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, 2021

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 200, Broomfield, CO 80021-8009, (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, 2021 – 111,333,479 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. ☑

The documents, or portions thereof, forming part of this Form 40-F are incorporated by reference into the following registration statements under the Securities Act of 1933, as amended:

Form	Registration No.
S-8	333-143082
S-8	333-143084
S-8	333-212932

DISCLOSURE CONTROLS AND PROCEDURES

The disclosure provided under “Controls and Procedures” on page M-40 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, 2021 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-3 and F-6 of Exhibit 99.3, 2021 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-40 of Exhibit 99.2, Management’s Discussion and Analysis, is incorporated by reference herein.

IDENTIFICATION OF THE AUDIT COMMITTEE

On December 31, 2021, 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 regularly 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. No material amendments nor waivers from any provision of the Code were made nor granted during Stantec's most recently completed fiscal year. The Code is available on Stantec’s website (stantec.com) under the “About – Corporate Governance” section and included as Exhibit 99.10 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 integrity hotline hosted by an independent third party 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

Effective June 1, 2021, Stantec changed its auditor from Ernst & Young LLP (Edmonton, AB, Canada, PCAOB ID: 1263) to PricewaterhouseCoopers LLP (Edmonton, AB, Canada, PCAOB ID: 271).

The disclosure provided under "External Auditor Service Fees" on page 20 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 20 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 pages M-25 and M-26 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 22 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 23, 2022
99.2	Management's Discussion and Analysis for the year ended December 31, 2021 (pages M-1 through M-43 of the 2021 Annual Report)
99.3	2021 Audited Consolidated Financial Statements (pages F-1 through F-59 of the 2021 Annual Report)
99.4	Consent of PricewaterhouseCoopers LLP
99.5	Consent of Ernst & Young LLP
99.6	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
99.7	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
99.8	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
99.9	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
99.10	Code of Business Conduct
101.	Interactive Data File (formatted as Inline XBRL)
104.	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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 23, 2022

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**
2022	6
2021	6
2020	8
2019	9
Description of the Business	**10**
Innovation, Research, and Development	11
Competitive Conditions	11
Services	11
Employees	12
Sustainability	12
Environment	12
Social	13
Governance	13
Global Operations	13
Risk Factors	**14**
Dividends	**14**
Description of Capital Structure	**14**
Preferred Shares	14
Common Shares	15
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	**21**
Conflicts of Interest	**21**
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**

Annual Information Form

February 23, 2022
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, 2021 (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 2022 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, 2021 (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 2022 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, 2021 (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-32 to M-40 and M-43 of our MD&A. Our MD&A for the year ended December 31, 2021 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 23, 2022 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 2022. 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, 2021, 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, 2021. 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, 2021.

Name of Subsidiary	Percentage of Voting Shares	Percentage of Restricted Shares[1]	Governing Jurisdiction
Cardno Holdings Pty. Ltd.	100	n/a	Australia
Cardno, Inc.	100	n/a	Delaware
International Insurance Group Inc.	100	n/a	Barbados
Mustang Acquisition Holdings 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 Global Capital Limited	100	n/a	United Kingdom

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 Consulting, Inc.	100	n/a	Delaware
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

2022

Officer Appointment
On January 1, 2022, John D. Take was appointed to the position of Stantec's chief business officer (CBO). Mr. Take was an existing employee of Stantec at the time of his appointment. Valentino DiManno who was Stantec's CBO until December 31, 2021, will retire from the Company in 2022 following the transition of the CBO role.

Three-Year History

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

2021

Acquisitions
On October 21, 2021, Stantec announced it had entered into share purchase agreements to acquire the North America and Asia Pacific engineering and consulting groups of Cardno Limited (Cardno) for aggregate cash consideration of US$500 million (Cardno Acquisition). The Cardno Acquisition which was completed on December 8, 2021, was financed through Stantec's existing funds and credit facilities. Upon completion of the Cardno Acquisition, Stantec added 2,750 professionals and expanded its presence in environmental services, infrastructure, community development, and water services segments.

In 2021, we acquired the following firms:

Month	Business Acquired	Nature of Business
March	Greg Tucker and Associates Pty. Ltd.	Provides expertise in transportation advisory, planning and analytics, transport engineering, and technical design. Principally located in Melbourne, Australia.
May	Engenium Pty Ltd Engenium Pty A Ltd	Provides project delivery consultancy services for mining, resources, and industrial infrastructure projects. Principally located in Perth, Australia.
September	Paleo Solutions, Inc.	Provides paleontological and archaeological services for the rail, transportation, water, and power and energy sectors. Principally located in Los Angeles, California, USA.
November	Driven by Values B.V.	Provides consulting services in sustainable building design, energy infrastructure upgrades, sustainable district heating networks, and e-mobility. Principally located in Sittard, the Netherlands.
December	Cardno USA, Inc. Cardno Canada Holdings Limited Cardno Holdings Pty Limited Cardno Holdings New Zealand Limited (being the legal entities that hold North America and Asia Pacific engineering and consulting business of Cardno Limited)	Provides environmental and infrastructure services, participates in local and federal government programs and urban development. Principally located in Brisbane, Australia.
December	Cox McLain Environmental Consulting, Inc.	Provides comprehensive environmental and cultural resource compliance services. Principally located in Austin, Texas, USA.

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

Financing
On October 29, 2021, Stantec completed an amendment and extension of its existing $1.1 billion syndicated senior credit facilities (Credit Facilities) under a sustainability-linked loan (SLL). The maturity date of the $800 million revolving credit facility and the $160 million term loan tranche was extended to October 29, 2026 and the maturity date for the $150 million term loan tranche was extended to October 29, 2024. Under the SLL, an interest rate incentive mechanism aligns the cost of funding with targets linked to Stantec's GHG emissions reductions targets and Bloomberg Gender Equality Index score.

Canadian Imperial Bank of Commerce (CIBC) is an administrative agent on the Credit Facilities; CIBC and Royal Bank of Canada acted as co-sustainability structuring agents.

Renewal of Normal Course Issuer Bid and Automatic Share Purchase Plan
On November 9, 2021, Stantec announced the renewal of its Normal Course Issuer Bid (2021 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 5,559,312 common shares, representing approximately 5% of Stantec's 111,186,257 issued and outstanding common shares as of November 2, 2021. Purchases were permitted to commence on November 16, 2021, and to terminate no later than November 15, 2022. Except for block purchases permitted by the TSX, the number of shares purchased per day will not exceed 52,973 or approximately 25% of the average daily trading volume for the six full calendar months prior to October 31, 2021.

In connection with the 2021 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 2021, 939,482 common shares were repurchased for cancellation at a weighted average price of $53.97 per share.

Continuing COVID-19 Pandemic
During the second year of the pandemic, Stantec acclimatized to the new ways of working with its clients and within the Company. In 2021, Stantec introduced office re-entry plans and protocols and re-opened the majority of its offices across North America and internationally. By December 8, 2021, Stantec became fully compliant with then in force US Federal Executive Order on Ensuring Adequate COVID Safety Protocols for Federal Contractors.

For more information on the impact of the COVID-19 pandemic on Stantec's operations in 2021, see page M-5 of our MD&A for the year ended December 31, 2021 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.

2020

Acquisitions
In 2020, we acquired the following firms:

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 was appointed to the position of chief innovation officer.

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. Historical investments in our information technology systems allowed Stantec to move quickly to transition its global workforce to remote working. Productivity, measured by employee utilization, dipped slightly as employees first transitioned to working from home in early March of 2020, however, it returned to typical levels and remained stable for the rest of the year.

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 its 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 its 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 TSX, Stantec was permitted to 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. During 2020, 2,047,948 common shares were repurchased for cancellation at a weighted average price of $38.21 per share.

In connection with the 2020 NCIB, Stantec also entered into an 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.

2019

Acquisition
In 2019, we completed the following acquisition:

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, Stantec 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 its $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 $30.81 per share.

In connection with the 2019 NCIB, Stantec also renewed its 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 leader in sustainable engineering, architecture, and environmental consulting. Our vision is to remain a top tier global design firm that maximizes long-term, sustainable value.

Stantec offers services through five business operating units:

- 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

The key components of our business model are:

- 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.
- Service diversification. We offer services in various sectors across the project life cycle through five business operating units (BOUs): Infrastructure, Water, Buildings, Environmental Services, and Energy & Resources.
- Design focus. We serve the design phase of buildings, energy, infrastructure, and water projects, which offers higher margin opportunities and more controllable risk than integrated engineering and construction firms.
- Life-cycle solutions. We provide professional services in all phases of the project life cycle: planning, design, construction administration, commissioning, maintenance, decommissioning, and remediation.

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.

Stantec's chief executive officer 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 2020 and 2021.

Reportable Segments	2020 Gross Revenue (millions $)	2021 Gross Revenue (millions $)
Canada	1,238.5	**1,225.9**
United States	2,655.2	**2,400.2**
Global	836.4	**950.7**

For additional information regarding our business model and strategic plan, see our MD&A for the year ended December 31, 2021, page M-1 and M-10 (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

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, coastal resiliency, ecosystem restoration, smart cities, energy transition, pavement evaluation and management systems, stream restoration, habitat protection, and environmental biotechnology.

Competitive Conditions

Our professional services cover all phases of the project life cycle: planning, design, construction administration, commissioning, operations and maintenance, decommissioning, and remediation. In all these areas, we work in highly competitive markets, competing with other large multinational professional services firms, as well as diversified (contracting/consulting) firms through to local, smaller and specialist providers. On any given project, the type and number of competitors vary, dependent on factors including scale of project, geographic location, end-markets/sectors, commercial and contractual terms and risks, technical qualifications, and any client-led restrictions.

We believe our client-centric framework with four value creators: excellence, innovation, people, and growth, differentiates us. Through our value creators we distinguish ourselves from our peers through our industry-leading sustainability, innovation, inclusion and diversity, and operational efficiency actions, alongside our strategic initiatives aligned to long-term global dynamics. 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 competition, we believe that we will compete effectively because of our strengths and our management and technical expertise, as well as our successful track record of service delivery.

Services

Stantec serves clients in private and public sectors by providing 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. 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 awarded to us because of our expertise and contacts; others are obtained through a competitive bidding process.

Through our service diversification and offering professional services for all phases of the project life cycle, Stantec aims to establish ongoing relationships with clients 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 predominantly on a few large projects for our revenue.

Employees

As of December 31, 2021, we had approximately 25,000 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, Corporate Knights named Stantec as one of the 50 Best Canadian Corporate Citizens. In the Global 100 most sustainable companies rankings, Corporate Knights ranked Stantec 1st in its Personal and Business Services peer group, 1st in the Professional Services Global Industry Classification Standard, and 17th overall. Stantec consistently outranks its peers in other third-party ratings, including Sustainalytics, MSCI ESG Ratings, and ISS ESG Corporate Rating.

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; chief practice and project 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. In 2021, Stantec's science-based emissions targets were approved by Science-Based Target initiative (SBTi) and will guide our implementation actions to consistently reduce our greenhouse gas emissions and take steps to conserve resources. The targets are consistent with reductions to keep warming to 1.5°C to prevent the most damaging effects of climate change. Also in 2021, Stantec was recognized for our corporate climate change action through a leadership (A-) CDP score. We are the only company in engineering and design industry to earn a "Leadership" rating for the last four consecutive years.

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 2021, Stantec was recognized by Forbes as one of the World's Top Female Friendly Companies and as one of America's Best Employers for Diversity. We were also listed on the Bloomberg Gender Equality Index and named by the American Indian Science and Engineering Society as a Top 50 Workplace for Indigenous STEM Professionals.

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 preventing 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 global 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), an IT Service Management System (ISO20000-1 certified), and an IT Security Management System (ISO 27001-certified). Independent (third-party) audits of the Integrated Management System are conducted annually.

Additional information about our board of directors, risk management, and strategic planning process can be found in Stantec's 2021 Annual Report and Management Information Circular.

Global Operations

In 2021, Stantec remained active internationally; gross revenue from our Global operations was $950.7 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, 2021, pages M-32 to M-40 (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, the declaration and payment of dividends is not guaranteed. 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 2021, 2020, and 2019.

Dividends Paid ($ per common share)

	Year (Total)	Q4	Q3	Q2	Q1
2021	0.66	0.165	0.165	0.165	0.165
2020	0.62	0.155	0.155	0.155	0.155
2019	0.58	0.145	0.145	0.145	0.145

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, 2021, no preferred shares and 111,333,479 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 15, 2021, DBRS Limited (DBRS Morningstar) confirmed Stantec's credit ratings as presented in the tables below. On October 21, 2021, DBRS Morningstar announced that Stantec's acquisition of Cardno did not affect the Company's credit ratings assigned on September 15, 2021. As of December 31, 2021, the assigned ratings remained unchanged.

Credit Rating Agency	Issuer Rating	Trend
DBRS Morningstar	BBB	Stable

Debt Rated by DBRS Morningstar	Rating	Trend
Senior Unsecured Notes	BBB	Stable
Senior Unsecured Revolving Credit Facility	BBB	Stable
Senior Unsecured Term Loans	BBB	Stable

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.

In addition to Stantec's payment of customary rating fees to DBRS Morningstar in connection with the Company's credit rating, in 2021, Stantec made payments to DBRS Morningstar for services related to DBRS Morningstar performing an assessment of the impact that the acquisition of Cardno would have on Stantec's credit rating. In 2020, we made payments to DBRS Morningstar in connection with the assignment of ratings to our long-term debt for the 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, 2021:

Toronto Stock Exchange 2021

Month	High	Low	Volume
January	$45.72	$40.75	4,470,915
February	$50.53	$45.49	6,126,538
March	$54.19	$49.93	6,473,386
April	$59.56	$53.80	7,390,053
May	$57.86	$52.09	5,125,481
June	$55.81	$53.30	4,770,900
July	$58.17	$55.51	2,382,558
August	$61.99	$57.71	4,464,628
September	$66.22	$59.38	4,462,621
October	$72.11	$58.39	6,090,929
November	$72.50	$67.65	5,015,399
December	$73.10	$68.37	5,118,219
Total			61,891,627

The following table outlines the monthly trading data on the NYSE (in US$) for January 1 to December 31, 2021:

New York Stock Exchange 2021

Month	High	Low	Volume
January	$35.83	$32.00	1,486,851
February	$39.96	$35.52	1,951,875
March	$43.65	$39.43	1,535,499
April	$47.56	$42.89	1,223,310
May	$47.14	$42.70	1,165,368
June	$45.53	$43.04	1,171,851
July	$46.67	$43.51	782,054
August	$49.61	$45.89	1,380,177
September	$52.36	$46.82	3,259,696
October	$58.50	$46.14	1,635,305
November	$57.36	$53.87	1,292,493
December	$57.79	$52.86	1,661,171
Total			18,545,650

Directors and Officers

The following table lists Stantec's directors as of February 23, 2022, 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 Montréal 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. until June 25, 2019
- 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 23, 2022, 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
John D. Take Tucson, Arizona, United States	Executive Vice President and Chief Business Officer	January 1, 2022	Vice President, Water, Stantec Senior Vice President, Water, Stantec Executive Vice President, Water, Stantec
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 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
Asifa Samji North Vancouver, British Columbia, Canada	Executive Vice President and Chief Human Resources Officer	March 20, 2021	Business Leader, Environmental Services, Stantec Vice President, Environmental Services, Stantec Senior Vice President, Environmental Services, Stantec Senior Vice President, Acting Chief Human Resources Officer, Stantec Senior Vice President, Chief Human Resources Officer, 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, 2021, the directors and officers of Stantec Inc. as a group beneficially owned, controlled, or directed, either directly or indirectly, 510,769 common shares, which is 0.46% 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 23, 2022, 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 served on the audit committee of Inter Pipeline Ltd. (Inter Pipeline) until Inter Pipeline's acquisition by Brookfield Infrastructure Partners L.P. on October 28, 2021. Currently, Ms. Brown chairs the audit committee of NorZinc 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 Stantec's Audit and Risk 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. Mr. Bradeen currently serves on the board of directors of Superior Plus Corp. and chairs its audit committee.

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. Until April 2021, Mr. Lowry served as chair of Capital Power Corporation, a publicly traded company formed when EPCOR spun off its generation business. 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

Effective June 1, 2021, Ernst & Young LLP (EY), at the request of the Company, resigned as auditors of the Company, and PricewaterhouseCoopers LLP (PwC) was appointed as auditors of the Company to fill the vacancy until the next annual meeting of shareholders.

The table below presents fees incurred by the Company for work performed by its former external auditors, EY, during fiscal years ended December 31, 2020, and December 31, 2021, and by its current auditors, PwC, during the fiscal year ended December 31, 2021.

		PricewaterhouseCoopers LLP	Ernst & Young LLP	
Category	**Note**	**2021 ($)**	**2021 ($)**	**2020 ($)**
Audit fees	1	4,429,400	132,600	5,811,200
Audit-related fees	2	–	24,800	390,800
Tax fees	3	799,000	404,900	827,000
All other fees	4	6,300	–	17,200
Total Fees		**5,234,700**	**562,300**	**7,046,200**

(1) Audit fees: Audit services provided by PwC and EY (collectively, the External Auditors) for the audit and review of Stantec's financial statements or services normally provided by the External Auditors in connection with statutory and regulatory filings or engagements, including 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 the External Auditors. These services can include attest services not required by statute or regulation and review engagements.

(3) Tax fees: Professional services rendered by the External Auditors for income tax compliance and tax advice relating to mergers, acquisitions, financing structures and tax planning, and including the following in 2021: an aggregate $360,400 for income tax compliance provided by both PwC and EY, $546,900 for global mobility services provided by PwC, and $296,600 paid for tax due diligence provided by EY related to the acquisition of Cardno.

(4) All other fees: Non-audit assurance fees and related services provided by the External Auditors.

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.

5. On October 29, 2021, Stantec entered into Amending Agreement No. 2 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.

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

Interests of Experts

The Company's independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued an independent auditor's report dated February 23, 2022 in respect of the Company's consolidated financial statements as at December 31, 2021 and for the year ended December 31, 2021 and the Company's internal control over financial reporting as at December 31, 2021. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Code of Professional Conduct of the Chartered Professional Accountants of Alberta and the rules of the US Securities and Exchange Commission.

The Company's former auditor—Ernst & Young LLP, Chartered Professional Accountants—is located at Suite 1400, 10423 – 101 Street, Edmonton, Alberta, T5H 0E7. EY 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, 2021) 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 23, 2022.

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 year-end news release on the earnings of the Company; and
    b. 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 and recommend for the board for approval the Audit and Risk Committee information required as part of the Annual Information Form and Management Information Circular.
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 51-102 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 23, 2022

This discussion and analysis of Stantec Inc.'s (Stantec or the Company) operations, financial position, and cash flows for the year ended December 31, 2021, dated February 23, 2022, should be read in conjunction with the Company's 2021 audited consolidated financial statements and related notes for the year ended December 31, 2021. Our 2021 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.

Non-IFRS and Other Financial Measures

The Company reports its financial results in accordance with IFRS. However, certain indicators used by the Company to analyze and evaluate its results are non-IFRS or other financial measures, including: adjusted EBITDA, adjusted net income, adjusted earnings per share (EPS), adjusted return on invested capital (ROIC), net debt to adjusted EBITDA, days sales outstanding (DSO), free cash flow, margin (percentage of net revenue), organic growth (retraction), acquisition growth, measures described as on a constant currency basis and the impact of foreign exchange or currency fluctuations, compound annual growth rate (CAGR), total capital managed, working capital, and current ratio, as well as measures and ratios calculated using these non-IFRS or other financial measures. These measures are described in the Definitions of Non-IFRS and Other Financial Measures ("Definitions") and Liquidity and Capital Resources sections of this MD&A and, where applicable, reconciliations from the non-IFRS measure to the most directly comparable measure calculated in accordance with IFRS are provided (see the 2021 Financial Highlights, Financial Performance, Liquidity and Capital Resources, and Definitions sections).

These non-IFRS and other financial measures do not have a standardized meaning under IFRS and, therefore, may not be comparable to similar measures presented by other issuers. Management believes that, in addition to conventional measures prepared in accordance with IFRS, these non-IFRS and other financial measures provide useful information to investors to assist them in understanding components of our financial results. These measures should not be considered in isolation or viewed as a substitute for the related financial information prepared in accordance with IFRS.

Business Model

Stantec is a global leader in sustainable engineering, architecture, and environmental consulting. Operating out of 400 offices around the world, our team of 25,000 connects our clients to the design expertise, technology, and innovation required to meet today's challenges and prepare for tomorrow's opportunities. Annual net revenue in 2021 of $3.6 billion was earned 29% in Canada, 50% in the United States and 21% from our Global operations. We remain committed to growing and diversifying sustainably for the benefit of our clients, employees, and shareholders.

As a recognized leader in sustainability with expertise across buildings, energy and resources, environmental services, infrastructure, and water sectors, Stantec is a trusted advisor for clients and communities addressing climate change, urbanization, and infrastructure resiliency. 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): Infrastructure, Water, Buildings, Environmental Services, and Energy & Resources.
3. Design focus. We serve the design phase of buildings, energy, infrastructure, and water 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.

2021 Key Accomplishments

Amidst the backdrop of an unrelenting COVID pandemic, Stantec made solid progress in 2021 towards achieving our long-term strategic ambitions. Despite the challenges presented by the pandemic, we delivered another year of record earnings, executed on our growth strategy by adding 3,200 people through six acquisitions, and continued to demonstrate our global leadership in sustainability.

Record Performance
The record results we generated in 2021 are particularly remarkable given that most of our people continued working from home. This is a testament to how strongly connected our people were prior to the pandemic, how reliable our business continuity and collaboration systems are, and how engaged our people have remained throughout the pandemic. The positive sentiment felt by employees was reinforced in our 2021 employee engagement survey results that saw our overall engagement score increase by 6% from pre-pandemic levels. This is particularly noteworthy when considering that other companies saw an average decline in employee engagement of 5%.

