of

- Appropriate methods to identify, evaluate, mitigate, and report the principal risks inherent to our business and strategic direction
- Systems, policies, and practices appropriate to address our principal risks
- A risk appetite appropriate for the organization

Annually, the board receives a comprehensive risk report when it receives the Company's Strategic Plan. Quarterly, the ARC receives a report on the changes in principal risks and mitigation strategies.

In addition to the ARC, two other board committees have roles in risk management. The Sustainability and Safety Committee provides oversight with a focus on relevant operational risk exposures, including the Company's climate risk tolerance. The Corporate Governance and Compensation Committee guides the deployment of an effective corporate governance system to manage the board's overall stewardship responsibility, including requiring that appropriate management policies are in place.

Management Oversight

The C-suite is directly accountable to the board for all risk-taking activities and risk management practices. Responsibility for risk management is shared across the organization. The Executive Leadership Team (ELT) manages risk from an integrated, company-wide perspective; risk management, part of our day-to-day operations, is included in our key decision-making processes like project go/no-go decisions and strategic planning.

The ELT is supported by numerous teams—Legal; Health, Safety, Security, and Environment (HSSE); Information Technology (IT); Finance; and others—that provide risk management and compliance functions across the organization and work with management to design and monitor appropriate risk mitigation. Our Internal Audit team provides independent assurance regarding the effectiveness and efficiency of our company-wide risk management.

Principal Risks and Uncertainties

Management remains confident in our ability to successfully achieve our long-term corporate objectives; however, like our competitors, we are exposed to risks and uncertainties. Our risk assessment has identified our most significant risks (see Risks section below). These risks are listed from most to least significant based on their assessed impact on our Company and the probability that they may occur. If any risks occur, individually or in combination, our business, financial condition, results of operations, and prospects could be materially and adversely affected. Given our assessment and mitigation efforts, we do not expect any such material adverse impacts, but we plan for them as part of our ERM processes.

The risks and uncertainties described in this MD&A are not the only ones we face. Additional risks and uncertainties—that we are unaware of, that we currently believe are not material, and that may arise based on new developments—may also become important factors that adversely affect our business.

Risks

The COVID-19 pandemic may negatively impact our ability to execute our strategy, operate our business, or maintain our financial performance. Rapid spread of COVID-19 forced countries around the world to shut down large parts of their economies to protect their citizens. This led to steep increases in unemployment and the worst economic downturn since the Great Depression. Even though vaccines have been approved and are being delivered in many countries, we believe that the impacts of the COVID-19 pandemic will last through a significant part of 2021.

Thus far, Stantec has demonstrated resiliency throughout this continuing crisis. In the initial weeks following the declaration of COVID-19 as a global pandemic by the World Health Organization, our Pandemic Response Committee focused on implementing travel and work restrictions and adjusted field work activities to keep our employees safe. We successfully enabled our employees to work remotely in order to continue to support our clients, facilitated by the significant investments we had historically made in our IT infrastructure.

Most of our staff are still working remotely. We continue to focus on keeping our workforce engaged and productive while working from home. We have developed a phased office remobilisation plan, following the public health guidelines in each jurisdiction, keeping the safety of our employees at the forefront. This plan will be deployed in a manner consistent with the easing of restrictions in the relevant geographies.

In many of the countries we operate in, governments have announced several economic measures to help businesses and workers cope with the impacts of the COVID-19 pandemic. We are participating in government-granted wage subsidy programs and various tax payment deferral programs where we meet the relevant criteria, and continue to pursue available measures at the federal, provincial, state, and municipal levels to moderate the cost impacts of the COVID-19 pandemic.

Other impacts of the pandemic are protracted disruption of global supply chains, policy uncertainty, increased nationalism, and private sector project financing limitations or curtailments in capital spending.

Our geographic, business line, and client mix diversification help us manage risk. For example, when the availability of private capital is limited, our backlog may benefit from increased public sector spending. The fact that we are geographically diverse means our results are not dependent on the economic conditions of one region. Similarly, when the volume of work in one business line might be reduced, it may be balanced by increased or newer opportunities in other areas. We are prudently managing our costs and safeguarding the strength of our balance sheet to support the resiliency of our business.

Though we continue to manage our business well through the pandemic, the pandemic could also increase other risk factors listed here and create new risks, which could adversely affect our business, financial health, and results of operations.

Project workplaces are inherently dangerous. Failure to maintain safe work sites could have an adverse impact on Stantec's business, reputation, financial condition, and results of operations.
Project sites are inherently dangerous, with hazardous materials, large equipment mobilization and vehicle traffic. With projects and office locations across the globe, our employees travel to and work in high-security-risk countries that may be undergoing political, social, and economic problems that could lead to war, civil unrest, criminal activity, acts of terrorism, or public health crises.

Even though we have developed processes and protocols that can be used to safely reopen our offices, exposure to COVID-19 remains a risk.

Though we invest in a strong program that is focused on the health, safety, and security of our employees and controls environment-related risks, we are exposed to the risk of personal injury, loss of life, or environmental or other damage to our property or the property of others. We could be exposed to civil or statutory liability arising from injuries or deaths or be held liable for either uninsured damages or damages higher than our insurance coverage.

We may also incur additional costs on projects due to delays arising from health and safety incidents. Failure to maintain a strong safety record may also result in losing client confidence and future projects.

Demand for Stantec's services is vulnerable to economic downturns and reductions in government and private sector spending.
Demand for our services is vulnerable to economic conditions and events. As a growing global organization, we are exposed to geopolitical risks and fluctuations in the local economies where we operate. These risks can negatively impact client interest in pursuing new projects.

For example, currency and interest rate fluctuations, inflation, financial market volatility, and credit market disruptions may negatively affect the ability of our clients to deploy capital or to obtain credit to finance their businesses on acceptable terms. This may impact their ability to pay us on time for our services, which, in turn, may adversely affect our backlog, working capital, earnings, and cash flows.

The pandemic has created the biggest economic uncertainty in decades. Despite sizable, swift, and unprecedented fiscal, monetary, and regulatory responses by governments across the world, the global economy is in a recession. Most economists are warning of a long, slow recovery, largely tied to management of public health factors. Expected government infrastructure spending to stimulate economic recovery may be impacted by unprecedented deficits and pandemic related priorities at various levels of the government.
With these conditions, our clients may seek to change the overall mix of services they purchase and demand more favorable contract terms, including lower prices. Increased competition during an economic decline could force us to accept unfavorable contract terms that cause revenue and margin reductions and greater liability.

Stantec may have difficulty achieving organic revenue growth expectations.
Many of our business lines are impacted by economic and societal conditions, where revenue generation may be impacted by reduced public or private sector capital spend, changed demand for project types, and delayed or cancelled projects caused by funding issues.

If we are unable to effectively compete for projects, expand services to existing and new clients, and attract qualified staff, or if we are significantly affected by adverse economic conditions, we may have difficulty increasing our market share and achieving organic growth objectives.

Failure to attract, retain, and mobilize skilled employees could harm our ability to execute our strategy.
Stantec derives revenue almost exclusively from services performed by our employees. Failing to attract, retain, and mobilize highly qualified staff could impede our ability to compete for new projects, deliver successfully on projects, and maintain or expand client relationships.

We may experience difficulties associated with hiring additional employees or replacing employees, with respect to roles that require security clearances or other special qualifications that may be limited or difficult to obtain.

In the last year, there have been movements across the world to raise the issues of racial injustice and societal inequity. Stantec is committed to making a difference and improving the communities we live and work in. We are building further on our inclusion and diversity efforts with outreach, advancement programs for women, a gender pay equity review and working on specific recommendations from our Inclusion & Diversity subcommittee with respect to persons of color.

Failure to maintain effective operational management practices may adversely affect Stantec's financial condition and results of operations.
For Stantec to succeed, our internal processes—including project management, billing and collecting tools, administrative overheads, and an appropriate insurance program—must be managed effectively; otherwise, we may incur additional costs. Projects that are over budget or not on schedule may lead to client dissatisfaction, claims against Stantec, and withheld payments. Delayed billings and customer payments may require Stantec to increase working capital investment. High administrative overheads may result in Stantec not being competitive in the marketplace.

A cybersecurity breach may cause loss of critical data, interrupt operations, and cause prejudice to our clients.
Like other global companies, we rely on computers, large enterprise systems, and information and communication technologies including third-party vendor systems, to conduct our business.

Although we devote significant resources to securing Stantec's computer systems and have strong vetting processes for third-party systems we rely on, a breach in cybersecurity is an inherently high risk. If our systems are breached, we could be exposed to system interruptions, delays, loss of employee personal data, and loss of critical data that could delay or interrupt our operations. Loss of any sensitive and confidential data that our clients entrust us with could harm our clients and others. Other possible adverse impacts include remediation and litigation costs, regulatory penalties, costs associated with increased protection, lost revenues, and reputational damage leading to lost clients.

In addition, many of our projects use leading-edge technologies to deliver innovative solutions to our clients including design of state-of-the-art SMART buildings, connected autonomous vehicles, or other infrastructure facilities. Any cyber breach of such systems may expose us and our clients to remediation and litigation costs.

During the pandemic, ransomware attacks have increased dramatically, putting Stantec – like all other organizations - at increased risk.

Claims and litigation against us could adversely impact our business.
The threat of a major loss—such as the filing of a design-defect lawsuit against Stantec for damages that exceed Stantec's professional liability insurance limits—could adversely impact our business even if, after several years of protracted legal proceedings, Stantec is ultimately found not liable for the loss or claim. This risk is higher than in previous years due to the complexity of the projects we are now involved in as well as increased claims in the industry and a hardening insurance market.

Stantec bears the risk of cost overruns on fixed-price contracts.
Our business has historically followed a fee-for-service model; however, some clients in select markets are demanding APD methods such as bundled engineering, and procurement; design-builds; and public-private partnerships. Stantec may experience reduced profits or, in some cases, losses under these contracts if costs increase above our estimates or if we make errors in estimating costs. Poor project management may also result in cost overruns and claims.

Failure to manage subcontractor performance could lead to significant losses.
Profitably completing some contracts depends on the satisfactory performance of subcontractors and subconsultants. If these third parties do not perform to acceptable standards, Stantec may need to hire others to complete the tasks, which may add costs to a contract, impact profitability, and, in some situations, lead to significant losses and claims.

Due to participation in joint arrangements, we may have limited control and be adversely impacted by the failure of the joint arrangement or its participants in fulfilling their obligations.
As part of our business strategy, Stantec may enter joint arrangements, such as partnerships or joint ventures, where control is shared with unaffiliated third parties. For certain projects, we have contractual joint and several liability with these parties. In some cases, these joint arrangements may not be subject to the same internal controls (over financial reporting and otherwise) that we follow. Failure by a joint-arrangement partner to comply with rules, regulations, and client requirements may adversely impact Stantec's reputation, business, and financial condition.

Unavailability of third-party insurance coverage would increase our overall risk exposure as well as disrupt the management of our business operations.
We maintain insurance coverage (including project specific professional liability insurance) from third-party insurers as part of our overall risk management strategy and because some of our contracts require us to maintain specific insurance coverage limits. If any of our third-party insurers fail, choose to exit an insurance market or otherwise are unable to provide us with adequate insurance coverage at commercially reasonable rates, then our overall risk exposure and our operational expenses would increase and the management of our business operations would be disrupted. In addition, there can be no assurance that any of our existing insurance coverage will be renewable upon the expiration of the coverage period or that future coverage will be affordable at the required limits.

A failure in our IT infrastructure could lead to business interruption and loss of critical data, adversely affecting our operating results.
To sustain business operations and remain competitive, we rely heavily on our core and regional networks, complex server infrastructure and operating systems, communications and collaboration technology, design software, and business applications. We must constantly upgrade our applications, systems, and network infrastructure, as well as attract and retain key IT personnel; otherwise, service delivery and revenues could be interrupted.

Our continued investments in IT systems and infrastructure have enabled us to allow our staff to seamlessly transition to work remotely.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.
The U.S. Foreign Corrupt Practices Act, UK's Bribery Act, Canada's Corruption of Foreign Public Officials Act, and similar worldwide anticorruption laws generally prohibit companies and their intermediaries from making improper payments to officials for obtaining or retaining business. Stantec operates in many parts of the world that have experienced government corruption. In certain circumstances, strict compliance with anticorruption laws may conflict with local customs and practices.

We train employees to strictly comply with anti-bribery laws, and our policies prohibit employees from offering or accepting bribes. We have built processes to advise our partners, subconsultants, suppliers, and agents who work with us or work on our behalf that they must comply with anti-corruption laws.

Despite Stantec's policies, training, and compliance programs, we cannot provide assurance that our internal control policies and procedures will always protect us from inadvertent, reckless, or criminal acts committed by employees or others. Violations or allegations of violations could disrupt our business and materially adversely affect our operating results or financial condition. Litigation or investigations relating to alleged violations could be costly and distracting for management, even if we are ultimately found not to have engaged in misconduct.

Failure to source suitable acquisition targets could impair our growth.
Merger and acquisition activities have slowed industry wide as a result of COVID-19. Predicting future performance is more difficult until the impact of COVID-19 is better known.

Suitable acquisition candidates may be more difficult to find and available only at prices or under terms that are unfavorable. Future acquisitions may decrease our operating income or operating margins, and we may be unable to recover investments made in those acquisitions.

If we are not able to successfully manage our integration program, our business and results of operations may be adversely affected.
Difficulties encountered while integrating acquired companies could adversely affect the Company's business. This may prevent us from achieving anticipated synergies and improving our professional service offerings, market penetration, profitability, and geographic presence, all key drivers of our acquisition program. The value of an acquired business may decline if we are unable to retain key acquired employees. Acquired firms may also expose Stantec to unanticipated problems or legal liabilities undiscovered during our due diligence processes.

This is increased as due diligence and integration activities are more challenging due to travel restrictions and with limited opportunities for on-site presence.

Deficiencies in internal control over financial reporting may adversely affect Stantec's financial conditions and results of operations.
A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of our financial reporting and preparation of our financial statements. Any deficiencies in our internal control over financial reporting and disclosure controls and procedures could result in a material misstatement in our annual or interim financial statements that will not be prevented or detected on a timely basis. A discovery of a control deficiency or a combination of deficiencies that results in a material weakness will result in our independent auditors reporting a material weakness in their report on internal control over financial reporting. As described on page M-38, a material weakness in relation to our Transactional Revenue Controls (as defined below) was determined to exist at December 31, 2020. While new and revised controls will be adopted to remediate this weakness, if these and other controls fail to adequately remediate this material weakness, it could result in a material restatement of our financial statements and/or loss of investor confidence in the reliability of our financial statements, which could lead to a decline in our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in our share price and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our continued listing on the Toronto Stock Exchange ("TSX"), the New York Stock Exchange ("NYSE") or any other exchange on which our common shares may be listed.

Force majeure events could interrupt our business and negatively impact our ability to complete client work.
Stantec's offices, IT infrastructure, project sites, and staff may be impacted by events beyond our control, such as pandemics, natural disasters, extreme weather, telecommunications failures, and acts of war or terrorism. Though we maintain a strong business continuity program, a major event could impact our ability to operate and may put our employees and clients at risk.

Climate change creates both risks and opportunities for Stantec.
Our business interruption risk is exacerbated by an increasing number of extreme weather events related to climate change.

Transitioning to a lower-carbon economy may present risks in the form of new environmental regulations, laws, and policies that could result in increased costs or create the potential for litigation, possibly preventing a project from going forward.

Climate change events are having impacts on investment decisions by local governments. On one hand, it is spurring on additional investments by local governments to make their cities and communities more resilient and on the other hand, it is diverting funds that might otherwise be invested into other infrastructure.

Addressing climate change has also created opportunities for Stantec. All our business lines have programs related to renewable energy, climate change adaptation, resiliency, sustainable buildings and infrastructure, environmental preservation, carbon capture and storage, and more. By partnering with our clients, we help them proactively address business interruption risk and better protect the environment. This results in additional revenue for Stantec.

New or changing policies, regulations, and standards could adversely affect our business operations and results.
Stantec's business model includes a range of business operating units and jurisdictions, each with its own rules and regulations. As we grow geographically, complying with additional regulations and standards could materially increase our costs; not complying could have a significant impact on our reputation and results.

Relaxed or repealed laws and regulations could also impact the demand for our services.

Compliance with information security standards such as NIST, DFAR and ISO27001 etc. are increasing the requirements to bid for projects. Inability to meet those requirements would limit our ability to pursue business opportunities.

New trade barriers, changes in duties or border taxes, and changes in laws, policies, or regulations governing the industries and sectors we work in could mean a decreased demand for our services or cost increases. Such changes cannot be predicted, nor can we predict their impact on our business and clients.

Currency and interest rate fluctuations, inflation, financial market volatility, or credit market disruptions may limit our access to capital.
Several capital market risks could affect our business including currency risk, interest rate risk, and availability of capital.

Although we report our financial results in Canadian dollars, the greater portion of our revenues and expenses is generated or incurred in non-Canadian dollars. A stronger Canadian dollar could result in decreased net income from our non-Canadian dollar businesses.

Our credit facility carries a floating rate of interest; our interest costs will be impacted by change in interest rates. Our interest rate swap agreement related to a tranche of the term loan and our recent bond offering has significantly reduced our exposure to floating rates. We are also subject to interest rate pricing risk to the extent that our investments held for self-insured liabilities contain fixed-rate government and corporate bonds. Our expansion plans may be restricted without continued access to debt or equity capital on acceptable terms.

This may negatively affect our competitiveness and results of operations.

As well, these market fluctuations may negatively affect the ability of our clients to deploy capital or to obtain credit to finance their businesses on acceptable terms, which will impact their demand for our services and our clients' ability to pay for our services.

Impairment of long-lived assets or restructuring activities may require us to record a significant charge to earnings.
Our long-lived assets, including our goodwill, leased assets, intangible assets, and others, are subject to periodic testing for impairment. Changes in our business environment, scope of business operations and office closures could result in restructuring and/or asset impairment charges. The COVID-19 pandemic raises the possibility of an extended global economic downturn which increases the risk of long-lived asset impairment charges.

Failure to adequately tax plan could significantly impair Stantec's overall capital efficiency.
Continuous changes to various global tax laws are a risk for our organization. For example, the incoming U.S. presidential administration has called for changes to fiscal and tax policies, which may include comprehensive tax reform. A change in our effective tax rate could have a material adverse impact on the results of our operations.

Management uses accounting and fiscal principles to determine income tax positions, however, ultimate tax determinations by applicable tax authorities may vary from our estimates, adversely impacting our net income or cash flows.

Stantec has defined benefit pension plans that are currently in deficit positions. The deficit positions could grow in the future, resulting in higher cash contribution requirements.
Stantec has foreign defined benefit pension plans for certain employees. In the future, our pension deficits or surplus may increase or decrease depending on changes in interest rate levels, pension plan performance, inflation and mortality rates, and other factors. If we are forced or elect to make up all or a portion of the deficit for unfunded benefit plans over a short time, our cash flow could be materially and adversely affected.

Managing Our Risks

Global Operations

We manage our business through a combination of centralized and decentralized controls that address the unique aspects of the various markets, cultures, and geographies we operate in.

Our approach to integrating acquired companies involves implementing company-wide information technology and financial management systems and providing support services from corporate and regional offices.

Business Model

Our business model—based on geography, business operating unit specialization, and life-cycle diversification—reduces our dependency on any particular industry or economic driver. We intend to continue diversifying our geographic presence and service offerings and focusing on key client sectors. We believe this will reduce our susceptibility to industry-specific and regional economic cycles and will help us take advantage of economies of scale in the highly fragmented professional services industry.

We also differentiate our business from competitors by entering both large and small contracts with varying fee amounts. We work on tens of thousands of projects for thousands of clients in hundreds of locations. Our broad project mix strengthens our brand identity and ensures that we do not rely on only a few large projects for our revenue. We expect to continue to pursue selective acquisitions, enabling us to enhance our market penetration and to increase and diversify our revenue base.

Effective Processes and Systems

Our Global Management System (GMS) provides a disciplined and accountable framework for managing risks, quality outcomes, and occupational health and safety and environmental compliance. Stantec's operations (except for recent acquisitions) are certified to, or are following the requirements of, these four internationally recognized consensus ISO standards:

ISO 9001:2015 (Quality Management)

ISO 14001:2015 (Environmental Management)

ISO 45001:2018 (Occupational Health & Safety Management)

ISO/IEC 20000-1:2018 (IT Service Management)

Our operations are largely managed by country-specific management systems with differing ISO certifications as required to support those country- and industry-specific business requirements. We successfully integrated our approach to ISO certifications in 2020.

We use a Project Management (PM) Framework that confirms and clarifies the expectations Stantec has of its project managers and project teams. It includes the critical tasks that affect both the management of risks and achievement of quality on typical projects.

Our internal practice audit process enables us to assess the compliance of operations with the requirements of our GMS. This ensures that all offices and labs are audited at least once over the three-year term of our ISO 9001, ISO 14001, and ISO 45001 registrations. Additionally, field-level assessments are conducted for construction-related projects. We have a formal improvement process to encourage suggestions for improvement, address nonconformances, promote root-cause analysis, and document follow-up actions and responsibilities.

Our largest and most complex projects are supported by Major Project teams, which provide specialized program and project management services within each of our Business Operating Units.

Our comprehensive IT security (cybersecurity) program is designed to predict, prevent, detect, and respond. Key initiatives include detailed security and acceptable use policies, practices, and procedures; awareness campaigns for staff; and a range of security initiatives for enforcing security standards, including regular penetration tests. Our integrated Security Incident Response team is linked to our Crisis Communication Plan to ensure that breach response protocols are aligned with our overall corporate crisis response plans.

We invest resources in our Risk Management team. Team members provide company-wide support and guidance on risk avoidance practices and procedures. Structured risk assessments are conducted before we begin pursuing projects with heightened or unique risk factors.

Insurance
Our policies include but are not limited to the following types of insurance: general liability, automobile liability and physical damage, workers compensation and employer's liability, directors' and officers' liability, professional, pollution & cyber liability, fiduciary and crime. We have regulated/licensed captive insurance companies to fund the payment of professional liability self-insured retentions related to claims as well as specific types of insurance policies such as employment practices and medical stop loss. We or our clients obtain project-specific professional liability insurance when required or as needed on large and or complex projects.

Growth Management
We have an acquisition and integration program managed by a dedicated acquisition team to minimize the risks associated with integrating acquired companies. A senior regional or business leader is appointed for each acquisition. The team is responsible for:

- Identifying and valuing acquisition candidates
- Undertaking and coordinating due diligence
- Negotiating and closing transactions
- Integrating employees and leadership structures (immediately) and systems (as soon as practical following an acquisition)

Capital Liquidity
We meet our capital liquidity needs and fund our acquisition strategy through various sources, including cash generated from operations, short- and long-term borrowing from our syndicated senior credit facilities ($800 million revolving credit facility, $310 million term loan, and access to additional funds of $600 million), $300 million in senior unsecured notes, and the issuance of common shares.

