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

[**X**] ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

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))

N/A

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

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

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

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

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

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

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

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

None.

(Title of Class)

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

None.

(Title of Class)

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

[Ö] Annual information form [Ö] 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, 2019 – 111,212,975 Common Shares outstanding.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.

Yes [] No [Ö]

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 [Ö] 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 [Ö] 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. []

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, 2019 Audited Consolidated Financial Statements, is incorporated by reference herein.

AUDITOR ATTESTATION

The disclosure provided under “Independent Registered Auditors’ Report on Internal Control Over Financial Reporting” on pages F-5 and F-6 of Exhibit 99.3, 2019 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, 2019, Stantec’s audit and risk committee was made up of the following three members: Shelley A. M. Brown (Chair), Richard C. Bradeen, and Donald J. Lowry.

AUDIT COMMITTEE FINANCIAL EXPERT

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

CODE OF ETHICS

Stantec has adopted a code of ethics, entitled the Stantec Code of Business Conduct (the “Code”). The Code applies to all directors, officers and employees of Stantec, including Stantec’s principal executive officer, principal financial officer and principal accounting officer. Stantec requires that all officers and employees annually certify that they have read and understand the Code. The Code is reviewed at least annually to ensure that it complies with all legal requirements and is in alignment with best practices. In the event that amendments are needed, recommendations are made to the Board of Directors for approval. The Code is available on Stantec’s website (stantec.com) under the “About – Corporate Governance” section and included as Exhibit 99.9 hereto.

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

are respected to the extent possible. The integrity hotline is managed by an independent third party.

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

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

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The disclosure provided under "External Auditor Service Fees" on page 18 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 18 of Exhibit 99.1, Annual Information Form, is incorporated by reference herein. No audit-related fees, tax fees or other fees were approved by the Audit and Risk Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL OBLIGATIONS

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

CORPORATE GOVERNANCE

The disclosure provided under "NYSE Corporate Governance Disclosure" on page 20 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 in connection with the Common Shares.

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 26, 2020

EXHIBIT INDEX

Exhibit No.	Description
99.1	Annual Information Form dated February 26, 2020
99.2	Management's Discussion and Analysis for the year ended December 31, 2019 (pages M-1 through M-43 of the 2019 Annual Report)
99.3	2019 Audited Consolidated Financial Statements (pages F-1 through F-62 of the 2019 Annual Report)
99.4	Consent of Ernst & Young LLP
99.5	Chief Executive Officer's Certifications required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
99.6	Chief Executive Officer's Certification pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002
99.7	Chief Financial Officer's Certifications required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
99.8	Chief Financial Officer's Certification pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002
99.9	Code of Business Conduct
101.	Interactive Data File

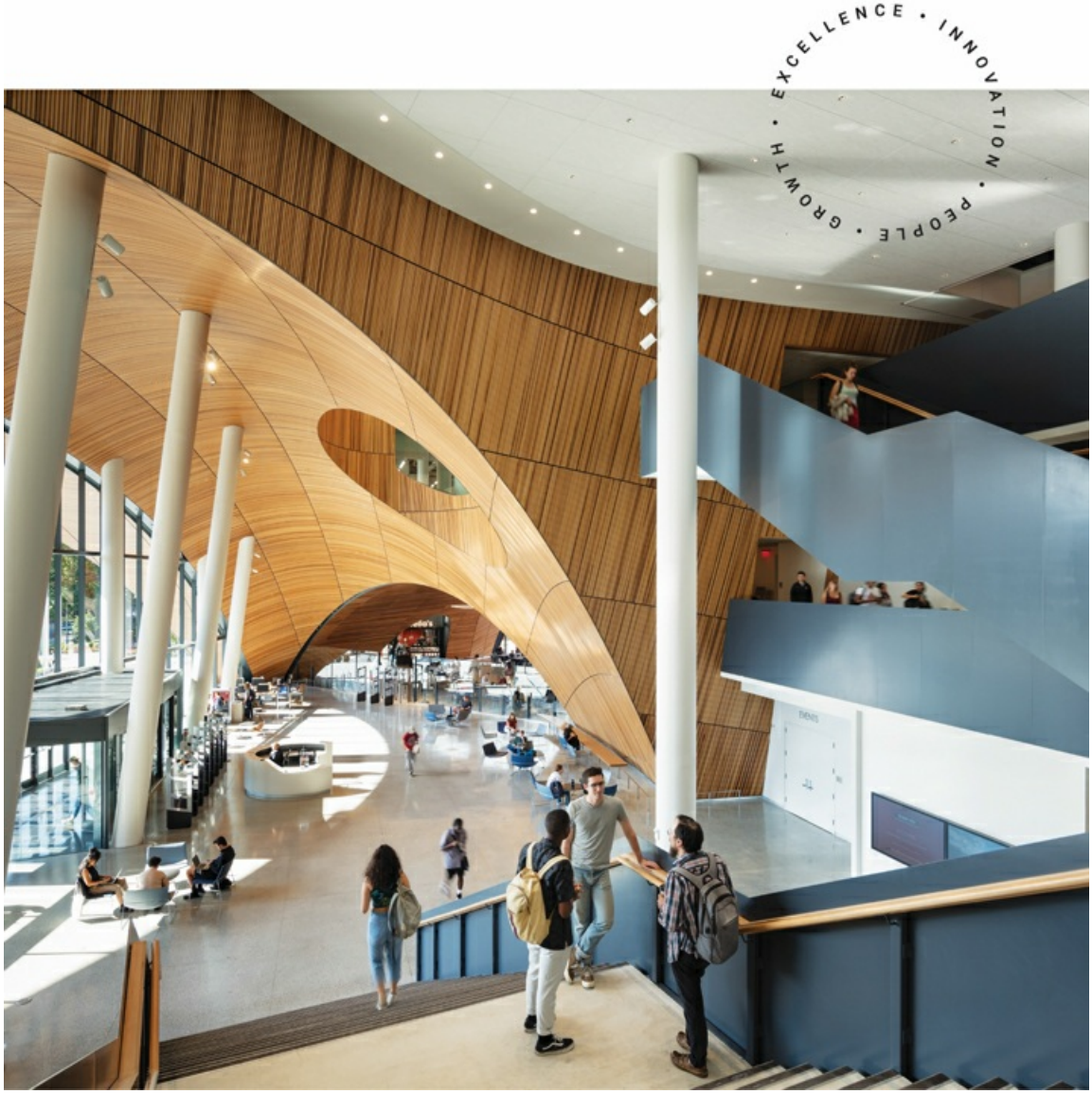
Exhibit 99.1

Stantec

STN TSX NYSE

Annual Information Form

February 26, 2020



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Stantec Inc.

Annual Information Form

February 26, 2020

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, 2019. Refer to the following sections: Business Model and Strategy, Outlook, and Cautionary Note Regarding Forward-Looking Statements (incorporated by reference in this AIF and filed under our profile on SEDAR at sedar.com and on EDGAR as an exhibit to our Form 40-F at sec.gov).
- Our beliefs about our risk management strategy and our ability to compete effectively in the Description of the Business section in this AIF.

Forward-looking statements may involve but are not limited to comments with respect to our objectives for 2020 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, 2019 (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
- 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 2020 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, 2019 (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-33 to M-38 and M-42 to M-43 of our MD&A. Our MD&A for the year ended December 31, 2019 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 26, 2020 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 2020. 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, 2019, 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, 2019. 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, 2019.

Name of Subsidiary	Percentage of Voting Shares	Percentage of Restricted Shares	Governing Jurisdiction
3221969 Nova Scotia Company	100	100	Nova Scotia
International Insurance Group Inc.	100	n/a	Barbados
Mustang Acquisition Holdings Inc.	100	n/a	Delaware
MWH International, Inc.	100	n/a	Delaware
Stantec Architecture Inc.	0 (2)	n/a	North Carolina
Stantec Architecture Ltd.	0 (2)	n/a	Canada
Stantec Australia Pty Ltd.	100	n/a	Australia
Stantec Consulting Caribbean Ltd.	100	n/a	Barbados
Stantec Consulting International LLC	100	n/a	Arizona
Stantec Consulting International Ltd.	100	100	Canada
Stantec Consulting Ltd./Stantec Experts-conseils ltée	100	100	Canada

Name of Subsidiary	Percentage of Voting Shares	Percentage of Restricted Shares	Governing Jurisdiction
Stantec Consulting Michigan Inc.	100	n/a	Michigan
Stantec Consulting Services Inc.	100	100	New York
Stantec Delaware II LLC	100	n/a	Delaware
Stantec Geomatics Ltd.	50 (2)	100	Alberta
Stantec Holding (2017) Limited	100	n/a	United Kingdom
Stantec Holdings II Ltd.	100	n/a	Alberta
Stantec International Inc.	100 (3)	n/a	Pennsylvania
Stantec New Zealand	100	n/a	New Zealand
Stantec Technology International Inc.	100	100	Delaware
Stantec UK Limited	100	n/a	United Kingdom

n/a – not applicable

(1) In this AIF, "restricted shares" means nonvoting shares in the capital stock of a subsidiary of the Company.
(2) Stantec has control over the relevant activities of this corporation 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

2020

Officer Changes

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

Three-Year History

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

2019

Acquisitions

In 2019, we completed the following acquisition in Australia:

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

Officer and Director Changes

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

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

Organizational Reshaping

In early 2019, we initiated a process to improve utilization and reshape the Company to reduce excess labor costs. Stantec's organizational reshaping efforts were largely complete at the end of of 2019 and will deliver cost savings of approximately $40 to $45 million on an annualized basis. The initiative has not affected the Company's ability to execute projects, build backlog, or achieve organic growth.

Financing

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

2018

Acquisitions

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

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

Divestitures

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

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

Officer and Director Changes

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

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

Effective February 21, 2018, Richard C. Bradeen was appointed to Stantec's board of directors and to serve as a member of the Audit and Risk Committee.

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

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

On November 7, 2018, Shelley A. M. Brown was appointed to Stantec's board of directors and to serve as a member of the Corporate Governance and Compensation Committee.

Organizational Evolution

In 2018, we focused on organic growth and strategic acquisitions while increasing operational efficiency. With the divestiture of our Construction Services business, we focused wholly on continuing to grow our Consulting Services business. Completing the acquisitions of UK-based ESI Limited, New Zealand-based Traffic Design Group, and UK-based Peter Brett Associates LLP plus announcing the signed letter of intent to acquire Australian-based Wood & Grieve Engineers means we continued exploring opportunities to expand our global reach.

Financing

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

2017

Acquisitions

In 2017, we acquired the following firms in Canada and the United States:

Month	Business Acquired	Nature of Business
April	Inventrix Engineering, Inc.	Provides engineering services in mechanical and plumbing design. Principally located in Seattle, Washington.
July	RNL Facilities Corporation	Provides public transit, civic, federal, energy, software development, telecommunications, and aerospace services. Principally located in Denver, Colorado.
October	North State Resources, Inc.	Provides environmental consulting. Principally located in Redding, California.

Divestitures

In May 2017, Stantec closed the sale of its water software business, Innovyze, Inc. and its subsidiaries, for gross proceeds of US$270 million, less working capital adjustments and assumed indebtedness. Innovyze joined Stantec as part of the MWH acquisition in 2016; subsequently, Stantec determined that Innovyze did not add synergies to Stantec's core business.

Officer and Director Changes

On December 31, 2017, Robert J. Gomes retired from the position of president and chief executive officer.

Ivor Ruste did not stand forre-election as a director at our annual general meeting of shareholders held on May 11, 2017, and thus his service as a director of Stantec ended on that date.

Organizational Evolution

In 2017, we continued realigning our internal structure to better serve our clients. The 2016 acquisition of MWH Global, Inc. and its affiliated and subsidiary companies (MWH) added a global design presence in the water sector, including a top-tier presence in the United States and United Kingdom, and a global presence in waterpower and dams. To best leverage this expertise and offer a higher degree of leadership and increased visibility for clients and employees, effective January 1, 2017, we combined legacy Stantec's Water sector from our Infrastructure business operating unit and MWH's Water businesses into a separate business operating unit—Water.

Financing

In 2017, we amended our existing Credit Agreement twice. Effective March 28, 2017, we amended our Credit Agreement to allow for the sale of our equity securities in Innovyze, Inc. Effective May 5, 2017, we amended our term credit facility to convert the Tranche C sub-facility from US$116.7 million to C$160.0 million.

Description of the Business

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

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

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

We have refined our long-standing business objective: to be a top 10 global design firm that is recognized for our creative, technology-forward and collaborative approach. Having achieved that goal in 2017 (based on rankings by *Engineering News-Record* magazine and based on revenue for design services), we now seek to maintain our position in the top 10, while also becoming a top-tier global design and delivery firm, not only by size but also assessed qualitatively based on our capabilities and perception in the marketplace.

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

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

Our reportable segments (in accordance with IFRS) are based on the regional geographic areas in which we operate. The Company has three operating and reportable segments for its Consulting Services: Canada, United States, and Global. The Company's Construction Services operations were disposed of in 2018 and reported as discontinued operations at that time.

The following table illustrates the breakdown of gross revenue for our reportable segments in 2018 and 2019.

	2018 Gross Revenue (millions $)	2019 Gross Revenue (millions $)
Reportable Segments – Continuing Operations		
Canada	1,275.8	1,283.1
United States	2,334.6	2,688.1
Global	673.4	856.1
Discontinued Operations		
Construction Services	884.4	-

For additional information regarding our business model and strategy, see our MD&A for the year ended December 31, 2019, pages M-2 to M-3 (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).

Research and Development

We generally conduct research and development for specific client projects and to position Stantec as a global leader in the delivery of innovation to the markets we serve. Our innovation brands Stantec as thought leaders, improves our competitive position, and expands our service offerings. 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, wastewater treatment, and pavement evaluation and management systems.

Competitive Conditions

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

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

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

Services

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

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

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

Employees

As of December 31, 2019, we had approximately 22,000 staff, including professionals, technologists and technicians, and support personnel.

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

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

Sustainability

Stantec's Sustainability Program is built on the premise that positive economic results are enabled when we effectively manage our environmental, social, and governance (ESG) concerns. Our Sustainability Policy guides us in implementing best practices that meet the letter and spirit of applicable laws and regulations as well as recognized international ESG frameworks.

Accountability for our sustainability performance sits with our Executive ESG Committee that is coordinated by our director of Sustainability and includes senior managers from across our business. The Executive ESG Committee was chaired by the chief operating officer in 2019. The board's Health, Safety, Security, Environment and Sustainability (HSSES) Committee oversees the overall framework for managing health, safety, security, and environment risks; sustainability; emergency preparedness; and non-financial risks arising from the Company's Integrity Management Program.

Our annual Sustainability Report provides details about our Sustainability Program. ESG highlights are outlined below.

Environment

Stantec manages, monitors, and improves our environmental performance with an ISO 14001:2015-certified Environmental Management System (EMS). Our enterprise-wide EMS sets environmental objectives and monitors and measures environmental targets, regulatory compliance, orders and citations, and improvement plans. We take steps to conserve resources and have a management plan in place that consistently reduces our greenhouse gas emissions. In 2019, Stantec was recognized for its corporate climate change action through a leadership (A-) CDP score.

Stantec provides a wide range of environmental services to clients. Whether we are providing climate change mitigation services, designing energy-efficient buildings, protecting biodiversity, developing new ways to conserve water, or promoting

renewable energy, our commitment to sustainability drives innovation, reduces risks, and provides attractive project life cycle return on investment.

Social

We are a professional services company that relies on the expertise of highly technical staff. We work hard to hire the best in the industry and focus on managing, mentoring, and retaining our people. Stantec offers a flexible and collaborative work environment, competitive employee benefits, and the opportunity to work on iconic projects. Our focus on inclusion and diversity increases employee engagement, connects us with clients, and improves employee well-being. Our investment in innovation and research helps us prepare for future client needs and promote thought leadership.

Stantec programs support the well-being of our employees, partners, and clients. We manage, monitor, and improve our health and safety performance with a formal OHSAS 18001:2007-certified management system (OHSMS) and track both lagging indicators (e.g., injury rates) and leading indicators (e.g., inspections, observations, hazard identifications) to gauge the effectiveness of our programs.

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 Integrated Management System (IMS) 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 IMS includes the EMS and OHSMS referenced above as well as a Quality Management System that is ISO 9001:2008 certified and an IT Service Management System that is ISO/IEC20000-1:2011 certified. Independent (third-party) audits of the IMS are conducted annually. Stantec focuses on data privacy and maintains comprehensive IT security systems. We also have a Partner Code of Conduct program to pass our ESG expectations along our supply chain.

Additional information about our board of directors, risk management, and strategic planning process can be found in Stantec's 2019 Annual Report and Management Information Circular.

Global Operations

In 2019, Stantec remained active internationally; gross revenue from our Global operations was $856.1 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, 2019, pages M-33 to M-38 (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. Therefore, Stantec cannot guarantee that our Dividend Policy will be maintained.

The following table outlines cash dividends paid per common share in 2019, 2018, and 2017.

Dividends Paid ($ per common share)

	Year (Total)	Q4	Q3	Q2	Q1
2019	0.58	0.145	0.145	0.145	0.145
2018	0.55	0.1375	0.1375	0.1375	0.1375
2017	0.50	0.125	0.125	0.125	0.125

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, 2019, no preferred shares and 111,212,975 common shares were issued and outstanding.

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.