We continue to rigorously manage every aspect of our business with our “win – do – manage” mindset. On a constant currency basis, we grew net revenue by 2.6%, with revenue from acquisitions more than offsetting the slight organic retraction. As each quarter unfolded in 2021, we strengthened organic net revenue generation, driving Global to 8.9% organic growth for the year. Canada’s economic recovery was stronger than initially anticipated and, consequently, our organic net revenue growth for the year was almost sufficient to offset the impact of the descoped Trans Mountain Expansion Project (TMEP) contract. The turnaround in the US lagged, largely as a result of stalled US infrastructure funding legislation, but we successfully grew our US backlog to record levels and this, combined with notified awards not yet in backlog, is at the highest level it has ever been. Strong project execution, limited discretionary spending, our 2023 Real Estate Strategy, tax planning and optimization strategies, and working capital management further contributed to increased earnings.

Growth Through Acquisitions
Our approach to deploying capital to acquisitions continues to be disciplined and patient. The six acquisitions we completed in 2021 are consistent with our strategy of pursuing targeted small to medium-sized firms that bolster Stantec’s presence in key business lines and geographies and drive synergistic organic growth.

Acquiring Cardno was a key achievement in 2021. Cardno’s 2,750 employees significantly expand our footprint in the US and doubles it in Australia. With approximately half of Cardno’s revenue related to Environmental Services, we have significantly bolstered our platform as the world increases its focus on responding to climate change and environmental concerns. The balance of Cardno’s services relate to Infrastructure, Community Development, and Water, increasing our overall exposure to infrastructure stimulus spending in the US and Australia, which we expect to be a key driver of growth for the coming years.

In addition to Cardno, Stantec acquired two additional firms in Australia in 2021. GTA Consultants (“GTA”) specializes in transportation advisory, planning, analytics, engineering, and technical design. Engenium strategically positions Stantec in the rapidly growing renewable energy and mining spaces. These three acquisitions collectively bring our Australia headcount to 2,500, establishing Stantec as a top tier engineering and design firm in this key growth region. As Australia’s economic recovery from COVID accelerates, our critical mass and well-rounded business mix positions us favorably to provide significant client cross-selling opportunities and to capture an increased share of growth opportunities.

In the United States, Cardno was one of a series of investments we made to support our ability to deliver sustainability, climate and environmental solutions. Paleo Solutions (“Paleo”) brings archeological expertise that is in demand by the renewable energy, electrical generation, and transmission industries. Cox|McLain Environmental Consulting (“Cox|McLain”) gives us an important footprint in Texas and provides us with additional focus on environmental compliance and planning. Combined with Cardno’s natural resources, ecosystem assessment and restoration, and health sciences teams, these investments will help us serve the significant increase in demand we are seeing in this space. Cardno’s strong presence in transportation infrastructure and government services offerings dovetail particularly well with our client base and provides considerable opportunity for client and service expansion. Our US footprint of 10,500 employees puts us in prime position to secure an increasing market share of US Infrastructure spending.

We also strengthened our reach in Europe through the acquisition of Driven by Values in 2021, a Netherlands-based firm supporting the transition toward sustainable energy generation, sustainable building design, energy infrastructure upgrades, and e-mobility.

The Sustainability Imperative
In 2021, we continued to raise the bar on our commitment to sustainability leadership. We pledged to become carbon neutral for 2022 emissions and achieve a net zero transition by 2030 and took definitive actions this past year towards the achievement of these goals. Our commitments to reduce absolute scope 1 and 2 GHG emissions by 47% by 2030 from a 2019 base year and to reduce absolute scope 3 GHG emissions from business travel by 47% within the same timeframe has been validated by the Science Based Targets initiative as being in line with a 1.5°C trajectory. Our 2023 Real Estate Strategy, which remains on track to achieve a 30% reduction in Stantec's real estate footprint relative to 2019, is a core element that will contribute to achieving these targets.

We also announced a sustainability-linked loan structure for our existing $1.1 billion credit facility which incorporates Stantec’s emissions targets. As part of this new structure, we are very proud to be the first organization globally to incorporate the Bloomberg Gender Equality Index score as a metric. We are also the first in Canada to commit to directing proceeds from our sustainability-linked loan back into our communities to further climate action and social equity.

Stantec’s most important contributions to sustainability are in the work we do for our clients, who are increasingly seeking our expertise for solutions to address severe weather events, aging infrastructure, growing populations, and climate change.

A key indicator of the significant role we play is reflected in the substantial and growing proportion of our revenues that are aligned to the United Nation’s Sustainable Development Goal (SDG) framework. We were the first firm in our space to quantify our contributions to sustainability by reporting the revenue from projects aligned to the SDGs.

As the frequency and severity of extreme weather events increase, we are committed to continue rising to the challenge in support of our clients and communities. This past year, Hurricane Ida validated the pump station and levee design work we did around New Orleans in response to Hurricane Katrina. Neighboring parishes flooded by Hurricane Ida are now looking to Stantec for similar solutions. We were also called upon by the Metropolitan Transit Authority in New York to explore options to fortify their subway system against future flooding. And we were among the first to be called upon in British Columbia to address the catastrophic impacts to critical infrastructure caused by flooding in late 2021.These are just a few examples that highlight the trusted advisor role we play in strengthening the resiliency of our communities.

To further accelerate the velocity of our solution delivery in critical life-threatening situations, in 2021 our Innovation Office developed several digital applications to assist communities that are susceptible to floods and landslides. Stantec's Flood Plain Predictor applies cloud computing and machine learning to greatly reduce the time required to
accurately predict flooding impacts, delivering lifesaving information that previously would have required three days of lead time. Our debris flow simulator can also quickly predict the path of landslides in areas that have experienced forest fires and are then subject to an extreme precipitation event. The resulting information can be used to identify critical infrastructure at risk and safe zones for staging recovery efforts. The recent flooding events in British Columbia demonstrate the important role these new tools could play in helping authorities manage their responses to extreme weather. Ultimately, integrating these systems into first response and disaster management platforms could provide advanced warning and lengthen preparation lead times.

Over the course of 2021, we continued to receive recognition from independent parties for our industry-leading corporate sustainability actions and the positive effect our project work and investments in innovation have on

strengthening the sustainability and resiliency of our world. These accolades are a tremendous source of pride for our 25,000 employees who continually strive to live our core value of doing what is right.

Looking Ahead

Looking forward, we are very optimistic. In addition to increased infrastructure spending in the US and other core markets, our focus on growing our US federal exposure has resulted in a significant step change in our market share of US Federal Indefinite Delivery Indefinite Quantify (IDIQ) programs. We are now supporting ten times the total IDIQ framework value we were a year ago. We expect both our increased presence at the Federal level and infrastructure stimulus to further bolster our US backlog, which achieved record levels this year. Add to this the strength we are already seeing in our Canadian and Global operations, the positive benefit from Cardno and our other recent acquisitions, and we believe we are exceptionally well positioned to address these opportunities as we enter 2022.

A key priority in 2022 will be to successfully complete the integration of Cardno. We will also continue to focus on growth. We see strong tailwinds to support our organic growth initiatives, and our balance sheet strength and pipeline of potential opportunities continues to support further M&A growth in 2022. And we intend to continue to drive margin and earnings growth through continued operational excellence.

Strategic Acquisitions Completed in 2021 and 2020

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**	**Infrastructure**	**Water**	**Buildings**	**Environmental Services**	**Energy & Resources**
Canada								
Teshmont Consultants LP (Teshmont)	October 2020	Winnipeg, Manitoba	63					●
United States								
Wenck	December 2020	Minneapolis, Minnesota	300				●	
Paleo Solutions, Inc. (Paleo)	September 2021	Los Angeles, California	65				●	
Cardno Limited (Cardno)	December 2021	Boulder, Colorado	1,500	●			●	
Cox|McLain Environmental Consulting, Inc (CMEC)	December 2021	Austin, Texas	70				●	
Global								
AGEL adviseurs (AGEL)	November 2020	Oosterhout, Netherlands	75				●	
GTA Consultants (GTA)	March 2021	Melbourne, Australia	135	●				
Engenium	May 2021	Perth, Australia	170					●
Driven by Values B.V.	November 2021	Eindhoven, Netherlands	28				●	
Cardno Limited (Cardno)	December 2021	Brisbane, Australia	1,250	●	●		●	

COVID–19 Pandemic

Now into the second year of the pandemic, we have acclimatized to the new norm and new ways of working with our clients and with each other. As vaccines are rolled out, there is growing optimism that the increased protection offered by vaccines will gradually decrease the pandemic restrictions. Vaccine policies have been developed and efforts are in place to transition to the post- pandemic working environment. While certain locations remain in various stages of restrictions, the majority of our offices are now open across North America and internationally and staff are in the process of transitioning back to the offices following local office re-entry plans and protocols. The ongoing pandemic is not impeding our growth or financial aspirations. We continue to see opportunities emerge within the sectors we serve as certain jurisdictions begin introducing or accelerating infrastructure and other stimulus programs—and we remain well-positioned to capitalize on them.

2021 Financial Highlights

	Year Ended Dec 31					
	2021		2020		2019	
(In millions of Canadian dollars, except per share amounts and percentages)	$	% of Net Revenue	$	% of Net Revenue	$	% of Net Revenue
Gross revenue	**4,576.8**	**125.9 %**	4,730.1	128.4 %	4,827.3	130.1 %
Net revenue	**3,636.1**	**100.0 %**	3,684.5	100.0 %	3,711.3	100.0 %
Direct payroll costs	1,672.8	46.0 %	1,754.0	47.6 %	1,702.9	45.9 %
Project margin *(note)*	**1,963.3**	**54.0 %**	1,930.5	52.4 %	2,008.4	54.1 %
Administrative and marketing expenses	1,423.6	39.2 %	1,352.9	36.7 %	1,433.6	38.6 %
Depreciation of property and equipment	53.9	1.5 %	57.9	1.6 %	58.2	1.6 %
Depreciation of lease assets	107.9	3.0 %	117.7	3.2 %	115.8	3.1 %
Net impairment of lease assets and property and equipment	24.8	0.7 %	78.6	2.1 %	—	— %
Amortization of intangible assets	60.0	1.7 %	53.2	1.4 %	66.9	1.8 %
Net interest expense	37.9	1.0 %	49.2	1.4 %	69.6	1.9 %
Other	(7.8)	(0.3 %)	4.3	0.1 %	(1.2)	— %
Income taxes	62.3	1.7 %	57.6	1.6 %	71.1	1.9 %
Net income from continuing operations	**200.7**	**5.5 %**	159.1	4.3 %	194.4	5.2 %
Net income from discontinued operations *(note)*	—	— %	12.0	0.3 %	—	— %
Net income	**200.7**	**5.5 %**	171.1	4.6 %	194.4	5.2 %
Basic earnings per share (EPS) from continuing operations	**1.80**	n/m	1.43	n/m	1.74	n/m
Diluted EPS from continuing operations	**1.80**	n/m	1.42	n/m	1.74	n/m
Adjusted EBITDA from continuing operations *(note)*	**573.8**	**15.8 %**	578.9	15.7 %	574.4	15.5 %
Adjusted net income from continuing operations *(note)*	**269.9**	**7.4 %**	248.9	6.8 %	225.0	6.1 %
Adjusted diluted EPS from continuing operations *(note)*	**2.42**	n/m	2.22	n/m	2.02	n/m
Dividends declared per common share	**0.66**	n/m	0.62	n/m	0.58	n/m
Total assets	**5,226.4**		4,388.9		4,561.5	
Total long-term debt	**1,245.1**		680.8		860.9	

note: Project margin was previously labeled as gross margin. The composition of project margin remains unchanged from our approach previously applied to gross margin. Construction Services operations are presented as discontinued operations. Adjusted EBITDA, adjusted net income, and adjusted diluted EPS are non-IFRS measures (discussed in the Definitions section of this MD&A).

n/m = not meaningful

We achieved diluted earnings per share of $1.80 and adjusted diluted earnings per share of $2.42, each an all-time high and 26.8% and 9.0% increases, respectively, compared to 2020 results from continuing operations. Earnings for the year exceeded our expectations on the strength of our project execution, the ongoing execution of our 2023 Real Estate Strategy and a lower effective tax rate from the implementation of our tax optimization strategies.

The Canadian dollar has strengthened considerably relative to the US dollar, with the average exchange rate shifting from $1.34 to $1.25, in 2020 compared to 2021. This reduced 2021 net revenues by $130.7 million. Stantec further estimates that the impact to adjusted EBITDA, adjusted net income and adjusted diluted EPS was approximately $16.6 million, $6.5 million, and $0.06, respectively.

- Net revenue, on a constant currency basis, increased 2.6% compared to the prior year, driven by acquisition growth of 3.9%, partly offset with a slight organic retraction. Excluding the impact of the descoped TMEP contract, organic growth was 0.3% driven by strong performances in Canada and Global and offset by a slower US recovery. Fluctuations in foreign currencies, primarily the weakening of the US dollar compared to the Canadian dollar, resulted in negative foreign exchange impacts of 3.9%.

- Project margin (previously referred to as “gross margin”) increased $32.8 million or 1.7% to $1,963.3 million, and increased as a percentage of net revenue from 52.4% to 54.0%, as a result of strong project execution in all geographies and businesses and shifts in project mix.
- Adjusted EBITDA from continuing operations was $573.8 million, approximating amounts generated in 2020 and increasing as a percentage of net revenue by 10 basis points to a record 15.8% from 15.7%. The increase in project margin was partly offset by higher administrative and marketing expenses, most notably a $30.3 million increase in share-based compensation expense (83 basis points as a percentage of net revenue) reflecting the revaluation of our incentive plans due to an increase in our share price.
- Net income from continuing operations increased 26.1%, or $41.6 million, to $200.7 million, net income margin from continuing operations increased 1.2% from 4.3% to 5.5%, and diluted EPS increased 26.8%, or $0.38, to $1.80. Factors contributing to a higher net income include project margin growth, lower interest and depreciation, a lower effective tax rate, unrealized fair value gains from our equity investments, and the combined effects of the 2023 Real Estate Strategy, partially offset by increased acquisition and integration costs.
- The 2023 Real Estate Strategy contributed more than $0.18 per share in cost savings to net income ($0.15 per share savings to adjusted net income). On a pre-IFRS 16 basis, the cumulative impact from this initiative is estimated to have increased 2021 adjusted EBITDA margin by more than 100 basis points. As further progress was made on the Real Estate Strategy in 2021, additional leased spaces were identified to vacate and sub-let, and expectations for sub-let opportunities were adjusted to reflect current market conditions and outlook. This led to a $24.8 million non-cash net impairment of lease assets and related property and equipment and $12.5 million in onerous contract costs being recorded. Stantec is on track to achieve a 30% reduction in its real estate footprint relative to its 2019 baseline and expects to deliver a further $0.20 to $0.25 contribution to earnings per share by the end of 2023.
- Adjusted net income from continuing operations increased 8.4%, or $21.0 million, to $269.9 million, representing 7.4% of net revenue, an improvement of 60 basis points, and adjusted diluted EPS increased 9.0%, or $0.20, to $2.42.
- Contract backlog stands at a record $5.1 billion—a 17.3% increase from December 31, 2020—representing approximately 13 months of work (11 months of work in 2020). Year over year, backlog grew 11.9% through acquisitions and 6.7% organically, with organic growth in all geographies. Of particular note, US backlog achieved 10.2% organic growth, with US Environmental Services recording over 50% organic growth. Further, Environmental Services backlog across all Stantec stands at over $1 billion, a new high-water mark for this business operating unit.
- Net debt to adjusted EBITDA was 1.8x at December 31, 2021 —within our internal range of 1.0x to 2.0x. Our ratio increased as a result of additions to net debt from our acquisitions made in the fourth quarter.
- Operating cash flows from continuing operations decreased 34.1% from $602.6 million to $397.0 million; this was mainly due to decreased cash receipts from clients, negative foreign exchange impacts, and increased payments paid to suppliers.
- Days sales outstanding was 75 days at December 31, 2021 and 2020, well below our expectations of 80 days.
- We repurchased 939,482 common shares for an aggregated price of $50.7 million under our normal course issuer bid (NCIB). We renewed our NCIB on November 9, 2021 which allows us to repurchase up to an additional 5,559,312 of our common shares.
- On February 23, 2022, our Board of Directors declared a dividend of $0.18 per share, payable on April 18, 2022, to shareholders of record on March 31, 2022, representing a 9.1% increase on an annual basis.

Reconciliation of Non-IFRS Financial Measures

(In millions of Canadian dollars, except per share amounts)	Year Ended Dec 31, 2021	2020	2019	Quarter Ended Dec 31, 2021	2020
Net income from continuing operations	**200.7**	**159.1**	**194.4**	**16.6**	**14.9**
Add back (deduct):					
Income taxes	62.3	57.6	71.1	7.3	(4.4)
Net interest expense	37.9	49.2	69.6	8.4	10.2
Impairment of lease assets and property and equipment (note 1)	37.3	78.6	—	41.6	66.7
Depreciation and amortization	221.8	228.8	240.9	59.8	53.9
Unrealized gain on investments held on equity securities	(13.9)	(0.7)	(7.9)	(4.8)	(5.2)
COVID-related expenses (note 4)	—	5.0	—	—	1.1
Acquisition, integration, and restructuring costs (note 5)	27.7	1.3	6.3	13.2	1.3
Adjusted EBITDA from continuing operations	**573.8**	**578.9**	**574.4**	**142.1**	**138.5**

(In millions of Canadian dollars, except per share amounts)	Year Ended Dec 31, 2021	2020	2019	Quarter Ended Dec 31, 2021	2020
Net income from continuing operations	**200.7**	**159.1**	**194.4**	**16.6**	**14.9**
Add back (deduct) after tax:					
Impairment of lease assets and property and equipment (note 1)	28.5	56.6	—	31.8	48.1
Amortization of intangible assets related to acquisitions (note 2)	30.2	26.4	30.7	9.1	5.8
Unrealized gain on investments held on equity securities (note 3)	(10.6)	(0.5)	(5.7)	(3.6)	(3.7)
COVID-related expenses (note 4)	—	3.6	—	—	0.8
Acquisition, integration, and restructuring costs (note 5)	21.1	3.7	5.6	9.9	1.1
Adjusted net income from continuing operations	**269.9**	**248.9**	**225.0**	**63.8**	**67.0**
Weighted average number of shares outstanding - basic	111,242,658	111,553,711	111,550,424	111,223,711	111,597,381
Weighted average number of shares outstanding - diluted	111,616,665	111,949,305	111,550,424	111,669,548	111,987,362
Adjusted earnings per share from continuing operations					
Adjusted earnings per share - basic (note 6)	**2.43**	**2.23**	**2.02**	**0.57**	**0.60**
Adjusted earnings per share - diluted (note 6)	**2.42**	**2.22**	**2.02**	**0.57**	**0.60**

See the Definitions section of this MD&A for our discussion of non-IFRS and other financial measures used and additional reconciliations of non-IFRS financial measures. This table includes only continuing operations results.

note 1: The add back of impairment of lease assets and property and equipment for the quarter and year ended December 31, 2021 includes onerous contracts associated with impairment of $12.5 (2020 & 2019 - nil). For the year ended December 31, 2021, this amount is net of tax of $8.8 (2020 - $22.0; 2019 - nil). For the quarter ended December 31, 2021, this amount is net of tax of $9.8 (2020 - $18.6).

note 2: 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, 2021, this amount is net of tax of $9.4 (2020 - $10.3; 2019 - $11.2). For the quarter ended December 31, 2021, this amount is net of tax of $3.1 (2020 - $2.0).

note 3: For the year ended December 31, 2021, this amount is net of tax of ($3.3) (2020 - ($0.2); 2019 - ($2.2)). For the quarter ended December 31, 2021, this amount is net of tax of ($1.2) (2020 - $(1.5)).

note 4: The add back of COVID-related expenses primarily relates to severance. For the year ended December 31, 2021, this amount is net of tax of nil (2020 - $1.4; 2019 - nil). For the quarter ended December 31, 2021, this amount is net of tax of nil (2020 - 0.3).

note 5: The add back of other costs primarily relates to integration expenses associated with our acquisitions, past service costs for pensions, financing costs associated with internal debt restructuring, reorganization and transitional tax expenses, and severance related to organizational reshaping. For the year ended December 31, 2021, this amount is net of tax of $6.6 (2020 - $0.4, 2020 also included reorganization tax expense of $2.8; 2019 - $1.8, 2019 also included transitional tax expense of $1.1). For the quarter ended December 31, 2021, this amount is net of tax of $3.3 (2020 - $0.4, 2020 also included reorganization tax expense of $0.2).

note 6: Earnings per share calculated in accordance with IFRS disclosed on M-6 and M-9.