Controls and Procedures

Disclosure controls and procedures are designed to ensure that information we are required to disclose in reports filed with securities regulatory agencies is recorded, processed, summarized, and reported on a timely basis and is accumulated and communicated to management—including our CEO and CFO, as appropriate—to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including our CEO and CFO, we carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in rules adopted by the Securities and Exchange Commission (SEC) in the United States and as defined in Canada by National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings). Based on this evaluation, our CEO and CFO concluded that the design and operation of our disclosure controls and procedures were ineffective due to the material weakness identified in our internal control over financial reporting, as further described below.

We account for the following significant joint operations in accordance with IFRS: Starr II, a Joint Venture, Stantec GHD, a Joint Venture, and Safety Focused Performance, a Joint Venture. Management does not have the contractual ability to assess the internal controls of these joint arrangements. Once the financial information is obtained from these joint arrangements, it falls within the scope of our internal controls framework. Management's conclusion regarding the effectiveness of internal controls does not extend to the internal controls at the transactional level of these joint arrangements. Our 2020 audited consolidated financial statements includes $14.1 million and $1.0 million of total assets and net assets, respectively, as at December 31, 2020, and $60.0 million and $1.3 million of revenues and net income, respectively, for the year then ended related to these joint arrangements.

As permitted by published guidance of the SEC in the United States, management's evaluation of and conclusions on the effectiveness of internal control over financial reporting did not include the internal controls of Teshmont Consultants LP, AGEL adviseurs B.V., and Wenck Enterprises Inc. acquisitions; these financial results are included in the Company's 2020 audited consolidated financial statements. Aggregate assets acquired were $25.8 million, representing 0.6% of the Company's total assets as at December 31, 2020.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of our financial reporting and preparation of our financial statements. Accordingly,

management, including our CEO and CFO, does not expect that our internal control over financial reporting will prevent or detect all errors and all fraud.

Management's Annual Report on Internal Control over Financial Reporting and the Independent Auditors' Report on Internal Controls are included in our 2020 audited consolidated financial statements.

In October 2020, management determined a material weakness may exist in the Company's internal control over financial reporting related to transactional revenue controls (the "Transactional Revenue Controls") over the completeness and measurement of revenues and the related unbilled receivables, contract assets, and deferred revenue, including controls with respect to the review and approval of contract information as it is being entered into the accounting system. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements may not be prevented or detected on a timely basis.

Management designed and implemented new and revised Transactional Revenue Controls as of November 15, 2020. However, management has concluded that the design and operating effectiveness of the remediated Transactional Revenue Controls was insufficient to determine that the remediated Transactional Revenue Controls were designed and operating effectively, resulting in our conclusion that a material weakness exists as of December 31, 2020.

This material weakness in our internal control over financial reporting did not identify or result in any misstatements or adjustments in the Company's audited consolidated financial statements for the year ended December 31, 2020 or any interim period therein.

Management will further remediate the design and continue to monitor the operation of the new and revised Transactional Revenue Controls during 2021 for their operating effectiveness.

Other than the new and revised controls that were implemented in November 2020 to remediate the material weakness in our Transactional Revenue Controls, there has been no change in our internal control over financial reporting during the year ended December 31, 2020, that materially affected or is reasonably likely to materially affect our internal control over financial reporting.

We will continue to periodically review our disclosure controls and procedures and internal control over financial reporting and may make modifications from time to time as considered necessary or desirable.

Subsequent Events

Dividends

On February 24, 2021, our Board of Directors declared a dividend of $0.165 per share, payable on April 15, 2021, to shareholders of record on March 31, 2021.

Greg Tucker and Associates Pty Ltd. (GTA)

We entered into an agreement to acquire GTA, an Australia-based transportation planning and engineering firm. GTA is a 135-person firm with a focus on sustainability and climate change investment and will add depth to our existing transportation service-offerings in Australia and New Zealand.

Cautionary Note Regarding Forward-Looking Statements

Our public communications often include written or verbal forward-looking statements within the meaning of the US Private Securities Litigation Reform Act and Canadian securities laws. Forward-looking statements are disclosures regarding possible events, conditions, or results of operations that are based on assumptions about future economic conditions or courses of action and include financial outlook or future-oriented financial information. Any financial outlook or future-oriented financial information in this Management's Discussion and Analysis has been approved by management of Stantec. Such financial outlook or future-oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future.

Forward-looking statements may involve but are not limited to comments with respect to our objectives for 2021 and beyond, our strategies or future actions, our targets, our expectations for our financial condition or share price, or the results of or outlook for our operations. Statements of this type may be contained in filings with securities regulators

or in other communications and are contained in this MD&A. Forward-looking statements in this MD&A include but are not limited to the following:

- Our aim to achieve our four key financial targets by the end of 2023 as set out in the Business Model and Strategic Plan sections of this MD&A;
- Our aim to reduce our physical real estate footprint by approximately 30% by the end of 2023;
- Our expectation that organic net revenue growth in 2021 will be in the low to mid-single digits;
- Our expectation that our Global businesses will generate mid-single digit growth, driven by anticipated strong performance in the regulated water market and with stimulus funds beginning to flow to catalyze the respective economies;
- Our expectation that our Canadian business will generate low single digits organic growth;
- Our forecast for US anticipates muted net revenue growth;
- Our targets and expectations for 2021, including, among others, that gross margin in 2021 will be in the range of 52% to 54%, administrative and marketing costs will be in the range of 37% to 39%, adjusted EBITDA in 2021 will be in range of 14.5% to 16.0%, and that adjusted net income will benefit from the implementation of our initiative to optimize occupancy costs and lower interest expense, driving to a target of 6.5% or greater of net revenue;
- Our expectation that growth in adjusted diluted earnings per share will be in the low to mid-single digit compared to 2020;
- Our expectation of increases in non-discretionary costs, including insurance, employee group benefits associated with indirect labor and stock-based compensation;
- Our expectation that gross margin in 2021 will reflect the improvement from our 2020 performance, but also will be impacted by several lower-margin, multi-billion-dollar transportation projects that are nearing completion;
- Our expectation that the pandemic will continue to impact productivity in our operations and that of our clients;
- Our belief our adjusted EBITDA margin continues to be amongst the best in our industry;
- Our expectations in the Critical Accounting Estimates section;
- Our expectations, based on our diversified business across geographies and sectors and project mix, balance sheet strength, and the commitment of our talented workforce, that we have ability to withstand the continuing challenges caused by the COVID-19 pandemic;
- Our assumption of a continued gradual global recovery from the COVID-19 pandemic;
- Our expectation that our discretionary spending will be lower for longer due to travel restrictions imposed by the COVID-19 pandemic;
- Our expectations regarding our sources of cash and our ability to meet our normal operating and capital expenditures in the Capital Management and Liquidity and Capital Resources section, based in part on the design of our business model;
- Our ability to limit credit risk and our expectations that the COVID-19 pandemic will not adversely affect such ability;
- Our expectations of minimal disruption to our operational efficiency and effectiveness and a slight decrease of cost management utilization related to office re-entry;
- Our expected adoption of accounting standards discussed in the Future Adoptions section; and
- Expectations that management will further remediate the design and continue to monitor the operation of the new and revised Transactional Revenue Controls during 2021 for their operating effectiveness.

These describe the management expectations and targets by which we measure our success and assist our shareholders in understanding our financial position as at and for the periods ended on the dates presented in this MD&A. Readers are cautioned that this information may not be appropriate for other purposes.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that predictions, forecasts, conclusions, projections, and other forward-looking

statements will not prove to be accurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements since a number of factors could cause actual future results, conditions, actions, or events to differ materially from the targets, expectations, estimates, or intentions expressed in these forward-looking statements.

Future outcomes relating to forward-looking statements may be influenced by many factors and material risks, including the risks described in the Risk Factors section of this MD&A.

Assumptions

In determining our forward-looking statements, we consider material factors including assumptions about the performance of the Canadian, US, and global economies in 2021 and their effect on our business. The material factors and assumptions used to support our 2021 outlook included on M-11 are set forth below:

- Management assumed an average value for the Canadian dollar of $0.76 USD and £0.58 GBP for 2021. This forecast represents a strengthening of the Canadian dollar versus the US dollar and a weakening versus the British pound for the full year of 2021.
- In Canada, the overnight interest rate target is currently at 0.25%. Management assumed that the average interest rates will remain consistent in 2021. However, much of our interest rate exposure has been mitigated through the recent private placement offering.
- Our effective income tax rate, without discrete transactions, is expected to be approximately 27% to 28% and was considered based on the tax rates in place as of December 31, 2020, as well as our mix of expected earnings for the countries we operate in.
- The Canadian unemployment rate— 8.9% in 2020— is expected to improve in 2021 due to a continued recovery from pandemic related closures. In the United States, the unemployment rate— 6.7% in 2020, has improved since the peak of the COVID-19 pandemic and is expected to improve further in 2021.
- In the United States, the forecasted seasonally adjusted annual rate of total housing starts for 2021 is 1.38 million, relatively flat compared to 2020. In Canada, the number of total housing starts is forecasted to improve in 2021 by greater than 30% compared to 2020.
- The American Institute of Architects expects architectural billings to decline 5.5% in 2021. Declines in commercial and industrial specializations are expected to be partially offset by a continuing residential recovery.
- Prices for precious metals, other metals, minerals, and crude oil have been volatile during the COVID crisis. However, the World Bank expects gradual price increases in metals and oil in 2021 with less volatility than 2020.
- Management expects to support our targeted level of growth using a combination of cash flows from operations and borrowings.

The preceding list of factors is not exhaustive. Investors and the public should carefully consider these factors, other uncertainties and potential events, and the inherent uncertainty of forward-looking statements when relying on these statements to make decisions with respect to our Company. The forward-looking statements contained herein represent our expectations as of February 24, 2021, and, accordingly, are subject to change after such date. Except as may be required by law, we do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time. In the case of the ranges of expected performance for fiscal year 2021, it is our current practice to evaluate and, where we deem appropriate, to provide updates. However, subject to legal requirements, we may change this practice at any time at our sole discretion.

Exhibit 99.3

Consolidated Financial Statements

For the Years Ended December 31, 2020, and 2019

Management Report

The annual report, including the consolidated financial statements and Management's Discussion and Analysis (MD&A), is the responsibility of the management of the Company. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards. Where alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances. The significant accounting policies used are described in note 4 to the consolidated financial statements. Certain amounts in the financial statements are based on estimates and judgments relating to matters not concluded by year-end. The integrity of the information presented in the financial statements is the responsibility of management. Financial information presented elsewhere in this annual report has been prepared by management and is consistent with the information in the consolidated financial statements.

The board of directors is responsible for ensuring that management fulfills its responsibilities and for providing final approval of the annual consolidated financial statements. The board has appointed an Audit and Risk Committee comprising four directors; none are officers or employees of the Company or its subsidiaries. The Audit and Risk Committee meets at least four times each year to discharge its responsibilities under a written mandate from the board of directors. The Audit and Risk Committee meets with management and with the external auditors to satisfy itself that it is properly discharging its responsibilities; reviews the consolidated financial statements, MD&A, and the Report of Independent Registered Public Accounting Firm; and examines other auditing and accounting matters. The Audit and Risk Committee has reviewed the audited consolidated financial statements with management and discussed the quality of the accounting principles as applied and the significant judgments affecting the consolidated financial statements. The Audit and Risk Committee has discussed with the external auditors the external auditors' judgments of the quality of those principles as applied and the judgments noted above. The consolidated financial statements and MD&A have been reviewed by the Audit and Risk Committee and approved by the board of directors of Stantec Inc.

The consolidated financial statements have been examined by the shareholders' auditors, Ernst & Young LLP, Chartered Professional Accountants. The Report of Independent Registered Public Accounting Firm outlines the nature of their examination and their opinion on the consolidated financial statements of the Company. The external auditors have full and unrestricted access to the Audit and Risk Committee with or without management being present.



Gord Johnston
President & CEO
February 24, 2021



Theresa Jang
Executive Vice President & CFO
February 24, 2021

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

The Company accounts for joint operations in accordance with IFRS. The Company's significant joint operations are: Starr II, a Joint Venture, Stantec/GHD and SFP Joint Venture. Once the financial information is obtained from these joint operations, it falls within the scope of the Company's internal controls framework. Management's conclusion regarding the effectiveness of internal controls does not extend to the internal controls at the transactional level of these joint operations. The 2020 consolidated financial statements of the Company includes $14.1 million and $1.0 million of total assets and net assets, respectively, as at December 31, 2020, and $60.0 million and $1.3 million of revenues and net income, respectively, for the year then ended related to these joint operations.

Management has assessed the effectiveness of the Company's internal control over financial reporting, as at December 31, 2020, and has concluded that such internal control over financial reporting is ineffective due to the material weakness identified in the Company's Transactional Revenue Controls, as more fully described in the *Controls and Procedures* section of the Company's Management's Discussion and Analysis for the year ended December 31, 2020 . Ernst & Young LLP, which has audited the consolidated financial statements of the Company for the year ended December 31, 2020, has also issued a report on the effectiveness of the Company's internal control over financial reporting.

As permitted by published guidance of the U.S. Securities and Exchange Commission (SEC), management's evaluation of and conclusions on the effectiveness of internal control over financial reporting did not include the internal controls of Teshmont Consultants LP, AGEL adviseurs B.V., and Wenck Enterprises Inc., which are included in the Company's 2020 consolidated financial statements. The aggregate assets were $25.8 million, representing 0.6% of the Company's total assets as at December 31, 2020.



Gord Johnston
President & CEO
February 24, 2021



Theresa Jang
Executive Vice President & CFO
February 24, 2021

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Stantec Inc.:

Opinion on the Consolidated Financial Statements
We have audited the accompanying consolidated statements of financial position of Stantec Inc. (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and its consolidated financial performance and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 24, 2021 expressed an adverse opinion thereon.

Basis for Opinion
These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit and Risk Committee - and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill impairment assessment in respect of Global group of cash generating units ("CGUs")

Description of the Matter	A goodwill impairment charge is required when the carrying value of a group of CGUs to which the goodwill relates exceeds its recoverable amount. The recoverable amount is estimated by the Company's management using the fair value less costs of disposal approach. As described in management's goodwill disclosure in Note 13 to the consolidated financial statements, the recoverable amount of the Global group of CGUs exceeded its carrying amount by $62.8 million (goodwill allocated of $351.2 million) as at October 1, 2020.

We identified the estimation of the recoverable amount of the Global group of CGUs as a critical audit matter because it is contingent on future cash flows and there is a risk that, if these cash flows do not meet the Company's expectations, the goodwill might be impaired. Auditing the impairment analysis was complex due to the significant estimation uncertainty and judgement applied by management in determining the recoverable amount. The significant estimation uncertainty was primarily due to the subjective nature of the underlying key assumptions and the significant effect changes in these assumptions would have on the recoverable amount. The significant assumptions used to estimate the recoverable amount included discount rates and certain forward-looking assumptions, such as revenue growth and operating margin rates, that could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls relating to the Company's determination of the recoverable amount of the Global group of CGUs, including controls over management's review of the significant assumptions described above.

To test the recoverable amount of the Global group of CGUs, we performed audit procedures that included, among others, assessing management's methodologies, testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We compared forward-looking assumptions to historical financial information, and we evaluated whether changes to the significant assumptions would impact the impairment conclusion. We assessed the discount rates used, with the assistance of our valuation specialists. In addition, we tested management's reconciliation of the fair value of the reporting units to the market capitalization of the Company.

Impairment of lease assets and property and equipment

Description of the Matter

As described in in Note 12 to the consolidated financial statements, an impairment of lease assets and property and equipment (the latter consisting primarily of leasehold improvements) of $78.6 million was recorded for the year ended December 31, 2020 for leases where indicators of impairment were present. An impairment of lease assets and related property and equipment is required when there is objective evidence of impairment and the carrying value of a lease asset and related property and equipment exceeds its recoverable amount. The recoverable amount was estimated by the Company's management using the value in use approach.

We identified the estimation of the recoverable amount used in measuring the impairment of lease assets and property and equipment as a critical audit matter because determining the recoverable amount is contingent on estimated future cash flows. Auditing the measurement of the impairment of lease assets and property and equipment was complex due to the significant estimation uncertainty and judgement applied by management in determining the recoverable amount. The significant estimation uncertainty was primarily due to the subjective and forward looking nature of the underlying key assumptions and the significant effect changes in these assumptions would have on the measurement of the impairment. These underlying key assumptions include future sublease cash inflows and estimated sublease commencement dates, that could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls relating to the Company's determination of the recoverable amount of the lease assets and property and equipment , including controls over management's review of the underlying key assumptions described above.

To test the recoverable amount of the lease assets and property and equipment, we performed audit procedures that included, among others, assessing management's methodologies, testing the underlying key assumptions discussed above and the underlying data used by the Company in its analysis. We compared forward-looking assumptions to market information, with the assistance of our real estate valuation specialist.

Ernst & Young LLP

Chartered Professional Accountants

We have served as the Company's auditor since 1993.
Edmonton, Canada
February 24, 2021

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors of Stantec Inc.:

Opinion on Internal Control over Financial Reporting
We have audited Stantec Inc.'s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the" COSO" criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria Stantec Inc. (the "Company") has not maintained effective internal control over financial reporting as of December 31, 2020 based on the COSO criteria**.**

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Teshmont Consultants LP, AGEL adviseurs B.V., and Wenck Enterprises Inc. (the "Acquisitions"), which are included in the 2020 consolidated financial statements of the Company and constituted approximately 0.6% of total assets as of December 31, 2020. In addition, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Starr II, a Joint Venture, Stantec/GHD and SFP Joint Venture ("Joint Operations"), which are included in the 2020 consolidated financial statements of the Company and constituted approximately 0.3% of total assets as of December 31, 2020, and 1.3% and 0.8% of revenues and net income from continuing operations for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the Acquisitions and Joint Operations.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: There is a material weakness in the design and operating effectiveness of the transactional revenue controls over the completeness, occurrence, and valuation of revenue, the completeness, existence, and valuation of unbilled receivables and contract assets, and the completeness and valuation of deferred revenue.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of Stantec Inc. as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2020 consolidated financial statements, and this report does not affect our report dated February 24, 2021, which expressed an unqualified opinion thereon.

Basis for Opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP

Chartered Professional Accountants

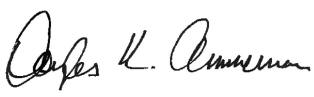
Edmonton, Canada
February 24, 2021

Consolidated Statements of Financial Position

As at December 31 *(In millions of Canadian dollars)*	Notes	**2020** **$**	2019 $
ASSETS			
Current			
Cash and deposits	9	**289.5**	223.5
Trade and other receivables	10	**738.0**	817.7
Unbilled receivables		**342.2**	374.2
Contract assets		**66.7**	67.5
Income taxes recoverable		**47.2**	36.2
Prepaid expenses		**39.4**	42.9
Other assets	15	**42.1**	18.1
Total current assets		**1,565.1**	1,580.1
Non-current			
Property and equipment	11	**240.1**	286.5
Lease assets	12	**447.0**	558.5
Goodwill	13	**1,673.8**	1,651.8
Intangible assets	14	**182.0**	219.6
Net employee defined benefit asset	19	**47.3**	26.0
Deferred tax assets	27	**42.4**	31.9
Other assets	15	**191.2**	207.1
Total assets		**4,388.9**	4,561.5
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	9	**4.7**	19.5
Trade and other payables	16	**576.0**	576.4
Lease liabilities	12,25	**103.6**	99.9
Deferred revenue		**197.3**	199.2
Income taxes payable	27	**24.2**	28.4
Long-term debt	17	**46.6**	46.9
Provisions	18	**20.5**	23.9
Other liabilities	20	**14.3**	12.1
Total current liabilities		**987.2**	1,006.3
Non-current			
Lease liabilities	12,25	**526.2**	589.0
Income taxes payable		**10.2**	11.6
Long-term debt	17	**634.2**	814.0
Provisions	18	**107.7**	89.1
Net employee defined benefit liability	19	**91.2**	85.2
Deferred tax liabilities	27	**63.4**	73.2
Other liabilities	20	**39.5**	16.0
Total liabilities		**2,459.6**	2,684.4
Shareholders' equity			
Share capital	23	**932.2**	879.8
Contributed surplus		**12.9**	23.9
Retained earnings		**958.6**	917.7
Accumulated other comprehensive income		**24.8**	54.1
Total shareholders' equity		**1,928.5**	1,875.5
Non-controlling interests		**0.8**	1.6
Total liabilities and equity		**4,388.9**	4,561.5

See accompanying notes

On behalf of Stantec Inc.'s Board of Directors



Douglas Ammerman, Director



Gord Johnston, Director

Consolidated Statements of Income

Years ended December 31 *(In millions of Canadian dollars, except per share amounts)*	Notes	**2020** **$**	2019 $
Continuing operations			
Gross revenue		**4,730.1**	4,827.3
Less subconsultant and other direct expenses		**1,045.6**	1,116.0
Net revenue		**3,684.5**	3,711.3
Direct payroll costs	30	**1,754.0**	1,702.9
Gross margin		**1,930.5**	2,008.4
Administrative and marketing expenses	23,30,36	**1,352.9**	1,433.6
Depreciation of property and equipment	11	**57.9**	58.2
Depreciation of lease assets	12	**117.7**	115.8
Amortization of intangible assets	14	**53.2**	66.9
Impairment of lease assets and property and equipment	11,12	**78.6**	2.0
Net interest expense	28	**49.2**	69.6
Other net finance expense	28	**4.9**	3.1
Foreign exchange loss		**1.5**	4.7
Other income	31	**(2.1)**	(11.0)
Income before income taxes and discontinued operations		**216.7**	265.5
Income taxes			
Current	27	**79.5**	56.0
Deferred	27	**(21.9)**	15.1
Total income taxes		**57.6**	71.1
Net income for the year from continuing operations		**159.1**	194.4
Discontinued operations			
Net income from discontinued operations, net of tax	8	**12.0**	—
Net income for the year		**171.1**	194.4
Earnings per share, basic			
Continuing operations	32	**1.43**	1.74
Discontinued operations	32	**0.11**	—
Total basic earnings per share		**1.53**	1.74
Earnings per share, diluted			
Continuing operations	32	**1.42**	1.74
Discontinued operations	32	**0.11**	—
Total diluted earnings per share		**1.53**	1.74