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, 2019:

Toronto Stock Exchange 2019

Month	High	Low	Volume
January	$31.94	$29.45	3,573,452
February	$32.99	$30.93	2,458,484
March	$32.49	$31.11	3,966,832
April	$33.68	$31.62	2,416,505
May	$33.63	$30.84	4,754,155
June	$32.63	$31.06	3,277,469
July	$32.34	$31.17	3,717,372
August	$31.53	$26.67	8,926,349
September	$30.00	$28.52	3,121,193
October	$29.50	$27.80	5,709,593
November	$35.75	$28.17	7,596,114
December	$37.26	$34.74	6,193,987
Total			55,711,505

The following table outlines the monthly trading data on the NYSE (in US$) for January 1 to December 31, 2019:

New York Stock Exchange 2019

Month	High	Low	Volume
January	$23.98	$21.61	261,591
February	$24.96	$23.27	310,441
March	$24.61	$23.19	367,853
April	$25.12	$23.67	330,723
May	$25.09	$22.94	256,907
June	$24.73	$23.04	336,253
July	$24.74	$23.73	326,551
August	$23.80	$20.22	420,390
September	$22.71	$21.41	343,294
October	$22.51	$20.99	706,289
November	$27.02	$21.42	1,550,548
December	$28.37	$26.14	1,288,434
Total			6,499,274

Directors and Officers

The following table lists Stantec's directors as of February 26, 2020, 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
Richard C. Bradeen Montreal West, Quebec, Canada	Corporate Director	2018
Shelley A. M. Brown Saskatoon, Saskatchewan, Canada	Corporate Director	2018
Delores M. Etter Camano Island, Washington, United States	Corporate Director	2011
Robert J. Gomes Edmonton, Alberta, Canada	Corporate Director	2009
Susan E. Hartman Evergreen, Colorado, United States	President and Chief Executive Officer of The Hartman Group (a management consulting firm)	2004
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:

- Ms. Brown was a partner at Deloitte until May 31, 2018
- Ms. Etter was a professor of electrical engineering until December 2016
- Mr. Gomes was president and CEO of Stantec until December 31, 2017
- Ms. Morin was a corporate director and consultant until December 2015
- 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), Richard C. Bradeen, Delores M. Etter, and Susan E. Hartman
- Health, Safety, Security, Environment, and Sustainability Committee – Delores M. Etter (chair), Robert J. Gomes, and Donald J. Lowry

The following table lists the name, residency and position held by each executive officer of Stantec as of February 26, 2020, 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	*Chief Financial Officer*	January 1, 2019	Chief Financial Officer, Veresen Inc. Corporate Director, Bonavista Energy Corporation, a publicly traded Canadian energy company(2) Executive Vice President, Stantec
Valentino DiManno Calgary, Alberta, Canada	*Chief Business Officer*	January 1, 2016	Executive Vice President, Canada, Stantec
Stuart E. Lerner New York City, New York, United States	*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	*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	*Chief Practice and Project Officer*	January 1, 2018	Senior Vice President, Project Delivery Office, Stantec Executive Vice president, Project Delivery Office, Stantec
Marshall W. Davert Jr. Broomfield, Colorado, United States	*Chief Innovation Officer*	January 1, 2020	President, MWH Americas and Asia-Pacific Government & Infrastructure Executive Vice President, Water, Stantec
Emree Siaroff Toronto, Ontario, Canada	*Chief Human Resources Officer*	January 1, 2020	Chief Human Resources Officer, Senior Vice President, Stantec
Paul J. D. Alpern Sherwood Park, Alberta, Canada	*Secretary and General Counsel*	November 5, 2009	-

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

(2) Theresa Jang continues to serve as director of Bonavista Energy Corporation

Directors' and Executive Officers' Share Ownership

As of December 31, 2019, our group of directors and executive officers beneficially owned, controlled, or directed, either directly or indirectly, 466,896 common shares, which is 0.42% 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 26, 2020, 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 onnot-for-profit, association, and for-profit corporate boards, including Deloitte Canada, the Accounting Standards Board Oversight Council, and the University of Saskatchewan Board of Governors. She brings expertise in strategic planning, good governance, finance, and risk management. During her distinguished 40-year career in accounting, Ms. Brown was a partner in two of the world's largest professional services firms. As chair of the Canadian Institute of Chartered Accountants, she played a key role in uniting Canada's accounting profession, culminating in the creation of the Chartered Professional Accountants of Canada. Ms. Brown currently serves on the board and 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 the committee.

As of December 31, 2019, Ms. Brown owned 1,630 common shares valued at $59,821 and 4,552 deferred share units valued at $168,135.

Richard C. Bradeen

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

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

As of December 31, 2019, Mr. Bradeen owned 1,000 common shares valued at $36,700 and 10,961 deferred share units valued at $404,824.

Donald J. Lowry

Mr. Lowry retired in March 2013 as president & CEO of EPCOR Utilities Inc. He remains chair of Capital Power Corporation, a publicly traded company formed when EPCOR spun off its generation business in July 2009. In 2011, he was named Alberta Business Person of the Year by Alberta Venture magazine. In January 2014, Mr. Lowry was named Alberta Resource Person of the Year for 2014 by the Alberta Chamber of Resources. He also acted as chair of the International Triathlon Union for the grand final events held in Edmonton in 2014, 2015, and 2016. 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. He has more than 30 years of industry experience in the utilities, telecommunications, and power generation sectors, and currently serves on the audit committee for Melcor REIT.

Mr. Lowry's education, past role as president & CEO of EPCOR Utilities Inc., and experience of serving on several boards and audit committees provide him with the relevant knowledge to perform his responsibilities as an Audit and Risk Committee member.

As of December 31, 2019, Mr. Lowry owned 22,300 common shares valued at $818,410 and 41,194 deferred share units valued at $1,521,314.

Preapproval Policy

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

External Auditor Service Fees

Aggregate fees paid to Ernst & Young LLP, our external auditor, during fiscal years ended December 31, 2019, and 2018, follow:

Category	Note	2019 ($)	2018 ($)
Audit fees	1	5,995,700	5,790,700
Audit-related fees	2	337,700	571,700
Tax fees	3	825,600	2,402,400
All other fees	4	22,400	49,800
Total Fees		7,181,400	8,814,600

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

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

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

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

Legal Proceedings and Regulatory Actions

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

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

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

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 as described in the General Development of the Business section in this AIF. This material contract has been filed on SEDAR.

We consider the acquisition of professional services firms to be in the ordinary course of our business.

Interests of Experts

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

Additional Information

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

A copy of this AIF, as well as our latest Management Information Circular and Annual Report (which includes our MD&A and Audited Consolidated Financial Statements for the year ended December 31, 2019), 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 26, 2020.

A. Overview and Purpose

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

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

B. Authority and Responsibilities

The Audit and Risk Committee shall

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

C. Membership

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

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

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

D. Financial Statements and Disclosures

1. Review and recommend to the board for approval the annual audited financial statements and Management Discussion and Analysis.

2. Review and recommend to the board for approval the following public disclosure documents:

   (a) The annual Management Information Circular and proxy materials
   (b) The Annual Information Form, including any regulatory requirements for Audit and Risk Committee reporting obligations
   (c) The year-end news release on the earnings of the Company
   (d) Other regulatory filings of a financial nature

3. Review and, if appropriate, approve and authorize the release of the quarterly unaudited financial statements, including Management's Discussion and Analysis, the quarterly interim report to shareholders, and the quarterly news release on the earnings of the Company. However, in the event that there is a significant or extraordinary matter that, in the opinion of the committee, should be reviewed by the board before the release of such information, the matter shall be referred to the board for review.

4. Receive the quarterly report from the Disclosure Committee on the adequacy of disclosure with respect to material events in the Company's financial statements, Management's Discussion and Analysis, and earnings news releases.

5. Receive annually an evaluation from the internal auditor of the procedures that exist for the review of financial information (extracted or derived from the financial statements) that is publicly disclosed by the Company.

6. Review and recommend to the board for approval all annual financial statements, reports of a financial nature (other than quarterly unaudited financial statements), and the financial content of prospectuses or any other reports that require approval by the board prior to submission thereof to any regulatory authority.

7. Review the Audit and Risk Committee information required as part of the Annual Information Form.

8. Review with management on an annual basis, the Company's obligations pursuant to guarantees (including those granted under the Surety Credit Facility) that have been issued and material obligations that have been entered into and the manner in which these guarantees and obligations have been, or should be, disclosed in the financial statements.

9. Review and assess, in conjunction with management and the external auditor, at least annually or on a quarterly basis where appropriate or required

   (a) The appropriateness of accounting policies and financial reporting practices used by the Company, including alternative treatments that are available for consideration
   (b) Any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Company
   (c) Any new or pending developments in accounting and reporting standards that may affect or impact the Company
   (d) Any off-balance sheet structures
   (e) The key estimates and judgments of management that may be material to the financial reporting of the Company

10. At least annually, request the external auditor to provide their views on the quality (not just the acceptability) of the Company's annual and interim financial reporting. Such quality assessment should encompass judgments about the appropriateness, aggressiveness, or conservatism of estimates and elective accounting principles or methods and judgments about the clarity of disclosures.

11. Review any litigation, claim, or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Company and the manner in which these matters have been disclosed in the financial statements.

12. Review with management on a quarterly basis the indicators of impairment to the Company's goodwill.

E. External Auditor

13. Assess the performance and consider the annual appointment of an external auditor for recommendation to the board for ultimate recommendation for appointment by the shareholders.

14. Review, approve, and execute the annual engagement letter with the external auditor, and ensure that there is a clear understanding between the board, the committee, the external auditor, and management that the external auditor reports directly to the shareholders and the board through the committee. The terms of the engagement letter or the annual audit plan should include, but not be limited to, the following:

    (a) Staffing
    (b) Objectives and scope of the external audit work
    (c) Materiality limits
    (d) Audit reports required
    (e) Areas of audit risk
    (f) Timetable
    (g) Proposed fees

15. Obtain and review a report from the external auditor at least annually regarding the auditor's independence and the profession's or audit firm's requirements regarding audit partner rotation.

16. Approve, before the fact, the engagement of the external auditor for all non-audit services and the fees for such services, and consider the impact on the independence of the external audit work of fees for such non-audit services.

17. Review all fees paid to the external auditor for audit services and, if appropriate, recommend their approval to the board. Receive confirmation from management that the Company has provided for adequate funding for the payment of compensation to the external auditor.

18. Receive an annual certification from the external auditor that they participate in the public oversight program established by the Canadian Public Accountability Board (CPAB) and the standards of the US Public Company Accounting Oversight Board (PCAOB) and that they are in good standing with the CPAB and the PCAOB.

19. Review a report from the external auditors describing (a) the firm's internal quality control procedures and (b) any material issues raised by the most recent internal quality control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years regarding the audits carried out by the external auditor together with any steps taken to deal with any such issues.

20. Receive and resolve any disagreements between management and the external auditor regarding all aspects of the Company's financial reporting.

21. Review with the external auditor the results of the annual audit examination including, but not limited to, the following:

    (a) Any difficulties encountered, or restrictions imposed by management, during the annual audit
    (b) Any significant accounting or financial reporting issues
    (c) The auditor's evaluation of the Company's internal controls over financial reporting and management's evaluation thereon, including internal control deficiencies identified by the auditor that have not been previously reported to the committee
    (d) The auditor's evaluation of the selection and application of accounting principles and estimates and the presentation of disclosures
    (e) The post-audit or management letter or other material written communications containing any findings or recommendations of the external auditor including management's response thereto and the subsequent follow-up to any identified internal accounting control weaknesses
    (f) Any other matters which the external auditor should bring to the attention of the committee

22. Meet with the external auditor at every meeting of the committee or as requested by the auditor, without management representatives present, and meet with management, at least annually or as requested by management, without the external auditor present.

23. When there is to be a change in the external auditor, review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 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.



ON THE COVER

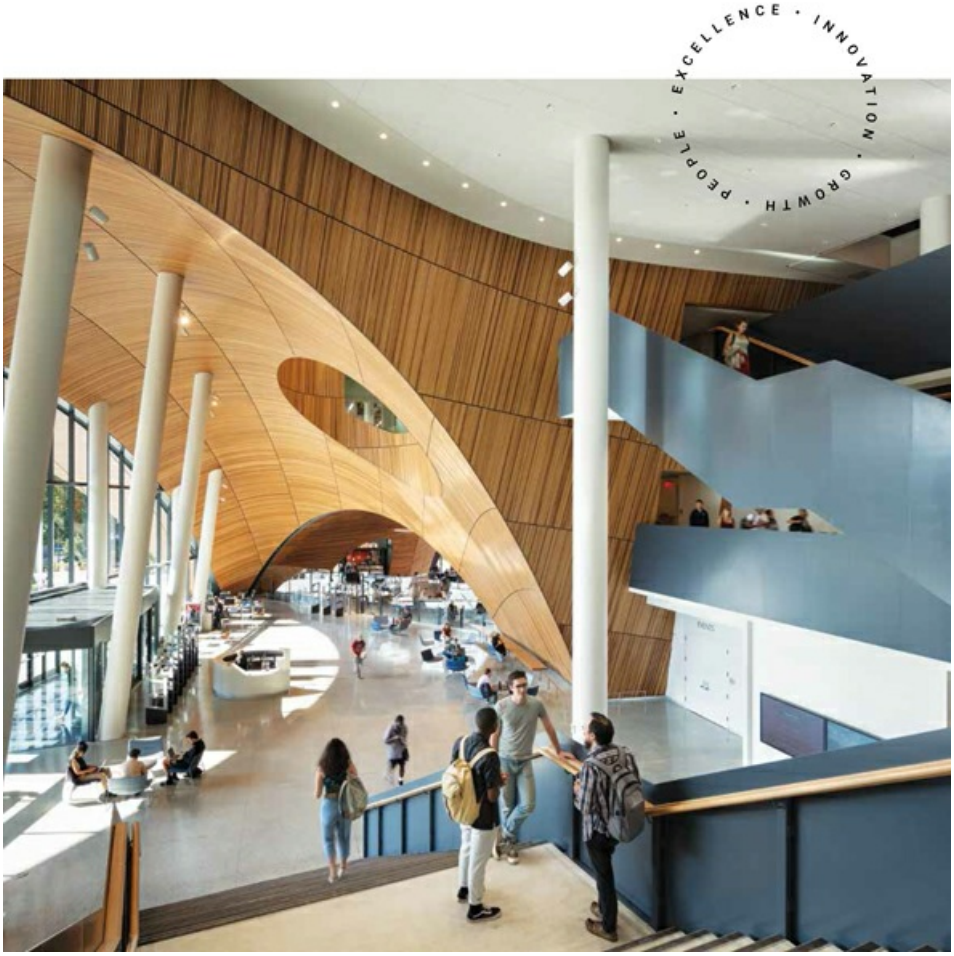
Joint Venture with Snøhetta
Temple University – Charles Library
LEED® Gold Certified
Philadelphia, Pennsylvania
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Exhibit 99.2

Stantec

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Management's Discussion and Analysis 2019



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Management's Discussion and Analysis

February 26, 2020

This discussion and analysis of Stantec Inc.'s (Stantec or the Company) operations, financial position, and cash flows for the year ended December 31, 2019, dated February 26, 2020, should be read in conjunction with the Company's 2019 audited consolidated financial statements and related notes for the year ended December 31, 2019. Our 2019 audited consolidated financial statements and related notes are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All amounts shown are in Canadian dollars.

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

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

Business Model and Strategy

Stantec is a global design and engineering firm with 22,000 employees that operate out of 350 locations around the world. We design with community in mind. Annual net revenue in 2019 of $3.7 billion was earned 30% in Canada, 52% in the United States and 18% from our Global operations. We will continue to grow and diversify sustainably for the benefit of our clients, employees and shareholders.

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

Stantec's vision is to remain a top 10 global design firm that maximizes long-term, sustainable value.

Key components of our business model are:

1. **Geographic diversification**. We do business in three regional operating units—Canada, the United States, and Global—offering similar services across all regions. This diversity allows us to cultivate close client relationships at the local level while offering the expertise of our global team.

2. **Service diversification.** We offer services in various sectors across the project life cycle through five business operating units (BOUs): Buildings, Energy & Resources, Environmental Services, Infrastructure, and Water.

3. **Design focus.** We serve the design phase of buildings, energy, and infrastructure projects, which offers higher margin opportunities and more controllable risk than integrated engineering and construction firms.

4. **Life-cycle solutions.** We provide professional services in all phases of the project life cycle: planning, design, construction administration, commissioning, maintenance, decommissioning, and remediation.

Strategy

We aim to grow and diversify sustainably for the benefit of our clients, employees and shareholders. We will do this through a client-centric framework with four value creators:

Excellence - We have reshaped our organization to be lean and highly engaged. We will continue to drive earnings growth through exceptional project execution and efficient operations.

Innovation - We will continue to invest in the development of leading-edge services for our clients that differentiate our service offering and drive organic growth. Innovation is also expected to drive operational efficiency.

People - We will provide a workplace that attracts, engages, rewards and retains the best talent in the industry.

Growth - We will create shareholder value and grow earnings through a combination of organic and acquisition growth and disciplined capital allocation.

We aim to achieve four key financial targets by the end of 2022:

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

Strategic Acquisitions Completed in 2019 and 2018

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

				BUSINESS OPERATING UNITS				
REPORTABLE SEGMENTS	**Date Acquired**	**Primary Location**	**# of Employees**	**Buildings**	**Energy & Resources**	**Environmental Services**	**Infrastructure**	**Water**
Canada								
Norwest Corporation (NWC)	May 2018	Calgary, Alberta	110		●			
Cegertec Experts Conseils Inc. (CEG)	May 2018	Chicoutimi, Quebec	250	●	●		●	
True Grit Engineering Limited (TGE)	October 2018	Thunder Bay, Ontario	55			●		
United States								
Occam Engineers Inc. (OEI)	March 2018	Albuquerque, New Mexico	55					●
Norwest Corporation (NWC)	May 2018	Calgary, Alberta	30		●			
Global								
ESI Limited (ESI)	March 2018	Shrewsbury, England	50			●		
Traffic Design Group Limited (TDG)	April 2018	Wellington, New Zealand	80				●	
Peter Brett Associates LLP (PBA)	September 2018	Reading, England	700	●		●	●	
Wood & Grieve Engineers (WGE)	March 2019	Perth, Australia	600	●				

Basis of Presentation

Effective January 1, 2019, we adopted IFRS 16 *Leases* (IFRS 16) using the modified retrospective approach and did not restate comparative information. The new standard requires companies to bring operating leases, formerly treated as off-balance sheet items, onto a company's statement of financial position. As such, on January 1, 2019, our consolidated statement of financial position recognized lease assets for our right to use the underlying assets and lease liabilities associated with future fixed lease payments. IFRS 16 impacted our financial results as follows:

Impact on January 1, 2019, statement of financial position:

- Recognized lease assets of $561.8 million and lease liabilities of $645.0 million.
- Opening retained earnings was adjusted downward by $31.2 million.
- Certain current and non-current items on our statement of financial position were also reclassified to conform to IFRS 16.

Impact on 2019 earnings and cash flows:

- The adoption of IFRS 16 reduced net income and diluted earnings per share by approximately $3.7 million ($5.1 million pre-tax) and $0.03, respectively.
- Administrative and marketing expenses decreased $143.0 million.
- Depreciation expense for leased assets increased $115.8 million.
- Interest expense increased $32.3 million.
- EBITDA and adjusted EBITDA increased $143.0 million.
- Operating cash inflows increased $116.7 million, investing cash outflows increased $50.4 million, and financing cash outflows increased $66.3 million, resulting in a net zero effect on total cash flows.

EBITDA and adjusted EBITDA are non-IFRS measures. For further details, including a tabular presentation of IFRS 16 impacts on our financial results, refer to *IFRS 16 Leases* (M-29 to M-31) in this MD&A and note 6 of our 2019 audited consolidated financial statements.