2021 Fourth Quarter Highlights

	Quarter Ended Dec 31			
	2021		2020	
(In millions of Canadian dollars, except per share amounts and percentages)	$	% of Net Revenue	$	% of Net Revenue
Gross revenue	**1,185.3**	**129.4 %**	1,126.1	130.7 %
Net revenue	**916.2**	**100.0 %**	861.7	100.0 %
Direct payroll costs	409.6	44.7 %	406.7	47.2 %
Project margin *(note)*	**506.6**	**55.3 %**	455.0	52.8 %
Administrative and marketing expenses	387.6	42.3 %	317.5	36.8 %
Depreciation of property and equipment	13.5	1.5 %	14.2	1.6 %
Depreciation of lease assets	28.3	3.1 %	27.9	3.3 %
Net impairment of lease assets and property and equipment	29.1	3.2 %	66.7	7.7 %
Amortization of intangible assets	18.0	2.0 %	11.8	1.4 %
Net interest expense	8.4	0.9 %	10.2	1.2 %
Other	(2.2)	(0.3 %)	(3.8)	(0.4 %)
Income taxes	7.3	0.8 %	(4.4)	(0.5 %)
Net income from continuing operations	**16.6**	**1.8 %**	14.9	1.7 %
Net income from discontinued operations *(note)*	—	— %	1.8	0.2 %
Net income	**16.6**	**1.8 %**	16.7	1.9 %
Basic and diluted earnings per share (EPS) from continuing operations	**0.15**	n/m	0.13	n/m
Adjusted EBITDA from continuing operations *(note)*	**142.1**	**15.5 %**	138.5	16.1 %
Adjusted net income from continuing operations *(note)*	**63.8**	**7.0 %**	67.0	7.8 %
Adjusted diluted EPS from continuing operations *(note)*	**0.57**	n/m	0.60	n/m
Dividends declared per common share	**0.165**	n/m	0.155	n/m

note: Project margin was previously labeled as gross margin. The composition of project margin remains unchanged from our approach previously applied to gross margin. Construction Services operations are presented as discontinued operations. Adjusted EBITDA, adjusted net income, and adjusted diluted EPS are non-IFRS measures (discussed in the Definitions section of this MD&A).

n/m = not meaningful

Our momentum from driving acquisition activities, strong performance in the Global region and Canada, improving market conditions in the US, and shifts in project mix drove net revenue and project margin growth in the fourth quarter. Further progress was also made on the 2023 Real Estate Strategy, which remains on track to achieve a 30% reduction in Stantec's real estate footprint relative to 2019.

- Net revenue, on a constant currency basis, increased 8.7% or $75.0 million, driven by acquisition growth of 6.7% and organic growth of 2.0%; including the effects of foreign exchange, net revenue increased $54.5 million. Without the impact of TMEP, organic growth would have been 4.2%, reflecting strong growth achieved in Canada and Global, and organic growth across our business lines with the exception of Infrastructure which stayed consistent with the prior period.
- Project margin increased 11.3%, or $51.6 million, and increased as a percentage of net revenue from 52.8% to 55.3%, primarily from higher net revenue, a shift in our project mix, and strong project execution.
- Adjusted EBITDA from continuing operations increased 2.6% or $3.6 million to $142.1 million, representing 15.5% of net revenue compared to $138.5 million or 16.1% of net revenue in the prior period. The increase in project margin was partly offset by higher administrative and marketing expenses, most notably a $13.4 million increase in share-based compensation expense (146 basis points as a percentage of net revenue) reflecting the revaluation of our incentive plans due to an increase in our share price. As well, 2020 included the recovery of certain claim costs.
- Net income from continuing operations increased 11.4%, or $1.7 million, to $16.6 million, net income from continuing operations as a percentage of net revenue increased from 1.7% to 1.8%, and diluted EPS

increased by 15.4%, or $0.02, to $0.15. Strong project margin, lower non-cash net lease asset and related property and equipment impairments and adjustments for onerous contract costs from the continued execution of our 2023 Real Estate Strategy, and non-cash fair value gains on our equity investments contributed to a higher net income, partly offset by lower utilization in the US and higher amortization of intangible assets and acquisition and integration costs related to our recent acquisitions.

- Adjusted net income decreased 4.8%, or $3.2 million, to $63.8 million, representing 7.0% of net revenue, and adjusted diluted EPS decreased 5.0%, or $0.03, to $0.57. Q4 2020 adjusted net income benefited from the favorable recovery of claim costs and resolution of certain tax matters.

Financial Targets

In Q2 2021, based on our financial performance and the outlook for the balance of 2021, we revised our targets contained within the earnings guidance and outlook previously provided in the Outlook section of our 2020 Annual Report (incorporated here by reference). These included raising our guidance for adjusted EBITDA and adjusted net income margin ranges, growth in adjusted diluted earnings per share as well as the adjusted ROIC target. Certain of our other expectations were also revised.

(In millions of Canadian dollars, unless otherwise stated)	**Revised 2021 Annual Range**	**2021 Results**
Targets		
Adjusted EBITDA as % of net revenue (note)	15.0% to 16.0%	15.8%
Adjusted net income as % of net revenue (note)	At or above 6.8%	7.4%
Adjusted diluted EPS growth (note)	4% to 7%	9.0%
Adjusted ROIC (note)	At or above 10.0%	10.3%

note: Adjusted EBITDA, adjusted net income, adjusted diluted EPS, and adjusted ROIC are non-IFRS measures (discussed in the Definitions section of this MD&A on page M-30).

We met or exceeded our target ranges for all our measures in 2021. For further details regarding our overall annual performance, refer to the Financial Performance section of this MD&A.

Outlook

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 remain committed to our strategic plan and to the financial targets established at that time. However, as announced in 2020, the 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:

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

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 and the opportunities being created by public sector stimulus and growing demand for sustainable solutions in infrastructure renewal and resiliency in responding to climate change drivers.

Annual Targets for 2022

Targets for 2022 are based on the assumption of a continued gradual global recovery but may not be valid should any of our key geographies experience a severe worsening of the pandemic.

	2022 Annual Range
Targets	
Net revenue growth	18% to 22%
Adjusted EBITDA as % of net revenue (note)	15.3% to 16.3%
Adjusted net income as % of net revenue (note)	At or above 7.5%
Adjusted ROIC (note)	Above 10.5%
Other expectations	
Growth in adjusted diluted EPS (note)	22% to 26%
Net debt to adjusted EBITDA (note)	1.0x to 2.0x
Effective tax rate (without discrete transactions)	23.2% to 24.2%
Earnings pattern	40% in Q1 and Q4 60% in Q2 and Q3
Days sales outstanding (note)	Under 80

In setting our targets and guidance, we assumed an average value for the US dollar of $1.25 and for the GBP $1.73 (see Assumptions included on page M-43).

note: Adjusted EBITDA, adjusted net income, adjusted ROIC, adjusted diluted EPS, and net debt to adjusted EBITDA are non-IFRS measures and DSO is a metric discussed in the Definitions section of this MD&A.

We expect that net revenue will increase 18% to 22% in 2022 and that organic net revenue growth will be in the mid to high-single digits, weighted to the second half of the year. Organic growth in the US is expected to be in the high single digits, driven by growing momentum as evidenced in our record-high US backlog and project opportunities arising from the $1.2 trillion infrastructure stimulus bill. After a year of robust organic growth in Canada in 2021, we expect to maintain high levels of activity, driving to 2022 organic growth in the low single digits. Organic growth in Global is expected to achieve high single to low double-digit growth propelled by strong economic growth, continued demand, and stimulus in infrastructure sectors.

Project margin as a percent of net revenues is expected to be relatively consistent in 2022 compared to 2021. We anticipate adjusted EBITDA margin will be in the range of 15.3% to 16.3%, reflecting investments in internal resources to support growth and the commercialization of new innovations and technologies, and increased discretionary spending (albeit not to pre-pandemic levels). Adjusted EBITDA margin in Q1 2022 will be likely be at or below the low end of this range because of the additional effects of regular seasonal factors in the northern hemisphere and the protracted ramp-up of US activities and major projects awarded in Q4 2021. We expect to move to the higher end of the range in the second half of 2022 driven by achieving high organic net revenue growth and increased utilization in the US operations.

We expect adjusted net income to continue to benefit from our 2023 Real Estate Strategy, which we expect to generate approximately $0.11 to $0.12 per share in 2022 relative to our 2019 baseline structure, and we remain on track to achieve our 30% reduction in real-estate footprint to that baseline. This, in conjunction with continuing benefits from tax planning strategies, is expected to drive adjusted net income to a margin of 7.5% or greater of net revenue. As a result, we expect to deliver 22% to 26% growth in adjusted diluted EPS in comparison to 2021.

The above targets do not include any assumptions for additional acquisitions given the unpredictable nature of the size and timing of such acquisitions, or the unpredictable impact from share price movements subsequent to December 31, 2021 and the relative total shareholder return components on our share-based compensation programs.

Financial Performance

The following sections outline specific factors that affected the results of our operations in 2021.

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, British pounds (GBP), and Australian (AU) dollars. Fluctuations in these currencies had a net $140.9 million negative impact on our net revenue results in 2021 compared to 2020, as further described below:

- The US dollar averaged $1.34 in 2020 and $1.25 in 2021—a 6.7% decrease. The weakening US dollar compared to the Canadian dollar had a negative effect on gross and net revenue.
- The GBP averaged $1.72 in both 2020 and 2021, remaining consistent with limited impact on gross and net revenue.
- The AU dollar averaged $0.92 in 2020 and $0.94 in 2021—a 2.2% increase. The strengthening AU dollar compared to the Canadian dollar 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 2021 compared to 2020.

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

Gross Revenue by Reportable Segment

(In millions of Canadian dollars, except percentages)	2021	2020	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic growth (Retraction)
Canada	1,225.9	1,238.5	(12.6)	3.8	n/a	(16.4)	(1.3 %)
United States	2,400.2	2,655.2	(255.0)	86.2	(176.3)	(164.9)	(6.2 %)
Global	950.7	836.4	114.3	78.9	(17.0)	52.4	6.3 %
Total	4,576.8	4,730.1	(153.3)	168.9	(193.3)	(128.9)	
Percentage Growth (Retraction)			(3.2 %)	3.6 %	(4.1 %)	(2.7 %)	

Net Revenue by Reportable Segment

(In millions of Canadian dollars, except percentages)	2021	2020	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Canada	1,068.5	1,073.7	(5.2)	3.8	n/a	(9.0)	(0.8 %)
United States	1,799.5	1,959.8	(160.3)	69.0	(130.7)	(98.6)	(5.0 %)
Global	768.1	651.0	117.1	69.1	(10.2)	58.2	8.9 %
Total	3,636.1	3,684.5	(48.4)	141.9	(140.9)	(49.4)	
Percentage Growth (Retraction)			(1.3 %)	3.9 %	(3.9 %)	(1.3 %)	

Gross Revenue by Business Operating Unit

(In millions of Canadian dollars, except percentages)	**2021**	2020	**Total Change**	**Change Due to Acquisitions**	**Change Due to Foreign Exchange**	**Change Due to Organic Growth (Retraction)**	**% of Organic Growth (Retraction)**
Infrastructure	1,266.2	1,354.2	(88.0)	26.8	(58.0)	(56.8)	(4.2 %)
Water	1,014.9	1,003.9	11.0	1.2	(41.9)	51.7	5.1 %
Buildings	904.8	990.8	(86.0)	—	(38.6)	(47.4)	(4.8 %)
Environmental Services	831.7	749.3	82.4	99.1	(30.0)	13.3	1.8 %
Energy & Resources	559.2	631.9	(72.7)	41.8	(24.8)	(89.7)	(14.2 %)
Total	4,576.8	4,730.1	(153.3)	168.9	(193.3)	(128.9)	
Percentage growth (retraction)			(3.2 %)	3.6 %	(4.1 %)	(2.7 %)	

Net Revenue by Business Operating Unit

(In millions of Canadian dollars, except percentages)	**2021**	2020	**Total Change**	**Change Due to Acquisitions**	**Change Due to Foreign Exchange**	**Change Due to Organic Growth (Retraction)**	**% of Organic Growth (Retraction)**
Infrastructure	1,003.7	1,030.5	(26.8)	26.1	(40.0)	(12.9)	(1.3 %)
Water	785.9	774.4	11.5	0.9	(31.5)	42.1	5.4 %
Buildings	736.1	788.2	(52.1)	—	(28.3)	(23.8)	(3.0 %)
Environmental Services	614.9	552.6	62.3	79.1	(21.6)	4.8	0.9 %
Energy & Resources	495.5	538.8	(43.3)	35.8	(19.5)	(59.6)	(11.1 %)
Total	3,636.1	3,684.5	(48.4)	141.9	(140.9)	(49.4)	
Percentage growth (retraction)			(1.3 %)	3.9 %	(3.9 %)	(1.3 %)	

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

Gross and net revenue was lower in 2021 compared to 2020 due to negative foreign exchange impacts and a nominal organic retraction, partly offset with acquisition growth. Without the impact of our descoped role on the TMEP, which occurred beginning January 1, 2021, we achieved net organic growth of 0.3%.

Gross to net revenue ratio was 1.26, falling within our expected range of 1.25 to 1.30.

Canada

In Canada, net revenue remained consistent. Adjusted for TMEP, organic growth would have been 5.2%. Double-digit growth in our Buildings and Infrastructure businesses and consistent performance in our Environmental Services business contributed to the robust organic growth. Major public projects in Healthcare and the Civic and Education sectors continue to drive growth in Buildings. Increases in public spending in various transit projects in Montreal and the Greater Toronto Area, as well as a strong housing market, contributed to overall growth in Infrastructure. Our Environmental Services business benefited from residual TMEP work.

United States

In our US operations, net revenue decreased as a result of a weaker US dollar compared to the Canadian dollar and organic retraction, partly offset with acquisition growth.

We are seeing markets recover and positive project momentum in our US operations. This contributed to improvements in our results and a slowdown of our organic net revenue retraction in the second half of 2021. Retractions were primarily in our Buildings and Infrastructure businesses. Slower market recoveries in the commercial, airports, and hospitality sectors of our Buildings business were partly offset with increased projects from the industrial and logistics and healthcare sectors. Retraction in Infrastructure was primarily from the continuing wind down of certain large-scale transportation projects and the timing of client change order approvals on these projects,

which tend to be more protracted for Alternative Delivery Projects. However, with the signing of the US Infrastructure Bill, we expect increases in public sector opportunities in the latter half of 2022. Partly offsetting these retractions was growth in the mining sector resulting from higher commodity prices.

Our acquisitions contributed to net revenue growth of $69.0 million, or 3.5%, primarily in our Environmental Services business.

Global

In our Global operations, net revenue grew 18.0%, reflecting strong organic and acquisition net revenue growth, partly offset with foreign exchange impacts.

Our Transportation, Water, and Mining businesses each delivered double-digit organic growth. Transportation and Water had strong performance and continued growth, particularly in the New Zealand and UK markets. Our Mining business benefited from high copper prices, client diversification, increased in-field services, and fewer pandemic-related restrictions. Increased opportunities from both public and private clients contributed to organic growth in our Buildings business in Australia.

Our acquisitions contributed to net revenue growth of $69.1 million, or 10.6%.

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, except percentages)	Dec 31, 2021	Dec 31, 2020	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth	% of Organic Growth
Canada	1,169.1	1,134.3	34.8	—	n/a	34.8	3.1 %
United States	3,016.9	2,449.2	567.7	336.5	(17.9)	249.1	10.2 %
Global	948.3	793.6	154.7	183.0	(39.4)	11.1	1.4 %
Total	5,134.3	4,377.1	757.2	519.5	(57.3)	295.0	
Percentage Growth (Retraction)				11.9 %	(1.3 %)	6.7 %	

Our contract backlog—$5.1 billion at December 31, 2021—represents a new record and approximately 13 months of work (2020 - 11 months of work). Acquisitions completed in 2021 contributed 11.9% growth, primarily within Environmental Services and Infrastructure. The increase in backlog also reflects 6.7% organic growth, with organic growth delivered in all geographies and all businesses except Infrastructure.

US backlog grew by 23.2% to a new record, reflecting 13.7% acquisition growth and 10.2% organic growth. Backlog growth was most pronounced in Environmental Services, which recorded 52.9% in organic growth. Water, Buildings and Energy & Resources also delivered organic backlog growth, with Infrastructure’s backlog recording a slight organic retraction.

Increases in Canada’s contract backlog were primarily from healthcare-related projects in our Buildings business, midstream oil and gas and municipal government projects in our Environmental Services business, and power and renewables projects in our Energy & Resources business

Acquisitions as well as new contract awards contributed to increases in our Global backlog, primarily in our Infrastructure, Environmental Services, and Energy & Resources businesses.

Major Project Awards

In Canada, major projects awarded in the fourth quarter include additional work on the Cortellucci Vaughan Hospital project (formerly known as Mackenzie Vaughan Hospital). Our Buildings team will provide architecture and interior design services to fit out portions of the facility. We were also selected to provide architecture, engineering, interior design, and LEED consulting services for a post-secondary clean energy project in western Canada. And we will be providing owner's engineer services for all civil infrastructure planned for stage 1 of the City of Calgary's Green Line light-rail transit expansion project.

In the United States, we were selected by the Metropolitan Water District of Southern California to provide engineering services for the environmental planning phase of an advanced water treatment facility. We were also selected to support replacement of transmission lines and breakers as part of the Puerto Rico Electric Power Authority's ongoing energy transition work. Our Transportation team won several projects in the US, including design for cashless tolling and new open-road toll zones in Pennsylvania.

Major projects awarded in our Global operations in the fourth quarter include two major transportation projects in the United Kingdom: the A19 Two Tees crossing project in Tees Valley, England, and Transport Scotland's major transport and land-use modeling framework. We were also awarded two significant water projects in Taiwan. We will provide project management services to remediate several state-owned refinery sites as part of the largest remediation project in Taiwan's history. We are also supporting water quality improvement for Taiwan's Longtan Lake, the largest multi-soil layering water treatment system in Asia. In South America, our Mining team was awarded an environmental impact study for a major mining operation in Chile.

Project Margin

Project margin, previously labeled as 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.

Project Margin by Reportable Segment

	2021		2020	
(In millions of Canadian dollars, except percentages)	**$**	**% of Net Revenue**	**$**	**% of Net Revenue**
Canada	571.9	53.5 %	533.7	49.7 %
United States	977.8	54.3 %	1,048.7	53.5 %
Global	413.6	53.8 %	348.1	53.5 %
Total	1,963.3	54.0 %	1,930.5	52.4 %

Project Margin by Business Operating Unit

	2021		2020	
(In millions of Canadian dollars, except percentages)	**$**	**% of Net Revenue**	**$**	**% of Net Revenue**
Infrastructure	533.0	53.1 %	526.6	51.1 %
Water	431.0	54.8 %	419.2	54.1 %
Buildings	401.1	54.5 %	424.9	53.9 %
Environmental Services	347.9	56.6 %	305.3	55.2 %
Energy & Resources	250.3	50.5 %	254.5	47.2 %
Total	1,963.3	54.0 %	1,930.5	52.4 %

Project margin increased $32.8 million and, as a percentage of net revenue, increased across all geographies and businesses from 52.4% to 54.0% in 2021.

In Canada, project margin increased $38.2 million to $571.9 million and increased 3.8% as a percentage of net revenue. A shift in our project mix, primarily driven by our descoped role on TMEP and increased project work in our higher-margin Buildings, Community Development, and Environmental Services businesses, contributed to the overall increase.

Project margin in the United States decreased $70.9 million as a result of lower net revenues, and increased 0.8% as a percentage of net revenue due to project performance and project mix, with the most significant expansion noted in our Infrastructure and Water businesses.

Project margin in our Global operations increased $65.5 million to $413.6 million and increased 0.3% as a percentage of net revenue. Margin expansion was driven largely by market momentum in our Water and Transportation, and Energy & Resources businesses.

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 $1,423.6 million in 2021 and 39.2% as a percentage of revenue, compared to $1,352.9 million and 36.7% in 2020. Overall increases were attributed to increased business development efforts on major programs and bids, primarily in the US and UK; onerous contract costs related to our 2023 Real Estate Strategy; higher acquisition and integration costs; increased administrative labor costs; slightly higher discretionary spending; and higher share-based compensation expense, which included a revaluation impact of $30.3 million due to our increased share price compared to 2020. In December 2021, we entered into total return swaps for a portion of our share-based compensation units which will provide some offset against future revaluation impacts from changes in our share price in respect of restricted share units (RSUs) and deferred share units (DSUs).

Amortization of Intangible Assets

(In millions of Canadian dollars)	**2021**	**2020**
Client relationships	32.5	31.6
Backlog and other	7.1	5.0
Total amortization of acquired intangible assets	39.6	36.6
Software	20.4	16.6
Total amortization of intangible assets	60.0	53.2

The increase in intangible asset amortization of $6.8 million in 2021 compared to 2020 was mainly due to an increase in software amortization from the addition of various software agreements.

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 indicators of impairment in 2021 and 2020. 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

We continued with our 2023 real estate strategic initiative, which commenced in 2020, and reviewed our real estate lease portfolio to identify additional underutilized office spaces and updated our assumptions for previously impaired locations. Consequently, we recorded a non-cash net impairment charge of $24.8 million in 2021 for 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. We also recorded related onerous contract costs of $12.5 million that are included in administrative and marketing expense.

The recoverable amount of lease assets and associated property and equipment was estimated using the value in use approach.

Depreciation of Lease Assets

Depreciation of lease assets decreased $9.8 million in 2021 compared to 2020. The decrease was primarily driven by our 2023 Real Estate Strategy.

Net Interest Expense

Net interest expense decreased $11.3 million in 2021 compared to 2020. This was primarily driven by the repayment of the revolving credit facility in October 2020 with proceeds from the issuance of senior unsecured notes at a lower interest rate, limited draws on the revolving credit facility in the first three quarters of the year, and the lowering of interest rates by the Bank of Canada in response to COVID-19. Interest on lease liabilities was also lower as a result of lower incremental borrowing rates for lease renewals and modifications and lower lease liabilities due to a combination of payments made and our 2023 Real Estate Strategy.

Other Income

Other income was $17.2 million in 2021 compared to $2.1 million in 2020. Our 2021 results included an unrealized gain of $13.9 million compared to an unrealized gain of $0.7 million in 2020 on our equity securities in our investments held for self-insured liabilities. Unrealized gains and losses are non-cash adjustments and represent fair value fluctuations in the equity markets.

Income Taxes

Our 2021 effective income tax rate was 23.7% compared to a normalized rate of 28.0% in 2020. The effective tax rate was reduced from our prior year rate primarily due to the implementation of certain tax strategies, the tax rate differences and mix of earnings from the foreign jurisdictions we operate in, and other items.

Fourth Quarter Results

The following sections outline specific factors that affected the results of our operations in Q4 2021 vs Q4 2020.