See accompanying notes

Consolidated Statements of Comprehensive Income

Years ended December 31 *(In millions of Canadian dollars)*	Notes	**2020** **$**	2019 $
Net income for the year		**171.1**	194.4
Other comprehensive (loss) income			
Items that may be reclassified to net income in subsequent periods:			
Exchange differences on translation of foreign operations		**(27.8)**	(91.4)
Net unrealized gain on FVOCI financial assets		**3.0**	—
Unrealized loss on interest rate swap	25	**(4.1)**	(1.1)
		(28.9)	(92.5)
Items not to be reclassified to net income:			
Remeasurement loss on net employee defined benefit liability	19	**(0.4)**	(16.5)
Other comprehensive loss for the year, net of tax		**(29.3)**	(109.0)
Total comprehensive income for the year, net of tax		**141.8**	85.4

See accompanying notes

Consolidated Statements of Shareholders' Equity

(In millions of Canadian dollars, except shares)	Shares Outstanding (note 23) #	Share Capital (note 23) $	Contributed Surplus (note 23) $	Retained Earnings $	Accumulated Other Comprehensive Income (Loss) $	Total $
Balance, December 31, 2018	111,860,105	867.8	24.8	851.2	163.1	1,906.9
Impact of change in accounting policy, net of tax of $11.5 for IFRS 16				(31.2)		(31.2)
Adjusted balance, January 1, 2019	111,860,105	867.8	24.8	820.0	163.1	1,875.7
Net income				194.4		194.4
Other comprehensive loss					(109.0)	(109.0)
Total comprehensive income (loss)				194.4	(109.0)	85.4
Share options exercised for cash	753,583	18.9				18.9
Share-based compensation expense			3.4			3.4
Shares repurchased under Normal Course Issuer Bid	(1,400,713)	(10.9)	(0.3)	(32.0)		(43.2)
Reclassification of fair value of share options previously expensed		4.0	(4.0)			—
Dividends declared				(64.7)		(64.7)
Balance, December 31, 2019	111,212,975	879.8	23.9	917.7	54.1	1,875.5
Net income				171.1		171.1
Other comprehensive loss					(29.3)	(29.3)
Total comprehensive income (loss)				171.1	(29.3)	141.8
Share options exercised for cash	1,840,320	58.5				58.5
Share-based compensation			0.1			0.1
Shares repurchased under Normal Course Issuer Bid	(2,047,948)	(16.8)	(0.4)	(61.1)		(78.3)
Reclassification of fair value of share options previously expensed		10.7	(10.7)			—
Dividends declared				(69.1)		(69.1)
Balance, December 31, 2020	111,005,347	932.2	12.9	958.6	24.8	1,928.5

See accompanying notes

Consolidated Statements of Cash Flows

Years ended December 31 *(In millions of Canadian dollars)*	Notes	**2020** **$**	2019 $
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Cash receipts from clients		**4,965.7**	4,934.2
Cash paid to suppliers		**(1,516.6)**	(1,716.9)
Cash paid to employees		**(2,715.7)**	(2,658.6)
Interest received		**3.9**	3.7
Interest paid		**(51.9)**	(71.6)
Finance costs paid		**(4.9)**	(5.7)
Income taxes paid		**(77.9)**	(35.2)
Cash flows from operating activities from continuing operations		**602.6**	449.9
Cash flows from operating activities from discontinued operations		**1.2**	2.6
Net cash flows from operating activities		**603.8**	452.5
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Business acquisitions, net of cash acquired	7	**(50.6)**	(77.1)
Purchase of investments held for self-insured liabilities		**(20.7)**	(0.7)
Purchase of intangible assets		**(3.0)**	(3.6)
Purchase of property and equipment		**(31.2)**	(56.7)
Other		**3.5**	2.9
Net cash flows used in investing activities		**(102.0)**	(135.2)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Net proceeds from issue of senior unsecured notes	17	**297.9**	—
Repayment of revolving credit facility	17	**(448.0)**	(80.3)
Repayment of notes payable and other long-term debt		**(33.2)**	(40.8)
Net payment of lease obligations	12	**(129.3)**	(116.7)
Proceeds from lease inducements	12	**2.8**	50.4
Payment of software financing obligations		**(13.0)**	(12.3)
Repurchase of shares for cancellation	23	**(80.3)**	(41.2)
Proceeds from exercise of share options		**58.5**	18.9
Payment of dividends to shareholders	23	**(68.0)**	(64.0)
Net cash flows used in financing activities	33	**(412.6)**	(286.0)
Foreign exchange loss on cash held in foreign currency		**(8.4)**	(12.5)
Net increase in cash and cash equivalents		**80.8**	18.8
Cash and cash equivalents, beginning of the year		**204.0**	185.2
Cash and cash equivalents, end of the year	9	**284.8**	204.0

See accompanying notes

Index to the Notes to the Consolidated Financial Statements

Note		Page
1	Corporate Information	F-14
2	Basis of Preparation	F-14
3	Basis of Consolidation	F-14
4	Summary of Significant Accounting Policies	F-14
5	Significant Accounting Judgments, Estimates, and Assumptions	F-24
6	Recent Accounting Pronouncements and Changes to Accounting Policies	F-27
7	Business Acquisitions	F-28
8	Discontinued Operations	F-30
9	Cash and Cash Equivalents	F-30
10	Trade and Other Receivables	F-31
11	Property and Equipment	F-32
12	Lease Assets	F-33
13	Goodwill	F-34
14	Intangible Assets	F-36
15	Other Assets	F-37
16	Trade and Other Payables	F-38
17	Long-Term Debt	F-38
18	Provisions	F-39
19	Employee Defined Benefit Obligations	F-40
20	Other Liabilities	F-43
21	Commitments	F-44
22	Contingencies and Guarantees	F-44
23	Share Capital	F-44
24	Fair Value Measurements	F-47
25	Financial Instruments	F-48
26	Capital Management	F-51
27	Income Taxes	F-51
28	Net Interest Expense and Other Net Finance Expense	F-53
29	Revenue	F-54
30	Employee Costs from Continuing Operations	F-54
31	Other (Income) Expense	F-55
32	Weighted Average Shares Outstanding	F-55
33	Cash Flow Information	F-55
34	Related-Party Disclosures	F-55
35	Segmented Information	F-57
36	Investment Tax Credits	F-59
37	Events after the Reporting Period	F-59
38	Comparative Figures	F-59

Notes to the Consolidated Financial Statements

1. Corporate Information

The consolidated financial statements of Stantec Inc. (the Company) for the year ended December 31, 2020, were authorized for issuance in accordance with a resolution of the Company's board of directors on February 24, 2021. The Company was incorporated under the Canada Business Corporations Act on March 23, 1984. Its shares are traded on the Toronto Stock Exchange (TSX) and New York Stock Exchange (NYSE) under the symbol STN. The Company's registered office is located at Suite 400, 10220 - 103 Avenue, Edmonton, Alberta. The Company is domiciled in Canada.

The Company is a provider of comprehensive professional services in the area of infrastructure and facilities for clients in the public and private sectors. The Company's services include engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics, from initial project concept and planning through to design, construction administration, commissioning, maintenance, decommissioning, and remediation.

2. Basis of Preparation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The accounting policies adopted in these consolidated financial statements are based on IFRS effective as at December 31, 2020.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated in the significant accounting policies. The consolidated financial statements are presented in Canadian dollars, and all values, including United States dollars, are rounded to the nearest million ($000,000), except when otherwise indicated.

3. Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, and its structured entities as at December 31, 2020.

Subsidiaries and structured entities are fully consolidated from the date of acquisition, which is the date the Company obtains control, and continue to be consolidated until the date that this control ceases. The financial statements of the subsidiaries and structured entities are prepared as at December 31, 2020 and December 31, 2019. All intercompany balances are eliminated.

Joint ventures and associates are accounted for using the equity method, and joint operations are accounted for by the Company recognizing its share of assets, liabilities, revenue, and expenses of the joint operation.

4. Summary of Significant Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents include cash and unrestricted investments, net of bank indebtedness. Unrestricted investments are comprised of short-term bank deposits with a maturity of three months or less.

b) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Cost includes the cost of replacing parts of property and equipment. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes those parts as individual assets with specific useful lives. All other repair and maintenance costs are recognized in the consolidated statements of income as incurred.

Depreciation is calculated over the assets' estimated useful lives on a straight-line basis as follows:

Engineering equipment	5 to 10 years	straight-line
Office equipment	5 to 10 years	straight-line
Leasehold improvements		straight-line over term of lease to a maximum of 15 years or the improvement's economic life
Other	5 to 50 years	straight-line

The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, finite life intangible assets are carried at cost less any accumulated amortization and any impairment losses and indefinite life intangible assets are carried at cost less any impairment loss.

The Company's intangible assets with finite lives are amortized over their useful economic lives on a straight-line basis. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Once an intangible asset is fully amortized, the gross carrying amount and related accumulated amortization are removed from the accounts.

The Company also incurs costs for third-party internet-based cloud computing services. These costs are expensed in administrative and marketing expenses over the period of the service agreement when the Company determines that it has not obtained control of the software.

Intangible assets acquired from business combinations

The Company's policy is to amortize client relationships with finite lives over periods ranging from 10 to 15 years. Contract backlog and finite life trademarks are amortized over estimated lives of generally 1 to 3 years. The Company assigns value to acquired intangibles using the income approach, which involves quantifying the present value of net cash flows attributed to the subject asset. This, in turn, involves estimating the revenues and earnings expected from the asset.

d) Leases

The Company assesses at contract inception whether a contract is a lease or contains a lease; that is, if the contract conveys the right to control the use of an identified asset for a time period in exchange for consideration.

At the commencement of a lease, the Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend or an option to terminate if it is reasonably certain to exercise an extension option or to not exercise a termination option. Management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term. The Company reassesses this when a significant event or significant change in circumstances within the Company's control has occurred.

The Company recognizes lease assets and lease liabilities for all leases, except for leases of low-value assets and short-term leases with a term of 12 months or less. The lease payments associated with those exempted leases are recognized in administrative and marketing expenses on a straight-line basis over the lease term.

The lease asset is recognized at the commencement date of the lease and initially measured at cost, which is comprised of the amount of the initial lease liability recognized less any incentives received from the lessor. Lease asset cost also includes any initial direct costs incurred, lease payments made before the commencement date, and estimated restoration costs. The lease asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the lease asset or the end of the lease term. The lease asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is recognized at the commencement date of the lease and initially measured at the present value of lease payments to be made over the lease term. Lease payments generally include fixed payments less any lease incentives receivable. Also, the Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component.

The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of a change in the lease term, a change in the assessment of an option to purchase the leased asset, changes in the future lease payments as a result of a change in an index or rate used to determine the lease payments, and changes in estimated payments for residual value guarantees.

The Company accounts for all COVID-19-related rent concessions for payments originally due on or before June 30, 2021, as if they were not lease modifications. The COVID-19 related rent concessions were not material.

e) Investments in joint arrangements and associates

Each joint arrangement of the Company is classified as either a joint operation or joint venture based on the rights and obligations arising from the contractual obligations between the parties to the arrangement. A joint arrangement that provides the Company with rights to the individual assets and obligations arising from the arrangement is classified as a joint operation and a joint arrangement that provides the Company with rights to the net assets of the arrangement is classified as a joint venture.

The Company accounts for a joint operation by recognizing its share of assets, liabilities, revenues, and expenses of the joint operation and combining them line by line with similar items in the Company's consolidated financial statements.

The Company accounts for a joint venture using the equity method. The Company's share of the after-tax net income or loss of associates or joint ventures is recorded in the consolidated statements of income. Adjustments are made in the Company's consolidated financial statements to eliminate its share of unrealized gains and losses resulting from transactions with its associates.

If the financial statements of associates or joint arrangements are prepared for a date that is different from the Company's date (due to the timing of finalizing and receiving information), adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Company's financial statements. When necessary, adjustments are made to bring the accounting policies in line with the Company's.

f) Provisions

General

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed—for example, under an insurance contract—and when the reimbursement is virtually certain, the reimbursement is recognized as a separate asset. The expense relating to a provision is presented in the consolidated statements of income net of any reimbursement. If the effect of the time value of money is significant, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Management regularly reviews the timing of the outflows of these provisions.

Provision for self-insured liabilities

The Company self-insures certain risks related to professional liability, automobile physical damages, and employment practices liability. The provision for self-insured liabilities includes estimates of the costs of reported claims (including potential claims that are probable of being asserted) and is based on assumptions made by management and actuarial estimates. The provision for self-insured liabilities does not include unasserted claims where assertion by a third party is not probable.

Provisions for claims
Provision for claims include an estimate for costs associated with legal claims not covered by its provisions for self-insured liabilities, including claims that are subject to exclusions under the Company's commercial and captive insurance policies. Often, these legal claims are from previous acquisitions and may be indemnified by the acquiree (notes 7 and 15).

Contingent liabilities recognized in a business combination
A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured as discussed under "General."

g) Foreign currency translation

The Company's consolidated financial statements are presented in Canadian dollars, which is also the parent Company's functional currency. Each entity in the Company determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Company is mainly exposed to fluctuations in the US dollar and British pound sterling (GBP).

Transactions and balances
Transactions in foreign currencies (those different from an entity's functional currency) are initially translated into the functional currency of an entity using the foreign exchange rate at the transaction date. Subsequent to the transaction date, foreign currency transactions are measured as follows:

- On the consolidated statements of financial position, monetary items are translated at the rate of exchange in effect at the reporting date. Non-monetary items at cost are translated at historical exchange rates. Non-monetary items at fair value are translated at rates in effect at the date the fair value is determined. Any resulting realized and unrealized foreign exchange gains or losses are recognized in income in the period incurred, however, unrealized foreign exchange gains and losses on non-monetary investments are recognized in other comprehensive income.
- Revenue and expense items are translated at the exchange rate on the transaction date, except for depreciation and amortization, which are translated at historical exchange rates.

Foreign operations
The Company's foreign operations are translated into its reporting currency (Canadian dollar) as follows:

- Assets and liabilities are translated at the rate of exchange in effect at each consolidated statement of financial position date.
- Revenue and expense items (including depreciation and amortization) are translated at the average rate of exchange for the month.

The resulting unrealized exchange gains and losses on foreign subsidiaries are recognized in other comprehensive income.

h) Financial instruments

Initial recognition and subsequent measurement
Financial assets (except trade and other receivables and unbilled receivables that do not have a significant financing component) are initially recognized at fair value plus directly attributable transaction costs, except for financial assets at fair value through profit and loss (FVPL) for which transaction costs are expensed. Trade and other receivables and unbilled receivables that do not have a significant financing component are initially measured at the transaction price determined in accordance with IFRS 15. Purchases or sales of financial assets are accounted for at trade dates.

Subsequent measurement of financial assets is at FVPL, amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business approach for managing the financial assets and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the SPPI criterion). The business approach considers whether a Company's objective is to receive cash flows from holding assets, from selling assets in a portfolio, or a combination of both. The Company reclassifies financial assets only when its business approach for managing those assets changes.

- Amortized cost: Assets held for collection of contractual cash flows—when they meet the SPPI criterion—are measured at amortized cost using the effective interest rate (EIR) method and are subject to impairment. Gains

and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. Items in this category include cash and cash equivalents, receivables, and certain other financial assets.

- FVOCI: Assets held to both collect cash flows and sell the assets—when they meet the SPPI criterion—are measured at FVOCI. Bonds held for self-insured liabilities are included in this category. Changes in the carrying amount are reported in other comprehensive income (except impairments) until disposed of. Realized gains and losses are recognized in finance income and interest income from these financial assets is included in interest income using the EIR method. Impairment and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL with realized and unrealized gains and losses reported in other income (expense). Equity securities held for self-insured liabilities and indemnifications are included in this category.

Financial liabilities are initially recognized at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. Subsequent measurement of financial liabilities is at amortized cost using the EIR method. The EIR method discounts estimated future cash payments or receipts through the expected life of a financial instrument, and thereby calculates the amortized cost and subsequently allocates the interest income or expense over the life of the instrument. Gains and losses are recognized in profit or loss when the liability is derecognized or modified, as well as through the EIR amortization process. For long-term debt, EIR amortization and realized gains and losses are recognized in net finance expense.

Fair value
After initial recognition, the fair values of financial instruments are based on the bid prices in quoted active markets for financial assets and on the ask prices for financial liabilities. For financial instruments not traded in active markets, fair values are determined using appropriate valuation techniques, which may include recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, and discounted cash flow analysis; however, other valuation models may be used. The fair values of the Company's derivatives are based on third-party indicators and forecasts. Fair values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their carrying amounts because of the short-term maturity of these instruments. The carrying amounts of bank loans approximate their fair values because the applicable interest rates are based on variable reference rates. The carrying amounts of other financial assets and financial liabilities approximate their fair values except as otherwise disclosed in the consolidated financial statements.

All financial instruments carried at fair value are categorized into one of the following:

- Level 1 – quoted market prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – observable inputs other than quoted prices included within level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets or liabilities that are not active, or other inputs that are observable directly or indirectly.
- Level 3 – unobservable inputs for the assets and liabilities that reflect the reporting entity's own assumptions and are not based on observable market data.

When forming estimates, the Company uses the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the financial instrument is categorized based on the lowest level of significant input.

When determining fair value, the Company considers the principal or most advantageous market in which it would transact and the assumptions that market participants would use when pricing the asset or liability. For financial instruments recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels of the hierarchy by reassessing categorizations at the end of each reporting period.

Derivatives
From time to time, the Company enters into foreign currency forward contracts to manage risk associated with net operating assets or liabilities denominated in foreign currencies. The Company's policy is not to use these derivatives for trading or speculative purposes.

i) Impairment

The carrying amounts of the Company's assets or group of assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. An asset may be impaired if objective evidence of impairment exists because of one or more events that have occurred after the initial recognition of the asset (referred to as a "loss event") and if that loss event has an impact on the estimated future cash flows of the asset. When an indication of impairment exists, or annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

Financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets and contract assets based on a 12-month ECL or lifetime ECL. The lifetime ECL (the simplified approach) is applied to trade and other receivables, unbilled receivables, contract assets, sublease receivables, and holdbacks. 12-month ECLs are recorded against all other financial assets, unless credit risk has significantly increased since initial recognition, then the ECL is measured at the lifetime ECL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The loss allowance provision is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate.

When the carrying amount of financial assets or contract assets is reduced through an ECL allowance, the reduction is recognized in administrative and marketing expenses in the consolidated statements of income.

Non-financial assets

For non-financial assets such as property and equipment, lease assets, goodwill, intangible assets, and investments in joint ventures and associates, the recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) value in use or its fair value less costs of disposal. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. To assess value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. To determine fair value less costs of disposal, an appropriate valuation model is used. The results of these valuation techniques are corroborated by the market capitalization of comparable public companies and arm's length transactions of comparable companies. Impairment losses are recognized in the consolidated statements of income in expense categories that are consistent with the nature of the impaired asset.

CGUs are defined based on the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Other factors are considered, including how management monitors the entity's operations.

The Company tests intangible assets for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. To determine indicators of impairment of intangible assets, the Company considers external sources of information such as prevailing economic and market conditions and internal sources of information such as the historical and expected financial performance of the intangible assets. If indicators of impairment are present, the Company determines recoverability based on an estimate of discounted cash flows, using the higher of either the value in use or the fair value less costs of disposal method. The measurement of impairment loss is based on the amount that the carrying amount of an intangible asset exceeds its recoverable amount at the CGU level. As part of the impairment test, the Company updates its future cash flow assumptions and estimates, including factors such as current and future contracts with clients, margins, market conditions, and the useful lives of the assets.

Goodwill is evaluated for impairment annually (as at October 1) or more frequently if circumstances indicate that an impairment may occur or if a significant acquisition occurs between the annual impairment test date and December 31. The Company considers the relationship between its market capitalization and its book value, as well as other factors, when reviewing for indicators of impairment. Goodwill is assessed for impairment based on the CGUs or group of CGUs to which the goodwill relates. Any potential goodwill impairment is identified by comparing the recoverable amount of a CGU or group of CGUs to its carrying value which includes the allocated goodwill. If the recoverable amount is less than its carrying value, an impairment loss is recognized.

The Company may need to test its goodwill for impairment between its annual test dates if market and economic conditions deteriorate or if volatility in the financial markets causes declines in the Company's share price, increases the weighted average cost of capital, or changes valuation multiples or other inputs to its goodwill assessment. In addition, changes in the numerous variables associated with the judgments, assumptions, and estimates made by management in assessing the fair value could cause them to be impaired. Goodwill impairment charges are non-cash charges that could have a material adverse effect on the Company's consolidated financial statements but in themselves do not have any adverse effect on its liquidity, cash flows from operating activities or debt covenants.

An impairment loss of goodwill is not reversed. For other assets, an impairment loss may be reversed if the estimates used to determine the recoverable amount have changed. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years. The reversal is recognized in the consolidated statements of income.

j) Revenue recognition

The Company generates revenue from contracts in which goods or services are typically provided over time. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for providing goods and services, excluding discounts, duty, and taxes collected from clients that are reimbursable to government authorities.

While providing services, the Company incurs certain direct costs for subconsultants and other expenses that are recoverable directly from clients. The recoverable amounts of these direct costs are included in the Company's gross revenue. Since these direct costs can vary significantly from contract to contract, changes in gross revenue may not be indicative of the Company's revenue trends. Therefore, the Company also reports net revenue, which is gross revenue less subconsultants and other direct expenses. The Company assesses its revenue arrangements against specific criteria to determine whether it is acting as a principal or an agent. In general, the Company acts as a principal in its revenue arrangements because it obtains control of the goods or services before they are provided to the customer.

Most of the Company's contracts include a single performance obligation because the promise to transfer the individual goods or services is not separately identifiable from other promises in the contract and therefore is not distinct. The Company's contracts may include multiple goods or services that are accounted for as separate performance obligations if they are distinct—if a good or service is separately identifiable from other items in the contract and if a customer can benefit from it. If a contract has multiple performance obligations, the consideration in the contract is allocated to each performance obligation based on the estimated stand-alone selling price.

The Company transfers control of the goods or services it provides to clients over time and therefore recognizes revenue progressively as the services are performed. Revenue from fixed-fee and variable-fee-with-ceiling contracts, including contracts in which the Company participates through joint arrangements, is recognized based on the percentage of completion method where the stage of completion is measured using costs incurred to date as a percentage of total estimated costs for each contract, and the percentage of completion is applied to total estimated revenue. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. Provisions for estimated losses on incomplete contracts are made in the period that the losses are determined. Revenue from time-and-material contracts without stated ceilings is recognized as costs are incurred based on the amount that the Company has a right to invoice.

The timing of revenue recognition, billings, and cash collections results in trade and other receivables, holdbacks, unbilled receivables, contract assets, and deferred revenue in the consolidated statements of financial position. Amounts are typically invoiced as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or when contractual milestones are achieved. Receivables represent amounts due from customers: trade and other receivables and holdbacks consist of invoiced amounts, and unbilled receivables consist of work in progress that has not yet been invoiced. Contract assets represent unbilled amounts where the right to payment is subject to more than the passage of time and includes performance-based incentives and services provided ahead of agreed contractual milestones. Contract assets are transferred to receivables when the right to consideration becomes unconditional. Deferred revenue represents amounts that have been invoiced but not yet recognized as revenue, including advance payments and billings in excess of revenue. Deferred revenue is recognized as revenue when (or as) the Company performs under the contract.