2019 Financial Highlights

(In millions of Canadian dollars, except per share amounts and percentages)	Year Ended Dec 31 2019 $	2019 % of Net Revenue	2018 $	2018 % of Net Revenue	2017 $	2017 % of Net Revenue
Gross revenue	**4,827.3**	**130.1%**	4,283.8	127.7%	4,028.7	126.9%
Net revenue	**3,711.3**	**100.0%**	3,355.2	100.0%	3,173.8	100.0%
Direct payroll costs	1,702.9	45.9%	1,540.0	45.9%	1,411.9	44.5%
Gross margin	**2,008.4**	**54.1%**	1,815.2	54.1%	1,761.9	55.5%
Administrative and marketing expenses	1,433.6	38.6%	1,438.2	42.9%	1,407.7	44.4%
Other	(1.2)	0.0%	6.9	0.2%	(60.4)	(2.0%)
EBITDA from continuing operations *(note)*	**576.0**	**15.5%**	370.1	11.0%	414.6	13.1%
Depreciation of property and equipment	58.2	1.6%	50.1	1.5%	52.2	1.6%
Depreciation of lease assets	115.8	3.1%	-	0.0%	-	0.0%
Amortization of intangible assets	66.9	1.8%	65.0	1.9%	73.0	2.3%
Net interest expense	69.6	1.9%	28.7	0.9%	25.9	0.8%
Income taxes	71.1	2.0%	55.0	1.6%	166.5	5.2%
Net income from continuing operations	**194.4**	**5.2%**	171.3	5.1%	97.0	3.1%
Net loss from discontinued operations	-	0.0%	(123.9)	(3.7%)	-	0.0%
Net income	**194.4**	**5.2%**	47.4	1.4%	97.0	3.1%
Basic and diluted earnings per share (EPS) from continuing operations	**1.74**	n/m	1.51	n/m	0.85	n/m
Adjusted EBITDA from continuing operations *(note)*	**574.4**	**15.5%**	392.5	11.7%	353.3	11.1%
- Excluding IFRS 16 (note)	***431.4***	***11.6%***	*392.5*	*11.7%*	*353.3*	*11.1%*
Adjusted net income from continuing operations *(note)*	**225.0**	**6.1%**	206.6	6.2%	196.7	6.2%
Adjusted diluted EPS from continuing operations *(note)*	**2.02**	n/m	1.82	n/m	1.72	n/m
Dividends declared per common share	**0.58**	n/m	0.55	n/m	0.50	n/m
Total assets	**4,561.5**		4,009.9		3,883.1	
Total long-term debt	**860.9**		933.7		739.6	

Construction Services operations are presented as discontinued operations. Results for 2019 were accounted for using IFRS 16 and results for 2018 and 2017 were accounted for using IAS 17. Gross and net revenue were accounted for using IFRS 15 for 2019 and 2018 and IAS 11 for 2017.
note: EBITDA, adjusted EBITDA, adjusted net income, adjusted basic and diluted EPS, and measures excluding IFRS 16 are non-IFRS measures (discussed in the Definitions section of this M D&A).
n/m = not meaningful

We delivered solid performance in 2019 and met all of our key financial metrics. Our gross revenue and net revenue growth remained strong, we achieved consistent gross margin performance, and generated more than 10% growth in our adjusted diluted earnings per share.

- Net revenue increased 10.6% or $356.1 million mainly due to acquisition growth of 5.2% and organic growth of 4.4%. Organic growth was achieved in all businesses except for a 1.6% retraction in Energy & Resources. Organic growth was particularly strong in Environmental Services and Infrastructure and in our US and Global regions, while Canada's organic net revenue growth was flat.
- Gross margin increased 10.6% and, as a percentage of net revenue, remained stable at 54.1%.
- Administrative and marketing costs were 38.6% of net revenue which is within our targeted range, including a 0.2% impact from severances associated with our organizational reshaping efforts. Without the impact of IFRS 16, administrative and marketing expenses as a percentage of net revenue decreased from 42.9% to 42.5%. 2018 results included non-recurring costs related to a lease exit liability charge and a past pension service cost. Adjusted for severances associated with our reshaping efforts and non-recurring costs, our results for administration and marketing expenses remained consistent with 2018.

- In 2019 we initiated a process to improve utilization and reshape the organization to significantly reduce excess labor costs. At December 31, 2019, our organizational reshaping efforts have delivered annualized cost savings within the guidance we provided of approximately $40 million to $45 million, or $0.26 to $0.29 per share. This initiative has not affected our ability to execute projects, build backlog, or achieve organic growth. While undertaking our reshaping effort, we continued to add staff in our regions and businesses that are experiencing strong organic growth and high utilization.

- Adjusted EBITDA from continuing operations increased 46.3% from $392.5 million to $574.4 million, representing 15.5% of net revenue, mainly due to IFRS 16 (a 9.9% increase to $431.4 million and representing 11.6% of net revenue, before IFRS 16).
- Adjusted diluted EPS increased 11.0%—from $1.82 to $2.02.
- Contract backlog is $4.3 billion—a 1.9% increase from December 31, 2018—representing approximately 11 months of work.
- Net debt to adjusted EBITDA (on a trailing twelve-month basis) is 1.1x—within our internal guideline of 1.0x to 2.0x (post-IFRS 16 adoption), reflecting a continued reduction over the course of 2019.
- Return on invested capital at December 31, 2019 is 8.8%.
- Operating cash flows from continuing operations increased 119.2% from $205.2 million to $449.9 million, mainly due to increased cash receipts from clients and IFRS 16; partly offset with higher payments made to suppliers and employees because of acquisition growth (a 62.4% increase to $333.2 million before IFRS 16).
- Days sales outstanding was 94 days (79 days including deferred revenue), a strong improvement compared to 103 days (88 days including deferred revenue) at December 31, 2018 and 104 days (91 days including deferred revenue) at September 30, 2019, as well as below our target of 98 days. This improvement reflects our significant and continuous efforts made during the year to improve our billing and collections and the receipt of certain milestone-based payments.
- On February 26, 2020, our Board of Directors declared a dividend of $0.155 per share, payable on April 15, 2020, to shareholders on record on March 31, 2020.

Reconciliation of Non-IFRS Financial Measures

(In millions of Canadian dollars, except per share amounts)	Year Ended Dec 31		Quarter Ended Dec 31	
	2019	**2018**	**2019**	**2018**
Net income from continuing operations	**194.4**	**171.3**	**42.4**	**21.2**
Add back:				
Income taxes	71.1	55.0	17.9	2.6
Net interest expense	69.6	28.7	17.5	9.3
Depreciation and amortization	240.9	115.1	62.2	28.1
EBITDA from continuing operations	**576.0**	**370.1**	**140.0**	**61.2**
Add back (deduct) pre-tax:				
Lease exit liability	-	12.8	-	12.8
Past service cost for pensions	-	4.7	-	4.7
Unrealized (gain) loss on investments held for self-insured liabilities	(7.9)	4.9	(1.0)	5.5
Severances related to organizational reshaping	6.3	-	3.8	-
Adjusted EBITDA from continuing operations	**574.4**	**392.5**	**142.8**	**84.2**

(In millions of Canadian dollars, except per share amounts)	Year Ended Dec 31		Quarter Ended Dec 31	
	2019	**2018**	**2019**	**2018**
Net income from continuing operations	**194.4**	**171.3**	**42.4**	**21.2**
Add back (deduct) after tax:				
Amortization of intangible assets related to acquisitions (note 1)	30.7	28.8	8.0	7.3
Lease exit liability (note 2)	-	9.4	-	9.4
Past service cost for pensions (note 3)	-	3.5	-	3.5
Unrealized (gain) loss on investments held for self-insured liabilities (note 4)	(5.7)	3.6	(0.8)	4.1
Transition tax (recovery) expense (note 5)	1.1	(10.0)	-	-
Severances related to organizational reshaping (note 6)	4.5	-	2.7	-
Adjusted net income from continuing operations	**225.0**	**206.6**	**52.3**	**45.5**
Weighted average number of shares outstanding - basic	111,550,424	113,733,118	111,202,939	113,142,068
Weighted average number of shares outstanding - diluted	111,550,424	113,822,318	111,209,359	113,158,097
Adjusted earnings per share from continuing operations				
Adjusted earnings per share - basic	**2.02**	**1.82**	**0.47**	**0.40**
Adjusted earnings per share - diluted	**2.02**	**1.82**	**0.47**	**0.40**

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

note 1: The add back of intangible amortization relates only to the amortization from intangible assets acquired through acquisitions and excludes the amortization of software purchased by Stantec. For the year ended December 31, 2019, this amount is net of tax of $ 11.2 (2018 - $ 10.6). For the quarter ended December 31, 2019, this amount is net of tax of $ 2.4 (2018 - $ 1.4).

note 2: For the quarter and year ended December 31, 2019, this amount is net of tax of nil (2018 - $ 3.4).

note 3: For the quarter and year ended December 31, 2019, this amount is net of tax of nil (2018 - $ 1.2).

note 4: For the year ended December 31, 2019, this amount is net of tax of $ 2.2 (2018 - ($ 1.3)). For the quarter ended December 31, 2019, this amount is net of tax of $ 0.2 (2018 - ($ 1.4)).

note 5: Refer to Income Taxes section for further details.

note 6: For the year ended December 31, 2019, this amount is net of tax of $ 1.8 (2018 - nil). For the quarter ended December 31, 2019, this amount is net of tax of $ 1.1(2018 - nil).

2019 Fourth Quarter Highlights

(In millions of Canadian dollars, except per share amounts and percentages)	Quarter Ended Dec 31 2019 $	2019 % of Net Revenue	2018 $	2018 % of Net Revenue
Gross revenue	**1,210.2**	**134.3%**	1,083.9	129.7%
Net revenue	**901.0**	**100.0%**	835.6	100.0%
Direct payroll costs	414.7	46.0%	386.2	46.2%
Gross margin	**486.3**	**54.0%**	449.4	53.8%
Administrative and marketing expenses	348.5	38.7%	382.7	45.8%
Other	(2.2)	(0.2%)	5.5	0.7%
EBITDA from continuing operations *(note)*	**140.0**	**15.5%**	61.2	7.3%
Depreciation of property and equipment	14.7	1.6%	13.0	1.6%
Depreciation of lease assets	30.6	3.4%	-	0.0%
Amortization of intangible assets	16.9	1.9%	15.1	1.8%
Net interest expense	17.5	1.9%	9.3	1.1%
Income taxes	17.9	2.0%	2.6	0.3%
Net income from continuing operations	**42.4**	**4.7%**	21.2	2.5%
Net loss from discontinued operations	-	0.0%	(32.2)	(3.8%)
Net income	**42.4**	**4.7%**	(11.0)	(1.3%)
Basic and diluted earnings per share (EPS) from continuing operations	**0.38**	n/m	0.19	n/m
Adjusted EBITDA from continuing operations *(note)*	**142.8**	**15.8%**	84.2	10.1%
- Excluding IFRS 16 (note)	***105.6***	***11.7%***	*84.2*	*10.1%*
Adjusted net income from continuing operations *(note)*	**52.3**	**5.8%**	45.5	5.4%
Adjusted diluted EPS from continuing operations *(note)*	**0.47**	n/m	0.40	n/m
Dividends declared per common share	**0.1450**	n/m	0.1375	n/m

Results for 2019 were accounted for using IFRS 16 and results for 2018 were accounted for using IAS 17.

note: EBITDA, adjusted EBITDA, adjusted net income, adjusted basic and diluted EPS, and measures excluding IFRS 16 are non-IFRS measures (discussed in the Definitions section of this M D&A).

n/m = not meaningful

Consistent with our performance throughout 2019, our Q4 19 results include strong revenue growth and gross margins were in line with expectations.

- Net revenue increased 7.8% or $65.4 million mainly due to organic growth of 5.3% and acquisition growth of 2.8%. Organic growth was achieved in all our businesses. Organic growth was 9.6% in the US operations and particularly strong within our Environmental Services, Infrastructure, and Water businesses.

- Gross margin increased 8.2% and, as a percentage of net revenue, increased from 53.8% to 54.0% reflecting continued focus on project execution and project mix.

- Administrative and marketing expenses were 38.7% of net revenue, including a 0.4% impact from severances associated with our organizational reshaping efforts. On a pre-IFRS 16 basis, administrative and marketing expenses as a percentage of net revenue decreased from 45.8% in Q4 18 to 42.8% in Q4 19. As well, Q4 18 included non-recurring items such as lease exit liability charges and past pension service costs. Adjusted for these, administrative and marketing expenses as a percentage of revenue decreased from 43.7% in Q4 18 to 42.4% in Q4 19. The decrease was primarily as a result of improved utilization and operational efficiencies.

- Adjusted EBITDA from continuing operations increased 69.6% from $84.2 million to $142.8 million, representing 15.8% of net revenue, mainly due to IFRS 16, higher net revenue and lower administrative and marketing expenses from cost reduction initiatives (a 25.4% increase to $105.6 million and representing 11.7% of net revenue, before IFRS 16).
- Adjusted diluted EPS increased 17.5%—from $0.40 to $0.47.

Financial Targets

2019 Results Compared to Targets

Our adoption of IFRS 16 resulted innon-cash impacts to administrative and marketing expenses, depreciation of leased assets, and net interest expense. As a result, in Q1 19, we updated our targets, previously provided in our 2018 Annual Report. We revised our EBITDA and net income targets to adjusted EBITDA and adjusted net income since we believe these measures better reflect our underlying operations.

(In millions of Canadian dollars, unless otherwise stated)	**2019 Target before IFRS 16 adoption**	**Revised for adoption of IFRS 16**	**2019 Results Compared to Revised Annual Target**	
Measure				
Gross margin as % of net revenue	53% to 55%	No change	54.1%	✓
Administrative and marketing expenses as % of net revenue	41% to 43%	37% to 39%	38.6%	✓
EBITDA as % of net revenue *(note)*	11% to 13%	withdrawn		
Adjusted EBITDA as % of net revenue *(note)*		15% to 17%	15.5%	✓
Net income as % of net revenue	At or above 5.0%	withdrawn		
Adjusted net income as % of net revenue *(note)*		At or above 6.0%	6.1%	✓

note: EBITDA, adjusted EBITDA, and adjusted net income are non-IFRS measures (discussed in the Definitions section of this M D&A).

✓ Meeting or performing better than annual target.

We are within our target range for all our measures in 2019. For further details regarding our overall annual performance, refer to the Financial Performance section of this MD&A.

Targets for 2020

The following table summarizes our expectations for 2020:

(In millions of Canadian dollars, unless otherwise stated)	**2020 Target Range**
Measure	
Adjusted EBITDA as % of net revenue *(note)*	15.5% to 16.5%
Adjusted net income as % of net revenue *(note)*	At or above 6.0%
Return on invested capital *(note)*	At or above 9.0%
Guidance	
Gross margin as % of net revenue	53% to 55%
Administrative and marketing expenses as % of net revenue	37% to 39%
Net debt to adjusted EBITDA *(note)*	1.0x to 2.0x
Capital expenditures	$75 to $80
Software additions	$3 to $7
Depreciation on property and equipment	$60 to $65
Depreciation on lease assets	$113 to $118
Amortization of intangible assets related to acquisitions	$34 to $39
All other amortization of intangible assets	$14 to $18
Effective tax rate (without discrete transactions)	27.5% to 28.5%
Earnings pattern	40% in Q1 and Q4 60% in Q2 and Q3
DSO (includes deferred revenue) *(note)*	90 days

note: Adjusted EBITDA, adjusted net income, and ROIC are non-IFRS measures and DSO is a metric (discussed in the Definitions section of this M D&A).

The target range guidance has been prepared using the assumptions outlined in the Outlook section of this MD&A. We expect to maintain our adjusted net income at or above 6% of net revenue and introduced a new measure—return on invested capital—to be in-line with targets set for 2022 in our Strategic Plan and our approach to capital allocation.

- We have tightened the adjusted EBITDA range after recognizing the full benefit of our reorganization efforts in 2020.
- Capital expenditures planned for 2020 relate primarily to leasehold improvements and office equipment and increased from 2019 because of expected lease improvements associated with lease renewals and relocations for certain locations. We are continuing our efforts to consolidate certain office locations to achieve better efficiencies and reduce leasing cost.
- The range provided for our effective income tax rate is based on the statutory rates in jurisdictions where we operate and on our estimated earnings in each of those jurisdictions. We review statutory rates, uncertain tax positions, and jurisdictional earnings quarterly and adjust our estimated income tax rate accordingly.
- Our DSO metric for 2020 has been adjusted to include deferred revenue because we believe it is a better measurement of our performance and will improve comparability with our peers.

In addition, we expect the gross to net revenue ratio to be between 1.25 and 1.30.

Outlook

We expect organic net revenue growth in 2020 to be in the low- to mid-single digits, slightly ahead of global GDP growth.

Our 2020 outlook was determined based on our expectations, including:

- Backlog growth in the US and Global regions partly offset by a slight backlog decline in Canada.
- For 2020, the World Bank forecasts 2.7% global real GDP growth. The Bank of Canada projects 1.7% GDP growth for Canada, and the Congressional Budget Office projected 2.1% GDP growth for the United States, and the Bank of England forecast GDP growth of 1.25%.
- Solid US consumer spending and business investment, continued low interest rates, and continued strong employment; however, we expect some uncertainty due to the ongoing trade dispute between the United States and China.
- Slow economic growth in Canada due to global trade conflicts and associated uncertainty, continued low oil differential pricing, and a relatively low level of business confidence.
- Growth in our Global markets as we expand our global footprint and benefit from healthy GDP growth in the countries where we operate. We also expect recent commodity price volatility that impacts our Mining and Environmental Services operations to stabilize in 2020. Though we do expect Brexit to create some continued uncertainty in the United Kingdom and Europe, we believe greater clarity as to outcomes will drive a more predictable and stronger investment climate in the private sector. Our UK Water business is largely insulated from these uncertainties because of our long-term contracts providing services for critical infrastructure projects.

Financial Performance

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

Gross and Net Revenue

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

We generate approximately 75% of gross revenue in foreign currencies, primarily in US dollars and GBP. Fluctuations in these currencies had a net $34.8 million positive impact on our net revenue results in 2019 compared to 2018, as further described below:

- The Canadian dollar averaged US$0.77 in 2018 and US$0.75 in 2019—a 2.6% decrease. The weakening Canadian dollar versus the US dollar had a positive effect on gross and net revenue.
- The Canadian dollar averaged GBP0.58 in 2018 and GBP0.59 in 2019—a 1.7% increase. The strengthening Canadian dollar versus the British Pound had a negative effect on gross and net revenue.

Fluctuations in other foreign currencies did not have a material impact on our gross and net revenue in 2019 compared to 2018.

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

Revenue by Reportable Segment

(In millions of Canadian dollars, except percentages)	Gross Revenue		Net Revenue		
	2019	**2018**	**2019**	**2018**	**2019 Organic Growth %**
Canada	1,283.1	1,275.8	1,109.5	1,087.8	0.1%
United States	2,688.1	2,334.6	1,947.6	1,774.4	7.0%
Global	856.1	673.4	654.2	493.0	4.7%
Total	4,827.3	4,283.8	3,711.3	3,355.2	4.4%

Revenue by Business Operating Unit

(In millions of Canadian dollars, except percentages)	Gross Revenue		Net Revenue		
	2019	**2018**	**2019**	**2018**	**2019 Organic Growth %**
Buildings	1,053.3	938.7	828.0	718.4	1.7%
Energy & Resources	613.1	597.5	525.1	513.1	(1.6%)
Environmental Services	788.6	682.8	567.0	480.3	13.1%
Infrastructure	1,401.7	1,169.3	1,055.2	935.5	6.4%
Water	970.6	895.5	736.0	707.9	3.1%
Total	4,827.3	4,283.8	3,711.3	3,355.2	4.4%

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

Net revenue growth was strong, increasing by 10.6% compared to 2018. Increased net revenue was driven by acquisition growth of 5.2%, organic growth of 4.4%, and positive foreign exchange fluctuations of 1.0%.

Canada

Consistent with muted growth in the Canadian economy, our net revenue increased 2.0% primarily reflecting acquisition net revenue growth in 2019.