Gross and Net Revenue

Gross Revenue by Reportable Segment

(In millions of Canadian dollars, except percentages)	Q4 2021	Q4 2020	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Canada	304.4	318.5	(14.1)	—	n/a	(14.1)	(4.4 %)
United States	611.5	599.9	11.6	39.4	(20.0)	(7.8)	(1.3 %)
Global	269.4	207.7	61.7	34.6	(8.6)	35.7	17.2 %
Total	1,185.3	1,126.1	59.2	74.0	(28.6)	13.8	
Percentage Growth (Retraction)			5.3 %	6.6 %	(2.5 %)	1.2 %	

Net Revenue by Reportable Segment

(In millions of Canadian dollars, except percentages)	Q4 2021	Q4 2020	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Canada	260.0	266.6	(6.6)	—	n/a	(6.6)	(2.5 %)
United States	440.2	439.5	0.7	28.9	(14.8)	(13.4)	(3.0 %)
Global	216.0	155.6	60.4	29.1	(5.7)	37.0	23.8 %
Total	916.2	861.7	54.5	58.0	(20.5)	17.0	
Percentage Growth (Retraction)			6.3 %	6.7 %	(2.4 %)	2.0 %	

Gross Revenue by Business Operating Unit

(In millions of Canadian dollars, except percentages)	Q4 2021	Q4 2020	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Infrastructure	316.6	322.0	(5.4)	14.0	(7.2)	(12.2)	(3.8 %)
Water	256.3	236.8	19.5	1.2	(6.9)	25.2	10.6 %
Buildings	225.0	221.7	3.3	—	(5.0)	8.3	3.7 %
Environmental Services	240.8	189.9	50.9	42.2	(5.0)	13.7	7.2 %
Energy & Resources	146.6	155.7	(9.1)	16.6	(4.5)	(21.2)	(13.6 %)
Total	1,185.3	1,126.1	59.2	74.0	(28.6)	13.8	
Percentage growth (retraction)			5.3 %	6.6 %	(2.5 %)	1.2 %	

Net Revenue by Business Operating Unit

(In millions of Canadian dollars, except percentages)	Q4 2021	Q4 2020	Total Change	Change Due to Acquisitions	Change Due to Foreign Exchange	Change Due to Organic Growth (Retraction)	% of Organic Growth (Retraction)
Infrastructure	249.2	240.9	8.3	13.4	(5.0)	(0.1)	— %
Water	193.7	178.0	15.7	0.9	(4.9)	19.7	11.1 %
Buildings	177.6	178.2	(0.6)	—	(4.0)	3.4	1.9 %
Environmental Services	167.1	132.8	34.3	30.7	(3.2)	6.8	5.1 %
Energy & Resources	128.6	131.8	(3.2)	13.0	(3.4)	(12.8)	(9.7 %)
Total	916.2	861.7	54.5	58.0	(20.5)	17.0	
Percentage growth (retraction)			6.3 %	6.7 %	(2.4 %)	2.0 %	

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 grew 6.3% in Q4 2021 compared to Q4 2020, driven by acquisition and organic growth, partly offset by negative foreign exchange impacts.

Our Canada operations retracted organically by 2.5% in Q4 2021 compared to Q4 2020. Excluding the impact of TMEP, organic growth was 4.6%, primarily from continued strong performance in our Buildings, Infrastructure, and Environmental Services businesses. Also, our Energy & Resources business, without the impact of TMEP, grew organically from increased activity in Mining projects.

Our US operations had net revenue growth of 0.2% in Q4 2021 compared to Q4 2020 as a result of strong acquisition growth, partly offset by negative foreign exchange impacts and organic net revenue retraction. Our Buildings and

Infrastructure businesses saw continued retraction from a slower market recovery and the wind-down of certain major APD projects. Our Water business had a modest retraction primarily from protracted timing in contracting and project startups from recent project awards. Partly offsetting these retractions was strong performance in Environmental Services from continuing opportunities in remediation and power projects in western regions, and in Energy & Resources from opportunities in our Mining sector.

Our Global operations generated double digit net revenue growth of 38.8% inQ4 2021 compared to Q4 2020. This was driven primarily through strong organic growth of 23.8% and acquisition growth of 18.7%. Growth was primarily driven by strong organic performances in our Transportation, Water, and Buildings businesses, and our acquisitions completed in 2021. Increased project activity in Mining also contributed to growth in the quarter.

Project Margin

Project Margin by Reportable Segment

	Q4 2021		Q4 2020	
(In millions of Canadian dollars, except percentages)	**$**	**% of Net Revenue**	**$**	**% of Net Revenue**
Canada	139.1	53.5 %	131.3	49.2 %
United States	245.8	55.8 %	241.7	55.0 %
Global	121.7	56.3 %	82.0	52.7 %
Total	506.6	55.3 %	455.0	52.8 %

Project Margin by Business Operating Unit

	Q4 2021		Q4 2020	
(In millions of Canadian dollars, except percentages)	**$**	**% of Net Revenue**	**$**	**% of Net Revenue**
Infrastructure	137.0	55.0 %	123.5	51.3 %
Water	109.3	56.4 %	95.2	53.5 %
Buildings	97.8	55.1 %	97.4	54.7 %
Environmental Services	96.8	57.9 %	74.1	55.8 %
Energy & Resources	65.7	51.1 %	64.8	49.2 %
Total	506.6	55.3 %	455.0	52.8 %

Project margin increased $51.6 million in the quarter and increased 2.5% as a percentage of net revenue.

Overall, project margin increased as a result of higher net revenue, primarily driven by our descoped role on TMEP, solid project execution, and increased project work with higher margins.

Other

Administrative and marketing expenses were $387.6 million in Q4 2021 and 42.3% as a percentage of net revenue compared to $317.5 million and 36.8% in Q4 2020. The increase in administrative and marketing expenses was mainly from higher business development efforts on major programs and bids; onerous contract costs from our 2023 Real Estate Strategy; acquisition and integration costs primarily as a result of Cardno; increased administrative labor costs; slightly higher discretionary spending; and higher share-based compensation expense, which included a revaluation impact of $13.4 million due to our increased share price.

Impairments of lease assets and property and equipment were recognized based on the continued implementation of our strategic initiative to optimize our occupancy footprint. Amortization of intangible assets increased due to higher backlog and client relationship amortizations related to recent acquisitions and higher software amortization. Net interest expense decreased primarily due to lower interest rates. Other income increased as a result of unrealized gains recognized on our equity securities.

Our effective income tax rate in Q4 2021 was 30.5% compared to a normalized rate of 24.5% in Q4 2020. Our Q4 2021 effective income tax rate was higher than our year to date Q3 2021 rate of 23.0% and our 2021 annual rate of 23.7% because of true-up estimates and adjustments recognized in Q4.

Quarterly Trends

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

	2021				2020			
(In millions of Canadian dollars, except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Gross revenue	1,185.3	1,168.3	1,134.0	1,089.2	1,126.1	1,177.9	1,205.6	1,220.5
Net revenue	916.2	932.9	908.3	878.7	861.7	916.5	951.1	955.2
Net income from continuing operations	16.6	70.0	63.2	50.9	14.9	62.1	52.6	29.5
Net income from discontinued operations	—	—	—	—	1.8	—	—	10.2
Net income	16.6	70.0	63.2	50.9	16.7	62.1	52.6	39.7
Diluted earnings per share								
Continuing operations	0.15	0.63	0.57	0.46	0.13	0.55	0.47	0.26
Discontinued operations	—	—	—	—	0.02	—	—	0.09
Total diluted earnings per share	0.15	0.63	0.57	0.46	0.15	0.55	0.47	0.35
Continuing operations								
Adjusted net income *(note)*	63.8	80.4	69.6	56.1	67.0	69.9	57.7	54.3
Adjusted diluted EPS *(note)*	0.57	0.72	0.62	0.50	0.60	0.62	0.52	0.49

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 2021 vs. Q4 2020**	**Q3 2021 vs. Q3 2020**	**Q2 2021 vs. Q2 2020**	**Q1 2021 vs. Q1 2020**
Increase (decrease) in net revenue due to				
Organic growth (retraction)	17.0	12.4	(8.3)	(70.5)
Acquisition growth	58.0	33.4	29.9	20.6
Impact of foreign exchange rates on revenue earned by foreign subsidiaries	(20.5)	(29.4)	(64.4)	(26.6)
Total net increase (decrease) in net revenue	54.5	16.4	(42.8)	(76.5)

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 impact of the pandemic resulted in organic net revenue retraction in Q1 2021 and Q2 2021 compared to the same periods in 2020. Negative foreign exchange impacts were driven primarily by the weakening of the US dollar compared to the Canadian dollar. (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, 2020 to December 31, 2021.

(In millions of Canadian dollars)	**Dec 31, 2021**	**Dec 31, 2020**
Total current assets	1,664.4	1,565.1
Property and equipment	233.7	240.1
Lease assets	476.5	447.0
Goodwill	2,184.3	1,673.8
Intangible assets	373.3	182.0
Net employee defined benefit asset	17.0	47.3
Deferred tax assets	48.3	42.4
Other assets	228.9	191.2
Total assets	**5,226.4**	**4,388.9**
Current portion of long-term debt	51.0	46.6
Current portion of provisions	36.7	20.5
Current portion of lease liabilities	123.9	103.6
All other current liabilities	967.8	816.5
Total current liabilities	1,179.4	987.2
Lease liabilities	545.0	526.2
Income taxes payable	8.9	10.2
Long-term debt	1,194.1	634.2
Provisions	122.6	107.7
Net employee defined benefit liability	58.7	91.2
Deferred tax liability	77.5	63.4
Other liabilities	38.0	39.5
Equity	2,001.7	1,928.5
Non-controlling interests	0.5	0.8
Total liabilities and equity	**5,226.4**	**4,388.9**

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 and other foreign subsidiaries on our consolidated statements of financial position decreased slightly due to the weakening of the US dollar, British pound, and Australian dollar compared to the Canadian dollar. Other factors that impacted our long-term assets and liabilities are indicated below.

Acquisitions completed in 2021 increased property and equipment, lease assets, goodwill, and intangible assets. Most notably, from Cardno, we acquired $11.0 million in property and equipment, $70.4 million in lease assets, $457.5 million in goodwill, and $175.2 million in intangible assets. We also acquired lease assets of $9.5 million, goodwill of $75.3 million, and intangible assets of $30.5 million from other acquisitions in the year. These values are based on a preliminary purchase price allocation and are pending a final determination of the fair value of the assets and liabilities acquired. The final allocation may differ from the preliminary allocation.

Non-cash impairment charges, net of reversals, associated with our 2023 Real Estate Strategy of $5.7 million and $19.1 million contributed to the change in property and equipment and lease assets, respectively. Depreciation and amortization expense were partly offset by additions of leasehold improvements and engineering equipment in property and equipment, lease additions and modifications, and software additions 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, including unrealized fair value gains.

Total current and long-term portions of long-term debt increased $564.3 million. Additions to long term debt included draws on the revolving credit facility of $543.3 million, used primarily to finance the Cardno acquisition and an increase of $27.6 million in software financing obligations. Total current and long-term portions of lease liabilities increased $39.1 million due to acquisitions, additions, modifications, and interest accretion, partly offset by lease payments.

Total current and long-term portions of provisions increased $31.1 million as a result of acquisitions, the timing of settlements on our self-insured liabilities, and onerous contract costs associated with our 2023 Real Estate Strategy. Net employee defined benefit liability decreased $32.5 million, and net employee defined benefit asset decreased $30.3 million for a combined net decrease of $2.2 million. The impact of remeasurement losses of $14.8 million was offset by contributions of $16.2 million made in the year. The return on plan assets included a remeasurement adjustment of $39.4 million related to the purchase of a bulk annuity policy for a portion of our defined benefit obligations. Annuity policies reduce exposure to future volatility in defined benefit obligations because future cash flows from these policies will match the amount and timing of the related benefits payable. Through the bulk annuity policy and other guaranteed annuities purchased for certain plan members upon retirement, 54.2% (2020 - 21.1%) of our defined benefit obligation was covered against changes in interest and inflation rates and longevity post-retirement. The increase in deferred tax liabilities includes $19.9 million arising from acquisitions.

Goodwill

In accordance with our accounting policies (described in note 4 of our 2021 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, 2021, and October 1, 2020, we performed our annual goodwill impairment tests. We also performed an updated goodwill impairment test at December 31, 2021 because the Cardno acquisition on December 8, 2021 added $457.5 million combined goodwill to the US CGU and Global group of CGUs. 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, 2021 and December 31, 2021, we concluded that the recoverable amount of our CGUs and group of 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. (Key assumptions are described in note 13 of our 2021 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, 2021, compared to December 31, 2020:

(In millions of Canadian dollars, except ratios)	**Dec 31, 2021**	**Dec 31, 2020**
Current assets	**1,664.4**	1,565.1
Current liabilities	**1,179.4**	987.2
Working capital *(note)*	**485.0**	577.9
Current ratio *(note)*	**1.41**	1.59

note: Working capital is a non-IFRS measure that does not have a standardized meaning under IFRS and, therefore, may not be comparable to similar measures presented by other issuers. We use working capital as a measure for assessing overall liquidity and it is calculated by subtracting current liabilities from current assets. There is no directly comparable IFRS measure for working capital. Current ratio is calculated by dividing current assets by current liabilities.

The carrying amounts of current assets and liabilities for our US and other foreign subsidiaries on our consolidated statements of financial position decreased slightly due to the weakening of the US dollar, British pound, and Australian dollar compared to the Canadian dollar.

Current assets increased due to a collective net increase of $168.7 million in trade and other receivables, unbilled receivables, and contract assets primarily related to acquisitions. Income taxes recoverable increased $38.4 million primarily as a result of higher tax installments paid. Offsetting these increases were decreases in cash and deposits of $95.6 million (explained in the Cash Flows section of this MD&A) and other current assets of $18.6 million relating to a decrease in the current portion of investments held for self-insured liabilities.

- Our DSO, defined in the Definitions section of this MD&A, was 75 days at December 31, 2021 and 2020, and a 6 day decrease compared to 81 days at Q3 2021, reflecting our continued effort and focus on collection activities, which resulted in strong collections throughout our operations.
- The aging of trade receivables improved compared to December 31, 2020, with the over 90-day aging category decreasing by 2.8% as a percentage of total trade receivables or $10.3 million. Consistent with the change in DSO, this is a reflection of our collection efforts.

Acquisitions completed in 2021 increased current liabilities. We acquired $75.5 million in trade and other payables, $20.5 million in current lease liabilities, and $43.0 million in deferred revenue. Current liabilities also increased by $16.2 million in provisions (explained in the Statements of Financial Position section of this MD&A) and $20.2 million in other current liabilities related to higher share-based compensation liabilities. In addition, deferred revenue increased due to timing and project mix.

Cash Flows

	Continuing Operations			**Discontinued Operations**			**Total**		
(In millions of Canadian dollars)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Cash flows from operating activities	**397.0**	602.6	(205.6)	**—**	1.2	(1.2)	**397.0**	603.8	(206.8)
Cash flows used in investing activities	**(764.8)**	(102.0)	(662.8)	**—**	—	—	**(764.8)**	(102.0)	(662.8)
Cash flows from (used in) financing activities	**276.5**	(412.6)	689.1	**—**	—	—	**276.5**	(412.6)	689.1

Cash flows from operating activities

Operating cash flows from continuing operations were $397.0 million, which decreased $205.6 million compared to 2020. The decrease in cash inflow was driven by a decrease in cash receipts from clients, an increase in cash paid to suppliers, and an increase in net income taxes paid. These changes were offset by a decrease in cash paid to employees and lower interest paid on debt. The net effects from foreign exchange contributed to the overall decrease

in cash inflows and operating cash flows in 2020 benefited from the deferral of $39.4 million in certain non-corporate tax payments, of which $17.4 million remains deferred and will be paid in 2022.

Cash flows used in investing activities

Cash flows used in investing activities were $764.8 million, a $662.8 million increase compared to 2020. This was due primarily to the acquisitions in the current year for aggregate net cash consideration of $702.5 million compared to acquisitions in the prior year for aggregate net cash consideration of $50.6 million. As well, purchases of property and equipment and software increased $16.4 million in 2021 compared to 2020 primarily for computer equipment and certain leasehold improvements as non-essential capital spending was paused in the prior year due to the pandemic. The increases in cash flows used were partly offset by a decrease in cash used for the purchase of investments held for self-insured liabilities of $7.2 million.

Cash flows from financing activities

Cash flows from financing activities were $276.5 million, a $689.1 million increase in cash inflows compared to 2020. The increase was driven by draws on our revolving credit facility of $544.7 million, primarily related to the acquisition of Cardno. In 2020, repayment of the revolving credit facility offset by proceeds from the issue of senior unsecured notes together resulted in net cash outflows of $150.1 million. As well, a decrease in cash flows used to repurchase shares of $29.6 million contributed to the net increase in cash inflows. These changes were offset by higher cash used in repayment of notes payable and software financing obligations and reduced proceeds 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. 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, 2021**	**Dec 31, 2020**
Current and non-current portion of long term debt	**1,245.1**	680.8
Less: cash and deposits	**(193.9)**	(289.5)
Bank indebtedness	**7.2**	4.7
Net debt	**1,058.4**	396.0
Shareholders' equity	**2,001.7**	1,928.5
Total capital managed	**3,060.1**	2,324.5
Adjusted EBITDA from continuing operations (note)	**573.8**	578.9
Net debt to adjusted EBITDA ratio (note)	**1.8**	0.7

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

At December 31, 2021, our net debt to adjusted EBITDA ratio was 1.8 to 1.0, falling within our stated internal guideline and higher compared to 2020 as result of our recent acquisitions, most notably, our acquisition of Cardno which resulted in higher draws on our revolving credit facility.

On October 29, 2021, we amended our 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. The amendments changed certain terms and conditions, including extending the maturity date of the revolving credit facility from June 27, 2024 to October 29, 2026, extending the maturity date of the $150.0 million tranche B of the term loan from June 27, 2022 to October 29, 2024, extending the maturity date of the $160.0 million tranche C of the term loan from June 27, 2023 to October 29, 2026, and adding two sustainability linked metrics based on greenhouse gas emissions and gender equality index score. The revolving credit facility and term loans are unsecured.

We also have $300.0 million senior unsecured notes that mature on October 8, 2027 and rank pari passu with all our other debt and future indebtedness.

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, ratios that measure our debt relative to our profitability (as defined by the credit facilities agreement).

At December 31, 2021, $243.7 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, 2021.

Shareholders' Equity

Shareholders' equity increased $73.2 million. The increase in shareholders' equity was mainly due to net income of $200.7 million earned in 2021 and $41.2 million in share options exercised for cash. These increases were partly offset by a remeasurement loss on our net employee defined benefit liability of $10.1 million and $40.1 million in exchange differences on translation of our foreign subsidiaries included in comprehensive income, $50.7 million in shares repurchased under our normal course issuer bid (NCIB), and $73.4 million in dividends declared.

Our NCIB on the TSX was renewed on November 9, 2021, enabling us to repurchase up to 5,559,312 of our common shares during the period of November 16, 2021 to November 15, 2022. 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 939,482 common shares for an aggregate price of $50.7 million during 2021, compared to the repurchase of 2,047,948 common shares for an aggregate price of $78.3 million during 2020.

Other

Outstanding Share Data

At December 31, 2021, there were 111,333,479 common shares and 848,278 share options outstanding. From January 1, 2022, to February 23, 2022, no share options were granted or forfeited and 62,854 share options were exercised. At February 23, 2022, there were 111,396,333 common shares and 785,424 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, 2021, on an undiscounted basis.

(In millions of Canadian dollars)	Payment Due by Period Total	Less than 1 Year	1–3 Years	4–5 Years	After 5 Years
Debt	1,250.0	52.6	190.7	2.4	1,004.3
Interest on debt	116.1	24.7	45.8	40.9	4.7
Bank indebtedness	7.2	7.2	—	—	—
Lease liabilities	758.9	136.9	241.2	157.2	223.6
Restoration	14.4	2.4	3.1	3.7	5.2
Variable lease payments	291.2	50.6	79.4	56.9	104.3
Short-term and low -value lease payments	2.8	2.2	0.6	—	—
Leases not commenced but committed	33.3	1.5	6.1	6.4	19.3
Foreign currency forward contract	42.4	42.4	—	—	—
Purchase and service obligations	92.9	31.0	52.0	9.9	—
Other obligations	119.0	44.5	47.3	1.0	26.2
Total contractual obligations	2,728.2	396.0	666.2	278.4	1,387.6

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 17 and 26 in our 2021 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 above 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 approximately $15 million to the pension plans in 2022.

Off-Balance Sheet Arrangements

We have 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, 2021, we had off-balance sheet financial arrangements relating to letters of credit under our revolving credit facility of $5.8 million and $76.5 million in aggregate letters of credit outside of our revolving credit facility. The letters of credit expire at various dates before January 2023, except for $12.8 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, 2021, bonds issued under our surety facilities included $65.5 million in bonds for Construction Services (discontinued operations) expiring on completion of the associated projects. The estimated completion dates of these projects are before May 2023. 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 $10.1 million in bonds for Consulting Services expiring on completion of the associated projects. The estimated completion dates of these projects are before October 2028.

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.

In December 2021, we entered into total return swap (TRS) agreements with financial institutions to manage a portion of our exposure to changes in the fair value of our shares for certain cash-settled share-based payment obligations. The TRS agreements fix the impact that our share price has on the payments required to settle the obligations for RSUs and DSUs.

We had also entered into a foreign currency forward contract to purchase AUD$42.8 million for CAD$39.3 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, 2021, is an unrealized gain of $0.3 million.

These arrangements are further described in note 25 of our 2021 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 COVID-19 pandemic will have on credit and price risk. Management is closely monitoring the impact of the pandemic on our risk exposure and will adjust our risk management approach as necessary.