Revenue is adjusted for the effects of a significant financing component when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Advance payments and holdbacks typically do not result in a significant financing component because the intent is to provide protection against the failure of one party to adequately complete some or all of its obligations under the contract.

k) Employee benefit plans

Defined benefit plans

The Company sponsors defined benefit pension plans covering certain full-time employees and past employees, primarily in the United Kingdom. Benefits are based on final compensation and years of service. Benefit costs (determined separately for each plan using the projected unit credit method) are recognized over the periods that employees are expected to render services in return for those benefits.

Remeasurements, comprising actuarial gains and losses and the return on the plan assets (excluding interest), are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to other comprehensive income in the period they occur. Remeasurements are not reclassified to net income in subsequent periods.

The calculation of defined benefit obligations is performed at least annually by a qualified actuary, or more often as required due to plan amendments, curtailments, or settlements. When the calculation results in a potential asset, the recognized asset is limited to the economic benefits available in the form of any future refunds or of reductions in future contributions to the plan.

Past service costs are recognized in net income on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, adjusted for benefit and contribution payments during the year. The Company recognizes the following changes in the net defined benefit obligations under administrative and marketing expenses: service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; net interest expense or income; and administrative expenses paid directly by the pension plans.

Defined contribution plans

The Company also contributes to group retirement savings plans and an employee share purchase plan. Certain plans are based on employee contribution amounts and subject to maximum limits per employee. The Company accounts for defined contributions as an expense in the period the contributions are made.

l) Taxes

Current income tax

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. Tax rates and tax laws used to compute the amounts are those enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax that relates to items recognized directly in equity is recognized in equity and not in the consolidated statements of income. Management periodically evaluates positions taken in the tax returns when applicable tax regulations are subject to interpretation and then establishes an uncertain tax liability, if appropriate.

Income taxes payable are typically expected to be settled within twelve months of the year-end date. However, there may be instances where taxes are payable over a longer period. Portions due after a one-year period are classified as non-current and are not discounted.

Deferred tax

Deferred tax is determined using the liability method for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized. Deferred taxes are not recognized for the initial recognition of goodwill; the initial recognition of assets or liabilities, outside of a business combination, that affect

neither accounting nor taxable profit; or the differences relating to investments in associates, subsidiaries, and interests in joint arrangements to the extent that the reversal can be controlled and it is probable that it will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled and are based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside income is also recognized outside income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset when a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Uncertain tax positions
If the Company determines that it is not probable that a taxation authority will accept an uncertain tax treatment, then an uncertain tax liability is recorded using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the circumstances giving rise to the uncertainty.

Uncertain tax liabilities are presented as either income taxes payable or deferred tax liabilities. This depends on whether the uncertain tax liabilities are in respect of taxable profit for a period or income taxes payable in future periods in respect of taxable temporary differences.

Sales tax
Revenues, expenses, and assets excluding trade receivables, are recognized net of the amount of sales tax recoverable from or payable to a taxation authority. The net amount of sales tax recoverable from or payable to a taxation authority is included as part of trade receivables or trade payables (as appropriate) in the consolidated statements of financial position.

m) Share-based payment transactions

Under the Company’s share option plan, the board of directors may grant to officers and employees remuneration in the form of share-based payment transactions, whereby officers and employees render services as consideration for equity instruments (equity-settled transactions).

Under the Company’s deferred share unit plan, the board of directors may receive deferred share units (DSUs), each of which is equal to one common share. Under the Company’s long-term incentive plan, certain members of the senior leadership teams are granted performance share units (PSUs) or restricted share units (RSUs) that vest and are settled after a three-year period. DSUs, PSUs, and RSUs are settled only in cash (cash-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is measured at fair value at the grant date using a Black-Scholes option-pricing model. The cost of equity-settled transactions, together with a corresponding increase in contributed surplus, is recognized over the period in which the service conditions are fulfilled (the vesting period). Upon the exercise of share options for which a share-based compensation expense has been recognized, the cash paid, together with the related portion of contributed surplus, is credited to share capital. For equity-settled transactions, the cumulative expense recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit to income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recorded in administrative and marketing expenses. No expense is recognized for awards that do not ultimately vest.

Cash-settled transactions
The cost of cash-settled transactions is measured initially at fair value at the grant date. For DSUs, this fair value is expensed on issue with the recognition of a corresponding liability through other liabilities. For PSUs and RSUs, the fair value is expensed over the vesting period. These liabilities are remeasured to fair value at each reporting date, up to and including the settlement date, with changes in fair value recognized in administrative and marketing expenses.

n) Earnings per share

Basic earnings per share is computed based on the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed using the treasury stock method, which assumes that the cash that would be received on the exercise of options is applied to purchase shares at the average price during the year and that the difference between the number of shares issued on the exercise of options and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding. Antidilutive options are not considered when computing diluted earnings per share.

o) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, and the results of operations after the respective dates of acquisition are included in the consolidated statements of income. Acquisition-related costs are expensed when incurred in administrative and marketing expenses.

The cost of an acquisition is measured as the consideration transferred at fair value at the acquisition date. Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in other income.

The consideration paid for acquisitions may be subject to price adjustment clauses included in the purchase agreements and may extend over a number of years. At each consolidated statement of financial position date, these price adjustment clauses are reviewed. This may result in an increase or decrease of the notes payable consideration (recorded on the acquisition date) to reflect either more or less non-cash working capital than was originally recorded. Since these adjustments are a result of facts and circumstances occurring after the acquisition date, they are not considered measurement period adjustments.

For some acquisitions, additional payments may be made to the employees of an acquired company that are based on the employees' continued service over an agreed time period. These additional payments are not included in the purchase price but are expensed as compensation when services are provided by the employees.

Goodwill is initially measured at cost, which is the excess of the consideration transferred over the fair value of a company's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets acquired, the difference is recognized in income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each CGU or group of CGUs that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each CGU or group of CGUs represents the lowest level at which management monitors the goodwill.

p) Dividends

Dividends on common shares are recognized in the Company's consolidated financial statements in the period the dividends are declared by the Company's board of directors.

q) Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company, and (a) represents a separate major line of business or geographic area of operations; (b) is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. The Company classifies non-current assets and disposal groups as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and when a sale is considered highly probable.

Discontinued operations are presented separately from continuing operations in the consolidated statements of income and consolidated statements of cash flows for all years presented.

5. Significant Accounting Judgments, Estimates, and Assumptions

Preparation of the Company's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In March of 2020, the World Health Organization (WHO) declared COVID-19 as a global pandemic. The COVID-19 pandemic has had adverse financial impacts on the global economy, including but not limited to, negative impacts on demand for goods and services, disruptions to supply-chains, and volatility in interest rates and market prices of equities and certain commodities. Significant uncertainty remains on the length of time it will take for the financial impacts to reverse.

Management continues to monitor the impact of the pandemic on its operations and financial position. As the magnitude of the pandemic is continuously evolving, it is impracticable to determine the effect that the COVID-19 pandemic will have on management's judgments, estimates, and assumptions.

Discussed below are the key management judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may lead to a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Revenue recognition

The Company accounts for its revenue from fixed-fee and variable-fee-with-ceiling contracts using the percentage of completion method, which requires estimates to be made for contract costs and revenues.

Contract costs include direct labor, direct costs for subconsultants, and other expenditures that are recoverable directly from clients. Progress on jobs is regularly reviewed by management and estimated costs to complete are revised based on the information available at the end of each reporting period. Contract cost estimates are based on various assumptions that can result in a change to contract profitability from one financial reporting period to another. Assumptions are made about labor productivity, the complexity of the work to be performed, the performance of subconsultants, and the accuracy of original bid estimates. Estimating total costs is subjective and requires management's best judgments based on the information available at that time.

On an ongoing basis, estimated revenue is updated to reflect the amount of consideration the Company expects to be entitled to in exchange for providing goods and services. Revenue estimates are affected by various uncertainties that depend on the outcome of future events, including change orders, claims, variable consideration, and contract provisions for performance-based incentives or penalties.

Change orders are included in estimated revenue when management believes the Company has an enforceable right to the change order, the amount can be estimated reliably, and realization is highly probable. Claims against other parties, including subconsultants, are recognized as a reduction in costs using the same criteria. To evaluate these criteria, management considers the contractual or legal basis for the change order, the cause of any additional costs incurred, and the history of favorable negotiations for similar amounts. As change orders are not recognized until highly probable, it is possible for the Company to have substantial contract costs recognized in one accounting period and associated revenue or reductions in cost recognized in a later period.

The Company's contracts may include variable consideration such as revenue based on costs incurred and performance-based incentives or penalties. Variable consideration is estimated by determining the most likely amount the Company expects to be entitled to, unless the contract includes a range of possible outcomes for performance-based amounts. In that case, the expected value is determined using a probability weighting of the range of possible outcomes. Variable consideration, including change orders approved as to scope but unapproved as to price, is included in estimated revenue to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are based on historical experience, anticipated performance, and management's best judgment based on the information available at the time.

Consideration in contracts with multiple performance obligations is allocated to the separate performance obligations based on estimates of stand-alone selling prices. The primary method used to estimate the stand-alone selling price is expected cost plus an appropriate margin. To determine the appropriate margin, management considers margins for comparable services under similar contracts in similar markets.

Changes in estimates are reflected in the period in which the circumstances that gave rise to the change became known and affect the Company's revenue, unbilled receivables, contract assets, and deferred revenue.

b) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or CGU or group of CGUs exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use. Fair value less costs to sell is based on a discounted cash flow model and observable market prices for an arm's length transaction of similar assets, less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from budgets over an appropriate number of years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU or group of CGUs being tested.

The Company validates its estimate of the fair value of each asset, CGU or group of CGUs, by comparing the resulting multiples to multiples derived from comparable public companies and comparable company transactions. The Company reconciles the total fair value of all CGUs and groups of CGUs with its market capitalization to determine whether the sum is reasonable. If the reconciliation indicates a significant difference between the external market capitalization and the fair value of the CGUs or groups of CGUs, the Company reviews and adjusts, if appropriate, the discount rate of the CGUs or groups of CGUs and considers whether the implied acquisition premium (if any) is reasonable in light of current market conditions. The fair value measurement is categorized as level 3 in the fair value hierarchy based on the significant inputs in the valuation technique used (note 4h).

Goodwill

To arrive at the estimated recoverable amount of goodwill, the Company uses estimates of economic and market information, including arm's length transactions for similar assets, growth rates in revenues, estimates of future expected changes in operating margins, and cash expenditures. The Company estimates the recoverable amount by using the fair value less costs of disposal approach. It estimates fair value using market information and discounted after-tax cash flow projections, which is known as the income approach. The income approach uses a CGUs or group of CGUs projection of estimated operating results and discounted cash flows based on a discount rate that reflects current market conditions and the risk of achieving the cash flows. The Company uses cash flow projections covering at least a five-year period derived from financial forecasts approved by senior management. To arrive at cash flow projections, the Company uses estimates of economic and market information over the projection period.

Lease assets and associated property and equipment

To arrive at the estimated recoverable amount of lease assets and associated property and equipment, the Company uses economic and market information, including arm's length transactions for similar assets, estimates of future changes in variable head lease payments, potential sublease terms and conditions, including the timing and amount of associated cash inflows and initial direct costs, and assumptions about the future use of associated property and equipment.

The Company estimates the recoverable amount by using the value in use approach. It estimates fair value using market information and probability weighted pre-tax cash flow projections discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The Company uses cash flow projections covering the remaining head lease term from financial forecasts approved by senior management.

c) Business combinations

In a business combination, the Company may acquire certain assets and assume certain liabilities of an acquired entity. The estimate of fair values for these transactions involves judgment to determine the fair values assigned to the tangible and intangible assets (i.e., backlog, client relationships, and trademarks) and the liabilities assumed on the acquisition. Determining fair values involves a variety of assumptions, including revenue growth rates, client retention rates, expected operating income, and discount rates.

From time to time, as a result of the timing of acquisitions in relation to the Company's reporting schedule, certain estimates of fair values of assets and liabilities acquired may not be finalized at the initial time of reporting. These estimates are completed after the vendors' final financial statements have been prepared and accepted by the Company, after detailed project portfolio reviews are performed, and when the valuations of intangible assets and other assets and liabilities acquired are finalized.

d) Leases

The Company accounts for leases in accordance with IFRS 16*Leases*, which requires judgments to be made in determining the incremental borrowing rate (IBR).

The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the lease asset in a similar economic environment. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated.

e) Provision for self-insured liabilities and claims

In the normal conduct of operations, various legal claims are pending against the Company, alleging, among other things, breaches of contract or negligence in connection with the performance of its services. The Company carries professional liability insurance, subject to certain deductibles and policy limits, and self-insures certain risks, including professional liability, automobile liability, and employment practices liability. In some cases, the Company may be subject to claims for which it is only partly insured or completely insured. The accrual for self-insured liabilities includes estimates of the costs of reported claims and is based on management's assumptions, including consideration of actuarial estimates. These estimates of loss are derived from loss history that is then subjected to actuarial techniques to determine the proposed liability. Estimates of loss may vary from those used in the actuarial projections and result in a larger loss than estimated. An increase in loss is recognized in the period that the loss is determined and increases the Company's self-insured liabilities and reported expenses.

Damages assessed in connection with and the cost of defending such actions could be substantial and possibly in excess of policy limits, for which a range of possible outcomes are either not able to be estimated or not expected to be significant. However, based on advice and information provided by legal counsel, the Company's previous experience with the settlement of similar claims, and the results of the annual actuarial review, management believes that the Company has recognized adequate provisions for probable and reasonably estimated liabilities associated with these claims. In addition, management believes that it has appropriate insurance in place to respond to and offset the cost of resolving these claims.

Due to uncertainties in the nature of the Company's legal claims, such as the range of possible outcomes and the progress of the litigation, provisions for self-insured liabilities and claims involve estimates. The ultimate cost to resolve these claims may exceed or be less than that recorded in the consolidated financial statements. Management believes that the ultimate cost to resolve these claims will not materially exceed the insurance coverage or provisions accrued and, therefore, would not have a material adverse effect on the Company's consolidated statements of income and financial position.

f) Employee benefit plans

The cost of the defined benefit pension plans and the present value of the pension obligations are determined separately for each plan using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual future developments. These include determining the discount rate, mortality rates, future salary increases, inflation, and future pension increases. Due to the complexities involved in the valuation and its long-term nature, the defined benefit obligation and cost are highly sensitive to changes in these assumptions, particularly to the discount and mortality rates (although a portion of the pension plans has protection against improving mortality rates by utilizing guaranteed annuity rate contracts with an insurance company). All assumptions are reviewed annually.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment obligation and that have an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the benefit obligation.

The mortality rate is based on publicly available information in the actuarial profession's publications plus any special geographical or occupational features of each plan's membership. Mortality tables tend to change only at intervals in

response to demographic changes. Future salary increases reflect the current estimate of management. Pension increases are calculated based on the terms of the individual plans and estimated future inflation rates.

g) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of deferred taxable income. The Company's income tax assets and liabilities are based on interpretations of income tax legislation across various jurisdictions, primarily in Canada, United States, and the United Kingdom. The Company's effective tax rate can change from year to year based on the mix of income among jurisdictions, changes in tax laws in these jurisdictions, and changes in the estimated value of deferred tax assets and liabilities. The Company's income tax expense reflects an estimate of the taxes it expects to pay for the current year, as well as a provision for changes arising in the values of deferred tax assets and liabilities during the year. The tax value of these assets and liabilities is impacted by factors such as accounting estimates inherent in these balances, management's expectations about future operating results, previous tax audits, and differing interpretations of tax regulations by the taxable entity and the responsible tax authorities. Differences in interpretation may arise for a wide variety of issues, depending on the conditions prevailing in the respective legal entity's domicile. Management regularly assesses the likelihood of recovering value from deferred tax assets, such as loss carryforwards, as well as from deferred tax depreciation of capital assets, and adjusts the tax provision accordingly.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based on the likely timing and the level of future taxable profits, together with future tax-planning strategies. If estimates change, the Company may be required to recognize an adjustment to its deferred income tax asset or liability and income tax expense.

6. Recent Accounting Pronouncements and Changes to Accounting Policies

a) Recent adoptions

The following amendments and interpretations have been adopted by the Company effective January 1, 2020. The adoption of these amendments did not have a material impact on the financial position or performance of the Company.

- In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting, which includes revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation, and disclosure. The amendments apply when companies use the framework to develop accounting policies when no IFRS applies to a transaction or when a standard allows a choice of accounting policy.
- In October 2018, the IASB issued the revised Definition of a Business (Amendments to IFRS 3). The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.
- In October 2018, the IASB issued the Definition of Material (Amendments to IAS 1 and IAS 8). The amendments clarify the definition of material to align the definition used in the Conceptual Framework for Financial Reporting and the IFRS standards.
- In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7). The amendments provide temporary relief during the period of uncertainty for companies that have hedges that are expected to be impacted by the interest rate benchmark reform and provide additional disclosure requirements.
- In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendments to IFRS 16). The amendments provide temporary relief to lessees in determining whether COVID-19-related rent concessions are lease modifications. The Company early adopted these amendments in the second quarter of 2020. As a result of the amendments, the Company accounts for all COVID-19-related rent concessions for payments originally due on or before June 30, 2021, as if they were not lease modifications.

b) Future adoptions

Listed below are the standards, amendments, and interpretations that the Company reasonably expects to be applicable at a future date and intends to adopt when they become effective. The Company is currently considering

the impact of adopting these standards, amendments, and interpretations on its consolidated financial statements and cannot reasonably estimate the effect at this time, unless specifically mentioned below.

- In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. In July 2020, the effective date was deferred to January 1, 2023.
- In May 2020, the IASB issued Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37). The amendments clarify which costs to include in assessing whether a contract is onerous. The amendments are effective January 1, 2022, with earlier application permitted.
- In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), with an effective date of January 1, 2021. Phase 2 amendments provide relief for "replacement issues" that may arise during the reform, such as changes to contractual cash flows for financial instruments or hedging relationships resulting from the transition to an alternative benchmark rate.

7. Business Acquisitions

Acquisitions in 2019

During 2019, the Company acquired all the shares and business of Wood & Grieve Engineers (WGE) for cash consideration and notes payable. Management finalized the fair value assessments of assets and liabilities acquired from WGE in 2019.

Acquisitions in 2020

On October 1, 2020, the Company acquired certain assets and liabilities of Teshmont Consultants LP (Teshmont) for cash consideration and notes payable. Teshmont is an electrical engineering consulting company specializing in high voltage power transmission and distribution engineering, based in Winnipeg, Manitoba. This addition further strengthens the Company's Energy & Resources operations in the Canada CGU.

On November 27, 2020, the Company acquired all the shares and business of AGEL adviseurs B.V. (AGEL) for cash consideration and notes payable. AGEL is a multi-discipline engineering firm specializing in environmental services, spatial development, infrastructure, and GIS services. AGEL is based in Oosterhout, Netherlands and strengthens the Environmental Services operations in the Company's Global group of cash generating units (CGUs).

On December 31, 2020, the Company acquired all the shares and business of Wenck Enterprises Inc. (Wenck) for cash consideration and notes payable. Wenck is an environmental services business whose engineering and environmental solutions support clients in the industrial, infrastructure, energy, and real estate sectors. Wenck is headquartered in Maple Plain, Minnesota, with additional offices in Colorado, Wyoming, North Dakota, and Georgia and strengthens the Company's Environmental Services operations in the Company's United States CGU.

The preliminary fair values of the net assets recognized in the Company’s consolidated financial statements were based on management’s best estimates of the acquired identifiable assets and liabilities at the acquisition dates. Management is currently awaiting the vendors' closing financial statements for Teshmont, AGEL, and Wenck. Once these closing financial statements are received, reviews are completed and approvals are obtained, the valuation of acquired assets and liabilities will be finalized.

Aggregate consideration for assets acquired and liabilities assumed

Details of the aggregate consideration transferred and the fair value of the identifiable assets and liabilities acquired at the date of acquisition are as follows:

For the acquisitions completed	Notes	Total $
Cash consideration		**50.8**
Notes payable		**10.5**
Consideration		**61.3**
Assets and liabilities acquired		
Cash acquired		**0.2**
Non-cash working capital		
Trade receivables		**17.5**
Unbilled receivables		**3.7**
Trade and other payables		**(6.8)**
Lease liabilities		**(1.6)**
Deferred revenue		**(0.8)**
Other non-cash working capital		**1.1**
Property and equipment	11	**2.2**
Lease assets	12	**7.0**
Intangible assets	14	**12.7**
Deferred tax assets	27	**1.2**
Lease liabilities		**(5.3)**
Provisions	18	**(0.2)**
Deferred tax liabilities	27	**(1.0)**
Total identifiable net assets at fair value		**29.9**
Goodwill arising on acquisitions	13	**31.4**

Trade receivables, unbilled receivables, and deferred revenue are recognized at fair value at the time of acquisition, and their fair value approximated their net carrying value.

The Company measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition as if the acquired leases were new leases at the acquisition date. The lease assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favorable/unfavorable terms of the lease relative to market terms.

Goodwill consists of the value of expected synergies arising from an acquisition, the expertise and reputation of the assembled workforce acquired, and the geographic location of the acquiree. Goodwill and intangible assets expected to be deductible for income tax purposes is $35.8.

At December 31, 2020, provisions for claims outstanding relating to all prior acquisitions were $5.1, based on their expected probable outcome. Certain of these claims are indemnified by the acquiree (note 18).

The Company integrates the operations and systems of acquired entities shortly after the acquisition date; therefore, it is impracticable to disclose the acquiree's earnings in its consolidated financial statements since the acquisition date. It is also impracticable to disclose what the Company's gross revenue and earnings would have been had the business combinations taken place at the beginning of the year.

Consideration paid

Details of the cash consideration paid for current year acquisitions are as follows:

	December 31 2020
	$
Cash consideration paid	**50.8**
Cash acquired	**0.2**
Total net cash paid	**50.6**

8. Discontinued Operations

In 2018, the Company completed the sale of its Construction Services reportable segment, reported as discontinued operations in these consolidated financial statements for all years presented as prescribed by IFRS 5.
The results of discontinued operations are summarized as follows:

	For the year ended December 31	
	2020	2019
	$	$
Revenue	**3.7**	9.7
Expenses	**(3.7)**	(10.8)
Project loss recovery	**12.8**	—
Profit (loss) from operating activities, before income taxes	**12.8**	(1.1)
Income taxes on operating activities	**(0.8)**	0.3
Profit (loss) from operating activities, net of income taxes	**12.0**	(0.8)
Gain on disposal of discontinued operations before income taxes	**—**	1.9
Income taxes on disposal of discontinued operations	**—**	(1.1)
Gain on disposal of discontinued operations, net of income taxes	**—**	0.8
Net income from discontinued operations	**12.0**	—

Pursuant to settlement agreements executed and insurance claims resolved, project loss recoveries were recognized in 2020.