Organic net revenue growth was flat in 2019 as our results were affected by Canada's slowing economic growth particularly in the industrial buildings, major water/wastewater treatment plants, and housing markets. As well, retraction in the Water business and Power sector resulted from the completion or near completion of several large projects. Environmental Services and our Transportation sector drove growth in 2019 as we continued to see opportunities emerging from liquefied natural gas support projects, the midstream oil and gas sector, and environmental planning for mining projects. Several large light rail transit projects in Montreal, Calgary, and Edmonton as well as other roadway and bridge projects contributed to growth in Transportation. The commencement of the Trans Mountain Expansion Project and new project work in our Mining sector drove growth in our Energy & Resources business.

Acquisitions completed in 2018 contributed to net revenue growth of 1.9%, primarily in Energy & Resources.

United States

With project opportunities remaining strong, our United States operations continue to generate solid growth. Net revenue increased 9.8% in 2019, reflecting strong organic revenue growth and positive impacts from the strengthening of the US dollar compared to the Canadian dollar.

We achieved organic net revenue growth of 7.0% in 2019. Our Transportation business continued to grow significantly with progress made on the Long Island Rail Road project and the Chicago Transit Authority's Red

and Purple Line Modernization project. Environmental Services continued to see growth in renewables and hydropower and dam projects. Robust activity in our Commercial, Education, and Civic sectors, particularly in the northeast, Florida, and Colorado, drove solid growth in Buildings. We also saw growth in Water attributable to our continued expansion into the California, Texas, and northwest US markets and increased opportunities in conveyance and wastewater projects. Our results for Energy & Resources retracted due to the wind down of large Mining and WaterPower & Dams projects that began in 2017; however, we are experiencing a ramp up of new projects in our Power sector as we continue to diversify into the renewables market.

Global

Our ongoing efforts to expand into the global markets continue to contribute to our growth, with Global net revenue increasing 32.7% in 2019 compared to 2018.

We achieved organic net revenue growth of 4.7% in our Global operations in 2019. New project work spurred strong growth in our Mining export business and in our Middle East Buildings and Water businesses. Water also saw steady work volume in the United Kingdom as we advanced major projects associated with the latest Asset Management Program regulatory cycle. Environmental Services continued to perform well on the strength of its offerings in the Netherlands, while the ramp up of a transmission project in Nepal also contributed to growth in our Power sector. Our WaterPower & Dams sector retracted due to the wind down of large projects in 2019.

Acquisitions completed in 2019 and 2018 contributed to net revenue growth of 29.8%, primarily in Buildings and Infrastructure.

Backlog

(In millions of Canadian dollars)	**2019**	**2018**
Canada	1,014.8	1,052.0
United States	2,612.6	2,538.9
Global	630.0	588.3
Total	4,257.4	4,179.2

Our contract backlog—$4.3 billion at December 31, 2019—represents approximately 11 months of work and increased 1.9% over December 31, 2018.

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.

Major Project Awards

Major projects awarded in 2019 in Canada include a base contract from the Government of Canada for architecture, engineering, and design of federal research and laboratory facilities over the next five years. We were also selected to provide technical advisory services for the $2.1 billion Hurontario LRT line, which will connect the cities of Mississauga and Brampton in Ontario.

In the United States, we continued to secure major transportation projects, including leading the design for the I-64 road widening project in West Virginia and overseeing traffic improvements for the City of Baton Rouge’s MOVEBR infrastructure improvement program. We also won several significant water projects, including two major coastal resilience projects. In Texas, we were selected by the US Army Corps of Engineers to design a 27-mile (43-kilometre) levee and floodwall system along the coastline near Galveston. The eight-year, $1.9-billion project will help the region better address the impacts of climate change. In New York, we will lead design for the Battery Coastal Resilience Project, which will protect Lower Manhattan from impacts of rising sea levels.

In our Global operations, major project awards in Q4 2019 include leading an advisory consortium for the European Union's $35-million Global Technical Assistance Facility for Sustainable Energy. We were also named owner's engineer for a 15-megawatt Tina River Hydropower Project in the Solomon Islands.

Gross Margin

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

Gross Margin by Reportable Segments

	2019		2018	
(In millions of Canadian dollars, except percentages)	**$**	**% of Net Revenue**	**$**	**% of Net Revenue**
Canada	571.1	51.5%	557.0	51.2%
United States	1,070.2	54.9%	982.5	55.4%
Global	367.1	56.1%	275.7	55.9%
Total	2,008.4	54.1%	1,815.2	54.1%

Gross margin increased $193.2 million as a result of overall revenue increases and was consistent as a percentage of net revenue in 2019 compared to 2018.

Gross margin in our Canada operations increased $14.1 million and increased 0.3% as a percentage of net revenue in 2019 compared to 2018. The increase was the result of higher margin work in our Transportation business and Mining sector as well as more efficient project execution across our businesses. This was partly offset with an increased proportion of lower-margin oil and gas sector projects.

Gross margin in our US operations increased $87.7 million and decreased 0.5% as a percentage of net revenue in 2019 compared to 2018. The decrease as a percentage of net revenue is partly due to project mix and the effect of a Water project recovery in Q1 18 that contributed to a higher gross margin for that period. US gross margin was also affected by localized challenges on certain projects, for which we have put actions in place to address; we expect gross margin to improve in 2020.

Gross margin in our Global operations increased $91.4 million and increased 0.2% as a percentage of net revenue in 2019 compared to 2018. Our project mix and certain success fees recognized on a hydro project in Australia and an incentive fee earned on a major project in Qatar contributed to a higher gross margin.

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 $1,433.6 million in 2019 and 38.6% as a percentage of revenue, or $1,576.6 million and 42.5% without the adoption of IFRS 16, compared to $1,438.2 million and 42.9% in 2018. Our 2019 results included a severance costs impact of 0.2% associated with our reshaping initiatives. Our 2018 results included several unusual, non-recurring items recorded in Q4 18: a lease exit liability charge of $12.8 million related to the move to our new head office in Edmonton and a past service cost of $4.7 million associated

with our defined benefit pension plans. Adjusted for these, administrative and marketing expenses as a percentage of revenue for both 2019 and 2018 would be 42.3%.

In the first half of the year, administrative and marketing expenses were negatively impacted with lower utilization and increased opportunistic investments in marketing campaigns, which resulted in a higher than anticipated allocation of labor costs to administrative and marketing expenses. Our utilization improved in the second half of the year as a result of our reshaping initiative that has brought our salary costs in line with expectations for the last two quarters and achieved annualized cost savings within the guidance we provided of approximately $40 million to $45 million, or $0.26 to 0.29 per share.

Other factors impacting administrative and marketing expenses include increases in occupancy costs associated with our head office lease, subscription costs from the renewal of certain cloud-based software solutions previously licensed-based and therefore capitalized and amortized as intangible assets, and share-based compensation charges. These increases were offset by reductions in various other items as a result of cost reduction initiatives.

Depreciation of Property and Equipment

Depreciation increased $8.1 million in 2019. As a percentage of net revenue, depreciation of property and equipment was 1.6% in 2019 compared to 1.5% in 2018. The increase was due primarily to higher depreciation expense for leasehold improvements.

Intangible Assets

The following table summarizes the amortization of identifiable intangible assets:

(In millions of Canadian dollars)	**2019**	**2018**
Client relationships	31.1	26.9
Backlog	10.0	9.9
Other	0.8	2.5
Total amortization of acquired intangible assets	41.9	39.3
Software	25.0	25.7
Total amortization of intangible assets	66.9	65.0

The increase in intangible asset amortization of $1.9 million in 2019 compared to 2018 was mainly due to higher client relationships. The acquisition of WGE added $29.5 million to client relationships and $10.3 million to backlog. The increase was partly offset with an IFRS 16 reclass of net lease advantages and disadvantages from acquisitions completed in prior years to lease assets (previously included in the Other category).

We review intangible assets at each reporting period to determine whether there is an indication of impairment, and based on this review, there were no material indicators of impairment in 2019 and 2018. 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.)

Net Interest Expense

Net interest expense increased $40.9 million in 2019 compared to 2018. The adoption of IFRS 16 increased net interest expense by $32.3 million in 2019. Without the adoption of IFRS 16, net interest expense increased $8.6 million in 2019 and was driven by increased drawings during the year on our revolving credit facility to fund the WGE acquisition and share repurchases under our Normal Course Issuer Bid (NCIB) as well as higher interest rates on our credit facilities.

Foreign Exchange Losses and Gains

We reported a foreign exchange loss of $4.7 million in 2019 and $2.7 million in 2018. Foreign exchange gains and losses arise from the translation of the foreign-currency denominated assets and liabilities held in our Canadian, US, and other foreign subsidiaries. We minimize our exposure to foreign exchange fluctuations by matching foreign currency assets with foreign currency liabilities and, when appropriate, by entering into forward contracts to buy or sell foreign currencies in exchange for Canadian dollars.

Other (Income) Expense

Our 2019 results included an unrealized gain of $7.9 million, compared to an unrealized loss of $4.9 million in 2018, on our equity securities in our investments held for self-insured liabilities and represents fair value fluctuations in the equity markets.

Income Taxes

Our 2019 effective income tax rate was 26.8% compared to 24.3% in 2018. Our normalized effective tax rate for 2019 would be 28.6% compared to 26.8% in 2018. Our tax expense in 2019 included a tax recovery of $4.9 million in our Australian operations and $4.3 million in our US operations for previously unrecognized tax loss carryforwards. These recoveries were partly offset by certain valuation adjustments of $3.4 million and US transition tax adjustment of $1.1 million based on recent regulations and guidance released by the US Internal Revenue Service. Adjusted for these discrete items, our normalized tax rate is higher compared to 2018 as a result of the mix of jurisdictional earnings and tax rates, resulting in an increase in the effective tax rate.

Discussion of Discontinued Operations

On November 2, 2018, we completed the sale of our Construction Services operations. The results of our Construction Services operations are reported as discontinued operations in our 2018 consolidated financial statements for all periods presented as prescribed by IFRS 5. In Q1 19, management and the purchaser completed their review of the closing financial statements, resulting in an immaterial settlement adjustment.

The activities in 2019 related to the recently completedwaste-to-energy project in the UK and resulted in a nil impact on net income during the year because our best estimate of the expected loss on the project was included as a provision in 2018. In Q4 19, we reached settlement agreements for the engineering, procurement, and construction component, which took effect in Q4 19, and for the operation and maintenance component, which takes effect in Q1 20; these agreements release Stantec from its obligations under this project.

Fourth Quarter Results

The following sections outline specific factors that affected the results of our operations in Q4 19 vs Q4 18.

Gross and Net Revenue

Revenue by Reportable Segment

	Gross Revenue		Net Revenue		
(In millions of Canadian dollars, except percentages)	**Q4 2019**	**Q4 2018**	**Q4 2019**	**Q4 2018**	**Q4 19 Organic Growth%**
Canada	336.1	319.2	273.2	268.9	1.6%
United States	659.7	572.0	466.1	425.5	9.6%
Global	214.4	192.7	161.7	141.2	(0.5%)
Total	1,210.2	1,083.9	901.0	835.6	5.3%

Revenue by Business Operating Unit

(In millions of Canadian dollars, except percentages)	Gross Revenue		Net Revenue		
	Q4 2019	**Q4 2018**	**Q4 2019**	**Q4 2018**	**Q4 19 Organic Growth%**
Buildings	256.7	232.2	198.0	172.1	1.3%
Energy & Resources	156.3	159.9	130.2	131.4	0.1%
Environmental Services	213.9	185.3	141.6	125.4	13.2%
Infrastructure	348.9	295.3	254.9	237.7	7.5%
Water	234.4	211.2	176.3	169.0	4.7%
Total	1,210.2	1,083.9	901.0	835.6	5.3%

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 growth was strong, increasing by 7.8% in Q4 19 compared to Q4 18. Increased net revenue was driven by organic growth of 5.3% and acquired growth of 2.8%.

Our Canada operations achieved net revenue organic growth of 1.6% in Q4 19 compared to Q4 18. Organic growth continued in our Environmental Services business and Transportation sector with offsetting revenue retraction in our Power sector and Water business. New mining projects as well as the commencement of the Trans Mountain Expansion Project spurred growth in our Energy and Resources business during the quarter.

Our US operations achieved net revenue organic growth of 9.6% in Q4 19 compared to Q4 18 with growth across all our businesses. Consistent with our annual results, our Transportation business continued to perform well with progress made on our Transit & Rail projects, our Environmental Services in the renewables and hydropower and dam markets, and our Water business through our expansion efforts into California, Texas, and northwest US markets. Growth in Energy & Resources was driven by a ramp-up of new renewable projects in Power, and upstream projects in Oil & Gas.

Our Global operations achieved net revenue growth of 14.5% in Q4 19 compared to Q4 18 driven by acquisition growth of 16.9% in our Buildings business. We saw a slight retraction in organic growth as a result of declining commodity prices impacting our Mining projects, large project wind-downs in WaterPower & Dams, and a slowdown in our UK Transportation sector. Our Environmental Services business continued to drive growth and our UK Water business saw steady work volume as we advanced major projects associated with the latest Asset Management Program regulatory cycle. The ramp up of a transmission project in Nepal also resulted in growth in our Power sector.

Gross Margin

(In millions of Canadian dollars, except percentages)	Q4 2019		Q4 2018	
	$	**% of Net Revenue**	**$**	**% of Net Revenue**
Canada	140.0	51.2%	134.0	49.8%
United States	256.7	55.1%	234.7	55.2%
Global	89.6	55.4%	80.7	57.2%
Total	486.3	54.0%	449.4	53.8%

Gross margin increased $36.9 million in the quarter and increased 0.2% as a percentage of net revenue.

Overall, gross margins in the quarter remained stable. Our Canada operations is seeing improvements from higher margin work and more efficient project execution. In our US operations, margins were mainly impacted by project mix. Margins in our Global operations were primarily impacted by project mix, challenges arising from instability in Latin America, and pricing pressures in the UK and European markets.

Other

Administrative and marketing expenses were $348.5 million in Q4 19 and 38.7% as a percentage of net revenue, or $385.7 million and 42.8% without the adoption of IFRS 16, compared to $382.7 million and 45.8% in Q4 18. The decrease in administrative and marketing expenses was mainly from our reshaping initiatives which resulted in improved utilization and our focused effort to reduce discretionary spending.

Amortization of intangible assets increased due to an increase in backlog and client relationships resulting from our WGE acquisition. Net interest expense increased $8.2 million primarily due to the adoption of IFRS 16 which increased net interest expense by $7.8 million.

Our reported tax rate was 29.7% in Q4 19 compared to 10.9% in Q4 18. Our reported tax expense included the recognition of tax recoveries of $4.3 million in our US operations on tax credits previously unrecognized and offset by a valuation allowance of $3.4 million. Adjusted for these discrete items, our normalized tax rate would be 31.2% as a result of the mix of jurisdictional earnings and tax rates. Our Q4 18 reported tax rate included the recognition of additional tax credits, estimated deduction of foreign-derived intangible income introduced with US tax reform, and non-taxable capital gains.

Quarterly Trends

The following is a summary of our quarterly operating results for the last two fiscal years. 2018 values have not been restated for the impact of IFRS 16.

	2019				2018			
(In millions of Canadian dollars, except per share amounts)	**Q4**	Q3	Q2	Q1	**Q4**	Q3	Q2	Q1
Gross revenue	1,210.2	1,241.5	1,224.1	1,151.5	1,083.9	1,086.6	1,092.0	1,021.3
Net revenue	901.0	952.6	953.6	904.1	835.6	847.5	863.3	808.8
Net income from continuing operations	42.4	57.8	49.3	44.9	21.2	55.9	57.6	36.6
Net income (loss) from discontinued operations, net of tax	-	-	-	-	(32.2)	(73.9)	(18.0)	0.2
Net income (loss)	42.4	57.8	49.3	44.9	(11.0)	(18.0)	39.6	36.8
Basic and diluted earnings (loss) per share								
Continuing operations	0.38	0.52	0.44	0.40	0.19	0.49	0.51	0.32
Discontinued operations	-	-	-	-	(0.29)	(0.65)	(0.16)	-
Total basic and diluted earnings (loss) per share	0.38	0.52	0.44	0.40	(0.10)	(0.16)	0.35	0.32
Continuing operations								
Adjusted net income *(note)*	52.3	66.3	56.1	50.3	45.5	51.2	62.0	47.9
Adjusted basic and diluted EPS *(note)*	0.47	0.59	0.50	0.45	0.40	0.45	0.54	0.42

Adjusted net income and adjusted EPS are non-IFRS measures and are further discussed in the Definitions section of this M D&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:

Net Revenue

(In millions of Canadian dollars)	**Q4 19 vs. Q4 18**	**Q3 19 vs. Q3 18**	**Q2 19 vs. Q2 18**	**Q1 19 vs. Q1 18**
Increase in net revenue due to				
Organic growth	44.6	63.1	20.0	20.6
Acquisition growth	23.8	40.3	55.5	53.4
Impact of foreign exchange rates on revenue earned by foreign subsidiaries	(3.0)	1.7	14.8	21.3
Total net increase in net revenue	65.4	105.1	90.3	95.3

Construction Services operations are presented as discontinued operations. This table has been updated to include only continuing operation results.

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. (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, 2018, to December 31, 2019.

(In millions of Canadian dollars)	**Dec 31, 2019**	**Jan 1, 2019**	**IFRS 16**	**Dec 31, 2018**
Total current assets	1,580.1	1,573.7	(61.8)	1,635.5
Property and equipment	286.5	289.4	-	289.4
Lease assets	558.5	561.8	561.8	-
Goodwill	1,651.8	1,621.2	-	1,621.2
Intangible assets	219.6	242.0	(5.7)	247.7
Net employee defined benefit asset	26.0	10.0	-	10.0
Investments in joint ventures and associates	8.8	9.4	-	9.4
Deferred tax assets	31.9	21.2	-	21.2
Other assets	198.3	178.2	2.7	175.5
Total assets	**4,561.5**	**4,506.9**	**497.0**	**4,009.9**
Current portion of long-term debt	46.9	48.5	-	48.5
Current portion of provisions	23.9	41.7	(0.7)	42.4
Current portion of lease liabilities	99.9	44.8	44.8	-
All other current liabilities	835.6	784.2	(18.5)	802.7
Total current liabilities	1,006.3	919.2	25.6	893.6
Lease liabilities	589.0	600.2	600.2	-
Income taxes payable	11.6	15.9	-	15.9
Long-term debt	814.0	885.2	-	885.2
Provisions	89.1	86.6	8.4	78.2
Net employee defined benefit liability	85.2	68.6	-	68.6
Deferred tax liability	73.2	42.8	(11.5)	54.3
Other liabilities	16.0	10.9	(94.5)	105.4
Equity	1,875.5	1,875.7	(31.2)	1,906.9
Non-controlling interests	1.6	1.8	-	1.8
Total liabilities and equity	**4,561.5**	**4,506.9**	**497.0**	**4,009.9**

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

The adoption of IFRS 16 resulted in an overall increase to assets and liabilities because the new standard requires the lessee to recognize an asset for the right to use the underlying asset during the lease term (lease assets) and recognize a liability to make lease payments (lease liabilities). We also reclassified certain balance sheet accounts to conform to the accounting requirements of IFRS 16. Refer to the Accounting Developments section in this MD&A for IFRS 16 impacts. As well, the carrying amounts of assets and liabilities for our US subsidiaries on our consolidated statements of financial position decreased due to the strengthening Canadian dollar—from US$0.73 at December 31, 2018, to US$0.77 at December 31, 2019.