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. We 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 foreign currencies, primarily in US dollars, British pounds, and Australian 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 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 partially mitigated by 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. The effect of a 0.5% increase or decrease in the interest rate on our revolving credit facility and term loan balances at December 31, 2021 (with all other variables held constant) would have decreased or increased net income by $2.6 million, respectively.

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. For our investments held for self-insured liabilities, the effect of a 1.0% increase or decrease in equity prices at December 31, 2021 (with all other variables held constant) would have increased or decreased net income by $1.5 million, respectively.

We are also exposed to changes in our share price arising from our cash-settled share-based payments as our obligation under these arrangements is based on the price of our shares. In December 2021, we entered into TRS agreements to mitigate a portion of our exposure to this risk for RSUs and DSUs. For our performance share units, the effect of a 10.0% increase or decrease in the price of our shares at December 31, 2021 (with all other variables held constant) would have decreased or increased 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 2021, total sales to our joint ventures were $44.5 million, and at December 31, 2021, receivables from our joint ventures were $4.6 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 2021 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 $34.8 million in 2021 and $19.9 million in 2020.

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, 2021, 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

Accounting Policy Change

Effective January 1, 2021, we revised our accounting policy to present the consolidated statement of cash flows using the indirect method, a change from the direct method previously applied. The indirect method provides more relevant information on items not affecting cash, a reconciliation of net income from continuing operations to net cash flows from operating activities, and improves comparability. This change is further described in note 6 of our December 31, 2021, audited consolidated financial statements and incorporated by reference in this MD&A.

Recently Adopted

Effective January 1, 2021, we adopted the following standards and amendments (further described in note 6 of our December 31, 2021, audited consolidated financial statements and incorporated by reference in this MD&A):

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- IFRS Interpretations Committee (IFRIC) agenda decision - treatment of configuration and customization costs associated with cloud computing arrangements
- IFRIC agenda decision - defined benefit pension plans, periods of service

The adoption of these amendments and interpretations 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)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

These standards, amendments, and interpretations are described in note 6 of our December 31, 2021, 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.

Definitions of Non-IFRS and Other Financial 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 and other financial 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.

Adjusted Measures

We use several adjusted financial measures because we believe they 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). These adjusted measures also provide supplemental measures of operating performance and improve comparability of operating results from one period to another, thus highlighting trends that may not otherwise be apparent when relying solely on IFRS financial measures. Unless otherwise noted, a reconciliation of these adjusted measures to the most directly comparable IFRS measure is included on page M-8.

Adjusted EBITDA represents net income from continuing operations before interest expense, income taxes, depreciation of property and equipment, depreciation of lease assets, amortization of intangible assets, impairment charges and reversals thereof, acquisition, integration and restructuring costs, and other adjustments for other 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 use adjusted EBITDA as a measure of pre-tax operating cash flow. There is no directly comparable IFRS measure for adjusted EBITDA.

Adjusted Net Income represents net income from continuing operations excluding the amortization of intangibles acquired through acquisitions, impairment charges and reversals thereof, acquisition, integration and restructuring costs, and adjustments for other specific items that are significant but are not reflective of our underlying operations, all on an after-tax basis. 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 use adjusted net income as a measure of overall profitability. The most comparable IFRS measure for adjusted net income is net income.

Adjusted Earnings Per Share (EPS) is calculated by dividing adjusted net income (defined above) by the basic and diluted weighted average number of shares outstanding, respectively. The most comparable IFRS measure for adjusted EPS is earnings per share.

Adjusted Return on Invested Capital (ROIC) represents our full year adjusted net income (defined above) before tax-adjusted interest relative to our average aggregate net debt and adjusted shareholders' equity, determined annually. Average net debt and adjusted shareholders' equity are calculated using balances from past years. Adjusted shareholders' equity includes the impact of adjusted net income from continuing operations (as defined above). We use adjusted ROIC to evaluate annual returns generated on our debt and equity capital. There is no directly comparable IFRS measure for adjusted ROIC or adjusted net income before tax-adjusted interest. The most directly comparable measure for adjusted shareholders' equity is shareholders' equity. A quantification of adjusted ROIC and a reconciliation of its components is included in the Additional Reconciliations of Non-IFRS Financial Measures on page M-32.

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, and bank indebtedness, less cash and deposits, divided by (2) adjusted EBITDA (as defined above). There is no directly comparable IFRS measure for net debt to adjusted EBITDA. Net debt to adjusted EBITDA is quantified in the Liquidity and Capital Resources section on page M-24.

Days Sales Outstanding (DSO). DSO is a metric we use to evaluate the efficiency of our working capital. It represents the average number of days to convert our trade and other receivables, unbilled receivables, contract assets, and deferred revenue to cash. We calculate DSO by annualizing gross revenue for the quarter as reported under IFRS. There is no directly comparable IFRS measure for DSO.

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 lease payments. There is no directly comparable IFRS measure for free cash flow. A reconciliation of cash flows from operating activities as reported under IFRS to free cash flow is included in the Additional Reconciliations of Non-IFRS Financial Measures on page M-31.

Margin. We calculate margin as a percentage of net revenue and apply this calculation to various non-IFRS and other financial measures. We monitor margin or percentages of net revenue for adjusted EBITDA, adjusted net income, project margin and administrative and marketing expenses in comparison to our internal targets. There is no directly comparable IFRS measure for margin.

Organic Growth (Retraction) and Acquisition Growth. To evaluate our performance, we quantify the change in revenue and backlog as either related to organic growth (retraction), acquisition growth, or the impact of foreign exchange. Revenue and backlog earned by acquired companies in the first 12 months following an acquisition is reported as growth from acquisitions and thereafter as organic growth (retraction). Organic growth (retraction) excludes the impact of foreign currency fluctuations. From time to time, we also quantify the impacts of certain unusual events to organic growth (retraction) to provide useful information to investors to help better understand our financial results. There are no directly comparable IFRS measures. Reconciliations of net revenue by reportable segment and business operating unit and additional information on backlog are included in the Financial Performance section for revenue on pages M-12 to M-13 and M-17 to M-18 and for backlog on page M-14.

Constant Currency Basis and Impact of Foreign Exchange. We monitor the impact of changing foreign exchange rates, quantify foreign exchange impacts, and, from time to time, prepare analyses on a constant currency basis (i.e., excluding the impact of foreign exchange) to better understand changes in activity. There are no directly comparable IFRS measures.

Compound Annual Growth Rate (CAGR). CAGR is a metric we use to evaluate the growth in our business. It represents the growth rate over a period of time on an annual compounded basis. There is no directly comparable IFRS measure for CAGR.

Additional Reconciliations of Non-IFRS Financial Measures

Free Cash Flow

(In millions of Canadian dollars)	**2021**	2020
Net cash flows from operating activities	**397.0**	603.8
Less: capital expenditures (property and equipment and intangible assets)	**(50.6)**	(34.2)
Less: net lease payments	**(128.4)**	(126.5)
Free cash flow *(note)*	**218.0**	**443.1**

See the Definitions section of this MD&A for a discussion of free cash flow, a non-IFRS measure.

Adjusted Return on Invested Capital

(In millions of Canadian dollars, except ratios)	**2021**	2020
Adjusted net income from continuing operations (note 1)	**269.9**	248.9
Add back: net interest expense	**37.9**	49.2
Deduct: income taxes on net interest expense (note 2)	**(9.0)**	(13.8)
Adjusted net income before net interest (net of tax)	**298.8**	284.3
Average shareholders' equity (note 3)	**1,961.4**	1,996.0
Cumulative impact on average shareholders' equity of:		
Adjusted net income from continuing operations (note 1)	**273.8**	202.9
Discontinued operations (note 4)	**111.9**	111.9
Average adjusted shareholders' equity	**2,347.1**	2,310.8
Average net debt (note 3)	**545.5**	574.2
Average aggregate net debt and adjusted shareholders' equity	**2,892.6**	2,885.0
Adjusted ROIC (note 5)	**10.3 %**	**9.9 %**

(1) Adjusted net income is a non-IFRS measure. See the Definitions section of this MD&A for our discussion of non-IFRS measures used and the reconciliation of adjusted net income to the most directly comparable measure as reported under IFRS on M-8. The cumulative impact of adjusted net income includes the impact on average shareholders' equity of all historical differences between net income and adjusted net income from continuing operations, including $69.2 million related to the year ended December 31, 2021 (2020 - $89.8 million).

(2) Calculated using normalized tax rate of 23.7% in 2021 and 28.0% in 2020.

(3) Average shareholder's equity and average net debt represents the moving average of the past four quarters.

(4) Cumulative impact of discontinued operations includes the impact on average shareholders' equity of net income (loss) from discontinued operations (net of tax), including $12.0 million in 2020 and ($123.9 million) in 2018.

(5) Adjusted ROIC is a non-IFRS measure. See the Definitions section of this MD&A for our discussion of non-IFRS measures used, including the components of the adjusted ROIC calculation.

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. 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 is also part of our day-to-day operations and 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, consistent with our peers, 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, or 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. The global economy is recovering; however, with the emergence of new variants, the impact of the COVID-19 pandemic on the global economy, including government and regulatory responses to the pandemic, which could vary by country and region, remains uncertain and difficult to predict.

In most of the countries where we operate, forecasts over the next 12 months indicate growth as a result of policy stimulus, high vaccination rates, easing of pandemic restrictions, and a reduction in supply-chain disruptions combined with a wave of pent-up demand.

Our office remobilization is slower than initially expected, due in large part to changes in public health guidance in many locations.

We have also implemented a COVID-19 vaccination policy, in the interests of keeping our employees and workplaces healthy and safe and remaining compliant with vaccination mandates from clients and governments.

The diversity of our geographies, business lines, and clients helps 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 policies, 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.

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. Failure 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 in 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.

Our vaccine requirements to enter Stantec offices may also affect our ability to attract and retain staff.

In recent years, 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 through developing specific recommendations from our Inclusion & Diversity subcommittee with respect to persons of color.

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. Although the global economy is recovering, the emergence of new COVID-19 variants continues to be disruptive. The global economy remains uncertain and difficult to predict. 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.

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. During the pandemic, ransomware attacks have increased dramatically, placing Stantec—like all other organizations—at increased 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.

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.

Stantec may have difficulty achieving organic revenue growth expectations.
Many of our business lines are affected 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 source suitable acquisition targets could impair our growth.
There is increased competition among acquirers in our industry and transaction multiples are also trending upwards, reflecting the market's valuation of the sector.

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 employees of the acquired business.

Acquired firms may also expose Stantec to unanticipated problems or legal liabilities undiscovered during our due diligence processes. While in transition, information technology and financial management systems integration of acquired firms may expose us to information security, cyber security risks, and gaps in internal controls.

Integration efforts have been made more challenging due to pandemic travel constraints, limiting the ability to get experienced resources on site. This has also provided opportunity for refinement and improvement of processes and resource building for future improvements in effectiveness and efficiency.

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 may 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.

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.

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 increasingly higher in recent years compared to 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 contract profile includes fee-for-service and fixed price contracts. In the case of fixed price contracts 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) with 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 US Foreign Corrupt Practices Act, the 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.

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 fixed rate 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.

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. Recent changes include the US tax reform under the Build Back Better Act or the international tax reform under Organisation for Economic Co-operation and Development. These measures could have a material impact on our effective tax rate and a material 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 with material impacts on our net income or cash flows.

In some jurisdictions, 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, the following 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)
ISO/IEC 27001:2013 (Information Security Management)

In 2021, after an extensive independent third-party audit, Stantec has achieved global ISO certification across all operations and geographies for the Quality Management, Environmental Management, Occupational Health and Safety Management and Information Security Management standards, moving away from the previous country-specific certifications.
Throughout our organization, 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 (including mandatory cyber security training); 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, and 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 effective as of December 31, 2021.

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 GTA, Engenium, Paleo, Drive by Values, Cardno, and CMEC acquisitions. These financial results are included in the Company's 2021 audited consolidated financial statements because these entities were acquired by the Company through business combinations during 2021. The aggregate assets of these entities represent 5.1% of the Company's total assets as at December 31, 2021, and the aggregate liabilities represent 6.3% of the Company's total liabilities as at December 31, 2021. The aggregate gross revenue earned from the date of acquisition to December 31, 2021 represents 1.9% of the Company's gross revenue for the year ended December 31, 2021.

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 2021 audited consolidated financial statements.

As previously disclosed in our MD&A for the year ended December 31, 2020, in October 2020, management determined a material weakness existed 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.

As previously disclosed, in response to the identification of this material weakness, we took immediate action to remediate it, and, to that end, new and improved Transactional Revenue Controls were designed and implemented as of November 15, 2020. Management continued to remediate the design of these new controls and monitored and evaluated their design effectiveness in the first half of 2021. Beginning in the third quarter of 2021 and prior to filing this MD&A, management completed its testing of the newly designed controls. In light of the foregoing remediation activities and testing of controls, management determined that our internal control over financial reporting was effective as of December 31, 2021.

Management has concluded that the weakness did not result in any misstatements or adjustments in the Company's audited consolidated financial statements for the years ended December 31, 2020 or 2021 nor for any unaudited interim consolidated financial statements for any of the reporting periods therein.

Other than the design remediation of the Transactional Revenue Controls in the first half of 2021, there has been no change in our internal control over financial reporting during the year ended December 31, 2021, 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 Event

Dividends

On February 23, 2022, our Board of Directors declared a dividend of $0.18 per share, payable on April 18, 2022, to shareholders of record on March 31, 2022.

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 2022 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 expectation to achieve our four key financial targets by the end of 2023 as set out in the Strategic Plan section of this MD&A;
- Our expectation that an incremental US$2 trillion in emerging engineering and design opportunities will become available in the next decade;
- Our pledge to achieve carbon neutrality for 2022 and net zero by 2030;
- Our belief that clients will be increasingly seeking our expertise to address severe weather events, aging infrastructure, growing populations and climate change;
- Our expectation that our increased presence at the at the US federal level and infrastructure stimulus will further bolster our US backlog;
- Our priority in 2022 to complete the integration of Cardno;
- Our belief that there will be economic tailwinds in support of our organic growth initiatives, and our balance sheet strength and pipeline of potential opportunities will support further M&A growth in 2022;
- Our belief that we are on track to reduce our physical real estate footprint by approximately 30% and deliver a further $0.20 to $0.25 contribution to earnings per share by the end of 2023;
- Our belief that we are well positioned to withstand continuing challenges caused by the pandemic, the opportunities created by public sector stimulus, growing demand for sustainable solutions in infrastructure renewal and resiliency in responding to climate change drivers;
- Our expectation that organic net revenue growth in 2022 will be in the mid to high-single digits weighted to the second half of the year;
- Our expectation that organic growth in the US will be in high single digits in 2022, driven by growing momentum, primarily in the second half of 2022, as a result US backlog and project opportunities from the $1.2 trillion infrastructure catalyst bill;

- Our expectation that our Global businesses will achieve high single digit to low double-digit growth, driven by rebounds in sectors most disrupted by the pandemic and anticipated continued demand and stimulus in infrastructure sectors;
- Our expectation that we will maintain high levels of activity in Canada in 2022, driving low single digits organic growth;
- Our targets and expectations for 2022, including, among others things, that net revenue in 2022 is expected to increase from 18% to 22%, adjusted EBITDA in 2022 will be in range of 15.3% to 16.3% of net revenue, with some forecasted fluctuations throughout 2022, that adjusted net income in 2022 will continue to benefit from the optimization of our occupancy footprint, namely the optimization will generate approximately $0.11 to $0.12 per share and drive adjusted net income to a margin of 7.5% or greater of net revenue, and that adjusted diluted EPS is expected to deliver 22% to 26% growth in comparison to 2021;
- Our expectation that project margin as a percentage of net review will be consistent in 2022, in comparison to 2021;
- Our intention to make investments in internal resources to support growth and the commercialization of new innovations and technologies and increased discretionary spending (albeit not to pre-pandemic levels);
- Our expectation to contribute approximately $15 million to pension plans in 2022;
- Our estimates of the impact of an increase or decrease in the interest rate on our revolving credit facility and term loan balances;
- Our expectations in the Critical Accounting Estimates section;
- Our belief in certain forecasts indicating that there will be growth over the next 12 months in most of the countries where we operate;
- Our expectations that our diversified business lines, geographies and client will help us manage the risks caused by the COVID-19 pandemic;
- Our belief that diversifying our geographic presences and service offerings, and focusing on key client sectors will reduce our susceptibility to industry-specific and regional economic cycles;
- Our expectation that Stantec is positioned to capture growth opportunities in Australia and the US as a result of the Cardno and other select acquisitions completed in 2021;
- Our intention to continue to pursue selective acquisitions;
- 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;
- Our ability to limit credit risk and our expectations that the COVID-19 pandemic will not adversely affect such ability; and
- Our expected adoption of accounting standards discussed in the Future Adoptions section.

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 2022 and their effect on our business. The material factors and assumptions used to support our 2022 outlook included on M-10 are set forth below:

- Management assumed an average value for the US dollar of $1.25 and for the GBP $1.73 for 2022.
- In Canada, the overnight interest rate target is currently at 0.25% and will likely increase in 2022. The company's fixed rate debt on bonds and one term loan is expected to partially offset this.
- Our effective income tax rate, without discrete transactions, is expected to be approximately 23.2% to 24.2% and was considered based on the tax rates in place as of December 31, 2021, as well as our mix of expected earnings for the countries we operate in.
- The Canadian unemployment rate— 5.9% in 2021— is expected to improve in 2022 due to a continued recovery from the pandemic. In the United States, the unemployment rate— 3.9% in 2021, has improved since the peak of the COVID-19 pandemic and is expected to improve further in 2022.
- In the United States, the forecasted seasonally adjusted annual rate of total housing starts for 2022 is 1.63 million, a 16% increase compared to 2021. In Canada, the number of total housing starts is forecasted to improve in 2022 by greater than 20% compared to 2021.
- The American Institute of Architects ABI (architectural billing index) has risen to 52.0 as of December 2021 from 42.6 at the end of 2020, reflecting a steady turn-around across all US geographies and most business sectors. Architectural billings are expected to continue to grow in 2022.
- Prices for precious metals, other metals, minerals, and crude oil have been volatile during the COVID crisis. However, the World Bank expects oil, metals, and minerals prices for 2022 to remain at levels consistent with 2021.
- 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 23, 2022, 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 2022, 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, 2021, and 2020

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, PricewaterhouseCoopers 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 23, 2022



Theresa Jang
Executive Vice President & CFO
February 23, 2022

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).

Management has assessed the effectiveness of the Company's internal control over financial reporting, as at December 31, 2021, and has concluded that such internal control over financial reporting is effective. PricewaterhouseCoopers LLP, which has audited the consolidated financial statements of the Company for the year ended December 31, 2021, 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 Greg Tucker and Associates Pty Ltd., Clever West Investments Pty Ltd., Paleo Solutions, Inc., Driven by Values B.V., the North America and Asia Pacific engineering and consulting groups of Cardno Limited, and Cox|McLain Environmental Consulting, Inc., which are included in the Company's 2021 consolidated financial statements because they were acquired by the Company through business combinations during 2021. The aggregate assets of these entities represent 5.1% of the Company's total assets as at December 31, 2021, and the aggregate gross revenue earned from the date of acquisition to December 31, 2021, represents 1.9% of the Company's gross revenue for the year ended December 31, 2021.



Gord Johnston
President & CEO
February 23, 2022



Theresa Jang
Executive Vice President & CFO
February 23, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Stantec Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting
We have audited the accompanying consolidated statement of financial position of Stantec Inc. and its subsidiaries (together, the Company) as of December 31, 2021 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the year then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and its financial performance and its cash flows for the year then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle
As discussed in Note 6 and Note 33 to the consolidated financial statements, the Company changed the manner in which it presents the consolidated statement of cash flows in 2021.

Basis for Opinions
The Company's management is responsible for these consolidated financial statements, 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's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

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

As described in Management's Annual Report on Internal Control over Financial Reporting, management has excluded Greg Tucker and Associates Pty Ltd., Clever West Investments Pty Ltd., Paleo Solutions, Inc., Driven by Values B.V., the North America and Asia Pacific engineering and consulting groups of Cardno Limited, and Cox|McLain Environmental Consulting, Inc. from its assessment of internal control over financial reporting as of December 31, 2021 because they were acquired by the Company through business combinations during 2021. We have also excluded Greg Tucker and Associates Pty Ltd., Clever West Investments Pty Ltd., Paleo Solutions, Inc., Driven by Values B.V., the North America and Asia Pacific engineering and consulting groups of Cardno Limited, and Cox|McLain Environmental Consulting, Inc. from our audit of internal control over financial reporting. The aggregate assets of these entities represent 5.1% of the Company's total assets as of December 31, 2021, and the aggregate

gross revenue earned from the date of acquisition to December 31, 2021, represents 1.9% of the Company's gross revenue for the year ended December 31, 2021.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

Critical Audit Matters
The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit and risk committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

R*evenue recognition – estimated contract costs, change orders and variable consideration for fixed-fee and variable-fee-with-ceiling contracts*
As described in Notes 4 and 5 to the consolidated financial statements, the Company accounts for its revenue from fixed-fee and variable-fee-with-ceiling contracts over time using the percentage of completion method where the stage of completion is measured using costs incurred to date as a percentage of estimated costs for each contract, which requires estimates to be made for contract costs and revenues. For the year ended December 31, 2021, revenue from fixed-fee and variable-fee-with-ceiling contracts makes up a portion of gross revenue of $4,576.8 million. Estimated revenue is updated to reflect the amount of consideration the Company expects to be entitled to in exchange for providing goods and services. Change orders are included in estimated revenue when management believes the Company has an enforceable right to the amount, the amount can be estimated reliably, and realization is highly probable. 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 favourable negotiations for similar amounts. 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 judgments based on the information available at the time. Contract costs include direct labour, 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. Estimated contract costs are based on various assumptions that can result in a change to contract profitability from one financial reporting period to another, including assumptions about labour productivity and the complexity of the work to be performed.