9. Cash and Cash Equivalents

The Company's policy is to invest cash in excess of operating requirements in highly liquid investmentsFor the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of the following:

	December 31 2020	December 31 2019
	$	$
Cash	**278.7**	208.1
Cash in escrow	**4.5**	—
Unrestricted investments	**6.3**	15.4
Cash and deposits	**289.5**	223.5
Bank indebtedness	**(4.7)**	(19.5)
Cash and cash equivalents	**284.8**	204.0

Cash in escrow includes cash consideration for an acquisition.

10. Trade and Other Receivables

	December 31 2020 $	December 31 2019 $
Trade receivables, net of expected credit losses of $3.0 (2019 – $2.2)	**702.7**	787.3
Holdbacks, current	**19.7**	20.6
Other	**15.6**	9.8
Trade and other receivables	**738.0**	817.7

The aging analysis of gross trade receivables is as follows:

	Total $	1–30 $	31–60 $	61–90 $	91–120 $	121+ $
December 31, 2020	**705.7**	**389.5**	**160.3**	**60.9**	**25.9**	**69.1**
December 31, 2019	789.5	395.9	221.1	63.5	27.8	81.2

Information about the Company's exposure to credit risks and impairment losses for trade and other receivables is included in note 25.

11. Property and Equipment

	Engineering Equipment $	Office Equipment $	Leasehold Improvements $	Other $	Total $
Cost					
December 31, 2018	122.3	82.0	231.2	37.8	473.3
Additions	20.3	9.6	24.4	4.8	59.1
Additions arising on acquisitions	0.7	0.7	4.4	—	5.8
Disposals	(13.7)	(3.1)	(7.3)	(0.9)	(25.0)
Impact of foreign exchange	(2.8)	(2.4)	(6.1)	(1.3)	(12.6)
December 31, 2019	126.8	86.8	246.6	40.4	500.6
Additions	13.3	5.0	12.6	2.4	33.3
Additions arising on acquisitions	1.4	0.4	0.2	0.2	2.2
Disposals	(22.6)	(6.0)	(15.0)	(1.7)	(45.3)
Impact of foreign exchange	(0.5)	(0.9)	(1.8)	(0.7)	(3.9)
December 31, 2020	**118.4**	**85.3**	**242.6**	**40.6**	**486.9**
Accumulated depreciation					
December 31, 2018	62.2	33.2	71.5	17.0	183.9
Depreciation	16.5	8.1	30.9	2.7	58.2
Disposals	(12.2)	(2.6)	(7.3)	(0.8)	(22.9)
Impact of foreign exchange	(1.2)	(0.8)	(2.4)	(0.7)	(5.1)
December 31, 2019	65.3	37.9	92.7	18.2	214.1
Depreciation	17.2	8.1	29.7	2.9	57.9
Disposals	(20.5)	(5.5)	(14.9)	(1.4)	(42.3)
Impairment (note 12)	—	3.2	16.3	—	19.5
Impact of foreign exchange	(0.5)	(0.5)	(1.1)	(0.3)	(2.4)
December 31, 2020	**61.5**	**43.2**	**122.7**	**19.4**	**246.8**
Net book value					
December 31, 2019	61.5	48.9	153.9	22.2	286.5
December 31, 2020	**56.9**	**42.1**	**119.9**	**21.2**	**240.1**

Leasehold improvements includes construction work in progress of $0.2 (2019 – $1.9) on which depreciation has not started.

Included in the Other category is automotive equipment, buildings, land, and an ownership interest in an aircraft.

12. Lease Assets

	Building $	Other $	Total $
January 1, 2019	556.6	5.2	561.8
Additions	63.9	1.6	65.5
Acquisitions	19.3	0.1	19.4
Depreciation	(113.2)	(2.6)	(115.8)
Modifications	42.6	—	42.6
Impairment	(2.0)	—	(2.0)
Foreign exchange	(12.8)	(0.2)	(13.0)
December 31, 2019	554.4	4.1	558.5
Additions	40.7	1.7	42.4
Acquisitions	7.0	—	7.0
Depreciation	(115.0)	(2.7)	(117.7)
Modifications	16.4	0.4	16.8
Impairment	(59.1)	—	(59.1)
Foreign exchange	(1.0)	0.1	(0.9)
December 31, 2020	**443.4**	**3.6**	**447.0**

The Company leases buildings for its office spaces across the globe. Lease terms typically range from1 to 20 years and had a weighted average remaining lease term of 7.1 years at December 31, 2020 (2019 - 7.7 years). To provide operational flexibility, the Company seeks to include extension or termination options in new leases.

The Company leases vehicles and office equipment with terms typically ranging from1 to 7 years and had a weighted average remaining lease term of2.5 years at December 31, 2020 (2019 - 2.2 years). These leases do not usually contain extension options, purchase options, or residual value guarantees.

The Company also leases IT equipment and other equipment with terms typically ranging from1 to 5 years. These leases are generally short-term or for low-value assets that the Company has elected not to recognize in lease assets and lease liabilities.

As part of the Company's strategic initiative in 2020, the existing real estate lease portfolio was evaluated and resulted in the abandonment of certain leased office spaces and the approval of a formal plan to sublease the abandoned leased spaces that will no longer be utilized by the Company. A change in use related to those lease assets resulted in the recognition of impairment losses where the carrying amount of the assets exceeded the recoverable amount. The recoverable amount was determined based on the value in use method and a weighted average discount rate of 7.23%. Impairment losses and the related recoverable amounts remaining for each reportable segment are as follows:

Reportable segments	**Canada**	**United States**	**Global**	**Total**
Impairment losses				
Lease assets	50.4	4.8	3.9	**59.1**
Property and equipment	16.3	1.7	1.5	**19.5**
Total	**66.7**	**6.5**	**5.4**	**78.6**
Recoverable amount	**8.4**	**1.2**	**2.4**	**12.0**

Amounts recognized in administrative and marketing expenses	For the year ended December 31,	
	2020	2019
	$	$
Rent expense - variable lease payments	49.7	48.7
Rent expense - short-term leases and leases of low-value assets	3.3	10.0
Income from subleases	(5.6)	(5.1)
Total	**47.4**	**53.6**

Variable lease payments include operating expenses, real estate taxes, insurance, and other variable costs. Future undiscounted cash flows for short-term leases, leases of low-value assets, variable lease payments, and sublease payments receivable are disclosed in note 21.

Amounts recognized in the consolidated statement of cash flows	For the year ended December 31,	
	2020	2019
	$	$
Cash payments for the interest portion of lease liabilities	**28.8**	**32.3**
Cash payments for leases not included in the measurement of lease liabilities	**47.4**	**53.6**
Cash outflow in operating activities	**76.2**	**85.9**
Cash payments for the principal portion of lease liabilities	**129.3**	**116.7**
Proceeds from lease inducements	**(2.8)**	**(50.4)**
Cash outflow in financing activities	**126.5**	**66.3**
Total cash outflow for leases	**202.7**	**152.2**

13. Goodwill

	December 31 2020	December 31 2019
	$	$
Gross goodwill, beginning of the year	**1,829.8**	1,799.2
Acquisitions	**31.4**	90.1
Impact of foreign exchange	**(9.4)**	(59.5)
Gross goodwill, end of the year	**1,851.8**	1,829.8
Accumulated impairment losses	**(178.0)**	(178.0)
Net goodwill, end of the year	**1,673.8**	1,651.8

Goodwill arising from acquisitions includes factors such as the expertise and reputation of the assembled workforce acquired, the geographic location of the acquiree, and the expected synergies.

The Company considers its CGUs based on the interdependence of cash flows between different geographic locations and how management monitors the operations. As such, the CGUs are defined as Canada, US, Asia/Pacific, Latin America, and UK/Europe/Middle East. As goodwill is not monitored at a level lower than the Company's operating segments, the CGUs excluding Canada and the US are grouped in Global for purposes of allocating goodwill and testing impairment.

Goodwill was allocated to its CGUs or group of CGUs as follows:

	December 31 2020	December 31 2019
	$	$
Canada	**359.5**	358.2
United States	**963.1**	956.0
Global	**351.2**	337.6
Allocated	**1,673.8**	1,651.8

On October 1, 2020, and October 1, 2019, the Company performed its annual goodwill impairment test in accordance with its policy described in note 4. Based on the results of the 2020 and 2019 tests, the Company concluded that the recoverable amount of each CGU or group of CGUs exceeded its carrying amount and, therefore, goodwill was not impaired.

Key assumptions
The calculation of fair value less costs of disposal is most sensitive to the following assumptions:

- Operating margin rates based on actual experience and management's long-term projections.
- Discount rates reflecting investors' expectations when discounting future cash flows to a present value, taking into consideration market rates of return, capital structure, company size, and industry risk. If necessary, a discount rate is further adjusted to reflect risks specific to a CGU or group of CGUs when future estimates of cash flows have not been adjusted. For its October 1, 2020 impairment tests, the Company discounted the cash flows for each CGU or group of CGUs using an after-tax discount rate ranging from 8.3% to 25.9% (October 1, 2019 – 8.7% to 16.3%).
- Terminal growth rates based on actual experience and market analysis. Projections are extrapolated beyond five years using a growth rate that does not exceed 3.0%.
- Non-cash working capital requirements are based on historical actual rates, market analysis, and management's long-term projections.
- Net revenue growth rate based on management's best estimates of cash flow projections over a five-year period.

Sensitivity to changes in assumptions
As at October 1, 2020, the recoverable amounts of the Canada and US CGUs exceeded their carrying amounts and management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying amount to exceed its recoverable amount.

As at October 1, 2020, the recoverable amount of the Global group of CGUs exceeded its carrying amount by $62.8, assuming operating margins that range from 8.1% to 8.8% and a weighted-average discount rate of 10.2%. Assuming all other assumptions remain the same, the principal changes to key assumptions that would cause the group of CGUs' carrying amount to exceed its recoverable amount would be a 90-basis point reduction in the assumed operating margins or a 90-basis points increase in the discount rate.

14. Intangible Assets

	Client Relationships	Contract Backlog	Software	Other	Total
	$	$	$	$	$
Cost					
December 31, 2018	307.3	8.5	75.2	15.0	406.0
Impact of IFRS 16	—	—	—	(10.2)	(10.2)
January 1, 2019	307.3	8.5	75.2	4.8	395.8
Additions	—	—	12.0	—	12.0
Additions arising on acquisitions	29.5	10.3	1.3	0.3	41.4
Removal of fully amortized assets	—	(4.7)	(23.7)	(1.0)	(29.4)
Impact of foreign exchange	(11.5)	(0.4)	0.2	(1.8)	(13.5)
December 31, 2019	325.3	13.7	65.0	2.3	406.3
Additions	—	—	3.4	—	3.4
Additions arising on acquisitions	9.8	2.7	—	0.2	12.7
Removal of fully amortized assets	(9.7)	(14.3)	(27.4)	(0.5)	(51.9)
Impact of foreign exchange	(0.4)	0.5	(1.7)	—	(1.6)
December 31, 2020	**325.0**	**2.6**	**39.3**	**2.0**	**368.9**
Accumulated amortization					
December 31, 2018	116.2	3.6	32.7	5.8	158.3
Impact of IFRS 16	—	—	—	(4.5)	(4.5)
January 1, 2019	116.2	3.6	32.7	1.3	153.8
Amortization	31.1	10.0	25.0	0.8	66.9
Removal of fully amortized assets	—	(4.7)	(23.7)	(1.0)	(29.4)
Impact of foreign exchange	(4.4)	(0.1)	0.5	(0.6)	(4.6)
December 31, 2019	142.9	8.8	34.5	0.5	186.7
Amortization	31.6	5.0	16.6	—	53.2
Removal of fully amortized assets	(9.7)	(14.3)	(27.4)	(0.5)	(51.9)
Impact of foreign exchange	(1.6)	0.5	—	—	(1.1)
December 31, 2020	**163.2**	**—**	**23.7**	**—**	**186.9**
Net book value					
December 31, 2019	182.4	4.9	30.5	1.8	219.6
December 31, 2020	**161.8**	**2.6**	**15.6**	**2.0**	**182.0**

During 2020, the Company concluded that there were no indicators of impairment related to intangible assets.
The net book value of software acquired through software financing obligations is $5.5 (2019 - $16.7). In 2020, software additions through software financing obligations were $0.4 (2019 - $8.4) and have been excluded from the consolidated statement of cash flows (note 33).

15. Other Assets

	December 31 2020 $	December 31 2019 $
Financial assets		
Investments held for self-insured liabilities	**174.9**	153.0
Holdbacks on long-term contracts	**25.9**	33.9
Other	**12.4**	12.6
Non-financial assets		
Investments in joint ventures and associates	**8.3**	8.8
Other	**11.8**	16.9
	233.3	225.2
Less current portion - financial	**34.7**	11.6
Less current portion - non-financial	**7.4**	6.5
Long-term portion	**191.2**	207.1

Financial assets-other primarily include indemnifications, sublease receivables, and deposits. Non-financial assets - other include deferred contract costs, transactions costs on long-term debt, and investment tax credits.

Investments held for self-insured liabilities include government and corporate bonds that are classified as FVOCI with unrealized gains (losses) recorded in other comprehensive income. Investments also include equity securities that are classified at FVPL with gains (losses) recorded in net income.

Their fair value and amortized cost are as follows:

	December 31 2020 $		December 31 2019 $	
	Fair Value	**Amortized Cost/Cost**	Fair Value	Amortized Cost/Cost
Bonds	**115.5**	**112.6**	102.8	103.4
Equity securities	**59.4**	**54.7**	50.2	46.1
Total	**174.9**	**167.3**	153.0	149.5

The bonds bear interest at rates ranging from 0.88% to 4.25% per annum (2019 – 0.75% to 5.00%). The terms to maturity of the bond portfolio, stated at fair value, are as follows:

	December 31 2020 $	December 31 2019 $
Within one year	**31.4**	9.5
After one year but not more than five years	**77.5**	79.9
More than five years	**6.6**	13.4
Total	**115.5**	102.8

16. Trade and Other Payables

	December 31 2020	December 31 2019
	$	$
Trade accounts payable	**217.6**	225.5
Employee and payroll liabilities	**277.4**	266.7
Accrued liabilities	**81.0**	84.2
Trade and other payables	**576.0**	**576.4**

During 2020, certain jurisdictions, primarily the United States, the United Kingdom, and Australia permitted companies to defer certain non-corporate tax payments. At December 31, 2020, the Company deferred payments of these non-corporate taxes of $39.4. Of this amount, $26.2 is due before the end of 2021 and is recorded in Trade and Other Payables and $13.2 is due before the end of 2022 and is recorded in Other Liabilities (note 20).

17. Long-Term Debt

	December 31 2020	December 31 2019
	$	$
Senior unsecured notes	**299.5**	—
Revolving credit facility	**—**	448.0
Term loan	**309.1**	308.5
Notes payable	**68.8**	88.7
Software financing obligations	**3.4**	15.7
	680.8	860.9
Less current portion	**46.6**	46.9
Long-term portion	**634.2**	814.0

Senior unsecured notes
On October 8, 2020, the Company issued senior unsecured notes (the notes) for gross proceeds of $300.0 that mature on October 8, 2027. The notes bear interest at a fixed rate of 2.048% per annum, which is payable in Canadian funds semi-annually on April 8th and October 8th of each year. The notes rank pari passu with all other debt and future indebtedness of the Company. The Company used the net proceeds from the notes to repay existing indebtedness.

Revolving credit facilities and term loan
The Company has syndicated credit facilities consisting of a senior revolving credit facility in the maximum amount of $800.0 and senior term loans of $310.0 in two tranches. Additional funds of $600.0 can be accessed subject to approval and under the same terms and conditions. The average interest rate for the revolving credit facility and term loan at December 31, 2020, was 2.55% (2019 – 3.77%).

The revolving credit facility and the term loans may be repaid from time to time at the option of the Company. As such, net proceeds from the notes were used to repay the revolving credit facility. The revolving credit facility continues to be available to the Company until it matures on June 27, 2024. As at December 31, 2020 and 2019, both tranches of the term loan were payable in Canadian funds of $150.0 (due on June 27, 2022) and $160.0 (due on June 27, 2023).

The funds available under the revolving credit facility are reduced by outstanding letters of credit issued pursuant to the facility agreement. At December 31, 2020, the Company had issued outstanding letters of credit that expire at various dates before December 2021, are payable in various currencies, and total $8.8 (2019 – $49.9). These letters of credit were issued in the normal course of operations, including the guarantee of certain office rental obligations. At December 31, 2020, $786.5 (2019 – $282.6) was available under the revolving credit facility.

Effective January 1, 2020, the Company entered into an additional separate letter of credit facility outside of its revolving credit facility that provides letters of credit up to $100.0. At December 31, 2020, $66.2 (2019 – $33.3) in aggregate letters of credit outside of the Company's revolving credit facility were issued and outstanding. These were issued in various currencies. Of these letters of credit, $53.8 (2019 – $18.7) expire at various dates before January 2022 and $12.4 (2019 – $14.6) have open-ended terms.

Notes payable
Notes payable consists primarily of notes payable for acquisitions (note 7). The weighted average interest rate on the notes payable at December 31, 2020, was 2.4% (2019 – 2.7%). Notes payable may be supported by promissory notes and are due at various times from 2021 to 2023. The aggregate maturity value of the notes at December 31, 2020, was $69.8 (2019 – $90.7). At December 31, 2020, $5.7 (US$4.5) (2019 – $4.2 (US$3.2)) of the notes was payable in US funds, $38.4 (AU$39.2) (2019 – $52.0 (AU$57.1)) was payable in Australian funds, and $17.2 (2019 – $23.2) was payable in other foreign currencies.

Surety facilities
The Company has surety facilities related to Construction Services (which was sold in 2018 - note 8), to accommodate the issuance of bonds for certain types of project work. At December 31, 2020, the Company had issued bonds of $155.1 (US$121.8) (2019 - $380.6 (US$293.0) in US funds under these surety facilities. These bonds expire at various dates before December 2021. Although the Company remains obligated for these instruments, the purchaser of the Construction Services business has indemnified the Company for any obligations that may arise from these bonds (note 8).

The Company also had $12.0 (2019 - $11.5) in bonds for Consulting Services. These bonds expire at various dates before September 2026.

18. Provisions

	Self-insured liabilities $	Claims $	Onerous contracts $	Expected project losses $	Lease restoration $	Total $
Balance, beginning of the year	**80.1**	**15.4**	**0.4**	**4.8**	**12.3**	**113.0**
Current year provisions	**32.3**	**7.2**	**4.8**	**0.7**	**1.8**	**46.8**
Acquisitions	**—**	**0.1**	**—**	**—**	**0.1**	**0.2**
Paid or otherwise settled	**(14.2)**	**(8.8)**	**(0.5)**	**(3.9)**	**(2.1)**	**(29.5)**
Impact of foreign exchange	**(2.4)**	**(0.1)**	**0.1**	**—**	**0.1**	**(2.3)**
	95.8	**13.8**	**4.8**	**1.6**	**12.2**	**128.2**
Less current portion	**5.6**	**10.4**	**1.4**	**1.6**	**1.5**	**20.5**
Long-term portion	**90.2**	**3.4**	**3.4**	**—**	**10.7**	**107.7**

Cash outflows for provisions for claims are expected to occur within the nextone to five years, although this is uncertain and depends on the development of the various claims. These outflows are not expected to have a material impact on the Company's net cash flows. Provision for lease restoration relates to building leases (note 12). Cash outflows for provisions for lease restoration are expected to occur within the next one to thirteen years.

19. Employee Defined Benefit Obligations

	December 31, 2020	December 31, 2019
	$	$
Net defined benefit pension asset	**(47.3)**	(26.0)
Net defined benefit pension liability	**73.7**	69.8
End of employment benefit plans	**17.5**	15.4
	91.2	85.2

Defined benefit pension plans
The Company sponsors defined benefit pension plans (the Plans) covering certain full-time and past employees, primarily in the United Kingdom. The benefits for the Plans are based on final compensation and years of service. The Plans are closed to new participants and have ceased all future service benefits, although the future salary link has been retained for certain continuing active members.

The Plans are governed by the laws of the United Kingdom. Each pension plan has a board of trustees that is responsible for administering the assets and defining the investment policies of the Plans.

The funding objective of each pension plan is to have sufficient and appropriate assets to meet actuarial liabilities. The board of trustees reviews the level of funding required based on separate triennial actuarial valuations for funding purposes; the most recent were completed as at March 31, 2020, and February 1, 2019. The Plans required that contributions be made to separately administered funds, which are maintained independently by custodians. The Company expects to contribute approximately $15.4 to the Plans in 2021.

The Plans expose the Company to a number of risks, including changes to long-term UK interest rates and inflation expectations, movements in global investment markets, changes in life expectancy rates, foreign exchange risk, and regulatory risk from changes in UK pension legislation. The Company is also exposed to price risk because the Plans' assets include significant investments in equities.

Guaranteed annuities, purchased for certain plan members upon retirement, protect a portion of the Plans from changes in interest rates and longevity post-retirement. Post-retirement benefits that are fully matched with insurance policies have been included in both the asset and liability figures in the following tables.

A liability-driven investment (LDI) strategy has been implemented to mitigate a portion of the Plans' long-term interest rate and inflation risks by investing in assets that have similar interest rate and inflation characteristics as the Plans' liabilities. The LDI strategy relates to only a portion of the Plans' investments; therefore, the Plans remain exposed to significant interest rate and inflation risk, along with the other risks mentioned above.