For non-current assets, the adoption of IFRS 16 resulted in the recognition of lease assets, a reclass of lease advantages from intangible assets to lease assets, and a recognition of sublease receivables included in other assets. Excluding the adoption of IFRS 16, property and equipment decreased mainly because of increased depreciation expense, partly offset by additions made to leasehold improvements and engineering equipment and the acquisition of WGE. Goodwill increased due to our acquisition of WGE. Intangible assets decreased due to amortization expense partly offset by additions from the WGE acquisition. The long-term

portion of other assets increased $20.1 million due primarily to increases in investments held for self-insured liabilities and holdbacks on long-term contracts.

For liabilities, the adoption of IFRS 16 resulted in the recognition of lease liabilities, a reclass of lease inducement benefits and lease from other liabilities to lease assets, a recognition of lease restoration liabilities included in provisions, and a net decrease in deferred tax liabilities. Excluding the adoption of IFRS 16, total current and long-term debt decreased $72.8 million due primarily to a decrease in our revolving credit facility of $80.6 million offset by a net increase of $11.9 million in notes payable. Increases in notes payable were associated with the WGE acquisition.

Deferred tax liabilities, excluding IFRS 16 adjustments, increased as a result of deferred taxes acquired through business combinations and deferred tax expense recorded in 2019. Net employee defined benefit liability increased $16.6 million and net employee defined benefit asset increased $16.0 million for a combined net increase of $0.6 million. Return on plan assets of $55.5 million and contributions of $23.0 million made in 2019 were offset by actuarial losses of $75.6 million and the addition of WGE's end-of-employment benefit liability. Our adoption of the IFRS Interpretations Committee's decision on the presentation requirements of uncertain tax provisions recognized under IFRIC 23 resulted in a reclass from other liabilities to current income taxes payable of $25.9 million at December 31, 2019 and $35.0 million at December 31, 2018.

Goodwill

In accordance with our accounting policies (described in note 4 of our 2019 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 cashflows 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, 2019, and October 1, 2018, we performed our annual goodwill impairment tests. We estimate the recoverable amount by using the fair value less costs of disposal approach. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of our CGUs, given the necessity of making key economic assumptions about the future.

As at October 31, 2019, we concluded that the recoverable amount of our CGUs, Canada and US, exceeded its carrying amount and management believes that no reasonably possible change in assumptions would have resulted in the carrying amount to exceed their respective recoverable amount. The recoverable amount of our Global group of CGUs exceeded its carrying amount by $37.6 million. Management believes that the only reasonably possible changes to key assumptions that would cause the group of CGUs' carrying amount to exceed its recoverable amount would be a 50-basis points reduction in the assumed operating margins or a 50-basis points increase in the discount rate (further described in note 13 of our 2019 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, 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. We also believe that the design of our business model reduces the impact of changing market conditions on operating cash flows. However, under certain favorable market conditions, we do consider issuing common shares to facilitate acquisition growth or to reduce borrowings under our credit facilities.

We continue to limit our exposure to credit risk by placing our cash and cash equivalents in short-term deposits in—and, when appropriate, by entering into derivative agreements with—high-quality credit institutions. Investments held for self-insured liabilities include bonds, equities, and term deposits. We mitigate risk associated with these bonds, equities, and term deposits through the overall quality and mix of our investment portfolio.

Working Capital

The following table shows summarized working capital information as at December 31, 2019, compared to December 31, 2018:

(In millions of Canadian dollars, except ratios)	**Dec 31, 2019**	**Jan 1, 2019**	**IFRS 16**	**Dec 31, 2018**
Current assets	**1,580.1**	1,573.7	(61.8)	1,635.5
Current liabilities	**(1,006.3)**	(919.2)	(25.6)	(893.6)
Working capital *(note)*	**573.8**	654.5	(87.4)	741.9
Current ratio *(note)*	**1.57**	1.71	n/a	1.83

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

The adoption of IFRS 16 resulted in reclasses of certain balance sheet accounts (discussed in the Accounting Development section of the MD&A). As well, the carrying amounts of assets and liabilities for our US subsidiaries on our consolidated statements of financial position decreased due to the strengthening Canadian dollar.

IFRS 16 resulted in a reclass of $50.0 million of lease inducements receivable from other receivables, $12.9 million of prepaid rent from prepaid expenses to lease assets, and a $1.1 million adjustment to other current assets. Excluding the adoption of IFRS 16, current assets increased primarily because of increases in cash and deposits of $38.3 million (explained in the Cash Flows section of this MD&A). These increases were partly offset by a collective net decrease of $13.0 million from trade and other receivables, unbilled receivables, and contract assets. As well as decreases to income taxes recoverable of $11.7 million as a result of lower tax installments paid during 2019.

Our DSO, defined in the Definitions section of this MD&A, was 94 days at December 31, 2019 (79 days including deferred revenue), four days lower than our DSO target of 98 days, and nine days lower than our results at December 31, 2018 of 103 days. The decrease in DSO was primarily due to our continued efforts and focus on collection activities and the receipt of certain milestone-based payments, which resulted in strong collections throughout our operations in Q4 19.

The aging of trade receivables improved in theover-90-day aging category by 2.6% as a percentage of total trade receivable, or $18.9 million due to the mix of clients and collection efforts.

IFRS 16 resulted in the recognition of $44.8 million of lease liabilities (current portion); partly offset by a decrease in other liabilities of $18.2 million because lease inducement benefits and lease disadvantages were reclassed to lease assets. As at December 31, 2019, the current portion of lease liabilities increased $55.1 million. Our adoption of the IFRS Interpretations Committee's decision on the presentation requirements of uncertain tax provisions recognized under IFRIC 23 also resulted in a reclassification of our uncertain tax liabilities of $25.9 million from other liabilities to current income taxes payable at December 31, 2019, and $35.0 million at December 31, 2018. Excluding the impacts of IFRS 16 and IFRIC 23, current liabilities increased primarily because of an increase to deferred revenue of $24.8 million due to the timing of billings and projects mix, bank indebtedness of $19.5 million, and trade and other payables of $9.5 million, mainly attributable to the timing of payments to suppliers and employees. The increases were partly offset by a decrease to the current portion of our provisions because of payments and settlements made during 2019.

Cash Flows

	Continuing Operations			Discontinued Operations			Total		
(In millions of Canadian dollars)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Cash flows from (used in) operating activities	**449.9**	205.2	244.7	**2.6**	(32.6)	35.2	**452.5**	172.6	279.9
Cash flows used in investing activities	**(135.2)**	(220.9)	85.7	**-**	(3.2)	3.2	**(135.2)**	(224.1)	88.9
Cash flows (used in) from financing activities	**(286.0)**	(23.9)	(262.1)	**-**	(0.1)	0.1	**(286.0)**	(24.0)	(262.0)

Because of the adoption of IFRS 16, fixed lease payments and proceeds for leasehold inducements are no longer included in operating and investing activities, respectively, and are now recognized in financing activities in our statement of cash flows. These reclassifications had a net zero effect on total cash flows. Our comparative figures were not restated.

Cash flows from (used in) operating activities

Cash flows used in operating activities are impacted by the timing of acquisitions, particularly the timing of payments for acquired trade and other payables, which includes short-term employee incentive awards.

The adoption of IFRS 16 increased reported 2019 operating cash inflow by $116.7 million for fixed lease payment reclasses. Excluding the adoption of IFRS 16, cash flows from operating activities for continuing operations would have been $333.2 million, a $128.0 million increase compared to 2018. The increase in cash inflow was driven by an increase in cash receipts from clients. These cash inflows were partly offset by an increase in cash paid to suppliers and employees due to acquisition growth, the timing of various payments, and an increase in interest paid on debt.

Cash flows used in investing activities

The adoption of IFRS 16 increased reported 2019 investing cash outflow by $50.4 million for lease inducements reclasses. Pre-IFRS 16, cash flows used in investing activities would have been $84.8 million, a $136.1 million decrease compared to 2018, mainly due to a decrease in property and equipment and software purchases—$60.3 million in 2019 compared to $134.2 million in 2018. These purchases relate mainly to leasehold improvements and engineering equipment at various locations. Additionally, there was a $40.3 million increase in lease inducements paid by our landlords.

Cash flows (used in) from financing activities

The adoption of IFRS 16 increased reported 2019 financing cash outflow by $66.3 million due to lease payments of $116.7 million, partly offset by lease inducements of $50.4 million received. Excluding the adoption of IFRS 16, cash flows used in financing activities would have been $219.7 million compared to an outflow of $23.9 million in 2018, reflecting a $242.6 million net reduction in drawings from our revolving credit

facility and term loan. Cash outflows were partly offset with a $33.5 million decrease in share repurchases and increased proceeds of $12.0 million from share capital issuance.

Capital Management

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

We manage our capital structure according to our internal guideline of maintaining a net debt to adjusted EBITDA (actual trailing twelve months) ratio of less than 2.0 to 1.0. At December 31, 2019, our net debt to adjusted EBITDA ratio was 1.1 to 1.0, falling within our stated internal guideline and consistent with our overall approach to capital allocation. There may be occasions when we exceed our target by completing acquisitions that increase our debt level for a period of time. Prior to the adoption of IFRS 16, we managed our capital structure according to our internal guideline of maintaining a net debt to EBITDA (actual trailing twelve months) ratio of less than 2.5 to 1.0.

(In millions of Canadian dollars, except ratios)	**Dec 31, 2019**	**Dec 31, 2018**
Current and non current portion of long term debt	**860.9**	933.7
Less: cash and cash equivalents	**(223.5)**	(185.2)
Bank indebtedness	**19.5**	-
Net debt	**656.9**	748.5
Shareholders equity	**1,875.5**	1,906.9
Total Capital Managed	**2,532.4**	2,655.4
Trailing twelve months adjusted EBITDA from continuing operations (note 1)	**574.4**	392.5
Net debt to adjusted EBITDA ratio (note 1)	**1.1**	1.9

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

Note 1: Results for 2019 were accounted for using IFRS 16 and results for 2018 were accounted for using IAS 17.

Stantec has syndicated senior credit facilities consisting of a senior revolving credit facility of a maximum of $800 million and a $310 million term loan in two tranches. On July 19, 2019, we amended our credit facilities which changed certain terms and conditions, including extending the maturity date of the revolving credit facility by one year (expires on June 27, 2024), increasing our access to additional funds from $400 million to $600 million, and reducing certain interest rate spreads. We are required to comply with certain covenants as part of our credit facility. The key financial covenants specify requirements of our leverage ratio and interest coverage ratio (as defined by the credit facilities agreement). Refer to the Definition of non-IFRS measures section for further discussion of our covenant ratios.

At December 31, 2019, $282.6 million was available in our revolving credit facility for future activities and we were in compliance with the covenants related to our credit facilities as at and throughout the period ended December 31, 2019.

Shareholders' Equity

Shareholders' equity decreased $31.4 million. Opening shareholders' equity was adjusted downward by $31.2 million related to the adoption of IFRS 16. The decrease in shareholder's equity was mainly due to a comprehensive loss of $109.0 million that related primarily to the exchange difference on translation of our foreign subsidiaries and the remeasurement loss on net employee defined benefit liability, $64.7 million in dividends declared, and $43.2 million in shares repurchased under our NCIB. These decreases were partly offset by net

income of $194.4 million earned in 2019 and $22.3 million for share options exercised for cash and share-based compensation expense.

Our NCIB on the TSX was renewed on November 8, 2019 enabling us to repurchase up to 5,559,313 of our common shares during the period November 14, 2019 to November 13, 2020. 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 1,400,713 common shares for an aggregated price of $43.2 million during 2019, compared to the repurchase of 2,470,560 common shares for an aggregated price of $76.7 million during 2018.

Other

Outstanding Share Data

At December 31, 2019, there were 111,212,975 common shares and 4,051,080 share options outstanding. From January 1, 2020, to February 26, 2020, 141,700 were repurchased and cancelled under our NCIB, no share options were granted, 432,039 share options were exercised, and 56,937 share options were forfeited. At February 26, 2020, there were 111,503,314 common shares and 3,562,104 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, 2019, on an undiscounted basis.

	Payment Due by Period				
(In millions of Canadian dollars)	Total	Less than 1 Year	1–3 Years	4–5 Years	After 5 Years
Debt	864.6	47.8	207.8	608.1	0.9
Interest on debt	112.0	30.0	53.8	28.2	-
Bank indebtedness	19.5	19.5	-	-	-
Lease liabilities	810.5	138.5	255.0	151.2	265.8
Restoration	13.9	1.8	3.5	2.9	5.7
Variable lease payments	269.6	47.6	82.4	48.4	91.2
Short-term and low -value lease payments	4.0	2.6	1.4	-	-
Leases not commenced but committed	50.6	2.3	10.2	9.3	28.8
Foreign currency forward contract	31.0	31.0	-	-	-
Purchase and service obligations	67.6	43.9	20.5	3.1	0.1
Other obligations	54.0	13.8	23.2	1.1	15.9
Total contractual obligations	2,297.3	378.8	657.8	852.3	408.4

For further information regarding the nature and repayment terms of our long-term debt, refer to the Cash Flows from (Used in) Financing Activities and Capital Management sections of this MD&A and notes 16, 17 and 26 in our 2019 audited consolidated financial statements, incorporated by reference.

Our lease arrangements include non-cancellable rental payments for office space, vehicles, and other equipment. Purchase and service obligations include enforceable and legally binding agreements to purchase future goods and services. Other obligations include amounts payable for our restricted share, deferred share, and performance share units issued under our Long-Term Incentive Plan and obligations for our end of employment benefit plans. Failure to meet the terms of our lease payment commitments may constitute a default, potentially resulting in a lease termination payment, accelerated payments, or a penalty as detailed in each lease agreement. The previous table does not include obligations to fund defined benefit pension plans, although we make regular contributions. Funding levels are monitored regularly and reset with triennial funding valuations performed for the pension plans' board of trustees. The Company expects to contribute $19.0 million to the pension plans in 2020.

Off-Balance Sheet Arrangements

As at December 31, 2019, we hadoff-balance sheet financial arrangements relating to letters of credit in the amount of $83.2 million that expire at various dates before January 2021, except for $14.6 million that have open-ended terms. These—including the guarantee of certain office rental obligations—were issued in the normal course of operations.

Also, as part of the normal course of operations, our surety facilities allow for the issuance of bonds for certain types of project work. As at December 31, 2019, $392.1 million in bonds—expiring at various dates before July 2024—were issued under these surety facilities. These bonds are intended to provide owners with financial security regarding the completion of their construction project in the event of default and relate mainly to our former Construction Services business. Although we remain obligated for these instruments, the purchaser of the Construction Services business has indemnified Stantec should any of these obligations be triggered.

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

In 2019, we entered into an interest rate swap to manage the fluctuation in floating interest rates on Tranche C of our term loan. The agreement matures on June 27, 2023 and has the effect of converting the variable interest rate associated with $160 million of our term loan into a fixed interest rate of 2.295% plus an applicable basis points spread.

We had also entered into foreign currency forward contracts to purchase $31.0 million (or GBP18.0 equivalent) at trade dates maturing before February 2020. These contracts were entered to mitigate the risk of foreign currency fluctuations.

These arrangements are further described in note 25 of our 2019 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.

Currency

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

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

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

Interest rates

Changes in interest rates also present a risk to our performance. Our revolving credit facility and term loan balances carry a floating rate of interest. 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. Based on our loan balance at December 31, 2019, we estimate that a 0.5% increase or decrease in interest rates (with all other variables held constant) would have decreased or increased net income by $2.2 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. The effect of a 1.0% increase or decrease in equity prices (with all other variables held constant) would have increased or decreased net income by $0.4 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 2019, total sales to our joint ventures were $40.2 million, and at December 31, 2019, receivables from our joint ventures were $8.9 million. In 2019, the total sales to our associates were $1.9 million, and at December 31, 2019, receivables from our associates were $0.2 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 2019 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 $20.1 million in 2019 and $10.7 million in 2018.

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. There has been no significant change in our critical accounting estimates in 2019 from 2018, except for the change in accounting estimates related to the adoption of IFRS 16, described in note 6 of our 2019 audited consolidated financial statements.

Note 5 of our December 31, 2019, 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 goodwill
- Fair values on business combinations
- Leases
- Provision for self-insured liabilities and claims
- Employee benefit plans
- Taxes

Because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, 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 outcome.

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

Accounting Developments

Recently Adopted

Effective January 1, 2019, we adopted the following standards and amendments (further described in note 6 of our December 31, 2019, consolidated financial statements and incorporated by reference in this MD&A):

- IFRS 16 *Leases* (IFRS 16)
- IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23)
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (IFRS 9)
- Amendments to IAS 28 *Long-term Interest in Associates and Joint Ventures* (IAS 28)

- Annual Improvements (2015-2017 Cycle) related to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes*, and IAS 23 *Borrowing Costs*
- Amendments to IAS 19 *Employee Benefits* (IAS 19)

The adoption of these new standards, amendments, interpretations, and improvements did not have an impact on our disclosure controls and procedures or our business activities, including debt covenants, key performance indicators, and compensation plans. The adoption of IFRS 16 resulted in a change in accounting policies, non-cash changes to our financial results, and key non-IFRS indicators. Our debt covenants were not impacted since they continued to be reported under pre-IFRS 16 standards.

In September 2019, the IFRS Interpretation Committee concluded that the presentation requirements in IAS 1 *Presentation of Financial Statements* apply to uncertain tax liabilities or assets recognized under IFRIC 23. This will require an entity to present uncertain tax liabilities as current tax liabilities or deferred tax liabilities, and uncertain tax assets as current tax assets or deferred tax assets. As a result, we reclassified our uncertain tax liabilities from other liabilities to current income taxes payable for both 2019 and 2018.

IFRS 16 Leases

Effective January 1, 2019, we adopted IFRS 16 *Leases* (IFRS 16) using the modified retrospective approach and did not restate comparative information. The new standard replaces IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* (IFRIC 4) and requires companies to bring operating leases, formerly treated as off-balance sheet items, onto a company's statement of financial position. Certain current and non-current items on our statement of financial position were also reclassified to conform with the accounting requirements of IFRS 16.

The majority of our leases are for office space, vehicles, and other equipment. We no longer include fixed lease payments in administrative and marketing expenses. Instead, lease costs are replaced with depreciation of leased assets and interest expense using the effective interest method for lease liabilities. We continue to expense in administrative and marketing low-value asset leases, short-term leases with a term of 12 months or less, and variable lease expenses. Prior to IFRS 16, occupancy costs were accounted for on a straight-line basis. With the adoption of IFRS 16, lease assets are amortized on a straight-line basis; however, interest from the effective interest method results in higher interest at the start of the lease term, causing a difference between our pre- and post-IFRS 16 net income. The adoption of IFRS 16 resulted in a non-cash reduction of our 2019 net income by $3.7 million or $0.03 on an earnings per share basis.