The principal considerations for our determination that performing procedures relating to revenue recognition – estimated contract cost, change orders and variable consideration for fixed-fee and variable-fee-with-ceiling contracts is a critical audit matter are (i) the significant judgments by management in determining the estimated contract costs, change orders and variable consideration related to fixed-price and variable-fee-with-ceiling contracts; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and in evaluating audit evidence related to the estimated contract costs, change orders and variable consideration for fixed-fee and variable-fee-with-ceiling contracts.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of estimated contract costs, change orders and variable consideration for fixed-fee and variable-fee-with-ceiling contracts. These procedures also included, among others, for a selection of fixed-price and variable-fee-with-ceiling contracts, (i) evaluating and testing management's process for determining the estimated contract costs and estimated revenue from change orders and variable consideration; (ii) assessing management's ability to reasonably estimate contract costs and estimate revenue from change orders and variable consideration by performing a comparison of the actual costs and actual revenue from change orders and variable consideration with prior period estimates; (iii) evaluating estimated revenue from change orders and variable consideration by obtaining and inspecting related contract agreements, amendments and change orders and meeting with project teams personnel; and (iv) evaluating management's assessment of progress on contracts and the estimated contract costs by interviewing project teams personnel to evaluate the impact that labour productivity and the complexity of the work to be performed has on the estimated contract costs.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Canada
February 23, 2022

We have served as the Company's auditor since 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 statement of financial position of Stantec Inc. (the “Company”) as of December 31, 2020, the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for the year 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 its consolidated financial performance and its cash flows for the year ended December 31, 2020, in conformity with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

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 audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("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 the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit 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 audit 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 audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP
Chartered Professional Accountants

We served as the Company's auditor from 1993 to 2021.

Edmonton, Canada
February 24, 2021, except as to Notes 6a and 33, as to which the date is February 23, 2022

Consolidated Statements of Financial Position

As at December 31 *(In millions of Canadian dollars)*	Notes	**2021** **$**	2020 $
ASSETS			
Current			
Cash and deposits	9	**193.9**	289.5
Trade and other receivables	10	**823.7**	738.0
Unbilled receivables		**421.7**	342.2
Contract assets		**70.2**	66.7
Income taxes recoverable		**85.6**	47.2
Prepaid expenses		**45.8**	39.4
Other assets	15	**23.5**	42.1
Total current assets		**1,664.4**	1,565.1
Non-current			
Property and equipment	11	**233.7**	240.1
Lease assets	12	**476.5**	447.0
Goodwill	13	**2,184.3**	1,673.8
Intangible assets	14	**373.3**	182.0
Net employee defined benefit asset	19	**17.0**	47.3
Deferred tax assets	27	**48.3**	42.4
Other assets	15	**228.9**	191.2
Total assets		**5,226.4**	4,388.9
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	9	**7.2**	4.7
Trade and other payables	16	**634.7**	576.0
Lease liabilities	12,25	**123.9**	103.6
Deferred revenue		**264.8**	197.3
Income taxes payable	27	**26.6**	24.2
Long-term debt	17	**51.0**	46.6
Provisions	18	**36.7**	20.5
Other liabilities	20	**34.5**	14.3
Total current liabilities		**1,179.4**	987.2
Non-current			
Lease liabilities	12,25	**545.0**	526.2
Income taxes payable		**8.9**	10.2
Long-term debt	17	**1,194.1**	634.2
Provisions	18	**122.6**	107.7
Net employee defined benefit liability	19	**58.7**	91.2
Deferred tax liabilities	27	**77.5**	63.4
Other liabilities	20	**38.0**	39.5
Total liabilities		**3,224.2**	2,459.6
Shareholders' equity			
Share capital	23	**972.4**	932.2
Contributed surplus		**10.6**	12.9
Retained earnings		**1,043.4**	958.6
Accumulated other comprehensive income		**(24.7)**	24.8
Total shareholders' equity		**2,001.7**	1,928.5
Non-controlling interests		**0.5**	0.8
Total liabilities and equity		**5,226.4**	4,388.9

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	**2021** **$**	2020 $
Continuing operations			
Gross revenue		**4,576.8**	4,730.1
Less subconsultant and other direct expenses		**940.7**	1,045.6
Net revenue		**3,636.1**	3,684.5
Direct payroll costs	30	**1,672.8**	1,754.0
Project margin		**1,963.3**	1,930.5
Administrative and marketing expenses	23,30,36	**1,423.6**	1,352.9
Depreciation of property and equipment	11	**53.9**	57.9
Depreciation of lease assets	12	**107.9**	117.7
Amortization of intangible assets	14	**60.0**	53.2
Net impairment of lease assets and property and equipment	11,12	**24.8**	78.6
Net interest expense	28	**37.9**	49.2
Other net finance expense		**5.4**	4.9
Foreign exchange loss		**4.0**	1.5
Other income	31	**(17.2)**	(2.1)
Income before income taxes and discontinued operations		**263.0**	216.7
Income taxes			
Current	27	**66.7**	79.5
Deferred	27	**(4.4)**	(21.9)
Total income taxes		**62.3**	57.6
Net income for the year from continuing operations		**200.7**	159.1
Discontinued operations			
Net income from discontinued operations, net of tax	8	**—**	12.0
Net income for the year		**200.7**	171.1
Earnings per share, basic			
Continuing operations	32	**1.80**	1.43
Discontinued operations		**—**	0.11
Total basic earnings per share		**1.80**	1.53
Earnings per share, diluted			
Continuing operations	32	**1.80**	1.42
Discontinued operations		**—**	0.11
Total diluted earnings per share		**1.80**	1.53

See accompanying notes

Consolidated Statements of Comprehensive Income

Years ended December 31 *(In millions of Canadian dollars)*	Notes	**2021** **$**	2020 $
Net income for the year		**200.7**	171.1
Other comprehensive (loss) income			
Items that may be reclassified to net income in subsequent periods:			
Exchange differences on translation of foreign operations		**(40.1)**	(27.8)
Net unrealized (loss) gain on FVOCI financial assets	15	**(2.9)**	3.0
Unrealized gain (loss) on interest rate and total return swaps	25	**3.6**	(4.1)
		(39.4)	(28.9)
Items not to be reclassified to net income:			
Remeasurement loss on net employee defined benefit liability	19	**(10.1)**	(0.4)
Other comprehensive income (loss) for the year, net of tax		**(49.5)**	(29.3)
Total comprehensive income for the year, net of tax		**151.2**	141.8

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, 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)
Fair value reclass of share options exercised		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
Net income				200.7		200.7
Other comprehensive loss					(49.5)	(49.5)
Total comprehensive income (loss)				200.7	(49.5)	151.2
Share options exercised for cash	1,267,614	41.2				41.2
Share-based compensation			4.9			4.9
Shares repurchased under Normal Course Issuer Bid	(939,482)	(8.1)	(0.1)	(42.5)		(50.7)
Fair value reclass of share options exercised		7.1	(7.1)			—
Dividends declared				(73.4)		(73.4)
Balance, December 31, 2021	111,333,479	972.4	10.6	1,043.4	(24.7)	2,001.7

See accompanying notes

Consolidated Statements of Cash Flows

Years ended December 31 *(In millions of Canadian dollars)*	Notes	**2021** **$**	2020 $
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	6		(note 6)
Net income from continuing operations		**200.7**	159.1
Add (deduct) items not affecting cash:			
Depreciation of property and equipment	11	**53.9**	57.9
Depreciation of lease assets	12	**107.9**	117.7
Net impairment of lease assets and property and equipment	11,12	**24.8**	78.6
Amortization of intangible assets	14	**60.0**	53.2
Deferred income taxes	27	**(4.4)**	(21.9)
Unrealized gain on equity securities	31	**(13.9)**	(0.7)
Share-based compensation	23	**46.7**	16.4
Provisions	18	**46.5**	46.8
Other non-cash items		**1.2**	15.2
		523.4	522.3
Trade and other receivables		**(8.4)**	103.3
Unbilled receivables		**(46.4)**	32.4
Contract assets		**(3.5)**	0.8
Prepaid expenses		**1.9**	4.3
Income taxes recoverable		**(39.1)**	(16.9)
Trade and other payables and other accruals		**(65.8)**	(42.5)
Deferred revenue		**34.9**	(1.1)
		(126.4)	80.3
Cash flows from operating activities from continuing operations		**397.0**	602.6
Cash flows from operating activities from discontinued operations		**—**	1.2
Net cash flows from operating activities		**397.0**	603.8
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Business acquisitions, net of cash acquired	7	**(702.5)**	(50.6)
Purchase of investments held for self-insured liabilities	15	**(61.6)**	(54.4)
Proceeds from sale of investments held for self-insured liabilities	15	**47.8**	33.7
Purchase of intangible assets	14	**(4.8)**	(3.0)
Purchase of property and equipment	11	**(45.8)**	(31.2)
Other		**2.1**	3.5
Net cash flows used in investing activities		**(764.8)**	(102.0)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Net proceeds from issue of senior unsecured notes	33	**—**	297.9
Net proceeds from (repayment of) revolving credit facility	33	**544.7**	(448.0)
Repayment of notes payable and software financing obligations	33	**(58.0)**	(46.2)
Net lease payments	33	**(128.4)**	(126.5)
Repurchase of shares for cancellation	23	**(50.7)**	(80.3)
Proceeds from exercise of share options		**41.2**	58.5
Payment of dividends to shareholders	23	**(72.3)**	(68.0)
Net cash flows from (used in) financing activities	33	**276.5**	(412.6)
Foreign exchange loss on cash held in foreign currency		**(6.8)**	(8.4)
Net (decrease) increase in cash and cash equivalents		**(98.1)**	80.8
Cash and cash equivalents, beginning of the year		**284.8**	204.0
Cash and cash equivalents, end of the year	9	**186.7**	284.8

See accompanying notes

Index to the Notes to the Consolidated Financial Statements

Note		Page
1	Corporate Information	F-13
2	Basis of Preparation	F-13
3	Basis of Consolidation	F-13
4	Summary of Significant Accounting Policies	F-13
5	Significant Accounting Judgments, Estimates, and Assumptions	F-23
6	Recent Accounting Pronouncements and Changes to Accounting Policies	F-26
7	Business Acquisitions	F-27
8	Discontinued Operations	F-30
9	Cash and Cash Equivalents	F-30
10	Trade and Other Receivables	F-30
11	Property and Equipment	F-31
12	Lease Assets	F-32
13	Goodwill	F-33
14	Intangible Assets	F-35
15	Other Assets	F-36
16	Trade and Other Payables	F-37
17	Long-Term Debt	F-37
18	Provisions	F-38
19	Employee Defined Benefit Obligations	F-39
20	Other Liabilities	F-42
21	Commitments	F-43
22	Contingencies and Guarantees	F-43
23	Share Capital	F-43
24	Fair Value Measurements	F-46
25	Financial Instruments	F-47
26	Capital Management	F-50
27	Income Taxes	F-50
28	Net Interest Expense	F-52
29	Revenue	F-52
30	Employee Costs from Continuing Operations	F-53
31	Other Income	F-53
32	Weighted Average Shares Outstanding	F-54
33	Cash Flow Information	F-54
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

Notes to the Consolidated Financial Statements

1. Corporate Information

The consolidated financial statements of Stantec Inc. (the Company) for the year ended December 31, 2021, were authorized for issuance in accordance with a resolution of the Company's board of directors on February 23, 2022. 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, 2021.

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, 2021.

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, 2021 and December 31, 2020. 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. 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.

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, British pound sterling, and Australian dollar.

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.

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. 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 the revolving credit facility and term 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 also utilizes interest rate swaps to manage its exposure to fluctuations in interest rates and total return swaps to manage its exposure to fluctuations in the fair value of its common shares related to its cash-settled share-based payment arrangements. The Company's policy is not to use these derivatives for trading or speculative purposes.

Derivatives are recorded at fair value in the consolidated statements of financial position as either other assets or other liabilities. Changes in the fair value of derivatives not designated as hedging instruments are recognized in the consolidated statements of income. Unrealized gains and losses for derivatives designated as hedging instruments in a cash flow hedge, to the extent they are effective, are recorded in other comprehensive income and subsequently reclassified to the consolidated statements of income when the hedged item affects earnings.

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 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 estimated costs for each contract. 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.

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. 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, there is a wide range of potential outcomes the pandemic could 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 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 portions of the pension plans have protection against changes in the discount rate and improving mortality rates by utilizing annuities). 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.

In determining whether the purchase of a bulk annuity contract results in a settlement of the Company's defined benefit obligations, management considers the intent of the transaction as well as the degree to which the Company continues to retain the related risks and obligations.

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, the United Kingdom, and Australia. 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) Accounting policy change

Effective January 1, 2021, the Company revised its accounting policy to present the consolidated statement of cash flows using the indirect method, a change from the direct method previously applied. The indirect method provides more relevant information on items not affecting cash, a reconciliation of net income from continuing operations to net cash flows from operating activities, and improves comparability. The change in accounting policy was adopted retrospectively, therefore the comparative period was presented using the indirect method. No adjustments were required for the comparative period presented for cash flows arising from operating, investing, and financing activities. A presentation of the direct method for 2021 and 2020 is included in note 33.

b) Recent adoptions

The following amendments and interpretations have been adopted by the Company. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

- 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.

- In April 2021, the IFRS Interpretations Committee (IFRIC) issued an agenda decision on the treatment of configuration and customization costs associated with cloud computing arrangements where the underlying software is not recognized as an intangible asset. The decision concluded that these costs may be capitalized as a separate intangible asset if they meet both the definition of an intangible asset and the recognition criteria in IAS 38 Intangible Assets. When these costs do not qualify for separate recognition as an intangible asset and are not distinct from the software, these costs are expensed over the term of the software contract as access is provided.

- In April 2021, the IFRIC issued an agenda decision related to defined benefit pension plans which provided guidance on the periods of service that an entity attributes benefit to.

c) 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.

- 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 February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments define accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.
- In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments provide guidance to help entities disclose their material (previously "significant") accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.
- In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the recognition exemption so that companies would be required to recognize deferred tax for transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, applied retrospectively.

7. Business Acquisitions

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 strengthened 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 strengthened the Environmental Services operations in the Company's Global group of 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 strengthened the Company's Environmental Services operations in the Company's United States CGU.

Aggregate consideration for acquisitions completed in 2020 was $61.3. Goodwill from the acquisitions was $31.4 and the fair value of of the identifiable net assets acquired was $29.9. Identifiable net assets acquired included working capital of $13.3, intangible assets of $12.7, and other net assets of $3.9.

Acquisitions in 2021

On March 1, 2021, the Company acquired all the shares and business of Greg Tucker and Associates Pty Ltd. (GTA) for cash consideration and notes payable. GTA is an Australian-based transportation planning and engineering firm with offices in Melbourne, Sydney, Brisbane, Adelaide, and Perth. This addition further strengthens the Company's Infrastructure operations in the Global group of CGUs.

On May 1, 2021, the Company acquired all the shares and business of Clever West Investments Pty Ltd. (Engenium) for cash consideration and notes payable. Engenium is based in Australia and specializes in the delivery of sustainable mining, resources, and industrial infrastructure projects, and has a strong focus on renewable energy and sustainable solutions. This addition further strengthens the Company's commitment to sustainability in its Global group of CGUs and Energy & Resources operations.

On September 30, 2021, the Company acquired certain assets and liabilities of Paleo Solutions, Inc. (Paleo). Paleo is a full-service natural resources and cultural resources management consulting firm. Paleo provides paleontological and archaeological services for the rail, transportation, water, and power sectors. Paleo is headquartered in Los Angeles, California with offices in Redlands, California and Denver, Colorado. This addition further strengthens the Company's commitment to sustainability in the Environmental Services operations in the United States CGU.

On November 1, 2021, the Company acquired all the shares of Driven by Values B.V. (Driven by Values) for cash consideration and notes payable. Driven by Values is an environmental services firm specialized in energy transition. Drive by Values is in the Netherlands with offices in Eindhoven and Sittard. This addition further strengthens the Company's Global Environmental Services operations in the Global group of CGUs.

On December 8, 2021, the Company acquired all of the shares of the North America and Asia Pacific engineering and consulting groups of Cardno Limited (Cardno). Cardno is a multidisciplinary firm specializing in designing, developing, and delivering sustainable projects. The operations include 85 offices primarily in the United States, Australia and New Zealand. This addition further strengthens the Company's Environmental Services and Infrastructure operations in the United States CGU, and the Environmental Services, Infrastructure, and Water operations in the Global group of CGUs.

On December 31, 2021, the Company acquired certain assets and liabilities of Cox|McLain Environmental Consulting, Inc (CMEC). CMEC is a full-service environmental consulting firm that provides comprehensive environmental and cultural resource compliance services. CMEC is headquartered in Austin, Texas with additional offices in Houston and Irving, Texas; Oklahoma City and Tulsa, Oklahoma; Washington DC; and Baton Rouge, Louisiana. This addition further strengthens the Company's Environmental Services operations in the United States CGU.

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	Cardno acquisition $	Other acquisitions $	Total $
Cash consideration		**657.6**	**77.1**	**734.7**
Notes payable	17	**1.0**	**40.6**	**41.6**
Consideration		**658.6**	**117.7**	**776.3**
Cash consideration		**657.6**	**77.1**	**734.7**
Cash acquired		**19.5**	**12.7**	**32.2**
Net cash paid		**638.1**	**64.4**	**702.5**
Assets and liabilities acquired				
Non-cash working capital				
Trade receivables		**84.9**	**14.0**	**98.9**
Unbilled receivables		**39.9**	**3.6**	**43.5**
Trade and other payables		**(64.6)**	**(10.9)**	**(75.5)**
Deferred revenue		**(41.6)**	**(1.4)**	**(43.0)**
Other non-cash working capital		**11.5**	**0.5**	**12.0**
Property and equipment	11	**11.0**	**0.6**	**11.6**
Lease assets	12	**70.4**	**9.5**	**79.9**
Intangible assets	14	**175.2**	**30.5**	**205.7**
Lease liabilities		**(82.3)**	**(9.1)**	**(91.4)**
Other		**(8.2)**	**(2.3)**	**(10.5)**
Deferred tax liabilities	27	**(14.6)**	**(5.3)**	**(19.9)**
Total identifiable net assets at fair value		**201.1**	**42.4**	**243.5**
Goodwill arising on acquisitions	13	**457.5**	**75.3**	**532.8**

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. Tax deductible goodwill and intangible assets arising from the Cardno acquisition are nil, and other acquisitions are $27.4.

The Company assumed $9.2 in provisions for claims relating to Cardno and other acquisitions. As at December 31, 2021, provision for claims outstanding relating to all prior acquisitions were $14.2, based on their expected probable outcome (note 18). Certain of these claims are indemnified by the acquiree (note 15).

Cardno's gross revenue since the acquisition date was $36.9. For all other acquisitions, gross revenue since the acquisition date was $52.3. If the acquisition of Cardno had taken place at the beginning of the year, gross revenue and profit from the combined continuing operations for 2021 would have been $5,140.4 (unaudited) and $208.4 (unaudited), respectively. These pro-forma results are not necessarily representative of future performance.

Directly attributable acquisition-related costs for Cardno of $10.0, and other acquisitions of $0.5 have been expensed in administrative and marketing expenses. These costs consist primarily of legal, accounting, and financial advisory fees and costs directly related to the acquisition.

Fair value of net assets for current and prior year acquisitions

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 finalized the fair value assessments of assets and liabilities purchased from Teshmont, AGEL, Wenck and GTA and is awaiting the finalization of the vendors' closing financial statements and tax review for Engenium, Paleo, Driven by Values, Cardno, and CMEC. Once the outstanding information from the acquisitions is received, reviews are completed, and approvals are obtained, the valuation of acquired assets and liabilities will be finalized. No significant measure period adjustments were recorded during 2021.

8. Discontinued Operations

In 2018, the Company completed the sale of its Construction Services reportable segment. Pursuant to executed settlement agreements, project loss recoveries of $12.0 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 2021	December 31 2020
	$	$
Cash	**183.9**	278.7
Cash in escrow	**—**	4.5
Unrestricted investments	**10.0**	6.3
Cash and deposits	**193.9**	289.5
Bank indebtedness	**(7.2)**	(4.7)
Cash and cash equivalents	**186.7**	284.8

Cash in escrow includes cash consideration for an acquisition.