The following table presents a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

	2020			2019		
	Defined Benefit Obligation $	**Fair Value of Plan Assets $**	**Net Defined Benefit Liability $**	**Defined Benefit Obligation $**	**Fair Value of Plan Assets $**	**Net Defined Benefit Liability $**
Balance, beginning of the year	**563.1**	**(519.3)**	**43.8**	494.3	(448.8)	45.5
Administrative and marketing expenses						
Interest expense (income)	**10.6**	**(10.0)**	**0.6**	13.0	(12.1)	0.9
Past service cost	**0.3**	**—**	**0.3**	—	—	—
Administrative expenses paid by the Plans	**—**	**1.1**	**1.1**	—	1.1	1.1
	10.9	**(8.9)**	**2.0**	13.0	(11.0)	2.0
Other comprehensive loss (income)						
Return on the plan assets, excluding interest income	**—**	**(41.1)**	**(41.1)**	—	(55.5)	(55.5)
Actuarial (gains) losses arising from:						
Changes in demographic assumptions	**1.0**	**—**	**1.0**	(1.9)	—	(1.9)
Changes in financial assumptions	**40.0**	**—**	**40.0**	81.9	—	81.9
Experience adjustments	**0.6**	**—**	**0.6**	(4.4)	—	(4.4)
Remeasurement loss on net employee defined benefit liability, before tax	**41.6**	**(41.1)**	**0.5**	75.6	(55.5)	20.1
Effect of movement in exchange rates	**6.1**	**(5.8)**	**0.3**	(5.0)	4.2	(0.8)
	47.7	**(46.9)**	**0.8**	70.6	(51.3)	19.3
Other						
Benefits paid	**(20.1)**	**20.1**	**—**	(14.8)	14.8	—
Contributions by employer	**—**	**(20.2)**	**(20.2)**	—	(23.0)	(23.0)
	(20.1)	**(0.1)**	**(20.2)**	(14.8)	(8.2)	(23.0)
Balance, end of the year	**601.6**	**(575.2)**	**26.4**	563.1	(519.3)	43.8

The total remeasurement loss on the net employee defined benefit liability at December 31, 2020, is a los of $0.4, net of deferred tax recovery of $0.1 (2019 – loss of $16.5, net of deferred tax recovery of $3.6).

	December 31, 2020 $	December 31, 2019 $
Included in the consolidated statement of financial position within:		
Net defined benefit asset	**(47.3)**	(26.0)
Net defined benefit liability	**73.7**	69.8
	26.4	43.8

The Company has an unconditional right to derive economic benefit from the above surplus and has therefore recognized a net defined benefit asset.

Major categories of plan assets, measured at fair value, are as follows:

	December 31, 2020	December 31, 2019
	$	$
Cash and cash equivalents	**9.6**	7.6
Investments quoted in active markets (mutual, exchange-traded, and pooled funds):		
Equities	**149.1**	163.4
Corporate bonds and fixed income	**130.6**	73.3
Pooled fund liability-driven investments	**21.2**	13.2
Property funds	**10.1**	14.4
Unquoted investments:		
Annuity policies	**127.0**	123.2
Insurance contracts:		
Equities and property	**85.5**	85.0
Corporate bonds	**41.2**	29.9
Cash and cash equivalents	**0.9**	9.3
Fair value of plan assets	**575.2**	**519.3**

The investment policy for the Plans is to balance risk and return. Approximately 56% of plan assets are invested in mutual, exchange-traded, and pooled funds (fair valued using quoted market prices) or held in cash. Approximately 22% of plan assets are held in annuity policies that are purchased for certain plan members upon retirement. The fair value of these policies reflects the value of the obligation for these retired plan members and is determined using actuarial techniques and guaranteed annuity rates. The remaining assets of the Plans are invested in a wholly insured with-profits insurance contract with a major insurance company. Contributions made to this contract are invested in insurance policies administered by third parties, which provide for a declared rate of interest. The yields on the investments are intended to provide for a steady return on the assets. The insurance contract is fair valued using valuation techniques with market observable inputs.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using actuarial valuations. The principal assumptions used in determining pension benefit obligations for the Plans are shown below (expressed as weighted averages):

	December 31, 2020	December 31, 2019
Discount rate	**1.15 %**	1.89 %
Rate of increase in salaries	**4.17 %**	4.34 %
Rate of inflation, pre-retirement	**2.40 %**	2.60 %
Rate of increase in future pensions payment	**3.41 %**	3.44 %
Life expectancy at age 65 for current pensioners:		
Male	**22 years**	22 years
Female	**24 years**	24 years
Life expectancy at age 65 for current members aged 45:		
Male	**23 years**	23 years
Female	**25 years**	25 years

At December 31, 2020, the weighted average duration of the defined benefit obligation was 15 years (2019 – 16 years).

On November 25, 2020, it was announced that the Chancellor of the United Kingdom has consented to the Retail Prices Index (RPI) and the Consumer Prices Index including housing costs (CPIH) being converged by 2030. CPIH is very closely correlated with the Consumer Prices Index (CPI), which is used to measure the inflation link to the date of retirement for participants who are no longer active. As a result of the announcement, the Company reduced CPI by a further 0.1% to 2.4% (2019 - 2.6%) resulting in a net decrease to the defined benefit obligation of $2.4, recorded through other comprehensive income.

Quantitative sensitivity analyses showing the impact on the defined benefit obligation for significant assumptions are as follows:

	December 31, 2020		December 31, 2019	
	Increase $	**Decrease $**	Increase $	Decrease $
Change in discount rate by 0.25%	**(19.6)**	**20.3**	(18.9)	19.6
Change in pre-retirement inflation rate by 0.25%	**5.6**	**(5.3)**	5.7	(5.5)
Change in salary growth by 0.25%	**1.2**	**(1.2)**	1.0	(1.0)
Change in pension increase assumption by 0.25%	**12.9**	**(12.3)**	10.5	(9.2)
Change in one year in the life expectancy	**13.3**	**(13.3)**	11.8	(11.8)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analyses were based on changing a significant assumption and keeping all other assumptions constant and may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

End of employment benefit plans
The liability for end of employment benefit plans represents the Company's estimated obligations for long service leave and annual leave that is legislated in some countries in which the Company operates.

20. Other Liabilities

	Note	**December 31, 2020 $**	December 31, 2019 $
Cash-settled share-based compensation	23	**25.5**	23.0
Deferred non-corporate tax liabilities	16	**13.2**	—
Interest rate swap	25	**6.9**	1.5
Other		**8.2**	3.6
		53.8	28.1
Less current portion		**14.3**	12.1
Long-term portion		**39.5**	16.0

21. Commitments

The Company has various lease commitments included in lease liabilities (note 12). In addition, the Company has commitments for variable lease payments, short-term leases, and leases of low-value assets. The Company also has various purchase obligations such as cloud services, software support, and equipment. These commitments as at December 31, 2020, are as follows:

	Total $	Less than 1 Year $	1 to 3 Years $	After 3 Years $
Variable lease payments	**299.2**	**50.1**	**78.6**	**170.5**
Short-term and low value lease payments	**3.3**	**2.2**	**0.9**	**0.2**
Leases not commenced but committed	**24.7**	**0.6**	**4.3**	**19.8**
Purchase obligations	**85.2**	**51.6**	**33.0**	**0.6**
	412.4	**104.5**	**116.8**	**191.1**

Future minimum payments receivable under non-cancelable sublease agreements as at December 31, 2020, are $7.9 (2019 - $14.5), of which $2.1 (2019 - $3.6) relates to sublease receivables included in other assets (note 15).

22. Contingencies and Guarantees

The nature of the Company's legal claims and the provisions recorded for these claims are described in notes 4 and 5. Although the Company accrues adequate provisions for probable legal claims, it has contingent liabilities relating to reported legal incidents that, based on current known facts, are not probable to result in future cash outflows. The Company is monitoring these incidents and will not accrue any provision until further information results in a situation in which the criteria required to record a provision is met. Due to the nature of these incidents, such as the range of possible outcomes and the possibility of litigation, it is not practicable for management to estimate the financial effects of these incidents, the amount and timing of future outflows, and the possibility of any reimbursement of these outflows.

In the normal course of business, the Company provides indemnifications and, in limited circumstances, surety bonds and guarantees. These are often standard contractual terms and are provided to counterparties in transactions such as purchase and sale contracts for assets or shares, service agreements, and leasing transactions. The Company also indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. These indemnifications may require the Company to compensate the counterparty for costs incurred as a result of various events, including changes to or in the interpretation of laws and regulations, or as a result of damages or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnifications and guarantees will vary based on the contract, the nature of which prevents the Company from making a reasonable estimate of the maximum potential amount that it could be required to pay to counterparties. In most cases, the potential payment amount of an outstanding indemnification or guarantee is limited to the remaining cost of work to be performed under service contracts. The Company carries liability insurance, subject to certain deductibles and policy limits, that provides protection against certain insurable indemnifications. Historically, the Company has not made any material payments under such indemnifications or guarantees, and no amounts have been accrued in the consolidated financial statements with respect to these indemnifications and guarantees.

23. Share Capital

Authorized

Unlimited	Common shares, with no par value
Unlimited	Preferred shares issuable in series, with attributes designated by the board of directors

Common shares

On November 12, 2020, the Company received approval from the TSX to renew its Normal Course Issuer Bid (NCIB), enabling it to purchase up to 5,605,224 common shares during the period November 16, 2020, to November 15, 2021. The Company also has an Automatic Share Purchase Plan (ASPP) which allows a broker, in its sole discretion and based on the parameters established by the Company, to purchase common shares for cancellation under the

NCIB at any time during predetermined trading blackout periods. As at December 31, 2020 and December 31, 2019, no liability was recorded in the Company's consolidated statements of financial position in connection with the ASPP.

During 2020, 2,047,948 (2019 – 1,400,713) common shares were repurchased for cancellation pursuant to the NCIB at a cost of $78.3 (2019 – $43.2). Of this amount, $16.8 and $0.4 (2019 – $10.9 and $0.3) reduced share capital and contributed surplus, respectively, and $61.1 (2019 – $32.0) was charged to retained earnings.

Dividends

Holders of common shares are entitled to receive dividends when declared by the Company's board of directors.The table below describes the dividends paid in 2020.

Date Declared	Record Date	Payment Date	Dividend per Share $	Paid $
November 6, 2019	December 30, 2019	January 15, 2020	0.145	16.1
February 26, 2020	March 31, 2020	April 15, 2020	0.155	17.2
May 6, 2020	June 30, 2020	July 15, 2020	0.155	17.3
August 5, 2020	September 30, 2020	October 15, 2020	0.155	17.4
November 4, 2020	December 31, 2020	January 15, 2021	0.155	—

At December 31, 2020, trade and other payables included $17.2 (2019 – $16.1) related to the dividends declared on November 4, 2020.

Share-based payment transactions

The Company has a long-term incentive program that uses share options, restricted share units, and performance share units (RSUs and PSUs). The Company also has a deferred share units (DSUs) plan for the board of directors.

During 2020, the Company recognized a share-based compensation expense of $16.4 (2019 – $18.1) in administrative and marketing expenses in the consolidated statements of income. Of the amount expensed, $1.0 (2019 – $3.4) related to the amortization of the fair value of options granted and $15.4 (2019 – $14.7) related to the cash-settled share-based compensation (RSUs, DSUs, and PSUs). Also, an adjustment of $0.9 (December 31, 2019 - nil) was included in contributed surplus for deferred tax impacts on share-based compensation.

a) Share options

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Shares #	Weighted Average Exercise Price per Share $	Shares #	Weighted Average Exercise Price per Share $
Share options outstanding, beginning of the year	**4,051,080**	**32.17**	4,987,542	31.11
Exercised	**(1,840,320)**	**31.83**	(753,583)	25.09
Forfeited	**(86,960)**	**32.58**	(182,879)	32.41
Share options outstanding, end of the year	**2,123,800**	**32.45**	4,051,080	32.17
Share options vested, end of the year	**1,816,592**	**32.36**	3,023,878	32.04

The options held by officers and employees at December 31, 2020, were as follows:

Options Outstanding				Options Exercisable		
Range of Exercise Prices per Share $	Outstanding #	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price per Share $	Shares Exercisable #	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price per Share $
31.75 - 32.98	**2,123,800**	**1.45**	**32.45**	**1,816,592**	**1.30**	**32.36**

These options expire on dates between March 4, 2021 and May 15, 2023.

b) Cash-settled share-based payments

A summary of the Company's RSUs, PSUs, and DSUs is as follows:

	December 31, 2020			December 31, 2019		
	RSUs #	PSUs #	DSUs #	RSUs #	PSUs #	DSUs #
Units, beginning of year	**164,704**	**875,739**	**275,950**	—	744,081	306,459
Granted	**142,043**	**320,256**	**37,147**	166,963	379,289	44,806
Paid	**—**	**(234,966)**	**(149,848)**	—	(198,815)	(75,315)
Forfeited	**(17,567)**	**(91,692)**	**—**	(2,259)	(48,816)	—
Units, end of year	**289,180**	**869,337**	**163,249**	164,704	875,739	275,950
Units vested, end of year	**—**	**—**	**163,249**	—	—	275,950

Restricted share units

During 2020, the Company granted 138,148 RSUs to officers and employees at a fair value of $35.8, based on the trading price of the Company's common shares at the grant date. These units are adjusted for dividends as they arise, based on the number of units held on the record date. These units vest upon completing a three-year service condition that starts after the grant date and are adjusted for dividends as they arise, based on the number of units held on the record date. For units that vest, unit holders will receive cash payments based on the volume weighted average trading price of the Company's common shares for the last five trading days preceding the vesting date, less withholding amounts.

At December 31, 2020, the obligations accrued for RSUs were $4.2 (2019 - $1.1) included in other liabilities (note 20).

Performance share units

Under the Company's long-term incentive program, certain members of the senior leadership team may be granted PSUs. These units are adjusted for dividends as they arise, based on the number of units held on the record date. PSUs vest upon completing a three-year service condition that starts on the grant date. The number of units that vest is subject to a percentage that can range from 0% to 200%, depending on achieving three-year performance and market objectives as described below. The fair value of these units is measured using the Monte Carlo method. For units that vest, unit holders receive a cash payment based on the closing market price of the Company's common shares on the third anniversary date of issue.

For PSUs granted in 2018, the cash payment is based on the volume weighted average of the closing market price of the Company's common shares for the last five trading days preceding the vesting date, less withholding amounts. The performance objectives for these units include achieving a range of net income growth and return on equity targets with equal weighting. The fair value of these units is expensed over their three-year vesting period.

For the PSUs granted in 2019 and onwards, the Company amended its PSU agreement by increasing the weighting of the return on equity target to 60% and by replacing the net income growth with a market objective of total shareholder return relative to the Company's peer group for a 40% weighting.

During 2020, 308,136 PSUs (2019 - 378,049) were granted at a fair value of $16.4 (2019 - $11.6). At December 31, 2020, the obligations accrued for PSUs were $14.3 (2019 – $11.1) included in other liabilities (note 20).

Deferred share units
The directors of the board receive DSUs and annually elect to receive an additional fixed value compensation in the form of either DSUs or cash payment, less withholding amounts, to purchase common shares. A DSU is equal to one common share. These units vest on their grant date and are paid in cash to the directors of the board on their death or retirement. They are valued at the volume weighted average of the closing market price of the Company's common shares for the last 10 trading days of the month of death or retirement. These units are recorded at fair value. DSUs are adjusted for dividends as they arise, based on the number of units outstanding on the record date.

During 2020, 37,147 DSUs (2019 – 44,772) were granted at a fair value of $1.4 (2019 – $1.2), based on the closing market price of the Company's common shares at the grant date. 149,848 DSUs were paid (2019 - 75,315) at a value of $6.1 (2019 - $2.4). At December 31, 2020, the outstanding and vested DSUs had a fair value of $6.7 (2019 – $10.2) included in other liabilities (note 20).

24. Fair Value Measurements

When forming estimates, the Company uses the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the financial instrument is categorized based on the lowest level of significant input.

When determining fair value, the Company considers the principal or most advantageous market in which it would transact and the assumptions that market participants would use when pricing the asset or liability. The Company measures certain financial assets and liabilities at fair value on a recurring basis.

For financial instruments recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorizations at the end of each reporting period.

During 2020, no changes were made to the method of determining fair value and no transfers were made between levels of the hierarchy.

The following table summarizes the Company's fair value hierarchy for those assets and liabilities measured and adjusted to fair value on a recurring basis at December 31, 2020:

	Notes	Carrying Amount $	Level 1 $	Level 2 $	Level 3 $
Assets					
Investments held for self-insured liabilities	15	174.9	—	174.9	—
Liabilities					
Interest rate swap	20,25	6.9	—	6.9	—

Investments held for self-insured liabilities consist of government and corporate bonds and equity securities. Fair value of bonds is determined using observable prices of debt with characteristics and maturities that are similar to the bonds being valued. Fair value of equities is determined using the reported net asset value per share of the investment funds. The funds derive their value from the observable quoted prices of the equities owned that are traded in an active market.

The following table summarizes the Company's fair value hierarchy for those liabilities that were not measured at fair value but are required to be disclosed at fair value on a recurring basis as at December 31, 2020:

	Note	Carrying Amount $	Quoted Prices in Active Markets for Identical Items (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Senior unsecured notes	17	**299.5**	**—**	**297.8**	**—**
Notes payable	17	**68.8**	**—**	**69.5**	**—**

The fair value of senior unsecured notes and notes payable is determined by calculating the present value of future payments using observable benchmark interest rates and credit spreads for debt with similar characteristics and maturities.

25. Financial Instruments

a) Derivative financial instruments

The Company has an interest rate swap agreement to manage the interest rate risk related to a tranche of the term loan with a notional amount of $60.0, both maturing on June 27, 2023. The swap agreement has the effect of converting the variable interest rate on the term loan, based on a bankers' acceptance rate, into a fixed interest rate of 2.295%, plus applicable basis points spread. The change in fair value of the interest rate swap, estimated using market rates at December 31, 2020, is an unrealized loss of $5.4 ($4.1 net of tax) (2019 - $1.5 ($1.1 net of tax)). The Company has designated the swap as a cash flow hedge against a tranche of the term loan; therefore, the unrealized gains and losses relating to the swap are recorded in other comprehensive (loss) income and in the statement of financial position as other assets or other liabilities.

There is an economic relationship between the interest rate swap and this tranche of the term loan because the terms of the two instruments match (i.e., notional amount, maturity, payment, and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate swap is identical to the hedged risk component.

Hedge ineffectiveness could arise due to a renegotiation or amendment to terms of the hedged tranche of the term loan which could create a mismatch in the notional amount or term. In the event the hedging relationship is no longer effective or ceases to exist, the gains and losses will be recorded in income.

As at December 31, 2020, the Company has a foreign currency forward contract to purchase USD$75.0 for CAD$96.0 equivalent on the trade date that matures on February 5, 2021. The contract was entered to mitigate the risk of foreign currency fluctuations. The fair value of these contracts, estimated using market rates as at December 31, 2020, is an unrealized loss of $0.5 and was recorded in foreign exchange losses and in the consolidated statement of financial position within trade and other payables.

b) Nature and extent of risks

The COVID-19 pandemic, as described in note 5, has generally increased the nature and extent of risks arising from financial instruments that the Company is exposed to. Management expects that the COVID-19 pandemic will most significantly impact credit risk, liquidity risk, and price risk. The extent to which these risks will be impacted is being closely monitored and is expected to change as the situation continues to develop. Management will continue to evaluate the Company's risk exposure and will adjust its risk management approach as necessary.

Credit risk

Assets that subject the Company to credit risk consist primarily of cash and deposits, trade and other receivables, unbilled receivables, contract assets, investments held for self-insured liabilities, holdbacks on long-term contracts, and other financial assets. The Company's maximum amount of credit risk exposure is limited to the carrying amount of these assets, which at December 31, 2020, was $1,649.6 (2019 – $1,682.4).

The Company limits its exposure to credit risk by placing its cash and cash equivalents in high-quality credit institutions. Investments held for self-insured liabilities include corporate bonds and equity securities. The Company believes the risk associated with corporate bonds and equity securities is mitigated by the overall quality and mix of

the Company's investment portfolio. Substantially all bonds held by the Company are investment grade, and none are past due. The Company monitors changes in credit risk by tracking published external credit ratings.

The Company mitigates the risk associated with trade and other receivables, unbilled receivables, contract assets, and holdbacks on long-term contracts by providing services to diverse clients in various industries and sectors of the economy. In addition, management reviews trade and other receivables past due on an ongoing basis to identify matters that could potentially delay the collection of funds at an early stage. The Company does not concentrate its credit risk in any particular client, industry, or economic or geographic sector.

The Company monitors trade receivables to an internal target of days of revenue in trade receivables. At December 31, 2020, the days of revenue in trade receivables was 58 (2019 – 61).

The lifetime ECLs relating to financial assets are outlined in the table below:

	Total	**1–30**	**31–60**	**61–90**	**91–120**	**121+**
December 31, 2020	**$**	**$**	**$**	**$**	**$**	**$**
Expected loss rate		**0.12 %**	**0.16 %**	**0.38 %**	**0.76 %**	**1.52 %**
Gross carrying amount	**1,180.9**	**864.7**	**160.3**	**60.9**	**25.9**	**69.1**
Loss allowance provision, end of the year	**3.7**	**1.3**	**0.3**	**0.2**	**0.3**	**1.6**
December 31, 2019						
Expected loss rate		0.10 %	0.13 %	0.30 %	0.59 %	1.05 %
Gross carrying amount	1,308.3	914.7	221.1	63.5	27.8	81.2
Loss allowance provision, end of the year	2.8	1.1	0.2	0.2	0.3	1.0

During 2020, $2.0 trade receivables were written off (2019 – $1.7) and the Company had no recoveries from the collection of accounts receivable previously written off.

Bonds carried at FVOCI are considered to be low risk; therefore, the impairment provision is determined to be the 12-month ECL. To the extent that the credit risk for any instruments significantly increases since initial acquisition, the impairment provision is determined using the lifetime ECL.

Liquidity risk
The Company meets its liquidity needs through various sources, including cash generated from operations, issuing senior unsecured notes, long- and short-term borrowings from its $800.0 revolving credit facility, term loans, and the issuance of common shares. The unused capacity of the revolving credit facility at December 31, 2020, was $786.5 (2019 – $282.6). The Company believes that it has sufficient resources to meet obligations associated with its financial liabilities.

The timing of undiscounted cash outflows relating to financial liabilities is outlined in the table below:

	Total	Less than 1 Year	1 to 3 Years	After 3 Years
	$	$	$	$
December 31, 2020				
Bank indebtedness	**4.7**	**4.7**	**—**	**—**
Trade and other payables	**576.0**	**576.0**	**—**	**—**
Lease liabilities	**740.3**	**127.8**	**226.9**	**385.6**
Long-term debt	**683.2**	**47.6**	**334.7**	**300.9**
Other financial liabilities	**8.2**	**0.9**	**7.2**	**0.1**
Total contractual obligations	**2,012.4**	**757.0**	**568.8**	**686.6**
December 31, 2019				
Bank indebtedness	19.5	19.5	—	—
Trade and other payables	576.4	576.4	—	—
Lease liabilities	810.5	138.5	255.0	417.0
Long-term debt	863.0	47.2	366.9	448.9
Other financial liabilities	4.8	0.9	1.8	2.1
Total contractual obligations	2,274.2	782.5	623.7	868.0

Interest rate risk
The Company is subject to interest rate cash flow risk to the extent that its revolving credit facility and term loan are based on floating interest rates. However, this risk has been largely mitigated by our fixed rate senior unsecured notes (note 17) and our interest rate swap on the term loan. The Company is also subject to interest rate pricing risk to the extent that its investments held for self-insured liabilities include fixed-rate government and corporate bonds.