At the lease commencement date, lease liabilities are recognized at the present value of lease payments less any incentives receivable. Lease assets are equal to lease liabilities less lease incentives received, plus restoration costs, indirect costs, and prepayments. On transition, certain lease assets were measured at the amount equal to the lease liability; however, certain significant leases were measured retrospectively as though the standard was applied since the commencement date of the lease. Over time, depreciated leased assets and discounted liabilities are not equal; therefore, on transition, we recorded a non-cash after-tax cumulative debit adjustment of $31.2 million against our opening retained earnings for the leases that were measured retrospectively.

On the statement of cash flows, fixed lease payments and proceeds for leasehold inducements are no longer included in operating and investing activities, respectively, and are now recognized in financing activities. This reclassification increases cash flows from operating activities and reduces cash flows from investing and financing activities, resulting in a net zero effect on total cash flows.

A summary of IFRS 16's impact on our January 1, 2019, consolidated statement of financial position, income statement items and non-IFRS financial measures, and cash flows is included in the tables below.

Impact on Statement of Financial Position at January 1, 2019

(In millions of Canadian dollars)	After IFRS 16 $	Before IFRS 16 $	Increase (Decrease) $
Current assets			
Trade and other receivables	828.1	878.1	(50.0)
Prepaid expenses	43.9	56.8	(12.9)
Other assets	24.3	23.2	1.1
Non-current assets			
Lease assets	561.8	-	561.8
Intangible assets	242.0	247.7	(5.7)
Other assets	178.2	175.5	2.7
Total increase in assets			497.0
Current liabilities			
Trade and other payables	566.9	567.2	(0.3)
Lease liabilities	44.8	-	44.8
Provisions	41.7	42.4	(0.7)
Other liabilities	5.0	23.2	(18.2)
Non-current liabilities			
Lease liabilities	600.2	-	600.2
Provisions	86.6	78.2	8.4
Deferred tax liabilities	42.8	54.3	(11.5)
Other liabilities	10.9	105.4	(94.5)
Shareholders' equity			
Retained earnings	820.0	851.2	(31.2)
Total increase in liabilities and equity			497.0

Impact on Statement of Income - Continuing Operations	Year Ended Dec 31		
(In millions of Canadian dollars)	2019 as Reported $	2019 before IFRS 16 $	Increase (Decrease) $
Impact on income statement items			
Administrative and marketing expenses	**1,433.6**	1,576.6	(143.0)
Net interest expense	**69.6**	37.3	32.3
Depreciation of lease assets	**115.8**	-	115.8
Net income	**194.4**	198.1	(3.7)
Impact on non-IFRS financial measures *(note)*			
EBITDA	**576.0**	433.0	143.0
Adjusted EBITDA	**574.4**	431.4	143.0
Net debt/adjusted EBITDA - Continuing operations	**1.1**	1.5	(0.4)

note: Non-IFRS measures are discussed in the Definitions section of this M D&A .

Impact on Statement of Cash Flows - Continuing Operations	Year Ended Dec 31		
(In millions of Canadian dollars)	2019 as Reported $	2019 before IFRS 16 $	Increase (Decrease) $
Cash flows from operating activities	**449.9**	333.2	116.7
Cash paid to suppliers	**(1,716.9)**	(1,865.9)	149.0
Interest paid	**(71.6)**	(39.3)	(32.3)
Cash flows (used in) from investing activities	**(135.2)**	(84.8)	(50.4)
Proceeds from lease inducements	**-**	50.4	(50.4)
Cash flows used in financing activities	**(286.0)**	(219.7)	(66.3)
Payments of lease obligations	**(116.7)**	-	(116.7)
Proceeds from lease inducements	**50.4**	-	50.4

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.

- *Conceptual Framework for Financial Reporting*
- *Definition of a Business (Amendments to IFRS 3)*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Interest Rate Benchmark (IBOR) Reform*
- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*

These standards, amendments, and interpretations are described in note 6 of our December 31, 2019, consolidated financial statements and are incorporated by reference in this MD&A.

Materiality

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

Definition of Non-IFRS Measures

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

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

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

EBITDA. EBITDA represents net income before interest expense, income taxes, depreciation of property and equipment, depreciation of lease assets, amortization of intangible assets, and goodwill and intangible impairment. This measure is referenced in our credit facility agreement (adjusted for pre-IFRS 16 basis) as part of our debt covenants, and we use it as part of our overall assessment of our operating performance. There is no directly comparable IFRS measure for EBITDA.

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

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

Days Sales Outstanding (DSO): DSO is a metric that we use to evaluate our business that does not have a standardized definition within IFRS. It represents the average number of days to convert our trade and other receivables, unbilled receivables, and contract assets to cash. For 2020, this metric has been adjusted to include deferred revenue because we believe it is a better measurement of our performance and will improve comparability with our peers.

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

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

Adjusted Measures

Adjusted EBITDA, **Adjusted Net Income, and Adjusted EPS**represent the respective financial measures (1) excluding the amortization of intangibles acquired through acquisitions and (2) after the adjustments for specific items that are significant but are not reflective of our underlying operations. Specific items are subjective; however, we use our judgement and informed decision-making when identifying items to be excluded in calculating our adjusted measures. Specific items may include, but are not limited to, discontinued operations, sale of

subsidiaries, adjustments arising from legislative or judicial rulings, such as changes to pension or income tax regulations, significant and unusual non-recurring costs associated with lease exit liabilities and restructuring costs, gains or losses on sales of assets, certain fair value adjustments, and asset impairment losses. We currently use EBITDA as a measure of pre-tax operating cash flow and net income as a measure of overall profitability. There is no directly comparable IFRS measure for adjusted EBITDA. The most comparable IFRS measure for adjusted net income and adjusted EPS is net income and EPS, respectively. Reconciliations to net income, EBITDA and EPS to their respective adjusted measures are included in M-7.

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

Risk Factors

Overview

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

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

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

Board Governance and Risk Oversight

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

The ARC supports the development and evolution of

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

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

In addition to the ARC, two other board committees have roles in risk management. The Health, Safety, Security, Environment and Sustainability Committee provides oversight with a focus on relevant operational

risk exposures, including the Company's climate risk tolerance. The Corporate Governance and Compensation Committee guides the deployment of an effective corporate governance system to manage the board's overall stewardship responsibility, including requiring that appropriate management policies are in place.

Management Oversight

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

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

Principal Risks and Uncertainties

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

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

Risks

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.

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. Failing to attract, retain, and mobilize highly qualified staff could impede our ability to compete for new projects, deliver successfully on projects, and maintain or expand client relationships. Competition for talent remains challenging with low unemployment rates in the US, exit of skilled labor due to retirement, and skill deficits in many of the countries in which we operate. As a result of this talent scarcity, wages are increasing. If current trends continue, securing and

retaining our key talent will become even more critical. As demand for skilled labor grows and its supply shrinks, firms everywhere will be in a fierce competition for the limited human capital so essential to business growth.

Failure to maintain effective operational management practices may adversely affect Stantec's financial condition and results of operations.

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

A cybersecurity breach may cause loss of critical data, interrupt operations, and cause prejudice to our clients.

Like other global companies, we rely on computers, large enterprise systems, and information and communication technologies including third-party vendor systems, to conduct our business.

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

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

Stantec bears the risk of cost overruns on fixed-price contracts.

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

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 into 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.

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.

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.

Demand for Stantec's services is vulnerable to economic downturns and reductions in government and private industry spending.

Demand for our services is vulnerable to economic conditions and events. As a growing global organization, we are more widely 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.

Geopolitical uncertainties and the rise of protectionism, including uncertainties with respect to Brexit, America First, and ongoing US trade disputes with China and other countries may negatively impact the global economy and as a result, Stantec's business. Within the US, impeachment proceedings and upcoming elections in 2020 may delay infrastructure spending. 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 unfavourable contract terms that cause revenue and margin reductions and greater liability.

Stantec may have difficulty achieving organic growth expectations.

If we are unable to effectively compete for projects, expand services to existing and new clients by cross-selling our services, 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.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.

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

We train employees to strictly comply with anti-bribery laws, and our policies prohibit employees from offering or accepting bribes. We have built processes to advise our partners, subconsultants, suppliers, and agents who work with us or work on our behalf that they must comply with anti-corruption laws. Despite Stantec's policies, training, and compliance programs, we cannot provide assurance that our internal control policies and procedures

will always protect us from inadvertent, reckless, or criminal acts committed by employees or others. Violations or allegations of violations could disrupt our business and materially adversely effect our operating results or financial condition. Litigation or investigations relating to alleged violations could be costly and distracting for management, even if we are found not to have engaged in misconduct.

Failure to source suitable acquisition targets could impair our growth.

As the professional services industry consolidates, suitable acquisition candidates may be more difficult to find and available only at prices or under terms that are less favorable than before. Future acquisitions may decrease our operating income or operating margins, and we may be unable to recover investments made in those acquisitions.

If we are not able to successfully manage our integration program, our business and results of operations may be adversely affected.

Difficulties encountered while integrating acquired companies could adversely affect the Company's business. This may prevent us from achieving anticipated synergies and improving our professional service offerings, market penetration, profitability, and geographic presence, all key drivers of our acquisition program. The value of an acquired business may decline if we are unable to retain key acquired employees. Acquired firms may also expose Stantec to unanticipated problems or legal liabilities undiscovered during our due diligence processes.

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 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.

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 increased costs. 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. 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.

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

A change in our effective tax rate could have a material adverse impact on the results of our operations.

Stantec has defined benefit pension plans that currently have a significant deficit. These could grow in the future, resulting in additional costs.

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

Effective Processes and Systems

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

ISO 9001:2015 (Quality Management)

ISO 14001:2015 (Environmental Management)

ISO 45001:2018 (Occupational Health & Safety Management)

ISO/IEC 20000-1:2011 (IT Service Management)

Our operations are largely managed by country-specific management systems with differing ISO certifications as required to support those country- and industry-specific business requirements. We began the review and streamlining of the global ISO certifications in 2019.

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 our Programs and Business Solutions (PBS) group, which provides specialized program and project management services.

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

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

Insurance

Our policies include but are not limited to the following types of insurance: general liability, automobile liability and physical damage, workers compensation and employer's liability, directors' and officers' liability, professional, pollution & cyber liability, fiduciary and crime. We have a regulated/licensed captive insurance company 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. 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), 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 of December 31, 2019 (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.

We account for the following significant joint operations in accordance with IFRS: West, a Joint Venture and Starr II, a Joint Venture. Management does not have the contractual ability to assess the internal controls of these joint arrangements. Once the financial information is obtained from these joint arrangements, it falls within the scope of our internal controls framework. Management's conclusion regarding the effectiveness of internal controls does not extend to the internal controls at the transactional level of these joint arrangements. Our 2019 audited consolidated financial statements includes $13.9 million and $0.4 million of total assets and net assets, respectively, as at December 31, 2019, and $60.8 million and $0.7 million of revenues and net income, respectively, for the year then ended related to these joint arrangements.

As permitted by published guidance of the SEC in the United States, management's evaluation of and conclusions on the effectiveness of internal control over financial reporting did not include the internal controls of WGE; their financial results are included in the Company's 2019 consolidated financial statements. Aggregate assets of WGE acquired were $36.4 million, representing 0.8% of the Company's total assets as at December 31, 2019. Gross revenue earned from the date of acquisition to December 31, 2019, constituted 1.7% of the Company's gross revenue for the year ended December 31, 2019.

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 2019 consolidated financial statements.

There has been no change in our internal control over financial reporting during the year ended December 31, 2019, that materially affected or is reasonably likely to materially affect our internal control over financial reporting.

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

Subsequent Events

Normal Course Issuer Bid

From January 1, 2020, to February 26, 2020, pursuant to our NCIB, we repurchased and cancelled 141,700 common shares for an aggregate price of $5.2 million.

Dividends

On February 26, 2020, our Board of Directors declared a dividend of $0.155 per share, payable on April 15, 2020, to shareholders of record on March 31, 2020.

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 2020 and beyond, our strategies or future actions, our targets, our expectations for our financial condition or share price, or the results of or outlook for our operations. Statements of this type may be contained in filings with securities regulators or in other communications and are contained in this MD&A. Forward-looking statements in this MD&A include but are not limited to the following:

- *Our aim to achieve our four key financial targets by the end of 2022 as set out in the Business Model and Strategy section of this MD&A;*
- *Our targets and expectations for 2020;*
- *Our expectations regarding the impact our major project awards will have on adapting to climate change and rising sea levels;*
- *Our expectations regarding economic trends, currency stability, industry trends, and commodity prices in the sectors and regions that we operate in;*
- *Our expectations regarding our sources of cash and ability to meet our normal operating and capital expenditures in the Liquidity and Capital Resources section, based in part on the design of our business model;*

- *Our expectations regarding organic net revenue growth and gross margin improvement in 2020; and*
- *Our expectations with respect to pension plan contributions, the amount and time thereof.*

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 2020 and their effect on our business. The factors and assumptions we used about the performance of Canadian, US, and Global economies in 2020 in determining our annual targets and our outlook for 2020 are listed in the Outlook section of this MD&A. In addition, our budget is a key input for making certain forward-looking statements and certain key assumptions underlying our budget. These key factors and assumptions are set forth below:

- *Management assumed the Canadian dollar would be relatively stable compared to 2019 and used an average value of US$0.77£0.61 GBP in 2020.*
- *In Canada, the overnight interest rate target—currently at 1.75%—is expected to rise over time, but not necessarily in 2020 and the US Federal Reserve is expected to maintain the current federal funds rate in 2020. Therefore, management assumed that the average interest rates will remain consistent in 2020.*
- *To establish our effective income tax rate, management considered the tax rates in place as of December31, 2019, for the countries we operate in.*
- *The Canadian unemployment rate—5.9% in November 2019—is not expected to change significantly in 2020. In the United States, the unemployment rate—3.5% for November 2019 is at lowest level in fifty years—is expected to stay at historical lows through 2020.*
- *In the United States, housing activity is forecasted to increase in 2020. The expected seasonally adjusted annual rate of total housing starts for 2020 is 1,286,000, up from the expected 1,243,000 total housing starts in 2019.*

  In Canada, the Canadian Mortgage and Housing Corporation suggested that the number of total housing starts will increase. Expected new housing starts will fall between 194,000 and 204,300 units in 2020, a 3-4% increase from forecasted housing starts in 2019.
- *The Architecture Billings Index (ABI) from the American Institute of Architects was 52.0 in October 2019, suggesting growing demand for design services. We anticipate demand to remain stable throughout 2020.*
- *Prices for precious metals are expected to increase in 2020 compared to 2019. However, other metals, minerals and crude oil prices are forecasted to decline in 2020.*

- *Management expects to support our targeted level of growth using a combination of cash flows from operations and borrowings.*

The preceding list of factors is not exhaustive. Investors and the public should carefully consider these factors, other uncertainties and potential events, and the inherent uncertainty of forward-looking statements when relying on these statements to make decisions with respect to our Company. The forward-looking statements contained herein represent our expectations as of February 26, 2020, 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 2020, 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, 2019, and 2018

Management Report

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

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

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



Gord Johnston
President & CEO
February 26, 2020



Theresa Jang
Executive Vice President & CFO
February 26, 2020

Management's Annual Report on Internal Control over Financial Reporting

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

The Company accounts for joint operations in accordance with IFRS. The Company's significant joint operations are: West, a Joint Venture, and Starr II, a Joint Venture. Once the financial information is obtained from these joint operations, it falls within the scope of the Company's internal controls framework. Management's conclusion regarding the effectiveness of internal controls does not extend to the internal controls at the transactional level of these joint operations. The 2019 consolidated financial statements of the Company includes $13.9 million and $0.4 million of total assets and net assets, respectively, as at December 31, 2019, and $60.8 million and $0.7 million of revenues and net income, respectively, for the year then ended related to these joint operations.

Management has assessed the effectiveness of the Company's internal control over financial reporting, as at December 31, 2019, and has concluded that such internal control over financial reporting is effective. Ernst & Young LLP, which has audited the consolidated financial statements of the Company for the year ended December 31, 2019, 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 Wood & Grieve Engineers, which are included in the Company's 2019 consolidated financial statements. The aggregate assets were $36.4 million, representing 0.8% of the Company's total assets as at December 31, 2019. The gross revenue earned from their dates of acquisition to December 31, 2019, constituted 1.7% of the Company's gross revenue for the year ended December 31, 2019.



Gord Johnston
President & CEO
February 26, 2020



Theresa Jang
Executive Vice President & CFO
February 26, 2020

Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Stantec Inc. (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the two years in the period ended December 31, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 26, 2020 expressed an unqualified opinion thereon.

Adoption of IFRS 16

As discussed in Note 6 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of IFRS 16, Leases.

Basis for Opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the Audit and Risk Committee - and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter 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.

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

Description of the Matter	A goodwill impairment charge is required when the carrying value of a group of CGUs exceeds its recoverable amount. The recoverable amount is estimated using the fair value less costs of disposal approach. As described in management's goodwill disclosure in Note 13 to the consolidated financial statements, the recoverable amount of the Global group of CGUs exceeded its carrying amount by $37.6 million (goodwill allocated of $337.6 million) as at October 1, 2019. We identified the estimation of the recoverable amount of the Global group of CGUs as a critical audit matter because it is contingent on future cash flows and there is a risk that, if these cash flows do not meet the Company's expectations, the goodwill might be impaired. Auditing the impairment analysis was complex due to the significant estimation uncertainty and judgement applied by management in determining the recoverable amount. The significant estimation uncertainty was primarily due to the subjective nature of the underlying key assumptions and the significant effect changes in these assumptions would have on the recoverable amount. The significant assumptions used to estimate the recoverable amount included discount rates and certain forward-looking assumptions, such as revenue growth and operating margin rates, that could be affected by future economic and market conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls relating to the Company's determination of the recoverable amount of the Global group of CGUs, including controls over management's review of the significant assumptions described above. To test the recoverable amount of the Global group of CGUs, we performed audit procedures that included, among others, assessing management's methodologies, testing the significant assumptions discussed above and the underlying data used by the Company in its analysis. We compared forward-looking assumptions to historical financial information, and we evaluated whether changes to the significant assumptions would impact the impairment conclusion. We assessed the discount rates used, with the assistance of our valuation specialists. In addition, we tested management's reconciliation of the fair value of the reporting units to the market capitalization of the Company.

We have served as the Company's auditor since 1993.