10. Trade and Other Receivables

	December 31, 2021	December 31 2020
	$	$
Trade receivables, net of expected credit losses of $2.0 (2020 – $3.0)	**787.9**	702.7
Holdbacks, current	**28.6**	19.7
Other	**7.2**	15.6
Trade and other receivables	**823.7**	738.0

The aging analysis of gross trade receivables is as follows:

	Total $	1–30 $	31–60 $	61–90 $	91–120 $	121+ $
December 31, 2021	**789.9**	**467.8**	**181.1**	**56.3**	**30.6**	**54.1**
December 31, 2020	705.7	389.5	160.3	60.9	25.9	69.1

Information about the Company's exposure to credit risks 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, 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
Additions	21.5	5.1	15.1	4.5	46.2
Additions arising on acquisitions	5.6	0.7	3.3	2.0	11.6
Disposals	(15.3)	(6.7)	(15.7)	(3.2)	(40.9)
Impact of foreign exchange	(1.5)	(0.8)	(1.4)	(0.6)	(4.3)
December 31, 2021	**128.7**	**83.6**	**243.9**	**43.3**	**499.5**
Accumulated depreciation					
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
Depreciation	17.5	7.2	26.2	3.0	53.9
Disposals	(14.7)	(5.7)	(15.6)	(2.5)	(38.5)
Impairment net of reversal (note 12)	—	1.6	4.1	—	5.7
Impact of foreign exchange	(0.8)	(0.3)	(0.8)	(0.2)	(2.1)
December 31, 2021	**63.5**	**46.0**	**136.6**	**19.7**	**265.8**
Net book value					
December 31, 2020	56.9	42.1	119.9	21.2	240.1
December 31, 2021	**65.2**	**37.6**	**107.3**	**23.6**	**233.7**

Leasehold improvements includes construction work in progress of $3.4 (2020 – $0.2) 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 $
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
Additions	43.8	12.2	56.0
Acquisitions	74.0	5.9	79.9
Depreciation	(102.9)	(5.0)	(107.9)
Modifications	24.4	0.2	24.6
Impairment net of reversal	(19.1)	—	(19.1)
Foreign exchange	(3.9)	(0.1)	(4.0)
December 31, 2021	**459.7**	**16.8**	**476.5**

The Company leases buildings for its office spaces across the globe. Lease terms typically range from1 to 18 years and had a weighted average remaining lease term of 7.3 years at December 31, 2021 (2020 - 7.1 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 from2 to 7 years and had a weighted average remaining lease term of3.4 years at December 31, 2021 (2020 - 2.5 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 beginning in 2020, the real estate lease portfolio was evaluated and resulted in the approval of a formal plan to sublease and exit certain underutilized office spaces. This change in use resulted in the recognition of impairment losses, where the carrying amount of the assets exceeded the recoverable amount, determined based on the value in use method, and an onerous contract provision of $12.5 (note 18).

Impairment losses during the year ended December 31, 2021 are as follows:

Reportable segments	**Canada**	**United States**	**Global**	**Total**
Impairment losses				
Lease assets	10.5	12.6	0.6	**23.7**
Property and equipment	1.9	4.8	0.2	**6.9**
Impairment reversals	(3.8)	(1.2)	(0.8)	**(5.8)**
Net impairment of lease assets and property and equipment	**8.6**	**16.2**	**—**	**24.8**
Recoverable amount	**—**	**6.8**	**1.1**	**7.9**

During 2021, payments made for variable costs on impaired office lease assets reduced the estimated future cash outflows and increased the recoverable amount of the leased assets resulting in the reversal of previously recorded impairments.

Impairment losses during the year ended December 31, 2020 were 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,	
	2021	2020
	$	$
Rent expense - variable lease payments	**43.5**	49.7
Rent expense - short-term leases and leases of low-value assets	**2.5**	3.3
Income from subleases	**(3.1)**	(5.6)
Total	**42.9**	47.4

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.

Cash outflows for lease liabilities are disclosed in note 33.

13. Goodwill

	December 31 2021	December 31 2020
	$	$
Gross goodwill, beginning of the year	**1,851.8**	1,829.8
Acquisitions	**532.8**	31.4
Impact of foreign exchange	**(22.3)**	(9.4)
Gross goodwill, end of the year	**2,362.3**	1,851.8
Accumulated impairment losses	**(178.0)**	(178.0)
Net goodwill, end of the year	**2,184.3**	1,673.8

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 2021	December 31 2020
	$	$
Canada	**359.5**	359.5
United States	**1,304.9**	963.1
Global	**519.9**	351.2
Allocated	**2,184.3**	1,673.8

On October 1, 2021, and October 1, 2020, the Company performed its annual goodwill impairment test in accordance with its policy described in note 4. Based on the results of the 2021 and 2020 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.

Assumptions
The calculation of fair value less costs of disposal is most sensitive to the following key 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, 2021 impairment tests, the Company discounted the cash flows for each CGU or group of CGUs using an after-tax discount rate ranging from 7.7% to 28.5% (October 1, 2020 – 8.3% to 25.9%).

Other assumptions:

- Terminal growth rates based on actual experience and market analysis. Projections are extrapolated beyond five years using a growth rate that does not exceed 2.5% (2020 – 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.

The Cardno acquisition completed on December 8, 2021 added $457.5 combined goodwill to the US CGU and the Global group of CGUs, requiring the Company to perform an updated goodwill impairment test for both CGUs on December 31, 2021, in accordance with IAS 36. Based on the results of the December 31, 2021 update test, the Company concluded that the recoverable amount of the US CGU and Global group of CGUs exceeded its carrying amount; therefore, goodwill was not impaired. The key assumptions applied to the update goodwill test was consistent with those applied to the annual test.

Sensitivity to changes in assumptions
As at October 1, 2021 and December 31, 2021, the recoverable amounts of CGUs and group of CGUs tested 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.

14. Intangible Assets

	Client Relationships	Contract Backlog	Software	Other	Total
	$	$	$	$	$
Cost					
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
Additions	—	—	48.5	0.7	49.2
Additions arising on acquisitions	152.6	51.5	—	1.6	205.7
Removal of fully amortized assets	(8.7)	(4.1)	(13.0)	(0.2)	(26.0)
Impact of foreign exchange	(5.7)	0.2	(0.1)	—	(5.6)
December 31, 2021	**463.2**	**50.2**	**74.7**	**4.1**	**592.2**
Accumulated amortization					
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
Amortization	32.5	6.8	20.4	0.3	60.0
Removal of fully amortized assets	(8.7)	(4.1)	(13.0)	(0.2)	(26.0)
Impact of foreign exchange	(2.0)	0.1	(0.1)	—	(2.0)
December 31, 2021	**185.0**	**2.8**	**31.0**	**0.1**	**218.9**
Net book value					
December 31, 2020	161.8	2.6	15.6	2.0	182.0
December 31, 2021	**278.2**	**47.4**	**43.7**	**4.0**	**373.3**

During 2021, 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 $33.5 (2020 - $5.5). In 2021, software additions through software financing obligations were $44.4 (2020 - $0.4) and have been excluded from the consolidated statement of cash flows (note 33).

15. Other Assets

	Note	December 31 2021 $	December 31 2020 $
Financial assets			
Investments held for self-insured liabilities	24	**198.3**	174.9
Holdbacks on long-term contracts		**23.6**	25.9
Other		**15.5**	12.4
Non-financial assets			
Investments in joint ventures and associates		**7.4**	8.3
Other		**7.6**	11.8
		252.4	233.3
Less current portion - financial		**21.4**	34.7
Less current portion - non-financial		**2.1**	7.4
Long-term portion		**228.9**	191.2

Financial assets-other primarily include indemnifications, sublease receivables, deposits, and total return swaps on share-based compensation units (note 25). 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 as FVPL with gains (losses) recorded in net income. During 2021, the Company recorded an unrealized gain on equity securities of $13.9 (2020 - unrealized gain of $0.7) (note 31) and an unrealized loss on bonds of $2.9 (2020 - unrealized gain of $3.0).

Their fair value and amortized cost are as follows:

	December 31 2021 $		December 31 2020 $	
	Fair Value	**Amortized Cost/Cost**	Fair Value	Amortized Cost/Cost
Bonds	**124.4**	**124.5**	115.5	112.6
Equity securities	**73.9**	**55.3**	59.4	54.7
Total	**198.3**	**179.8**	174.9	167.3

The bonds bear interest at rates ranging from 0.80% to 4.55% per annum (2020 – 0.88% to 4.25%). The terms to maturity of the bond portfolio, stated at fair value, are as follows:

	December 31 2021 $	December 31 2020 $
Within one year	**17.3**	31.4
After one year but not more than five years	**104.8**	77.5
More than five years	**2.3**	6.6
Total	**124.4**	115.5

16. Trade and Other Payables

	December 31 2021	December 31 2020
	$	$
Trade accounts payable	213.1	217.6
Employee and payroll liabilities	349.5	277.4
Accrued liabilities	72.1	81.0
Trade and other payables	634.7	576.0

During 2021, certain jurisdictions, primarily the United States, the United Kingdom, and Australia permitted companies to defer certain non-corporate tax payments. At December 31, 2021, the Company deferred payments of these non-corporate taxes of $17.4 which are due before the end of 2022 and are recorded in Trade and Other Payables.

17. Long-Term Debt

	December 31 2021	December 31 2020
	$	$
Senior unsecured notes	298.2	299.5
Revolving credit facility	543.3	—
Term loan	307.9	309.1
Notes payable	64.7	68.8
Software financing obligations	31.0	3.4
	1,245.1	680.8
Less current portion	51.0	46.6
Long-term portion	1,194.1	634.2

Senior unsecured notes
The Company has $300.0 of senior unsecured notes (the notes) 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.

Revolving credit facilities and term loan
On October 29, 2021, the Company amended its syndicated senior credit facilities consisting of a senior revolving credit facility in the maximum amount of $800.0 and a senior term loan 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 amendments changed certain terms and conditions, including extending the maturity date of the revolving credit facility from June 27, 2024 to October 29, 2026, extending the maturity date of the $150.0 tranche B of the term loan from June 27, 2022 to October 29, 2024, extending the maturity date of the $160.0 tranche C of the term loan from June 27, 2023 to October 29, 2026, and adding two sustainability linked metrics based on greenhouse gas emissions and gender equality index score. The amendments to the terms and conditions were not considered to be substantial. As such, the amendments were accounted for as a debt modification.

The revolving credit facility and the term loan are unsecured and may be repaid from time to time at the option of the Company. At December 31, 2021, $403.0 (2020 - nil) of the revolving credit facility was payable in Canadian funds and $140.3 (US$111.0) (2020 - nil) was payable in US funds. As at December 31, 2021 and 2020, both tranches of the term loan were payable in Canadian funds. The average interest rate for the revolving credit facility and term loan at December 31, 2021, was 2.15% (2020 – 2.55%).

The funds available under the revolving credit facility are reduced by outstanding letters of credit issued pursuant to the facility agreement. At December 31, 2021, the Company had issued outstanding letters of credit that expire at various dates before October 2022, are payable in various currencies, and total $5.8 (2020 – $8.8). These letters of credit were issued in the normal course of operations, including the guarantee of certain office rental obligations. At December 31, 2021, $243.7 (2020 – $786.5) was available under the revolving credit facility.

The Company has 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, 2021, $76.5 (2020 – $66.2) 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, $63.7 (2020 – $53.8) expire at various dates before January 2023 and $12.8 (2020 – $12.4) 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, 2021, was 1.5% (2020 – 2.4%). Notes payable may be supported by promissory notes and are due at various times from 2022 to 2024. The aggregate maturity value of the notes at December 31, 2021, was $65.3 (2020 – $69.8), of which $3.2 (2020 - $8.5) was payable in Canadian funds, $2.7 (US$2.1) (2020 – $5.7 (US$4.5)) of the notes was payable in US funds, $55.4 (AU$60.3) (2020 – $38.4 (AU$39.2)) was payable in Australian funds, and $4.0 (2020 – $17.2) was payable in other foreign currencies.

Software financing obligations
The Company has financing obligations for software, included in intangible assets, bearing interest at rates up to 4.69% (2020 - up to 4.18%). These obligations expire at various dates before September 2027. Software additions acquired through software financing obligations during 2021 were $44.4 (2020 - $0.4) and have been excluded from the consolidated statement of cash flows (note 33).

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, 2021, the Company had retained bonds of $65.5 (US$51.8) (2020 - $155.1 (US$121.8) in US funds under these surety facilities that will expire on completion of the associated projects. The estimated completion dates of these projects are before May 2023. 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 $10.1 (2020 - $12.0) in bonds for Consulting Services that will expire on completion of the associated projects. The estimated completion dates of these projects are before October 2028.

18. Provisions

	Self-insured liabilities $	Claims $	Lease restoration $	Onerous contracts $	Total $
Balance, beginning of the year	**95.8**	**13.8**	**12.2**	**6.4**	**128.2**
Current year provisions	**28.2**	**2.2**	**1.7**	**14.4**	**46.5**
Acquisitions	**—**	**9.2**	**0.5**	**—**	**9.7**
Paid or otherwise settled	**(14.1)**	**(4.8)**	**(1.5)**	**(4.1)**	**(24.5)**
Impact of foreign exchange	**(0.4)**	**—**	**(0.2)**	**—**	**(0.6)**
	109.5	**20.4**	**12.7**	**16.7**	**159.3**
Less current portion	**8.5**	**17.7**	**2.5**	**8.0**	**36.7**
Long-term portion	**101.0**	**2.7**	**10.2**	**8.7**	**122.6**

Cash outflows for provisions for claims are expected to occur within the next one 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 eighteen years.

19. Employee Defined Benefit Obligations

	December 31, 2021	December 31, 2020
	$	$
Net defined benefit pension asset	**(17.0)**	(47.3)
Net defined benefit pension liability	**42.8**	73.7
End of employment benefit plans	**15.9**	17.5
	58.7	91.2

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 to the Plans in 2022.

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 investments in equities.

Guaranteed annuities are purchased for certain plan members upon retirement. In December 2021, the Company also entered into a bulk annuity policy for a UK pension scheme. Future cash flows from annuities will match the amount and timing of certain benefits payable under the Plans, partially mitigating the Company's exposure to future volatility in the related obligations. At December 31, 2021, 54.2% (2020 - 21.1%) of the defined benefit obligation was fully covered against changes in interest rates and longevity post-retirement. Post-retirement benefits that are fully matched with annuity 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:

	2021			2020		
	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	**601.6**	**(575.2)**	**26.4**	563.1	(519.3)	43.8
Administrative and marketing expenses						
Interest expense (income)	**6.8**	**(6.7)**	**0.1**	10.6	(10.0)	0.6
Past service cost	**—**	**—**	**—**	0.3	—	0.3
Administrative expenses paid by the Plans	**—**	**1.0**	**1.0**	—	1.1	1.1
	6.8	**(5.7)**	**1.1**	10.9	(8.9)	2.0
Other comprehensive loss (income)						
Return on the plan assets, excluding interest income	**—**	**11.1**	**11.1**	—	(41.1)	(41.1)
Actuarial (gains) losses arising from:						
Changes in demographic assumptions	**5.0**	**—**	**5.0**	1.0	—	1.0
Changes in financial assumptions	**0.5**	**—**	**0.5**	40.0	—	40.0
Experience adjustments	**(1.8)**	**—**	**(1.8)**	0.6	—	0.6
Remeasurement loss (gain) on net employee defined benefit liability, before tax	**3.7**	**11.1**	**14.8**	41.6	(41.1)	0.5
Effect of movement in exchange rates	**(10.4)**	**10.1**	**(0.3)**	6.1	(5.8)	0.3
	(6.7)	**21.2**	**14.5**	47.7	(46.9)	0.8
Other						
Benefits paid	**(15.6)**	**15.6**	**—**	(20.1)	20.1	—
Contributions by employer	**—**	**(16.2)**	**(16.2)**	—	(20.2)	(20.2)
	(15.6)	**(0.6)**	**(16.2)**	(20.1)	(0.1)	(20.2)
Balance, end of the year	**586.1**	**(560.3)**	**25.8**	601.6	(575.2)	26.4

The total remeasurement loss on the net employee defined benefit liability at December 31, 2021, is a loss of $10.1, net of deferred tax recovery of $4.7 (2020 – loss of $0.4, net of deferred tax recovery of $0.1).

	December 31, 2021 $	December 31, 2020 $
Included in the consolidated statement of financial position within:		
Net defined benefit asset	**(17.0)**	(47.3)
Net defined benefit liability	**42.8**	73.7
	25.8	26.4

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, 2021 $	December 31, 2020 $
Cash and cash equivalents	**23.1**	9.6
Investments quoted in active markets (mutual, exchange-traded, and pooled funds):		
Equities	**43.1**	149.1
Corporate bonds and fixed income	**9.9**	130.6
Pooled fund liability-driven investments	**26.2**	21.2
Property funds	**1.6**	10.1
Unquoted investments:		
Annuity policies	**317.5**	127.0
Insurance contracts:		
Equities and property	**100.7**	85.5
Corporate bonds	**27.9**	41.2
Cash and cash equivalents	**10.3**	0.9
Fair value of plan assets	**560.3**	575.2

The investment policy for the Plans is to balance risk and return. Approximately 19% of plan assets are invested in mutual, exchange-traded, and pooled funds (fair valued using quoted market prices) or held in cash. Approximately 57% of plan assets are held in annuity policies that will have cash flows that match the amount and timing of certain benefits payable under the Plans. The fair value of these policies reflects the present value of the related obligations 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, 2021	December 31, 2020
Discount rate	**1.80 %**	1.15 %
Rate of increase in salaries	**4.27 %**	4.17 %
Rate of inflation, pre-retirement	**2.74 %**	2.40 %
Rate of increase in future pensions payment	**3.49 %**	3.41 %
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, 2021, the weighted average duration of the defined benefit obligation was 15 years (2020 – 15 years).

Quantitative sensitivity analyses showing the impact on the defined benefit obligation for significant assumptions are as follows:

	December 31, 2021		December 31, 2020	
	Increase $	**Decrease $**	Increase $	Decrease $
Change in discount rate by 0.25%	**(22.3)**	**23.8**	(19.6)	20.3
Change in pre-retirement inflation rate by 0.25%	**5.1**	**(5.1)**	5.6	(5.3)
Change in salary growth by 0.25%	**1.1**	**(1.1)**	1.2	(1.2)
Change in pension increase assumption by 0.25%	**12.3**	**(11.6)**	12.9	(12.3)
Change in one year in the life expectancy	**12.0**	**(12.0)**	13.3	(13.3)

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.

Bulk annuity

In December 2021, the Company entered into a bulk annuity policy for a UK pension scheme which resulted in an remeasurement adjustment of **$**9.4, representing the difference between the premium paid for the annuity policy and the value of the related defined benefit obligation. Future cash flows from this bulk annuity will match the amount and timing of certain benefits payable under the scheme. The bulk annuity does not extinguish the Company's risks and obligations under the plan.

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, 2021 $**	December 31, 2020 $
Cash-settled share-based compensation	23	**62.0**	25.5
Deferred non-corporate tax liabilities	16	**—**	13.2
Interest rate swap	25	**2.3**	6.9
Other		**8.2**	8.2
		72.5	53.8
Less current portion		**34.5**	14.3
Long-term portion		**38.0**	39.5

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. These commitments as at December 31, 2021, are as follows:

	Total $	Less than 1 Year $	1 to 3 Years $	After 3 Years $
Variable lease payments	**291.2**	**50.6**	**79.4**	**161.2**
Short-term and low value lease payments	**2.8**	**2.2**	**0.6**	**—**
Leases not commenced but committed	**33.3**	**1.5**	**6.1**	**25.7**
	327.3	**54.3**	**86.1**	**186.9**

Future minimum payments receivable under non-cancelable sublease agreements as at December 31, 2021, are $7.2 (2020 - $7.9), of which $3.0 (2020 - $2.1) 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 9, 2021, the Company received approval from the TSX to renew its Normal Course Issuer Bid (NCIB), enabling it to purchase up to 5,559,312 common shares during the period November 16, 2021, to November 15, 2022. 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, 2021 and December 31, 2020, no liability was recorded in the Company's consolidated statements of financial position in connection with the ASPP.

During 2021, 939,482 (2020 – 2,047,948) common shares were repurchased for cancellation pursuant to the NCIB at a cost of $50.7 (2020 – $78.3). Of this amount, $8.1 and $0.1 (2020 – $16.8 and $0.4) reduced share capital and contributed surplus, respectively, and $42.5 (2020 – $61.1) 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 2021.

Date Declared	Record Date	Payment Date	Dividend per Share $	Paid $
November 4, 2020	December 31, 2020	January 15, 2021	0.155	17.2
February 24, 2021	March 31, 2021	April 15, 2021	0.165	18.4
May 5, 2021	June 30, 2021	July 15, 2021	0.165	18.3
August 4, 2021	September 30, 2021	October 15, 2021	0.165	18.4
November 3, 2021	December 31, 2021	January 18, 2022	0.165	—

At December 31, 2021, trade and other payables included $18.3 (2020 – $17.2) related to the dividends declared on November 3, 2021.

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 unit (DSUs) plan for the board of directors.

During 2021, the Company recognized share-based compensation expense of $46.7 (2020 – $16.4) in administrative and marketing expenses in the consolidated statements of income. The amount expensed included $0.1 (2020 – $1.0) related to the amortization of the fair value of options granted and $46.6 (2020 – $15.4) related to the cash-settled share-based compensation (RSUs, PSUs, and DSUs). Also, an adjustment of $4.9 (December 31, 2020 - $0.9) was included in contributed surplus for deferred tax impacts on share-based compensation.

a) Share options

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Shares #	Weighted Average Exercise Price per Share $	Shares #	Weighted Average Exercise Price per Share $
Share options outstanding, beginning of the year	**2,123,800**	**32.45**	4,051,080	32.17
Exercised	**(1,267,614)**	**32.50**	(1,840,320)	31.83
Forfeited	**(7,908)**	**32.98**	(86,960)	32.58
Share options outstanding, end of the year	**848,278**	**32.37**	2,123,800	32.45
Share options vested, end of the year	**848,278**	**32.37**	1,816,592	32.36

These options are held by officers and employees, expire on dates between March 3, 2022 and May 15, 2023, and can be exercised between a range of price per share of $31.75 - $32.98. The weighted average remaining contractual life is 0.78 year.

b) Cash-settled share-based payments

A summary of the Company's RSUs, PSUs, and DSUs is as follows:

	December 31, 2021			December 31, 2020		
	RSUs #	**PSUs #**	**DSUs #**	RSUs #	PSUs #	DSUs #
Units, beginning of year	**289,180**	**869,337**	**163,249**	164,704	875,739	275,950
Granted	**128,579**	**251,120**	**37,162**	142,043	320,256	37,147
Paid	**—**	**(235,373)**	**—**	—	(234,966)	(149,848)
Forfeited	**(10,997)**	**(23,052)**	**—**	(17,567)	(91,692)	—
Units, end of year	**406,762**	**862,032**	**200,411**	289,180	869,337	163,249

The Company entered into total return swaps for a portion of its RSUs and DSUs to offset its exposure to the change in common share price (note 25).