Foreign exchange risk
Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange gains or losses in net income arise on the translation of foreign currency-denominated assets and liabilities (such as trade and other receivables, trade and other payables, and long-term debt) held in the Company's Canadian operations and foreign subsidiaries. The Company manages its exposure to foreign exchange fluctuations on these items by matching foreign currency assets with foreign currency liabilities and through the use of foreign currency forward contracts.

Foreign exchange fluctuations may also arise on the translation of the Company's US-based subsidiaries or other foreign subsidiaries, where the functional currency is different from the Canadian dollar, and are recorded in other comprehensive income. The Company does not hedge for this foreign exchange risk.

Price risk
The Company's investments held for self-insured liabilities are exposed to price risk arising from changes in the market values of the equity securities. This risk is mitigated because the portfolio of equity funds is monitored regularly and appropriately diversified.

A 1.0% increase or decrease in equity prices at December 31, 2020, would increase or decrease the Company's net income by $.3, respectively.

26. Capital Management

The Company's objective when managing capital is to provide sufficient capacity to cover normal operating and capital expenditures, acquisition growth, payment of dividends, and opportunistic share repurchases under its NCIB program, while maintaining an adequate return for shareholders. The Company defines its capital as cash, the aggregate of long-term debt (including the current portion) and shareholders' equity.

	December 31, 2020	**December 31, 2019**
	$	**$**
Current portion of long-term debt	**46.6**	46.9
Non-current portion of long-term debt	**634.2**	814.0
Long-term debt	**680.8**	860.9
Bank indebtedness	**4.7**	19.5
Less: cash and deposits	**(289.5)**	(223.5)
Net debt	**396.0**	656.9
Shareholders' equity	**1,928.5**	1,875.5
Total capital managed	**2,324.5**	2,532.4

The Company manages its capital structure to maintain the flexibility to adjust to changes in economic conditions and acquisition growth and to respond to interest rate, foreign exchange, credit, and other risks. To maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to NCIB, issue new shares, or raise or retire debt.

The Company is subject to various covenants related to its credit facilities (measured quarterly) and senior unsecured notes. The financial covenants include but are not limited to a leverage ratio and an interest coverage ratio (non-IFRS measures). The leverage ratio is calculated as the aggregate amount of indebtedness, less unencumbered cash of up to $150.0 Canadian dollars, to EBITDA (on a pre-IFRS 16 basis). The interest coverage ratio is calculated as EBITDA to interest expense (pre-IFRS 16 basis). Failure to meet the terms of one or more of these covenants may constitute a default, potentially resulting in accelerating the repayment of these debt obligations.

The Company was in compliance with the covenants under these agreements as at and throughout the year ended December 31, 2020.

27. Income Taxes

The effective income tax rate for continuing operations in the consolidated statements of income differs from statutory Canadian tax rates as a result of the following:

	For the year ended December 31	
	2020	2019
	%	%
Income tax expense at statutory Canadian rates	**25.6**	27.0
Increase (decrease) resulting from:		
Rate differential on foreign income	**2.5**	2.2
Non-deductible expenses and non-taxable income	**1.6**	0.7
Unrecognized tax losses and temporary differences	**(0.5)**	0.6
Research and development and other tax credits	**(1.1)**	(1.0)
Other	**(1.5)**	(2.7)
	26.6	26.8

Major components of income tax expense from continuing operations are as follows:

	For the year ended December 31	
	2020	2019
	$	$
Ongoing operations	**76.9**	54.9
UK reorganization tax and US transition tax	**2.6**	1.1
Current income tax expense	**79.5**	56.0

	For the year ended December 31	
	2020	2019
	$	$
Origination and reversal of timing differences	**(17.0)**	12.9
Unrecognized tax losses and temporary differences	**0.8**	7.8
Change of tax rates	**(1.7)**	(1.0)
Recovery arising from previously unrecognized tax assets	**(4.0)**	(4.6)
Deferred income tax (recovery) expense	**(21.9)**	15.1

Significant components of net deferred income tax assets (liabilities) are as follows:

	December 31, 2020	December 31, 2019
	$	$
Deferred income tax assets (liabilities)		
Lease liabilities	**154.9**	162.0
Differences in timing of taxability of revenue and deductibility of expenses	**27.7**	16.2
Loss and tax credit carryforwards	**8.7**	11.4
Employee defined benefit plan	**5.7**	8.5
Other	**1.2**	1.1
Carrying value of property and equipment in excess of tax cost	**(26.2)**	(22.7)
Carrying value of intangible assets in excess of tax cost	**(84.3)**	(90.1)
Lease assets	**(108.7)**	(127.7)
	(21.0)	(41.3)

The following is a reconciliation of net deferred tax assets (liabilities):

	December 31, 2020	December 31, 2019
	$	$
Balance, beginning of the year	**(41.3)**	(33.1)
Impact of IFRS 16 in 2019	**—**	11.5
January 1, 2019	**(41.3)**	(21.6)
Tax effect on equity items	**(2.0)**	4.0
Impact of foreign exchange	**0.9**	0.8
Other	**0.4**	0.2
Deferred taxes acquired through business combinations	**0.2**	(9.6)
Tax (expense) recovery during the year recognized in net income	**20.8**	(15.1)
Balance, end of the year	**(21.0)**	(41.3)

At December 31, 2020, all loss carryforwards and deductible temporary differences available to reduce the taxable income of Canadian, US, and foreign subsidiaries were recognized in the consolidated financial statements, except as noted below.

	December 31, 2020	December 31, 2019
	$	$
Deductible temporary differences	**1.1**	9.2
Non-capital tax losses:		
Expire (2021 to 2040)	**37.0**	37.8
Never expire	**33.5**	71.2
	70.5	109.0
Capital tax losses:		
Never expire	**2.6**	6.8
	74.2	125.0

Deferred tax assets have not been recognized in respect of these temporary differences and losses because they are restricted to certain jurisdictions and cannot be used elsewhere in the Company at this time.

Due to a change in United States tax legislation as a result of the COVID-19 pandemic, the depreciable life of leasehold improvements was accelerated for tax purposes, which resulted in an adjustment of $9.1 that increased income taxes recoverable and deferred tax liabilities.

28. Net Interest Expense and Other Net Finance Expense

Net interest expense

		For the year ended December 31	
		2020	2019
	Note	**$**	$
Interest on credit facilities	17	**20.1**	37.6
Interest on lease liabilities	12	**28.8**	32.3
Other		**4.2**	3.4
Total interest expense		**53.1**	73.3
Interest income on FVOCI investment debt securities	15	**(2.8)**	(2.5)
Other		**(1.1)**	(1.2)
Total interest income		**(3.9)**	(3.7)
Net interest expense		**49.2**	69.6

Other net finance expense

	For the year ended December 31	
	2020	2019
	$	$
Bank charges	**4.0**	3.5
Other	**0.9**	(0.4)
Other net finance expense	**4.9**	3.1

29. Revenue

Disaggregation of revenue

The Company provides professional consulting services in engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics throughout North America and globally. The Company has five specialized business operating units: Buildings, Energy & Resources, Environmental Services, Infrastructure, and Water. Revenue is derived principally under fee-for-service agreements with clients. Disaggregation of revenue by geographic area and service is included in note 35. During the year, there were no significant changes to contract assets and deferred revenue. In 2019, contract assets and deferred revenue increased $1.1 and $4.6, respectively, as a result of the acquisition of WGE.

Revenue recognized in 2020 and included in deferred revenue at January 1, 2020, was $199.2 (2019 – $174.4). Revenue recognized in 2020 from performance obligations satisfied (or partially satisfied) in prior years was less than 5% (2019 – 5%) of the Company's gross revenue from continuing operations.

Remaining performance obligations (backlog)

The aggregate amount of estimated revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as at December 31, 2020, was $4,377 (2019 – $4,257). This amount includes all contracts with customers but excludes variable consideration that is not highly probable. The Company expects to recognize approximately 78% (2019 – 77%) of this revenue as contracts are completed over the next 18 months with the remainder recognized thereafter.

30. Employee Costs from Continuing Operations

		For the year ended December 31,	
		2020	2019
	Note	**$**	$
Wages, salaries, and benefits		**2,670.3**	2,629.9
Pension costs		**79.3**	75.0
Share-based compensation	23	**16.4**	18.1
Total employee costs		**2,766.0**	2,723.0
Direct labor		**1,754.0**	1,702.9
Indirect labor		**1,012.0**	1,020.1
Total employee costs		**2,766.0**	2,723.0

Direct labor costs include salaries, wages, and related fringe benefits (including pension costs) for labor hours directly associated with the completion of projects. Bonuses, share-based compensation, termination payments, and salaries, wages, and related fringe benefits (including pension costs) for labor hours not directly associated with the completion of projects are included in indirect labor costs. Indirect labor costs are included in administrative and marketing expenses in the consolidated statements of income. Included in pension costs is $77.3 (2019 – $73.0) related to defined contribution plans.

As a result of the outbreak of the COVID-19 pandemic, government grants received for wage subsidies were $3.5 and were primarily related to the UK Coronavirus Job Retention Scheme. The wage subsidies were presented as a reduction to indirect labor in administrative and marketing expenses. At December 31, 2020, there were no unperformed conditions related to these grants.

31. Other (Income) Expense

	For the year ended December 31,	
	2020	2019
	$	$
Share of income from joint ventures and associates	**(1.5)**	(0.8)
Unrealized gain on equity securities	**(0.7)**	(7.9)
Other	**0.1**	(2.3)
Total other income	**(2.1)**	(11.0)

32. Weighted Average Shares Outstanding

The number of basic shares outstanding and diluted common shares, calculated on a weighted average basis, is as follows:

	December 31, 2020	December 31, 2019
	#	#
Basic shares outstanding	**111,553,711**	111,550,424
Share options (dilutive effect in 2020 of2,123,800 options; 2019 – 107,168 options)	**395,594**	—
Diluted shares	**111,949,305**	111,550,424

At December 31, 2020, and December 31, 2019,no options were antidilutive.

33. Cash Flow Information

A reconciliation of liabilities arising from financing activities for the year ended December 31, 2020, is as follows:

	Senior Unsecured Notes	**Revolving Credit Facility and Term Loan**	**Lease Liabilities**	**Notes Payable**	**Software Financing Obligations**	**Dividends**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
January 1, 2020	**—**	**756.5**	**688.9**	**88.7**	**15.7**	**16.1**	**1,565.9**
Statement of cash flows							
Proceeds	**300.0**	**61.0**	**2.8**	**—**	**—**	**—**	**363.8**
Transaction costs	**(2.1)**	**—**	**—**	**—**	**—**	**—**	**(2.1)**
Repayments or payments	**—**	**(509.0)**	**(129.3)**	**(33.2)**	**(13.0)**	**(68.0)**	**(752.5)**
Non-cash changes							
Foreign exchange	**—**	**—**	**(1.6)**	**2.2**	**0.2**	**—**	**0.8**
Additions and modifications	**—**	**—**	**66.2**	**10.0**	**0.4**	**—**	**76.6**
Dividends declared	**—**	**—**	**—**	**—**	**—**	**69.1**	**69.1**
Other	**1.6**	**0.6**	**2.8**	**1.1**	**0.1**	**—**	**6.2**
December 31, 2020	**299.5**	**309.1**	**629.8**	**68.8**	**3.4**	**17.2**	**1,327.8**

34. Related-Party Disclosures

At December 31, 2020, the Company had subsidiaries and structured entities that it controlled and included in its consolidated financial statements. The Company also enters into related-party transactions through a number of joint ventures, associates, and joint operations. These transactions involve providing or receiving services entered into in the normal course of business.

The following lists the most significant entities where the Company owns 100% of the voting and restricted securities.

Name	Jurisdiction of Incorporation
International Insurance Group Inc.	Barbados
Mustang Acquisition Holdings Inc.	Delaware, United States
MWH International, Inc.	Delaware, United States
Stantec Australia Pty Ltd	Australia
Stantec Consulting Caribbean Ltd.	Barbados
Stantec Consulting International LLC	Arizona, United States
Stantec Consulting International Ltd.	Canada
Stantec Consulting Ltd./Stantec Experts-conseils ltée	Canada
Stantec Consulting Michigan Inc.	Michigan, United States
Stantec Consulting Services Inc.	New York, United States
Stantec Delaware V LLC	Delaware, United States
Stantec Holding (2017) Limited	United Kingdom
Stantec Holdings LP	Canada
Stantec New Zealand	New Zealand
Stantec Technology International Inc.	Delaware, United States
Stantec UK Limited	United Kingdom

There are no significant restrictions on the Company's ability to access or use assets or to settle liabilities of its subsidiaries. Financial statements of all subsidiaries are prepared as at the same reporting date as the Company's.

Structured entities

At December 31, 2020, the Company had management agreements in place with several entities to provide various services, including architecture, engineering, planning, and project management. These entities have been designed so that voting rights are not the dominant factor in deciding who controls the entity. Each entity has a management agreement in place that provides the Company with control over the relevant activities of the entity where it has been assessed that the Company is exposed to variable returns of the entity and can use its power to influence the variable returns. The Company receives a management fee generally equal to the net income of the entities and has an obligation regarding the liabilities and losses of the entities. Based on these facts and circumstances, management determined that the Company controls these entities and they are consolidated in the Company's consolidated financial statements. The Company does not have any unconsolidated structured entities.

The following lists the most significant structured entities that are consolidated in the Company's financial statements.

Name	Jurisdiction of Incorporation
Stantec Architecture Inc.	North Carolina, United States
Stantec Architecture Ltd.	Canada
Stantec Geomatics Ltd.	Alberta, Canada
Stantec International Inc.	Pennsylvania, United States

Joint operations

The Company also conducted its business through the following significant joint operations.

Name	Ownership Interests	Jurisdiction
Stantec-Bonatti, a Joint Venture	85%	Canada
Stantec/SG Joint Venture	65%	United States
Starr II, a Joint Venture	47%	United States
Stantec/GHD	46%	Australia
SFP Joint Venture	10%	Australia

Joint ventures

The Company enters into transactions through its investments in joint ventures.The following table provides the total dollar amount for transactions that have been entered into with related parties.

	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Sales to Related Parties $	**Distributions Paid $**	**Amounts Owed by Related Parties $**	Sales to Related Parties $	Distributions Paid $	Amounts Owed by Related Parties $
Joint ventures	**33.4**	**2.5**	**4.3**	40.2	0.9	8.9

Compensation of key management personnel and directors of the Company

	For the year ended December 31,	
	2020 $	2019 $
Salaries and other short-term employment benefits	**11.0**	11.0
Directors' fees	**0.8**	0.8
Share-based compensation	**8.1**	8.3
Total compensation	**19.9**	20.1

The Company's key management personnel for 2020 and 2019 include its Chief Executive Officer (CEO), Chief Operating Officers, Chief Business Officer, Chief Financial Officer, Chief Practice and Project Officer, Chief Innovation Officer, and Executive Vice Presidents. The amounts disclosed in the table are the amounts recognized as an expense related to key management personnel and directors during the year. Share-based compensation includes the fair value adjustment for the year.

35. Segmented Information

The Company provides comprehensive professional services in the area of infrastructure and facilities throughout North America and globally. It considers the basis on which it is organized, including geographic areas, to identify its reportable segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and are evaluated regularly by the chief operating decision maker when allocating resources and assessing performance. The chief operating decision maker is the CEO of the Company, and the Company's operating segments are based on its regional geographic areas.

The Company's reportable segments are Canada, United States, and Global. These reportable segments provide professional consulting in engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics services in the area of infrastructure and facilities. The operating results of Construction Services, previously a reportable segment, were reported as discontinued operations (note 8).

Segment performance is evaluated by the CEO based on gross margin and is measured consistently with gross margin in the consolidated financial statements. Inter-segment revenues are eliminated on consolidation and reflected in the Adjustments and Eliminations column.

Reportable segments from continuing operations

	For the year ended December 31, 2020					
	Canada $	**United States $**	**Global $**	**Total Segments $**	**Adjustments and Eliminations $**	**Consolidated $**
Total gross revenue	**1,272.6**	**2,675.1**	**880.6**	**4,828.3**	**(98.2)**	**4,730.1**
Less inter-segment revenue	**34.1**	**19.9**	**44.2**	**98.2**	**(98.2)**	**—**
Gross revenue from external customers	**1,238.5**	**2,655.2**	**836.4**	**4,730.1**	**—**	**4,730.1**
Less subconsultants and other direct expenses	**164.8**	**695.4**	**185.4**	**1,045.6**	**—**	**1,045.6**
Total net revenue	**1,073.7**	**1,959.8**	**651.0**	**3,684.5**	**—**	**3,684.5**
Gross margin	**533.7**	**1,048.7**	**348.1**	**1,930.5**	**—**	**1,930.5**

	For the year ended December 31, 2019					
	Canada $	United States $	Global $	Total Segments $	Adjustments and Eliminations $	Consolidated $
Total gross revenue	1,314.7	2,709.8	914.2	4,938.7	(111.4)	4,827.3
Less inter-segment revenue	31.6	21.7	58.1	111.4	(111.4)	—
Gross revenue from external customers	1,283.1	2,688.1	856.1	4,827.3	—	4,827.3
Less subconsultants and other direct expenses	173.6	740.5	201.9	1,116.0	—	1,116.0
Total net revenue	1,109.5	1,947.6	654.2	3,711.3	—	3,711.3
Gross margin	571.1	1,070.2	367.1	2,008.4	—	2,008.4

The following tables disclose disaggregation of revenue by geographic area and services:

Geographic information	Non-Current Assets		Gross Revenue	
			For the year ended December 31	
	December 31, 2020 $	December 31, 2019 $	**2020 $**	2019 $
Canada	**646.0**	760.5	**1,238.5**	1,283.1
United States	**1,430.0**	1,486.2	**2,655.2**	2,688.1
United Kingdom	**142.4**	143.3	**321.5**	279.1
Other global geographies	**324.5**	326.4	**514.9**	577.0
	2,542.9	2,716.4	**4,730.1**	4,827.3

Non-current assets consist of property and equipment, lease assets, goodwill, and intangible assets. Geographic information is attributed to countries based on the location of the assets.

Gross revenue is attributed to countries based on the location of the project.

Gross revenue by services	For the year ended December 31,	
	2020	2019
	$	$
Buildings	**990.8**	1,053.3
Energy & Resources	**631.9**	613.1
Environmental Services	**757.6**	779.8
Infrastructure	**1,345.9**	1,407.9
Water	**1,003.9**	973.2
Total gross revenue from external customers	**4,730.1**	4,827.3

Customers

The Company has a large number of clients in various industries and sectors of the economy. No particular customer exceeds 10% of the Company's gross revenue.

36. Investment Tax Credits

Investment tax credits, arising from qualifying scientific research and experimental development efforts pursuant to existing tax legislation, are recorded as a reduction of administrative and marketing expenses when there is reasonable assurance of their ultimate realization. In 2020, investment tax credits of $10.5 (2019 – $11.5) were recorded.

37. Events after the Reporting Period

Dividend

On February 24, 2021, the Company declared a dividend of $0.165 per share, payable on April 15, 2021, to shareholders of record on March 31, 2021.

Greg Tucker and Associates Pty Ltd. (GTA)

The Company entered into an agreement to acquire GTA, a 135-person transportation firm based in Australia. This addition will further strengthen the Company's Infrastructure operations in Global.

38. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted for 2020.

Exhibit 99.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference of our Firm under the caption “Interests of Experts”, and to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-8 No. 333-143082) pertaining to the Employee Stock Purchase Plan of Stantec Consulting Services Inc., and

2) Registration Statement (Form S-8 No. 333-143084) pertaining to the Employee Share Option Plan of Stantec Inc., and

3) Registration Statement (Form S-8 No. 333-212932) pertaining to the Long Term Incentive Plan of Stantec Inc.

of Stantec Inc. and the use herein of our reports dated February 24, 2021, with respect to the consolidated statements of financial position as at December 31, 2020 and 2019 and the consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for each of the years in the two-year period ended December 31, 2020, and the effectiveness of internal control over financial reporting of Stantec Inc. as of December 31, 2020, included in this Annual Report on Form 40-F.

/s/ Ernst & Young LLP

Chartered Professional Accountants

Edmonton, Canada
February 24, 2021

Exhibit 99.5

CERTIFICATION
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, GORDON A. JOHNSTON, certify that:

1. I have reviewed this annual report on Form 40-F of Stantec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 24, 2021

/s/ Gordon A. Johnston
GORDON A. JOHNSTON, M. ENG, P. ENG
President and Chief Executive Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Stantec Inc. (the "Company") is filing its annual report on Form 40-F for the fiscal year ended December 31, 2020 (the “Report”) with the United States Securities and Exchange Commission.

I, Gordon A. Johnston, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as enacted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2021

/s/ Gordon A. Johnston
GORDON A. JOHNSTON, M. ENG, P. ENG
President and Chief Executive Officer

Exhibit 99.7

CERTIFICATION
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, THERESA B. Y. JANG, certify that:

1. I have reviewed this annual report on Form 40-F of Stantec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 24, 2021

/s/ Theresa B. Y. Jang
THERESA B. Y. JANG
Executive Vice President and Chief Financial Officer

Exhibit 99.8

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Stantec Inc. (the "Company") is filing its annual report on Form 40-F for the fiscal year ended December 31, 2020 (the “Report”) with the United States Securities and Exchange Commission.

I, Theresa B. Y. Jang, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as enacted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2021

/s/ Theresa B. Y. Jang
THERESA B. Y. JANG
Executive Vice President and Chief Financial Officer

Policy

Stantec conducts business in accordance with high ethical, moral, and legal standards, and in the best interests of the Company, and its employees, shareholders, and other stakeholders. Stantec maintains business practices that will earn the respect of everyone with whom the Company conducts business.

Practice

The following standards are intended to protect the Company's reputation and the quality of its services.

Compliance Responsibilities

Stantec's Code of Business Conduct is to be strictly followed at all times and under all circumstances. Any violation will subject an employee to disciplinary action up to and including termination.

This Code of Business Conduct applies to all employees and is not intended to be exhaustive. The Code of Business Conduct is intended to serve as a source of guiding principles to ensure all operations and employees approach their work in a consistent and appropriate manner, regardless of location, entity, or job function.

It is vital that employees understand and comply with the Code of Business Conduct as well as recognize their continuing obligations to familiarize themselves with all Company policies and applicable laws that govern the work that we do.

If questions arise about how the Code of Business Conduct applies or how a situation involving an ethical or legal issue should be handled, employees must, without delay, contact corporate counsel or another of the compliance contact points listed in this Code.

Supervisors are responsible for all Employees reporting to them and must emphasize the importance of ethical conduct and compliance as part of their routine business practice. It is the obligation of all supervisors to see to it that there are no violations of law or policy within their areas of responsibility.