Chartered Professional Accountants

Edmonton, Canada
February 26, 2020

Report on Internal Control over Financial Reporting

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

Opinion on Internal Control over Financial Reporting

We have audited Stantec Inc.'s (the "Company") internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Stantec Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019 based on the COSO criteria**.**

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Wood & Grieve Engineers Ltd. (the "Acquisition"), which is included in the 2019 consolidated financial statements of the Company and constituted 0.8% of total assets, as of December 31, 2019 and 1.7% of revenues for the year then ended. In addition, it did not include the internal controls of West, a Joint Venture, and Starr II, a Joint Venture ("Joint Operations") which are included in the 2019 consolidated financial statements of the Company and constituted $13.9 million and $0.4 million total and net assets, respectively as of December 31, 2019, and $60.8 million and $0.7 million of revenues and net income, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the Acquisition and Joint Operations.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements of Stantec Inc., which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the years ended December 31, 2019 and 2018, and the related notes, and our report dated February 26, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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



Chartered Professional Accountants

Edmonton, Canada
February 26, 2020

Consolidated Statements of Financial Position

As at December 31 *(In millions of Canadian dollars)*	Notes	**2019** **$**	2018 $
ASSETS			
Current			
Cash and deposits	9	**223.5**	185.2
Trade and other receivables	10	**817.7**	878.1
Unbilled receivables		**374.2**	384.6
Contract assets		**67.5**	59.7
Income taxes recoverable		**36.2**	47.9
Prepaid expenses		**42.9**	56.8
Other assets	15	**18.1**	23.2
Total current assets		**1,580.1**	1,635.5
Non-current			
Property and equipment	11	**286.5**	289.4
Lease assets	6,12	**558.5**	-
Goodwill	13	**1,651.8**	1,621.2
Intangible assets	14	**219.6**	247.7
Investments in joint ventures and associates		**8.8**	9.4
Net employee defined benefit asset	19	**26.0**	10.0
Deferred tax assets	27	**31.9**	21.2
Other assets	15	**198.3**	175.5
Total assets		**4,561.5**	4,009.9
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	9	**19.5**	-
Trade and other payables	16	**576.4**	567.2
Lease liabilities	6,12	**99.9**	-
Deferred revenue		**199.2**	174.4
Income taxes payable	6,20	**28.4**	37.9
Long-term debt	17	**46.9**	48.5
Provisions	18	**23.9**	42.4
Other liabilities	20	**12.1**	23.2
Total current liabilities		**1,006.3**	893.6
Non-current			
Lease liabilities	6,12	**589.0**	-
Income taxes payable		**11.6**	15.9
Long-term debt	17	**814.0**	885.2
Provisions	18	**89.1**	78.2
Net employee defined benefit liability	19	**85.2**	68.6
Deferred tax liabilities	27	**73.2**	54.3
Other liabilities	6,20	**16.0**	105.4
Total liabilities		**2,684.4**	2,101.2
Shareholders' equity			
Share capital	23	**879.8**	867.8
Contributed surplus	23	**23.9**	24.8
Retained earnings	6	**917.7**	851.2
Accumulated other comprehensive income		**54.1**	163.1
Total shareholders' equity		**1,875.5**	1,906.9
Non-controlling interests		**1.6**	1.8
Total liabilities and equity		**4,561.5**	4,009.9

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	**2019 $**	2018 $ (note 2)
Continuing operations			
Gross revenue		**4,827.3**	4,283.8
Less subconsultant and other direct expenses		**1,116.0**	928.6
Net revenue		**3,711.3**	3,355.2
Direct payroll costs	30	**1,702.9**	1,540.0
Gross margin		**2,008.4**	1,815.2
Administrative and marketing expenses	6,23,30,36	**1,433.6**	1,438.2
Depreciation of property and equipment	11	**58.2**	50.1
Depreciation of lease assets	6,12	**115.8**	-
Amortization of intangible assets	14	**66.9**	65.0
Net interest expense	28	**69.6**	28.7
Other net finance expense	28	**3.1**	5.7
Share of income from joint ventures and associates		**(0.8)**	(1.6)
Foreign exchange loss		**4.7**	2.7
Other (income) expense	31	**(8.2)**	0.1
Income before income taxes and discontinued operations		**265.5**	226.3
Income taxes			
Current	27	**56.0**	54.5
Deferred	27	**15.1**	0.5
Total income taxes		**71.1**	55.0
Net income for the year from continuing operations		**194.4**	171.3
Discontinued operations			
Net loss from discontinued operations, net of tax	8	**-**	(123.9)
Net income for the year		**194.4**	47.4
Earnings (loss) per share, basic and diluted			
Continuing operations	32	**1.74**	1.51
Discontinued operations	32	**-**	(1.09)
Total basic and diluted earnings per share		**1.74**	0.42

See accompanying notes

Consolidated Statements of Comprehensive Income

Years ended December 31

(In millions of Canadian dollars)	Notes	**2019 $**	2018 $
Net income for the year		**194.4**	47.4
Other comprehensive (loss) income			
Items that may be reclassified to net income in subsequent periods:			
Exchange differences on translation of foreign operations		**(91.4)**	124.1
Realized exchange difference on disposition of a subsidiary		**-**	0.1
Net unrealized gain on FVOCI financial assets		**-**	1.1
Unrealized loss on interest rate swap	25	**(1.1)**	-
		(92.5)	125.3
Items not to be reclassified to net income:			
Remeasurement loss on net employee defined benefit liability	19	**(16.5)**	(10.8)
Other comprehensive (loss) income for the year, net of tax		**(109.0)**	114.5
Total comprehensive income for the year, net of tax		**85.4**	161.9

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, 2017	113,991,676	878.2	21.5	947.1	49.5	1,896.3
Impact of change in accounting policy, net of tax of $6.7 for IFRS 9 and 15				(23.8)	(0.9)	(24.7)
Adjusted balance, January 1, 2018	113,991,676	878.2	21.5	923.3	48.6	1,871.6
Net income				47.4		47.4
Other comprehensive income					114.5	114.5
Total comprehensive income				47.4	114.5	161.9
Share options exercised for cash	338,989	6.9				6.9
Share-based compensation expense			5.6			5.6
Shares repurchased under Normal Course Issuer Bid	(2,470,560)	(19.1)	(0.5)	(57.1)		(76.7)
Reclassification of fair value of share options previously expensed		1.8	(1.8)			-
Dividends declared				(62.4)		(62.4)
Balance, December 31, 2018	111,860,105	867.8	24.8	851.2	163.1	1,906.9
Impact of change in accounting policy, net of tax of $11.5 (note 6)				(31.2)		(31.2)
Adjusted balance, January 1, 2019	111,860,105	867.8	24.8	820.0	163.1	1,875.7
Net income				194.4		194.4
Other comprehensive loss					(109.0)	(109.0)
Total comprehensive income (loss)				194.4	(109.0)	85.4
Share options exercised for cash	753,583	18.9				18.9
Share-based compensation expense			3.4			3.4
Shares repurchased under Normal Course Issuer Bid	(1,400,713)	(10.9)	(0.3)	(32.0)		(43.2)
Reclassification of fair value of share options previously expensed		4.0	(4.0)			-
Dividends declared				(64.7)		(64.7)
Balance, December 31, 2019	**111,212,975**	**879.8**	**23.9**	**917.7**	**54.1**	**1,875.5**

See accompanying notes

Consolidated Statements of Cash Flows

Years ended December 31 *(In millions of Canadian dollars)*	Notes	**2019** **$**	2018 $ (note 2)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Cash receipts from clients		**4,934.2**	4,367.6
Cash paid to suppliers		**(1,716.9)**	(1,706.3)
Cash paid to employees		**(2,658.6)**	(2,375.3)
Interest received		**3.7**	2.7
Interest paid		**(71.6)**	(30.5)
Finance costs paid		**(5.7)**	(5.5)
Income taxes paid		**(47.4)**	(59.0)
Income taxes recovered		**12.2**	11.5
Cash flows from operating activities from continuing operations		**449.9**	205.2
Cash flows from (used in) operating activities from discontinued operations		**2.6**	(32.6)
Net cash flows from operating activities		**452.5**	172.6
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Business acquisitions, net of cash acquired	7	**(77.1)**	(80.2)
Proceeds on leasehold improvements		**-**	10.1
Proceeds on disposition of a subsidiary		**-**	28.8
Cash sold on disposition of subsidiary		**-**	(49.1)
Purchase of intangible assets		**(3.6)**	(9.4)
Purchase of property and equipment		**(56.7)**	(124.8)
Other		**2.2**	3.7
Cash flows used in investing activities from continuing operations		**(135.2)**	(220.9)
Cash flows used in investing activities from discontinued operations		**-**	(3.2)
Net cash flows used in investing activities		**(135.2)**	(224.1)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
(Repayment of) proceeds from revolving credit facility		**(80.3)**	312.3
Repayment of term loan		**-**	(150.0)
Repayment of notes payable and other long-term debt		**(40.8)**	(42.3)
Net payment of lease obligations	6,12	**(116.7)**	-
Proceeds from lease inducements	6,12	**50.4**	-
Payment of software financing obligations		**(12.3)**	(14.8)
Repurchase of shares for cancellation	23	**(41.2)**	(74.7)
Proceeds from issue of share capital		**18.9**	6.9
Payment of dividends to shareholders	23	**(64.0)**	(61.3)
Cash flows used in financing activities from continuing operations		**(286.0)**	(23.9)
Cash flows used in financing activities from discontinued operations		**-**	(0.1)
Net cash flows used in financing activities	33	**(286.0)**	(24.0)
Foreign exchange (loss) gain on cash held in foreign currency		**(12.5)**	21.2
Net increase (decrease) in cash and cash equivalents		**18.8**	(54.3)
Cash and cash equivalents, beginning of the year		**185.2**	239.5
Cash and cash equivalents, end of the year	9	**204.0**	185.2

See accompanying notes

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1. Corporate Information

The consolidated financial statements of Stantec Inc. (the Company) for the year ended December 31, 2019, were authorized for issuance in accordance with a resolution of the Company's board of directors on February 26, 2020. 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, 2019.

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.

In November 2018, the Company sold its Construction Services business, which was reported as discontinued operations, as prescribed by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

3. Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, and its structured entities as at December 31, 2019.

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, 2019 and December 31, 2018. All intercompany balances are eliminated.

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

4. Summary of Significant Accounting Policies

a) Cash and cash equivalents

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

b) Property and equipment

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

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

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

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

c) Intangible assets

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

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

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

Intangible assets acquired from business combinations

The Company's policy is to amortize client relationships with finite lives over periods ranging from 10 to 15 years. Contract backlog and finite 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

For leases entered into or modified on or after January 1, 2019, a contract is a lease or contains a lease if it conveys the right to control the use of an asset for a time period in exchange for consideration. To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

At the commencement of a lease, the Company determines the lease term as thenon-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 oflow-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 liability is recognized at the commencement date of the lease and is initially measured at the present value of the lease payments that are not paid. 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. Lease payments generally include fixed payments less any lease incentives receivable.

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

The lease asset is recognized at the commencement date of the lease and is initially measured at cost, comprised of the amount of the initial measurement of the lease liability less any incentives received from the lessor. Added to the lease asset are 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.

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 theafter-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 any 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 covered by third-party insurance. The Company has claims that are not covered by its provisions for self-insured liabilities, including claims that are subject to exclusions under the Company's commercial and captive insurance policies. Often, these legal claims are from previous acquisitions and may be indemnified by the acquiree (notes 7 and 15).

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

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

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

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

- Revenue and expense items are translated at the exchange rate on the transaction date, except for depreciation and amortization, which are translated at historical exchange rates.

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

- Assets and liabilities are translated at the rate of exchange in effect at each consolidated statement of financial position date.

- Revenue and expense items (including depreciation and amortization) are translated at the average rate of exchange for the month.

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

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 in a business approach 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. At this time, the realized gains and losses are recognized in finance income. Interest income from these financial assets is included in interest income using the EIR method. Impairment and foreign exchange gains and losses are reported in income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL with realized and unrealized gains and losses reported in other income (expense). Equity securities held for self-insured liabilities and indemnifications are included in this category.

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

Fair value

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

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

- Level 1 – quoted market prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 – observable inputs other than quoted prices included within level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets or liabilities that are not active, or other inputs that are observable directly or indirectly.

- Level 3 – unobservable inputs for the assets and liabilities that reflect the reporting entity's own assumptions and are not based on observable market data.

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

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

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

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

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, investments in joint ventures and associates, and intangible assets, 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 does not monitor goodwill at or allocate goodwill to its business operating units.

The Company tests intangible assets for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. To determine indicators of impairment of intangible assets, the Company

considers external sources of information such as prevailing economic and market conditions and internal sources of information such as the historical and expected financial performance of the intangible assets. If indicators of impairment are present, the Company determines recoverability based on an estimate of discounted cash flows, using the higher of either the value in use or the fair value less costs of disposal method. The measurement of impairment loss is based on the amount that the carrying amount of an intangible asset exceeds its recoverable amount at the CGU level. As part of the impairment test, the Company updates its future cash flow assumptions and estimates, including factors such as current and future contracts with clients, margins, market conditions, and the useful lives of the assets.

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

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

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

j) Revenue recognition

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

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

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

The Company transfers control of the goods or services it provides to clients over time and therefore recognizes revenue progressively as the services are performed. Revenue from fixed-fee and variable-fee-with-ceiling contracts, including contracts in which the Company participates through joint arrangements, is recognized based on the

percentage of completion method where the stage of completion is measured using costs incurred to date as a percentage of total estimated costs for each contract, and the percentage of completion is applied to total estimated revenue. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. Provisions for estimated losses on incomplete contracts are made in the period that the losses are determined. Revenue from time-and-material contracts without stated ceilings is recognized as costs are incurred based on the amount that the Company has a right to invoice.

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

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

Deferred contract costs
Contract costs are typically expensed as incurred. Contract costs are deferred if the costs are expected to be recoverable and if either of the following criteria is met:

- The costs of obtaining the contract are incremental or explicitly chargeable to the customer.
- The fulfillment costs relate directly to the contract or an anticipated contract and generate or enhance the Company's resources that will be used in satisfying performance obligations in the future.

Deferred contract costs are included in other assets in the consolidated statements of financial position and amortized over the period of expected benefit using the percentage of completion applied to estimated revenue. Amortization of deferred contract costs is included in other direct expenses in the consolidated statements of income.

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, except 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 directors of the board of the Company 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) Non-current assets held for sale and discontinued operations

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. These non-current assets and disposal groups are remeasured at the lower of their carrying amount and fair value less costs to sell, and these assets are no longer depreciated. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Impairment losses on initial classification and subsequent gains or losses on remeasurement are recognized in the consolidated statements of income as discontinued operations. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position.

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.

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.

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

a) Revenue recognition

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

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

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

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

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

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

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

b) Impairment of goodwill

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. To arrive at the estimated recoverable amount, 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, cash expenditures, and estimates of capital 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 a five-year period 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.

The Company validates its estimate of the fair value of each CGU or group of CGUs under the income approach 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 was categorized as level 3 in the fair value hierarchy based on the significant inputs in the valuation technique used (note 4h).

c) Business combinations

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

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

d) Leases

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

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

e) Provision for self-insured liabilities and claims

In the normal conduct of operations, various legal claims are pending against the Company, alleging, among other things, breaches of contract or negligence in connection with the performance of its services. The Company carries

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

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

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

f) Employee benefit plans

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

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

The mortality rate is based on publicly available information in the actuarial profession's publications plus any special geographical or occupational features of each plan's membership. Mortality tables tend to change only at intervals in response to demographic changes. Future salary increases reflect the current estimate of management. Pension increases are calculated based on the terms of the individual plans and estimated future inflation rates.

g) Taxes

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

depending on the conditions prevailing in the respective legal entity's domicile. Management regularly assesses the likelihood of recovering value from deferred tax assets, such as loss carryforwards, as well as from deferred tax depreciation of capital assets, and adjusts the tax provision accordingly.

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

6. Recent Accounting Pronouncements and Changes to Accounting Policies

a) Leases

Effective January 1, 2019, the Company adopted IFRS 16*Leases* (IFRS 16) using the modified retrospective approach. The new standard requires a lessee to recognize a liability to make lease payments (the lease liabilities) and an asset to recognize the right to use the underlying asset during the lease term (the lease assets) in the consolidated statement of financial position.

The Company recognized the after-tax cumulative effect of initially applying IFRS 16 as an adjustment to opening retained earnings at January 1, 2019. Comparative information has not been restated and continues to be reported under IAS 17 *Leases* (IAS 17) and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* (IFRIC 4).

The Company used the practical expedient not to reassess whether a contract is or contains a lease at January 1, 2019. Instead, the Company applied IFRS 16 only to contracts previously identified as leases under IAS 17 and IFRIC 4.

The Company also used the following practical expedients to account for leases at January 1, 2019:

- Applied recognition exemptions for operating leases when the underlying asset was of low value or the lease term ends within 12 months. The lease payments associated with these leases are recognized as an expense in administrative and marketing expenses.
- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Relied on the Company's assessment of whether leases are onerous immediately before January 1, 2019 and adjusted the lease asset by the amount of any provision for onerous leases previously recognized in the consolidated statement of financial position.
- Excluded initial direct costs when measuring the lease asset.
- Used hindsight to determine the lease term when the contract contained options to extend or terminate the lease.

Quantitative impact of significant changes

The significant impact on the Company's consolidated statement of financial position at January 1, 2019, after the adoption of IFRS 16 is as follows:

	January 1, 2019		
	After IFRS 16 $	Before IFRS 16 $	Increase (Decrease) $
Current			
Trade and other receivables	**828.1**	**878.1**	**(50.0)**
Prepaid expenses	**43.9**	**56.8**	**(12.9)**
Other assets	**24.3**	**23.2**	**1.1**
Non-current			
Lease assets	**561.8**	**-**	**561.8**
Intangible assets	**242.0**	**247.7**	**(5.7)**
Other assets	**178.2**	**175.5**	**2.7**
Total increase in assets			**497.0**
Current			
Trade and other payables	**566.9**	**567.2**	**(0.3)**
Lease liabilities	**44.8**	**-**	**44.8**
Provisions	**41.7**	**42.4**	**(0.7)**
Other liabilities	**5.0**	**23.2**	**(18.2)**
Non-current			
Lease liabilities	**600.2**	**-**	**600.2**
Provisions	**86.6**	**78.2**	**8.4**
Deferred tax liabilities	**42.8**	**54.3**	**(11.5)**
Other liabilities	**10.9**	**105.4**	**(94.5)**
Shareholders' equity			
Retained earnings	**820.0**	**851.2**	**(31.2)**
Total increase in liabilities and equity			**497.0**

For leases previously classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's weighted-average incremental borrowing rate, and calculated in accordance with IFRS 16, at January 1, 2019, of 4.6%. Associated lease assets for certain building leases, elected on a lease-by-lease basis, were measured retrospectively as though IFRS 16 had been applied since the commencement date. Other lease assets were measured at the amount equal to the lease liabilities. The lease assets were adjusted by the amount of any prepaid rent, lease inducement benefits, or acquisition lease advantages or disadvantages relating to that lease and recognized in the consolidated statement of financial position as at December 31, 2018.

On adoption of IFRS 16 at January 1, 2019, lease inducement benefits and lease disadvantages of $112.7 at December 31, 2018, were reclassified from other liabilities to lease assets. The provision for onerous leases (consisting of lease exit liabilities and sublease losses) recognized at December 31, 2018, was also reclassed to reduce lease asset balances. The Company did not reclassify the provision for onerous leases that were considered to be short-term.