Restricted share units

Under the Company's long-term incentive program, certain officers and employees may be granted RSUs. During 2021, the Company granted 124,599 RSUs (2020 - 138,148) at a fair value of $6.7 (2020 - $5.8). These units are adjusted for dividends as they arise, based on the number of units held on the record date, and the fair value is determined based on the trading price of the Company's common shares. For units that vest upon completing a three-year service condition, unit holders will receive cash payments based on the number of units held on the record date and 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, 2021, the obligations accrued for RSUs were $15.4 (2020 - $4.2) 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. The number of units that vest upon completing a three-year service condition, is subject to a percentage that can range from 0% to 200%, depending on achieving three-year performance and market objectives. The objectives include return on equity target for a 60% weighting and total shareholder return relative to the Company's peer group for a 40% weighting.

The fair value of these units is measured using the Monte Carlo method. For units that vest upon completing a three-year service condition that starts after the grant date, unit holders will receive a cash payment based on the closing market price of the Company's common shares on the third anniversary date of issue, unit holders will receive cash payments based on the number of units held on the record date and 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.

During 2021, 242,701 PSUs (2020 - 308,136) were granted at a fair value of $14.0 (2020 - $16.4). 235,373 PSUs were paid (2020 - 234,966) at a value of $9.0 (2020 - $6.6). At December 31, 2021, the obligations accrued for PSUs were $32.5 (2020 – $14.3) 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. These units vest on their grant date and are adjusted for dividends as they arise, based on the number of units held on the record date. The fair value is determined based on the trading price of the Company's common shares and are paid in cash to the directors of the board on their death or retirement. Cash payment is determined 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.

During 2021, 37,162 DSUs (2020 – 37,147) were granted at a fair value of $1.8 (2020 – $1.4), based on the closing market price of the Company's common shares at the grant date. In 2021, no payments were made for DSUs (2020 -

149,848 DSUs were paid at a value of $6.1). At December 31, 2021, the outstanding and vested DSUs had a fair value of $4.1 (2020 – $6.7) 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 2021, 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, 2021:

	Notes	Carrying Amount $	Level 1 $	Level 2 $	Level 3 $
Assets					
Investments held for self-insured liabilities	15	198.3	—	198.3	—
Total return swap on share-based compensation units	15,25	0.3	—	0.3	—
Foreign currency forward contracts	25	0.3	—	0.3	—
Liabilities					
Interest rate swap	20,25	2.3	—	2.3	—

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, 2021:

	Note	Carrying Amount $	Level 1 $	Level 2 $	Level 3 $
Senior unsecured notes	17	298.2	—	290.1	—
Notes payable	17	64.7	—	64.7	—

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

Interest rate swap

The Company has an interest rate swap agreement to hedge the interest rate variability on tranche C of the term loan with a notional amount of $60.0, 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, 2021, is an unrealized gain of $4.6 ($3.5 net of tax) (2020 - loss of $5.4 ($4.1 net of tax)). The Company has designated the swap as a cash flow hedge against tranche C.

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, payment, and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationship as the underlying risks of the interest rate swap are identical to the hedged risks.

Hedge ineffectiveness could arise due to a renegotiation or amendment made to the hedged term loan resulting in a reduced term or a mismatch in the notional amount compared to the interest rate swap.

Total return swaps on share-based compensation units

In December 2021, the Company entered into total return swap (TRS) agreements with financial institutions to manage its exposure to changes in the fair value the Company's shares for certain cash-settled share-based payment obligations. The TRS agreements fixed the impact that the Company's share price has on the payments required to settle the obligations for RSUs and DSUs.

The Company designated the TRSs related to its RSUs as a cash flow hedge, with a notional amount of $24.9 maturing between 2022 and 2024. There is an economic relationship between these TRSs and the obligation for RSUs because the terms of the two instruments match (i.e., notional amount and payment). The Company has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the TRSs are identical to the hedged risk component. Hedge ineffectiveness could arise if actual forfeitures of RSUs are greater than anticipated which could create a mismatch in the notional amounts.

The fair value of the TRSs, recorded in other assets (note 15), are based on the difference between the hedged price and the fair value of the Company's common shares. For the year ended December 31, 2021, changes in the fair value of the TRSs related to the Company's RSUs of $0.1 ($0.1 net of tax) were recognized in other comprehensive (loss) income and $0.1 ($0.1 net of tax) was reclassified to the consolidated statements of income, in administrative and marketing expenses. Changes in the fair value of the TRSs related to the Company's DSUs, for which hedge accounting was not applied, of $0.1 were recognized in administrative and marketing expenses in the consolidated statements of income.

Foreign currency forward contracts

As at December 31, 2021, the Company has foreign currency forward contracts to purchase AUD$32.8 for CAD$39.3 equivalent on the trade date and matures at various dates before May 2022 (2020 - USD$75.0 for CAD$96.0 and matured on February 5, 2021). These were entered to mitigate the risk of foreign currency fluctuations. The fair value of these contracts, estimated using market rates as at December 31, 2021, is an unrealized gain of $0.3 (2020 - unrealized loss of $0.5) and was recorded in foreign exchange losses and in the consolidated statements of financial position within trade and other receivables.

b) Nature and extent of risks

The COVID-19 pandemic, as described in note 5, has had adverse financial impacts on the global economy, but the Company has not seen any increases to its risk exposure. Management continues to closely monitor the impact of the pandemic on 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, total return swaps, 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, 2021, was $1,746.9 (2020 – $1,649.6).

The Company limits its exposure to credit risk by holding its cash and cash equivalents and derivatives with 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, 2021, the days of revenue in trade receivables was 59 days (2020 – 58 days).

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, 2021	**$**	**$**	**$**	**$**	**$**	**$**
Expected loss rate		**0.09 %**	**0.14 %**	**0.34 %**	**0.73 %**	**1.55 %**
Gross carrying amount	**1,348.3**	**1,026.1**	**181.1**	**56.3**	**30.7**	**54.1**
Loss allowance provision, end of the year	**2.6**	**1.1**	**0.2**	**0.2**	**0.2**	**0.9**
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

During 2021, $1.0 trade receivables were written off (2020 – $2.0) and the Company had recoveries of $2.2 (2020 - nil) 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.

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. For the Company's investments held for self-insured liabilities, a 1% increase or decrease in equity prices at December 31, 2021, would increase or decrease the Company's net income by $1.5, respectively.

The Company is also exposed to changes in its share price arising from its cash-settled share-based payments as the Company's obligation under these arrangements are based on the price of the Company's shares. Beginning December 2021, the Company mitigates its exposure to this risk for its RSUs and DSUs by entering into TRSs. For PSUs, a 10% increase or decrease in the price of the Company's shares at December 31, 2021, would decrease or increase the Company's net income by $1.3, respectively.

Liquidity risk
The Company meets its liquidity needs through various sources, including cash generated from operations, issuing senior unsecured notes, 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, 2021, was $243.7 (2020 – $786.5). 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, 2021				
Bank indebtedness	**7.2**	**7.2**	**—**	**—**
Trade and other payables	**634.7**	**634.7**	**—**	**—**
Lease liabilities	**758.9**	**136.9**	**241.2**	**380.8**
Long-term debt	**1,250**	**52.6**	**190.7**	**1,006.7**
Other financial liabilities	**6.2**	**3.4**	**2.7**	**0.1**
Total contractual obligations	**2,657**	**834.8**	**434.6**	**1,387.6**
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

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 partially mitigated by our interest rate swap on tranche C of 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.

If the interest rate on the Company's revolving credit facility and term loan balances at December 31, 2021, was 0.5% higher or lower, with all other variables held constant, net income would decrease or increase by $2.6, respectively.

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.

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, 2021	December 31, 2020
	$	$
Current portion of long-term debt	**51.0**	46.6
Non-current portion of long-term debt	**1,194.1**	634.2
Long-term debt	**1,245.1**	680.8
Bank indebtedness	**7.2**	4.7
Less: cash and deposits	**(193.9)**	(289.5)
Net debt	**1,058.4**	396.0
Shareholders' equity	**2,001.7**	1,928.5
Total capital managed	**3,060.1**	2,324.5

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 and senior unsecured notes. The financial covenants (measured quarterly) 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) as defined by the credit facilities agreement. 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, 2021.

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	
	2021	2020
	%	%
Income tax expense at statutory Canadian rates	**25.9**	25.6
Increase (decrease) resulting from:		
Rate differential on foreign income	**(1.8)**	2.5
Non-deductible expenses and non-taxable income	**(0.1)**	1.6
Unrecognized tax losses and temporary differences	**(0.1)**	(0.5)
Research and development and other tax credits	**(0.7)**	(1.1)
Other	**0.5**	(1.5)
	23.7	26.6

Major components of income tax expense from continuing operations are as follows:

	For the year ended December 31	
	2021	2020
	$	$
Ongoing operations	**66.7**	76.9
UK reorganization tax and US transition tax	**—**	2.6
Current income tax expense	**66.7**	79.5

	For the year ended December 31	
	2021	2020
	$	$
Origination and reversal of timing differences	**(2.3)**	(17.0)
Unrecognized tax losses and temporary differences	**0.9**	0.8
Change of tax rates	**(2.4)**	(1.7)
Recovery arising from previously unrecognized tax assets	**(0.6)**	(4.0)
Deferred income tax recovery	**(4.4)**	(21.9)

Significant components of net deferred income tax assets (liabilities) are as follows:

	December 31, 2021	December 31, 2020
	$	$
Deferred income tax assets (liabilities)		
Lease liabilities	**166.7**	154.9
Differences in timing of taxability of revenue and deductibility of expenses	**47.3**	27.7
Loss and tax credit carryforwards	**28.2**	8.7
Employee defined benefit plan	**7.3**	5.7
Other	**1.5**	1.2
Carrying value of property and equipment in excess of tax cost	**(15.2)**	(26.2)
Carrying value of intangible assets in excess of tax cost	**(147.1)**	(84.3)
Lease assets	**(117.9)**	(108.7)
	(29.2)	(21.0)

The following is a reconciliation of net deferred tax assets (liabilities):

	December 31, 2021	December 31, 2020
	$	$
Balance, beginning of the year	**(21.0)**	(41.3)
Tax effect on equity items	**7.3**	(2.0)
Impact of foreign exchange	**(0.4)**	0.9
Other	**0.4**	0.4
Deferred taxes acquired through business combinations	**(19.9)**	0.2
Tax recovery during the year recognized in net income	**4.4**	20.8
Balance, end of the year	**(29.2)**	(21.0)

At December 31, 2021, 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, 2021	December 31, 2020
	$	$
Deductible temporary differences	**0.2**	1.1
Non-capital tax losses:		
Expire (2022 to 2041)	**72.0**	37.0
Never expire	**41.8**	33.5
	113.8	70.5
Capital tax losses:		
Never expire	**2.5**	2.6
	116.5	74.2

Deferred tax assets have not been recognized in respect of these temporary differences and losses, as well as foreign tax credits of $4.9 (2020 - nil), 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 during 2020 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 in 2020 that increased income taxes recoverable and deferred tax liabilities.

28. Net Interest Expense

		For the year ended December 31	
		2021	2020
	Note	**$**	$
Interest on credit facilities	17	**9.5**	20.1
Interest on lease liabilities	12	**23.7**	28.8
Other		**9.5**	4.2
Total interest expense		**42.7**	53.1
Interest income on FVOCI investment debt securities	15	**(3.5)**	(2.8)
Other		**(1.3)**	(1.1)
Total interest income		**(4.8)**	(3.9)
Net interest expense		**37.9**	49.2

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. Acquisitions increased deferred revenue by $43.0 and did not impact contract assets (note 7). In 2020, there were no significant changes to contract assets and deferred revenue.

Revenue recognized in 2021 and included in deferred revenue at January 1, 2021, was $197.3 (2020 – $199.2). Revenue recognized in 2021 from performance obligations satisfied (or partially satisfied) in prior years was less than 1% (2020 – 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, 2021, was $5,134.3 (2020 – $4,377.1). This amount includes all contracts with customers but excludes variable consideration that is not highly probable. The Company expects to recognize approximately 78% (2020 – 78%) of this revenue as contracts are completed over the next18 months with the remainder recognized thereafter.

30. Employee Costs from Continuing Operations

		For the year ended December 31,	
		2021	2020
	Note	**$**	$
Wages, salaries, and benefits		**2,644.6**	2,670.3
Pension costs		**77.3**	79.3
Share-based compensation	23	**46.7**	16.4
Total employee costs		**2,768.6**	2,766.0
Direct labor		**1,672.8**	1,754.0
Indirect labor		**1,095.8**	1,012.0
Total employee costs		**2,768.6**	2,766.0

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 $76.1 (2020 – $77.3) related to defined contribution plans.

As a result of the COVID-19 pandemic, government grants received for wage subsidies were $4.3 (2020 - $3.5). These wage subsidies were presented as a reduction to direct labor of $3.3 (2020 - nil) in direct payroll costs and indirect labor of $1.0 (2020 - $3.5) in administrative and marketing expenses. At December 31, 2021, there were no unperformed conditions related to these grants.

31. Other Income

		For the year ended December 31,	
		2021	2020
	Note	**$**	$
Share of income from joint ventures and associates		**(1.8)**	(1.5)
Unrealized gain on equity securities	15	**(13.9)**	(0.7)
Other		**(1.5)**	0.1
Total other income		**(17.2)**	(2.1)

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, 2021	December 31, 2020
	#	#
Basic shares outstanding	**111,242,658**	111,553,711
Share options (dilutive effect in 2021 of848,278 options; 2020 – 2,123,800 options)	**374,007**	395,594
Diluted shares	**111,616,665**	111,949,305

At December 31, 2021, and December 31, 2020,no options were antidilutive.

33. Cash Flow Information

A reconciliation of liabilities arising from financing activities for the year ended December 31, 2021, is as follows:

	Senior Unsecured Notes	Revolving Credit Facility and Term Loan	Notes Payable	Software Financing Obligations	Lease Liabilities	Total
	$	$	$	$	$	$
December 31, 2019	—	756.5	88.7	15.7	688.9	1,549.8
Statement of cash flows						
Proceeds	300.0	61.0	—	—	2.8	363.8
Transaction costs	(2.1)	—	—	—	—	(2.1)
Repayments or payments	—	(509.0)	(33.2)	(13.0)	(129.3)	(684.5)
Non-cash changes						
Foreign exchange	—	—	2.2	0.2	(1.6)	0.8
Additions and modifications	—	—	10.0	0.4	66.2	76.6
Other	1.6	0.6	1.1	0.1	2.8	6.2
December 31, 2020	299.5	309.1	68.8	3.4	629.8	1,310.6
Statement of cash flows						
Proceeds	—	1,182.2	—	—	3.0	1,185.2
Repayments or payments	—	(637.5)	(41.2)	(16.8)	(131.4)	(826.9)
Non-cash changes						
Foreign exchange	—	(1.4)	(3.2)	(0.2)	(2.8)	(7.6)
Additions and modifications	—	—	41.6	44.4	169.3	255.3
Other	(1.3)	(1.2)	(1.3)	0.2	1.0	(2.6)
December 31, 2021	**298.2**	**851.2**	**64.7**	**31.0**	**668.9**	**1,914.0**

Amounts for leases recognized in the consolidated statements of cash flows	For the year ended December 31,	
	2021	2020
	$	$
Cash payments for the interest portion of lease liabilities	**23.7**	28.8
Cash payments for leases not included in the measurement of lease liabilities	**42.9**	47.4
Cash used in operating activities	**66.6**	76.2
Net cash used in financing activities	**128.4**	126.5
Total cash used for leases	**195.0**	202.7

The Company's net cash flows from operating activities under the direct method (note 6 a), were as follows:

	For the year ended December 31,	
	2021	2020
	$	$
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Cash receipts from clients	**4,703.9**	4,965.7
Cash paid to suppliers	**(1,538.9)**	(1,516.6)
Cash paid to employees	**(2,636.9)**	(2,715.7)
Interest received	**4.7**	3.9
Interest paid	**(41.1)**	(51.9)
Finance costs paid	**(5.7)**	(4.9)
Income taxes paid	**(101.5)**	(77.9)
Income taxes recovered	**12.5**	—
Cash flows from operating activities from continuing operations	**397.0**	602.6

34. Related-Party Disclosures

At December 31, 2021, 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
Cardno, Inc.	Delaware, United States
Cardno Holdings Pty. Ltd.	Australia
International Insurance Group Inc.	Barbados
Mustang Acquisition Holdings 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 Global Capital Limited	United Kingdom
Stantec Holding (2017) Limited	United Kingdom
Stantec Holdings LP	Canada
Stantec Holdings ULC	Canada
Stantec International Consulting, Inc.	Delaware, United States
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, 2021, 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.	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
Starr II, a Joint Venture	47%	United States
Better Together, a 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, 2021			For the year ended December 31, 2020		
	Sales to Related Parties $	**Distributions Paid $**	**Amounts Owed by Related Parties $**	Sales to Related Parties $	Distributions Paid $	Amounts Owed by Related Parties $
Joint ventures	**44.5**	**1.7**	**4.6**	33.4	2.5	4.3

Compensation of key management personnel and directors of the Company

	For the year ended December 31,	
	2021 $	2020 $
Salaries and other short-term employment benefits	**12.4**	11.0
Directors' fees	**0.8**	0.8
Share-based compensation	**21.6**	8.1
Total compensation	**34.8**	19.9

The Company's key management personnel for 2021 and 2020 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.

Segment performance is evaluated by the CEO based on project margin and is measured consistently with project margin in the consolidated financial statements. Inter-segment revenues are eliminated on consolidation and reflected in the Adjustments and Eliminations column. Reconciliations of project margin to net income before taxes and discontinued operations is included in the consolidated statements of income.

Reportable segments from continuing operations

	For the year ended December 31, 2021					
	Canada $	**United States $**	**Global $**	**Total Segments $**	**Adjustments and Eliminations $**	**Consolidated $**
Total gross revenue	**1,257.7**	**2,431.5**	**998.7**	**4,687.9**	**(111.1)**	**4,576.8**
Less inter-segment revenue	**31.8**	**31.3**	**48.0**	**111.1**	**(111.1)**	**—**
Gross revenue from external customers	**1,225.9**	**2,400.2**	**950.7**	**4,576.8**	**—**	**4,576.8**
Less subconsultants and other direct expenses	**157.4**	**600.7**	**182.6**	**940.7**	**—**	**940.7**
Total net revenue	**1,068.5**	**1,799.5**	**768.1**	**3,636.1**	**—**	**3,636.1**
Project margin	**571.9**	**977.8**	**413.6**	**1,963.3**	**—**	**1,963.3**

	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
Project margin	533.7	1,048.7	348.1	1,930.5	—	1,930.5

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, 2021 $	December 31, 2020 $	**2021 $**	2020 $
Canada	**644.6**	646.0	**1,225.9**	1,238.5
United States	**1,880.0**	1,430.0	**2,400.2**	2,655.2
United Kingdom	**144.5**	142.4	**341.0**	321.5
Australia	**325.6**	149.5	**243.8**	159.9
Other global geographies	**273.1**	175.0	**365.9**	355.0
	3,267.8	2,542.9	**4,576.8**	4,730.1

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,	
	2021	2020
	$	$
Buildings	**904.8**	990.8
Energy & Resources	**559.2**	631.9
Environmental Services	**831.7**	749.3
Infrastructure	**1,266.2**	1,354.2
Water	**1,014.9**	1,003.9
Total gross revenue from external customers	**4,576.8**	4,730.1

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 2021, investment tax credits of $7.7 (2020 – $10.5) were recorded.

37. Event after the Reporting Period

Dividend

On February 23, 2022, the Company declared a dividend of $0.18 per share, payable on April 18, 2022, to shareholders of record on March 31, 2022.

Exhibit 99.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended December 31, 2021 of Stantec Inc. of our report dated February 23, 2022, relating to the consolidated financial statements and effectiveness of internal control over financial reporting, which appears in the Exhibit incorporated by reference in this Annual Report.

We also consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-143082), Form S-8 (No. 333-143084) and Form S-8 (No. 333-212932) of Stantec Inc. of our report dated February 23, 2022 referred to above. We also consent to reference to us under the heading “Interests of Experts,” which appears in the Annual Information Form included in the Exhibit incorporated by reference in this Annual Report on Form 40-F, which is incorporated by reference in such Registration Statements.

/**s**/ **PricewaterhouseCoopers LLP**

Chartered Professional Accountants
Edmonton, Alberta, Canada

February 23, 2022

Exhibit 99.5

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 report dated February 24, 2021 (except Notes 6a and 33, as to which the date is February 23, 2022), with respect to the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for the year ended December 31, 2020, included in this Annual Report on Form 40-F.

/s/ Ernst & Young LLP

Edmonton, Canada
February 23, 2022 Chartered Professional Accountants

Exhibit 99.6

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 23, 2022

/s/ Gordon A. Johnston
GORDON A. JOHNSTON, M. ENG, P. ENG
President and Chief Executive Officer

Exhibit 99.7

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, 2021 (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 23, 2022

/s/ Gordon A. Johnston
GORDON A. JOHNSTON, M. ENG, P. ENG
President and Chief Executive Officer

Exhibit 99.8

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 23, 2022

/s/ Theresa B. Y. Jang
THERESA B. Y. JANG
Executive Vice President and Chief Financial Officer

Exhibit 99.9

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, 2021 (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 23, 2022

/s/ Theresa B. Y. Jang
THERESA B. Y. JANG
Executive Vice President and Chief Financial Officer

Exhibit 99.10

Code of Business Conduct

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.

For more information, please refer to Stantec's Conflict of Interest Guidance.

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 hosted 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
Brazil	*Direct Access:* From an outside line, dial the direct access number for your location: • 0-800-890-0288 • Cellular: 0-800-888-8288 At the *English* prompt, dial 855-389-9170.	Portuguese, 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 shelleybrowncpa@gmail.com

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.