Definitions

The following words, phrases, and terms used in this Code have the following meanings:

- "Company" or "Stantec" means Stantec Inc. or any of its wholly owned subsidiaries and affiliated companies
- "Employees" means any director, officer, or employee of Stantec
- "Supervisor" means the person an employee reports to, and in the case of the president and chief executive officer and members of the board of directors, means the chair of the board of directors

Dollar values used in this Code are based on a North American cost of living. Anyone in a country outside of North America should reference the Stantec Code of Business Conduct Country Gift Limits guidance and/or contact our corporate counsel for guidance on the appropriate dollar amounts in your jurisdiction.

Reputation

The reputation of Stantec is determined by how every employee presents herself or himself and conducts business. Honesty, professionalism, ethical behavior, and integrity when interacting with others are the cornerstones of our reputation and key to our business success. The Company succeeds in the marketplace through superior performance, not by unethical or manipulative practices.

Abiding by the Law

Wherever Stantec operates, it will always comply with applicable laws and regulations. In acting on behalf of Stantec, no employee shall, at any time, take any action which he or she knows or reasonably should know to be in violation of any applicable law or regulation. No unethical or illegal act can be justified by an employee saying that the act was in the best interests of the Company or that he or she was directed to act by a higher level employee. Any time an employee is uncertain about the application or interpretation of a law or regulation, he or she should consult his or her supervisor or seek the opinion of any of the Company's in-house corporate counsel.

Accurate Books and Records

The Company requires full, fair, accurate, timely, and understandable recording and reporting of all Company accounting information. Employees must act in a manner that ensures all Company books, records, accounts, and financial statements are maintained in reasonable detail, accurately reflect the Company's transactions, and conform to applicable legal requirements, accounting standards, and the Company's system of internal controls.

Employees must execute and record transactions in accordance with all internal control procedures implemented by Company management. All records, including expense reports, must be complete and timely and must accurately reflect each transaction or expenditure. Employees must also ensure that their timecard accurately reflects the number of hours worked on each specific project.

Any Employee involved in preparing the Company's disclosure documents (such as corporate filings or press releases) must produce full, fair, accurate, timely, and understandable disclosure in such documents.

Employees are not to create or participate in the creation or perpetuation of any records that are intended to mislead or conceal any improper act or misconduct. Similarly, all legal holds must be followed, and no employee should destroy a Company record (including those in electronic form) in order to mislead or conceal any improper act or misconduct.

Conflicts of Interest

Employees have a duty to be free from the influence of any conflicting interest when representing Stantec. In dealings with current or potential clients, subconsultants, suppliers, contractors, and competitors, employees should act in the best interests of the Company to the exclusion of personal advantage.

A conflict of interest occurs when an individual's personal or family interests may interfere with the performance of his or her duties or with the best interests of Stantec. Even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided. Whether or not a conflict of interest exists or will exist can be unclear. Stantec employees should not compete with Stantec and should never let business dealings on behalf of Stantec be influenced, or even appear to be influenced, by personal or family interests.

The following is a non-exhaustive list of circumstances which may give rise to a conflict of interest:

- **Work Outside of Stantec**
  Any activity that supports a competitor is prohibited. You may not be employed by (or provide consulting services to) a client, subconsultant, supplier, or contractor of Stantec. Any exceptions to this provision must be approved in writing by the business center managing leader and

summarized and provided to the regional Human Resources manager to be placed in the employee's personnel file.

Employment by or service on the board of a competitor or other service provider is generally discouraged and must be approved in writing by the employee's supervisor.

Service on the board of a client must be approved in writing by the employee's supervisor and general counsel.

All other requests for employment outside Stantec must be approved in writing by the supervisor, and summarized and provided to the regional Human Resources manager to be placed in the employee's personnel file.

- **Conducting business transactions with a family member or with a business in which you have a financial interest**
  If you have, or intend to acquire, a financial interest that may give rise to a conflict, or if you propose to conduct Stantec business with a family member, you must seek written approval from your supervisor. Persons evaluating whether ownership in a business constitutes a conflict of interest will consider the following:

  1. Size and nature of the investment
  2. Nature of the relationship between the other entity and Stantec
  3. Employee's access to confidential information
  4. Employee's ability to influence Stantec decisions

  Material related-party transactions will be publicly disclosed as required by applicable laws and regulations.

- **Dealing with Stantec property**
  You, or anyone with whom you do not deal at arm's length, should not buy, sell, or lease any kind of property, facilities, equipment, or service from or to Stantec, or have a financial interest in any such property, facilities, equipment, or service without the written approval of your supervisor.

- **Dealing with Stantec Information**
  Except in the best interests of Stantec, you should not give, release, or discuss with anyone not authorized by Stantec any data or information on Stantec activities that is not available to the general public, nor should you use such information for the personal advantage of your family or friends.

- **Soliciting, Accepting, or Offering Gifts**
  You may not solicit, accept, or offer gifts, favors, entertainment (including tickets to sporting, cultural events, etc.), hospitality (including meals, beverages, etc.), travel, preferential treatment, or other things of value (collectively, "Gifts") from or to any person or entity that does business or seeks to do business with Stantec, except as provided below. Gifts should not be solicited or accepted from anyone for Stantec staff event prizes. You may not accept or offer cash (or cash equivalents, including prepaid credit cards, checks, etc.) or loans under any circumstances. You may accept or offer infrequent Gifts of nominal value within the normal standards of courtesy, hospitality, or protocol. Any Gifts offered must be properly recorded in Stantec's records in accordance with our policies. No Gifts may be offered or accepted directly or indirectly (including Gifts to or from family members) if the Gifts exceed an aggregate value of $1,000 (Canada and

United States only – see "Country Gift Limits" on StanNet for limits in other jurisdictions) to or from any individual in any 12-month period.

Further, no Gifts may be offered or accepted if doing so

- Is unlawful
- Violates the stricter of Stantec's or the other party's policies or practices (you are responsible for knowing and adhering to the rules that apply to parties you propose to offer a Gift to)
- Obligates the recipient in any way
- Compromises or may appear to compromise the integrity, reputation, or independence of the recipient
- Includes air travel or overnight accommodation
- Includes the giving or receiving of entertainment where a representative of the company offering the Gift will not be accompanying the recipient to the event
- Involves a public sector employee (which is broadly interpreted to include elected or appointed representatives and employees or consultants at all levels of any municipal, state/provincial, or federal government). Subject always to the policies of the party being hosted (public sector employees are often not permitted to accept Gifts), a beverage or light lunch or dinner (valued at approximately $50) incidental to a business meeting is generally acceptable.

If an employee receives a gift that does not fall within these guidelines, the employee must report the gift to his or her supervisor and return it. If returning the gift is not practical, the employee must contact corporate counsel to determine and document how the gift will be dealt with.

By adopting these practices, Stantec chooses to avoid even the appearance of impropriety. As consultants, we owe a duty to our clients to be impartial and to give objective advice and recommendations. Any bias or perception of bias or favoritism must be avoided. These practices also apply to expenses personally incurred by Stantec employees, even when no reimbursement from Stantec is sought, where the expense was incurred to further the business interests of Stantec or the party receiving the Gift.

If in doubt about the interpretation or application of this practice—including whether an individual is a "public sector employee," the definition of "incidental," etc.—check with any of Stantec's corporate counsel before offering or accepting any Gift.

- **Other Prohibited Conduct**
  Offering, soliciting, accepting, or giving anything of value (including favors, confidential information, loans, discounts, job offers, kickbacks, bribes, etc.) to improperly influence third-party decisions is also prohibited.

Inside Information and Insider Trading

During your employment at Stantec, you may sometimes have access to information about the Company and our business partners that is not available to the general public. You are prohibited from buying or selling shares of any company (including Stantec) about which you possess inside information. Information is considered "inside" if it is both material and non-public. Information is "material" if it would

reasonably be expected to have a significant effect on the market price or value of the company's shares if it were made public. Examples of such information include, but are not limited to:

- Financial results
- Projections of future earnings or losses
- Entering into or loss of significant contracts
- Pending or proposed mergers, acquisitions, or divestitures
- Changes in senior management or other major personnel changes

Information is "non-public" if it has not been previously disclosed to the general public and is otherwise not available to the general public.

For more information, please refer to Stantec's Insider Trading Prohibition Policy.

Dealing with Each Other

Stantec recognizes that workplace diversity is an essential ingredient to our success. Stantec understands that effective relationships are based on the recognition of the value and worth of each individual and that it is necessary to provide a working climate that is conducive to the success and well-being of all employees.

Stantec works to create an atmosphere of mutual trust and respect by being honest, fair, and consistent. Stantec treats all employees fairly and impartially and strives to consistently follow Company policies and practices. Stantec employees listen to one another and foster open and honest communications. Stantec values the opinion of employees, respects their diverse backgrounds, encourages communication among Employees, and solicits ideas and suggestions to improve or benefit the Company.

Stantec prohibits the use by its employees of any social or other media to post or display comments about coworkers, supervisors, clients, or the Company that (non-exhaustively)

- Are vulgar, obscene, threatening, intimidating, harassing
- Portray the Company or individuals in a negative light
- Are a violation of other workplace policies against discrimination, harassment, and violence

Posting or displaying such comments could result in disciplinary action being taken against an employee.

Dealing with Shareholders

Stantec is committed to protecting and improving shareholder value through the prudent use of Company resources and by observing high standards of legal and ethical conduct in all its business dealings. The Company communicates with shareholders regularly, candidly, and promptly, providing the information necessary to evaluate its management and investment value.

Dealing with Clients

Serving clients is the essence of Stantec's business. Meeting our clients' expectations and providing good value are the best ways to ensure ongoing demand for our services. Stantec will accurately represent its services and clearly communicate the terms under which these services are provided.

Dealing with Subconsultants and Suppliers

Stantec is committed to the fair treatment of subconsultants and suppliers and will select subconsultants and suppliers who provide the best value for the Company and its clients while also respecting its clients' wishes.

Proprietary Information Belonging to the Company

Employees must maintain the confidentiality of the Company's proprietary information. Examples of proprietary information include strategic plans, client lists, marketing plans, rate tables, and much of the technical information that the Company generates or uses in its business. The disclosure or misuse of Stantec's business information can harm the Company's competitive position and/or reputation and may be a violation of applicable laws. Employees, therefore, must not disclose business information outside the Company unless they are authorized and it is legal to do so.

Proprietary Information of Others

Stantec regularly receives proprietary information from its clients, subconsultants, and suppliers. The wrongful possession or use of any proprietary information of any third party is prohibited. Employees may use lawfully obtained proprietary information only for the purpose for which it is provided. If an employee is offered, or comes into, unauthorized possession of third-party proprietary information, the employee must decline the offer and take appropriate steps, if applicable, to return the information. Employees are prohibited from using any proprietary information obtained from prior employers.

Improper Payments

No payment will be made by, or improper benefit conferred on behalf of, the Company either directly or indirectly to government officials, political candidates, or officers or employees of clients, subcontractors, suppliers, or competitors that violates applicable laws. Bribes, facilitation payments, and trading in influence are strictly prohibited. Employees should familiarize themselves with Stantec's Anti-Corruption Policy.

Personal Business

Personal business should not be conducted during normal working hours. Any and all personal business activities should be confined to after hours or lunch breaks and should be consistent with this Code of Business Conduct, paying particular attention to the Conflicts of Interest section, Work Outside of Stantec subsection.

Hiring Former Government Employees

Employees must comply with all laws and regulations pertaining to employing or acquiring the services of present and former government employees. These rules apply to discussions with current government employees regarding potential employment by the Company or retaining such individuals in the capacity of consultant or subcontractor. These rules also restrict the roles and responsibilities that former government employees may perform after joining the Company. Any questions regarding activity which may create a conflict of interest should be raised immediately with corporate counsel.

Legal Processes, Investigations, and Audits

Occasionally, the Company may need to respond to inquiries, audits, or investigations imposed by outside entities or government authorities. It is required that employees bring all investigations and audits to the attention of corporate counsel immediately upon receipt of information, indicating that an inquiry, audit, or investigation by any outside entity or any government authority has commenced or is likely to commence

and, in any event, prior to engaging with or providing any type of information or response. It is important to remember that penalties and fines can be imposed due to failure to respond, incorrect responses, and delays.

The following are examples of occurrences that must be brought immediately to the attention of corporate counsel:

1. Notification of an inquiry, audit or investigation
2. Request to appear or testify before a governmental or quasi-governmental agency, commission, legislative, or administrative body
3. Subpoenas or requests for documentation, interviews, on-site visits, or inspections
4. Summons or complaints served on the Company
5. Notification of fines, penalties, or injunctive actions

It is the policy of Stantec to cooperate fully with inquiries and investigations to the greatest extent possible. Knowledge of any investigation, even those that may appear focused on a supplier, subcontractor, client, or other Stantec-related party, must be communicated to corporate counsel immediately.

Reporting Concerns

Employees who become aware of any concerns about accounting, internal controls, auditing, or other financial or nonfinancial matters, including violations of applicable laws, regulations, or internal policies, must report such issues to the Company's Integrity Hotline. In the event that such an issue is brought to the attention of a Stantec employee, that person must refer the issue to the Integrity Hotline.

Stantec's Integrity Hotline is managed by an independent third party. The Hotline is structured to receive information verbally, by a web interface, or in writing, and all reports are treated as confidential. Requests for anonymity will be honored to the extent possible while still ensuring a full and proper investigation. It is important that anonymous reports contain sufficient detail for an investigation.

Integrity Hotline numbers and address:

- The Integrity Hotline Phone Numbers –

Country	Phone Number	Languages Spoken
United States, Canada, and Puerto Rico	*Direct Dial*: From an outside line, dial direct for your location: 1-855-389-9170	English, French, Spanish
Argentina	*Direct Access*: From an outside line, dial the direct access number for your location: • Argentina (Argentina Telecom): 0-800-555-4288 • Argentina (Telefonica): 0-800-222-1288 At the *English* prompt, dial 855-389-9170.	Spanish (Latin American), English
Australia	*International Toll-Free Service (ITFS)*: From an outside line, dial the ITFS number for your location: 1-800-79-2097	English
Bahrain	*Direct Access*: From an outside line, dial the direct access number for your location: • Bahrain (US military bases): 800-000-00 • Bahrain: 800-00-001 • Bahrain (Cellular): 800-000-05 At the *English* prompt, dial 855-389-9170.	Arabic, English

Barbados	*Reverse Charge Calls / Collect Calls:* From an outside line, contact your local operator. • Request a reverse charge or collect call to be placed to the United States: 503-444-4000 • All reverse charge or collect calls will be accepted by the Contact Center using an automated *English* message.	English, Arabic
Belgium	*Direct Access:* From an outside line, dial the direct access number for your location: 0-800-100-10 At the *English* prompt, dial 855-389-9170.	Dutch, French (European), German, English
Brunei	*Direct Access:* From an outside line, dial the direct access number for your location: 800-1111 At the *English* prompt, dial 855-389-9170.	Malay, English
Chile	*Direct Access:* From an outside line, dial the direct access number for your location: • Chile (Telemax): 800-225-288 • Chile (Telefonica): 800-800-288 • Chile (ENTEL): 800-360-311 • Chile (ENTEL – Spanish Operator): 800-360-312 • Chile (Easter Island): 800-800-311 • Chile (Easter Island – Spanish Operator): 800-800-312 At the *English* prompt, dial 855-389-9170.	Spanish (Latin American), English
China	*Direct Access:* From an outside line, dial the direct access number for your location: • China (Southern): 10-811 • China (Northern): 108-888 At the *English* prompt, dial 855-389-9170.	Mandarin, Cantonese, English
Ethiopia	*Reverse Charge Calls / Collect Call:* From an outside line, contact your local operator. • Request a reverse charge or collect call to be placed to the United States: 971-371-7833 • All reverse charge or collect calls will be accepted by the Contact Center using an automated *English* message.	Amharic (Ethiopian), English
Fiji Islands	*Reverse Charge Calls/Collect Call:* From an outside line, contact your local operator. • Request a *reverse charge or collect call* to be placed to the United States: 503-444-4000 All reverse charge or collect calls will be accepted by the Contact Center using an automated *English* Message.	English
India	*Direct Access:* From an outside line, dial the direct access number for your location: 000-117 At the *English* prompt, dial 855-389-9170.	English, Hindi
Italy *(includes San Marino, Vatican City)*	*International Toll-Free Service (ITFS):* From an outside line, dial the ITFS number for your location: 800-172418	Italian, English
Malaysia	*Direct Access:* From an outside line, dial the direct access number for your location: 1-800-80-0011 At the *English* prompt, dial 855-389-9170.	Malay, English
Netherlands	Global Inbound Services (GIS): From an outside line dial the direct access number for your location: 08000200028	Dutch, English
New Zealand	Global Inbound Services (GIS): From an outside line dial the direct access number for your location: 0508974209	English

Pakistan	*Direct Access*: From an outside line, dial the direct access number for your location: 00-800-01-001 • Not available from cellular phones At the *English* prompt, dial 855-389-9170.	Punjabi, Urdu, English
Panama	*Direct Access:* From an outside line, dial the direct access number for your location: 800-0109 • (Spanish Operator): 800-2288 At the *English* prompt, dial 855-389-9170.	Spanish (Latin American), English
Peru	*Direct Access*: From an outside line, dial the direct access number for your location: • Peru (Telefónica) – Spanish Operator): 0-800-50-000 • Peru (Telefónica) : 0-800-50-288 At the *English* prompt, dial 855-389-9170.	Spanish (Latin American), English
Qatar	*Reverse Charge and Collect Calls:* From an outside line, contact your local operator. • Request a reverse charge or collect call to be placed to the United States: 503-444-4000 • All reverse charge or collect calls will be accepted by the Contact Center using an automated *English* message.	English, Arabic
Saudi Arabia	*Direct Access*: From an outside line, dial the direct access number for your location: 1-800-10 At the *English* prompt, dial 855-389-9170.	English, Arabic
Taiwan	*Direct Access:* From an outside line, dial the direct access number for your location: 00-801-102-880 At the *English* prompt, dial 855-389-9170.	Mandarin, English
Turkey	*Direct Access:* From an outside line, dial the direct access number for your location: 0811-288-0001 • Not available from cellular phones At the *English* prompt, dial 855-389-9170.	Turkish, English
United Arab Emirates	*Direct Access*: From an outside line, dial the direct access number for your location: • United Arab Emirates (du): 8000-555-66 • United Arab Emirates: 8000-021 • United Arab Emirates (US military base, USO and cellular): 8000-061 At the *English* prompt, dial 855-389-9170.	English, Arabic
United Kingdom	*International Toll-Free Service (ITFS):* From an outside line, dial the ITFS number for your location: 0808-234-3434	English

The Integrity Hotline Web Intake – www.stantec.ethicspoint.com

- The Integrity Hotline Address:

  Integrity Hotline

c/o Stantec
#400, 10220 – 103 Avenue N.W.
Edmonton, AB T5J 0K4

If issues that have been reported to the Integrity Hotline are not clarified or otherwise dealt with to the satisfaction of the employee, that employee may file a complaint. To ensure a correct understanding of the matters subject to the complaint, the complaint should be filed with the Integrity Hotline in writing (although the complaint may be made verbally to the Integrity Hotline if the person making the complaint prefers), should be as specific as possible, and should identify any relevant documents. In order that prompt action can be taken, the complaint should be filed as soon as possible.

If the complaint has been made verbally to the Integrity Hotline, it will be reduced to writing. If the person making the complaint does not wish to maintain anonymity, the complaint may be submitted to the employee's immediate supervisor. Any supervisor who receives a complaint must forward the complaint to the Integrity Hotline. The complaint may also be submitted directly to the chair of the Audit and Risk Committee.

The chair of the Audit and Risk Committee is Shelley A. M. Brown, and she can be contacted at (604) 417-8548 or by email at shelleybrown@deloitte.ca

Commencement of Process

If the nature of the complaint is material to the affairs of the Company or involves any officer of Stantec Inc., then the issue shall immediately be reported to the chair of the Audit and Risk Committee who shall appoint a fact finder (who may be the general counsel or any other person designated by the chair of the Audit and Risk Committee) to investigate the complaint and issue a fact-finding report. The fact finder must be independent and must not be a manager, directly or indirectly, of either the individuals involved in the matters complained of or the individual making the complaint. All other complaints will be investigated by the general counsel or his or her designate.

The general counsel shall prepare a quarterly report to the Audit and Risk Committee summarizing the nature and disposition of all complaints received by the Integrity Hotline; this report will include an overview of any ongoing investigations or the resolution of any complaints.

Confidentiality

Confidentiality—relating both to the fact that a complaint has been made and to its investigation of employee complaints—will be maintained to the greatest extent possible. Only persons with a reason to know will have access to information relating to the complaint and its investigation.

Fact-Finding

Investigation

The fact finder and/or general counsel will investigate all matters brought to the Integrity Hotline, such investigation to include interviews of persons who may have information concerning the matters in issue. The fact finder and/or general counsel will have access to all relevant information and documents. The fact finder and/or general counsel will complete the investigation and the delivery of the fact-finding report as soon as practicable after the receipt of the complaint.

The Fact-Finding Report

The fact-finding report will concisely summarize all facts and issues learned during the investigation and will offer recommendations. Fact-finding reports respecting complaints material to the affairs of the Company or involving any officer of Stantec Inc. shall be delivered to the chair of the Audit and Risk Committee.

Evaluation of the Fact-Finding Report

The Audit and Risk Committee will review all fact-finding reports delivered to the Committee and may review other facts relating to the complaint. Any decision of the Audit and Risk Committee regarding the subject matter of the complaint will be communicated to the designated corporate executives and to the person filing the complaint, unless the complaint was filed anonymously.

Potential Outcomes

If it is determined that improper accounting, internal accounting controls, or auditing matters have occurred, or if something improper of a nonfinancial nature has occurred, appropriate action will be taken, including discipline of the wrongdoer(s). Discipline may take the form of counseling, verbal or written warning, reprimand, reassignment, suspension, demotion, and/or termination of employment. In appropriate cases, the matter may be referred to legal or regulatory authorities.

Retaliation

It is unlawful to retaliate against an employee who has, in good faith, provided information or otherwise assisted in an investigation regarding a complaint. The Audit and Risk Committee, the Board of Directors, and the Company will not tolerate any retaliation against an employee for complaining in good faith of questionable accounting, internal accounting controls, auditing matters, or nonfinancial matters, including violations of applicable laws, regulations, or internal policies, or for cooperating in the investigation of a complaint.

Complaint File Retention

At the conclusion of the process, the Audit and Risk Committee shall cause the office of the general counsel to confidentially retain a copy of the complaint, the fact-finding report, and any other documents deemed relevant by the Audit and Risk Committee, for a period of three (3) years from the date of the complaint. Such retention shall be solely for archival purposes.