The lease liabilities as at January 1, 2019 can be reconciled to the total minimum lease payments disclosed in Note 20 of the Company's annual consolidated financial statements as of December 31, 2018, as follows:

	January 1, 2019 $
Total minimum lease payments disclosed as at December 31, 2018	**902.5**
Commitments relating to short-term leases	**(15.3)**
Commitments relating to leases of low-value assets	**(6.3)**
Extension and termination options reasonably certain to be exercised	**7.1**
Payments relating to fixed non-lease components	**13.0**
Commitments relating to leases not commenced but committed	**(54.4)**
Lease inducements receivable	**(58.1)**
Undiscounted lease payments	**788.5**
Discount effect at January 1, 2019	**(143.5)**
Lease liabilities recognized at January 1, 2019	**645.0**

b) Other recent adoptions

The following amendments and interpretations have been adopted by the Company effective January 1, 2019. The adoption of these amendments did not have a material impact on the financial position or performance of the Company.

- In June 2017, the IFRIC issued IFRIC 23 *Uncertainty Over Income Tax Treatments (IFRIC 23).* This interpretation addresses how to reflect the effects of uncertainty in accounting for income tax. It does not apply to taxes outside of the scope of IAS 12 *Income Taxes (IAS 12)*, such as excise taxes. When there is uncertainty over income tax treatments under IAS 12, IFRIC 23 is applied to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates. On adoption of IFRIC 23 on January 1, 2019, excise taxes payable of $7.3 was reclassified from uncertain tax liabilities to other liabilities.

- In October 2017, the IASB issued *Prepayment Features with Negative Compensation (Amendments to IFRS 9)* The amendments address concerns about how IFRS 9 *Financial Instruments* classifies prepayable financial assets and clarifies accounting for financial liabilities following a modification.

- In October 2017, the IASB issued *Long-term Interest in Associates and Joint Ventures (Amendments to IAS 28)* The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that forms part of a net investment in the associate or joint venture but to which the equity method is not applied.

- In December 2017, the IASB issued *Annual Improvements (2015-2017 Cycle)* to make necessary but non-urgent amendments to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes*, and IAS 23 *Borrowing Costs*.

- In February 2018, the IASB issued amendments to IAS 19 *Employee Benefits*, which requires entities to use updated actuarial assumptions to determine current service cost and net interest when plan amendments, curtailments, or settlements occur during an annual reporting period.

In September 2019, the IFRS Interpretations Committee, acting on a request for interpretation, concluded that the presentation requirements in IAS 1 *Presentation of Financial Statements* apply to uncertain tax liabilities or assets recognized under IFRIC 23 (the Decision). An entity is required to present uncertain tax liabilities as current tax liabilities or deferred tax liabilities, and uncertain tax assets as current tax assets or deferred tax assets. Prior to September 30, 2019, the Company classified these amounts as other liabilities. As a result of the Decision, the Company has presented uncertain tax liabilities of $25.9 as income taxes payable at December 31, 2019. The impact of the Decision was also applied retrospectively to the December 31, 2018 consolidated statement of financial position. Further, the amount of $35.0 as of December 31, 2018 has been reclassified from non-current to current liabilities.

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, unless specifically mentioned below.

Interest Rate Benchmark (IBOR) Reform

In September 2019, the IASB issued *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, and IFRS 7)*.The amendments provide temporary relief during the period of uncertainty for companies that have hedges that are expected to be impacted by the interest rate benchmark reform and provide additional disclosure requirements. These amendments are effective January 1, 2020, with earlier application permitted. The Company is evaluating the impact as it relates to the interest rate swap (note 25).

Other future adoptions

- In March 2018, the IASB issued the revised *Conceptual Framework for Financial Reporting*, which includes revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation, and disclosure. The amendments have an effective date of January 1, 2020, and apply when companies that use the framework to develop accounting policies when no IFRS applies to a transaction or when a standard allows a choice of accounting policy.

- In October 2018, the IASB issued the revised *Definition of a Business (Amendments to IFRS 3)*. The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for business combinations where the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, with earlier application permitted.

- In October 2018, the IASB issued the *Definition of Material (Amendments to IAS 1 and IAS 8)*. The amendments clarify the definition of material to align the definition used in the *Conceptual Framework for Financial Reporting* and the IFRS standards. The amendments are effective for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

- 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.

7. Business Acquisitions

Acquisitions in 2018

During 2018, the Company acquired all the shares and business of ESI Limited (ESI), Traffic Design Group Limited (TDG), Norwest Corporation (NWC), and Cegertec Experts Conseils Inc. (Cegertec); acquired certain assets and liabilities of Occam Engineers Inc. (OEI) and True Grit Engineering Limited (TGE); and acquired all the partnership interests and business of Peter Brett Associates LLP and the shares and business of PBA International Limited.

Acquisitions in 2019

On March 1, 2019, the Company acquired all the shares and business of Wood & Grieve Engineers (WGE) for cash consideration and notes payable. WGE, based in Perth, Australia, enhances the Company's Global group of cash generating units (CGUs) and has expertise in structural, mechanical, electrical, plumbing, and hydraulic engineering.

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 acquired from NWC, Cegertec, TGE, Peter Brett Associates LLP, PBA International Limited, and WGE in 2019 and ESI, OEI, and TDG in 2018. No significant measurement period adjustments were recorded during the year ended December 31, 2019.

Aggregate consideration for assets acquired and liabilities assumed

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

For the acquisition completed year to date	Notes	**Total $**
Cash consideration		**82.8**
Notes payable		**52.4**
Consideration		**135.2**
Assets and liabilities acquired		
Cash acquired		**5.7**
Non-cash working capital		
Trade receivables		**19.3**
Unbilled receivables		**2.7**
Trade and other payables		**(9.5)**
Lease liabilities	12	**(3.3)**
Deferred revenue		**(4.6)**
Other non-cash working capital		**0.7**
Property and equipment	11	**5.8**
Lease assets	12	**19.4**
Intangible assets	14	**41.4**
Deferred tax assets	27	**3.9**
Lease liabilities	12	**(15.8)**
Long-term debt		**(4.2)**
Provisions	18	**(1.0)**
Net employee defined benefit liability		**(1.9)**
Deferred tax liabilities	27	**(13.5)**
Total identifiable net assets at fair value		**45.1**
Goodwill arising on acquisition	13	**90.1**
Consideration		**135.2**

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. The goodwill is not tax deductible.

The fair values of provisions are determined at the acquisition date and relate to claims that are subject to legal arbitration. For WGE, the Company assumed $1.0 in provisions.

At December 31, 2019, provisions for claims outstanding relating to all prior acquisitions were $8.5, based on their expected probable outcome. Certain of these claims are indemnified by the acquiree.

Gross revenue earned in 2019 since WGE's acquisition date is approximately $83.5. The Company integrates the operations and systems of acquired entities shortly after the acquisition date; therefore, it is impracticable to disclose the acquiree's earnings in its consolidated financial statements since the acquisition date.

If the business combination of WGE had taken place at the beginning of 2019, gross revenue from continuing operations for 2019 would have been $4,844.8.

Consideration paid and outstanding

Details of the consideration paid for current and past acquisitions are as follows:

	December 31 2019 $
Cash consideration (net of cash acquired)	**77.1**
Payments on notes payable from previous acquisitions	**36.5**
Total net cash paid	**113.6**

Total notes payable and adjustments to these obligations are as follows:

	December 31 2019 $
Balance, beginning of the year	**76.1**
Additions for acquisitions in the year	**52.4**
Other adjustments	**(2.2)**
Payments	**(36.5)**
Interest	**1.4**
Impact of foreign exchange	**(3.2)**
Total notes payable	**88.0**

8. Discontinued Operations

On November 2, 2018, the Company completed the sale of its Construction Services reportable segment, reported as discontinued operations in these consolidated financial statements for all years presented as prescribed by IFRS 5. In the first quarter of 2019, management and the purchaser completed their review of the closing financial statements, which resulted in an immaterial settlement adjustment.

In the fourth quarter of 2019, the Company entered into settlement agreements to release its obligations from the ongoing waste-to-energy project. The agreements took effect in the fourth quarter of 2019 for the engineering, procurement, and construction component and take effect in the first quarter of 2020 for the operation and maintenance component of the project.

The results of discontinued operations are summarized as follows:

	For the year ended December 31	
	2019	2018
	$	$
Revenue	**9.7**	884.4
Expenses	**(10.8)**	(953.8)
Impairment of goodwill (note 13)	**-**	(53.0)
Loss from operating activities, before income taxes	**(1.1)**	(122.4)
Income taxes on operating activities	**0.3**	10.8
Loss from operating activities, net of income taxes	**(0.8)**	(111.6)
Gain on disposal of discontinued operations before income taxes	**1.9**	1.5
Income taxes on disposal of discontinued operations	**(1.1)**	(13.8)
Gain (loss) on disposal of discontinued operations, net of income taxes	**0.8**	(12.3)
Net loss from discontinued operations	**-**	(123.9)

9. Cash and Cash Equivalents

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

	December 31 2019	December 31 2018
	$	**$**
Cash	**208.1**	176.5
Unrestricted investments	**15.4**	8.7
Cash and deposits	**223.5**	185.2
Bank indebtedness	**(19.5)**	-
Cash and cash equivalents	**204.0**	185.2

10. Trade and Other Receivables

	December 31 2019	December 31 2018
	$	$
Trade receivables, net of expected credit losses of $2.2 (2018 – $1.5)	**787.3**	774.5
Holdbacks, current	**20.6**	18.7
Lease inducements receivable (note 6)	**-**	44.0
Other	**9.8**	40.9
Trade and other receivables	**817.7**	878.1

The aging analysis of gross trade receivables is as follows:

	Total	**1–30**	**31–60**	**61–90**	**91–120**	**121+**
	$	**$**	**$**	**$**	**$**	**$**
December 31, 2019	**789.5**	**395.9**	**221.1**	**63.5**	**27.8**	**81.2**
December 31, 2018	776.0	355.6	228.7	63.8	43.2	84.7

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

11. Property and Equipment

	Engineering Equipment $	Office Equipment $	Leasehold Improvements $	Other $	Total $
Cost					
December 31, 2017	116.7	61.6	175.5	33.9	387.7
Additions	23.2	19.4	79.5	8.1	130.2
Additions arising on acquisitions	1.6	0.7	1.7	0.4	4.4
Disposals	(12.2)	(2.2)	(31.4)	(4.7)	(50.5)
Discontinued operations (note 8)	(11.5)	(0.4)	(1.7)	(2.0)	(15.6)
Transfers	(0.4)	(0.1)	(0.2)	0.7	-
Impact of foreign exchange	4.9	3.0	7.8	1.4	17.1
December 31, 2018	122.3	82.0	231.2	37.8	473.3
Additions	20.3	9.6	24.4	4.8	59.1
Additions arising on acquisitions	0.7	0.7	4.4	-	5.8
Disposals	(13.7)	(3.1)	(7.3)	(0.9)	(25.0)
Impact of foreign exchange	(2.8)	(2.4)	(6.1)	(1.3)	(12.6)
December 31, 2019	**126.8**	**86.8**	**246.6**	**40.4**	**500.6**
Accumulated depreciation					
December 31, 2017	57.4	27.6	74.1	16.0	175.1
Depreciation - continuing operations	15.3	6.7	25.9	2.2	50.1
Depreciation - discontinued operations	1.5	-	0.2	0.3	2.0
Disposals	(10.6)	(1.9)	(31.1)	(1.9)	(45.5)
Discontinued operations (note 8)	(3.3)	(0.3)	(0.3)	(0.7)	(4.6)
Transfers	(0.4)	(0.1)	(0.2)	0.7	-
Impact of foreign exchange	2.3	1.2	2.9	0.4	6.8
December 31, 2018	62.2	33.2	71.5	17.0	183.9
Depreciation - continuing operations	16.5	8.1	30.9	2.7	58.2
Disposals	(12.2)	(2.6)	(7.3)	(0.8)	(22.9)
Impact of foreign exchange	(1.2)	(0.8)	(2.4)	(0.7)	(5.1)
December 31, 2019	**65.3**	**37.9**	**92.7**	**18.2**	**214.1**
Net book value					
December 31, 2018	60.1	48.8	159.7	20.8	289.4
December 31, 2019	**61.5**	**48.9**	**153.9**	**22.2**	**286.5**

Leasehold improvements includes construction work in progress of $1.9 (2018 – $8.9) on which depreciation has not started.

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

12. Lease Assets and Lease Liabilities

	Lease assets			Lease Liabilities
	Building $	Other $	Total $	$
January 1, 2019	**556.6**	**5.2**	**561.8**	**(645.0)**
Additions	**63.9**	**1.6**	**65.5**	**(64.0)**
Acquisitions	**19.3**	**0.1**	**19.4**	**(19.1)**
Depreciation	**(113.2)**	**(2.6)**	**(115.8)**	**-**
Modifications	**42.6**	**-**	**42.6**	**(42.7)**
Impairment	**(2.0)**	**-**	**(2.0)**	**-**
Accretion of interest	**-**	**-**	**-**	**(32.3)**
Payments, net of receipts	**-**	**-**	**-**	**98.6**
Foreign exchange	**(12.8)**	**(0.2)**	**(13.0)**	**15.6**
December 31, 2019	**554.4**	**4.1**	**558.5**	**(688.9)**
Less current portion	**-**	**-**	**-**	**99.9**
Long-term portion	**554.4**	**4.1**	**558.5**	**(589.0)**

The Company has leases mainly for buildings, vehicles, and office equipment.

At December 31, 2019, lease liabilities of $688.9 were discounted using the Company's incremental borrowing rate and had a weighted-average rate of 4.43%. Future undiscounted cash outflows for lease liabilities are disclosed in note 25.

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

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

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

The Company leases buildings for its office spaces across the globe. Lease terms typically range from one to sixteen years and had a weighted average remaining lease term of 7.7 years. To provide operational flexibility, the Company seeks to include extension or termination options in new leases.

The Company leases vehicle and office equipment with terms typically ranging from three to five years and had a weighted average remaining lease term of 2.2 years. These leases do not usually contain extension options, purchase options, or residual value guarantees.

The Company also leases IT equipment and other equipment with terms typically ranging from one to five 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.

13. Goodwill

	December 31 2019 $	December 31 2018 $
Gross goodwill, beginning of the year	**1,799.2**	1,734.6
Acquisitions	**90.1**	96.3
Disposals (note 8)	**-**	(120.2)
Impact of foreign exchange	**(59.5)**	88.5
Gross goodwill, end of the year	**1,829.8**	1,799.2
Accumulated impairment losses, beginning of the year	**(178.0)**	(178.0)
Impairment of goodwill - discontinued operations (note 8)	**-**	(53.0)
Disposals - discontinued operations (note 8)	**-**	53.0
Accumulated impairment losses, end of the year	**(178.0)**	(178.0)
Net goodwill, end of the year	**1,651.8**	1,621.2

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 2019 $	December 31 2018 $
Canada	**358.2**	358.2
United States	**956.0**	1,003.7
Global	**337.6**	259.3
Allocated	**1,651.8**	1,621.2

On October 1, 2019, and October 1, 2018, the Company performed its annual goodwill impairment test in accordance with its policy described in note 4. Based on the results of the 2019 and 2018 tests, except as described below for the Construction Services business, the Company concluded that the recoverable amount of each CGU or group of CGUs associated with the Consulting Services business exceeded its carrying amount and, therefore, goodwill was not impaired.

In 2018, the Company completed the sale of its Construction Services business (note 8). In connection with the sale, the Company reviewed the carrying value of the Construction Services disposal group and recognized a goodwill impairment charge of $53.0 in the third quarter of 2018. The fair value measurement of the Construction Services group of CGUs was categorized as Level 3 in the fair value hierarchy based on unobservable market inputs.

Key assumptions

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

- Operating margin rates based on actual experience and management's long-term projections.
- Discount rates reflecting investors' expectations when discounting future cash flows to a present value, taking into consideration market rates of return, capital structure, company size, and industry risk. If necessary, a discount rate is further adjusted to reflect risks specific to a CGU or group of CGUs when future estimates of cash flows have not been adjusted. For its October 1, 2019 and October 1, 2018, impairment tests, the Company discounted the cash flows for each CGU or group of CGUs using an after-tax discount rate ranging from 8.7% to 16.3% (2018 – 9.3% to 17.0%).
- Terminal growth rates based on actual experience and market analysis. Projections are extrapolated beyond five years using a growth rate that does not exceed 3.0%.
- Non-cash working capital requirements are based on historical actual rates, market analysis, and management's long-term projections.
- Net revenue growth rate based on management's best estimates of cash flow projections over a five-year period.

Sensitivity to changes in assumptions

As at October 1, 2019, the recoverable amounts of the Canada and US CGUs exceeded their carrying amounts and management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying amount to exceed its recoverable amount.

As at October 1, 2019, the recoverable amount of the Global group of CGUs exceeded its carrying amount by $37.6, assuming operating margins that range from 7.4% to 9.0% and a weighted-average discount rate of 10.3%. Assuming all other assumptions remain the same, the principal changes to key assumptions that would cause the group of CGUs' carrying amount to exceed its recoverable amount would be a 50-basis point reduction in the assumed operating margins or a 50-basis points increase in the discount rate.

14. Intangible Assets

	Client Relationships $	Contract Backlog $	Software $	Other $	Total $
Cost					
December 31, 2017	289.5	47.9	65.6	27.5	430.5
Additions	-	-	33.2	-	33.2
Additions arising on acquisitions	25.1	5.7	0.2	2.0	33.0
Discontinued operations (note 8)	(19.7)	-	(5.3)	(4.4)	(29.4)
Removal of fully amortized assets	(3.9)	(46.2)	(18.8)	(10.8)	(79.7)
Impact of foreign exchange	16.3	1.1	0.3	0.7	18.4
December 31, 2018	307.3	8.5	75.2	15.0	406.0
Impact of IFRS 16 (note 6)	-	-	-	(10.2)	(10.2)
January 1, 2019	307.3	8.5	75.2	4.8	395.8
Additions	-	-	12.0	-	12.0
Additions arising on acquisitions	29.5	10.3	1.3	0.3	41.4
Removal of fully amortized assets	-	(4.7)	(23.7)	(1.0)	(29.4)
Impact of foreign exchange	(11.5)	(0.4)	0.2	(1.8)	(13.5)
December 31, 2019	**325.3**	**13.7**	**65.0**	**2.3**	**406.3**
Accumulated amortization					
December 31, 2017	90.4	37.6	26.9	13.2	168.1
Amortization - continuing operations	26.9	9.9	25.7	2.5	65.0
Amortization - discontinued operations	1.8	1.4	0.7	1.8	5.7
Discontinued operations (note 8)	(4.9)	-	(1.9)	(2.4)	(9.2)
Removal of fully amortized assets	(3.9)	(46.2)	(18.8)	(10.8)	(79.7)
Impact of foreign exchange	5.9	0.9	0.1	1.5	8.4
December 31, 2018	116.2	3.6	32.7	5.8	158.3
Impact of IFRS 16 (note 6)	-	-	-	(4.5)	(4.5)
January 1, 2019	116.2	3.6	32.7	1.3	153.8
Amortization - continuing operations	31.1	10.0	25.0	0.8	66.9
Removal of fully amortized assets	-	(4.7)	(23.7)	(1.0)	(29.4)
Impact of foreign exchange	(4.4)	(0.1)	0.5	(0.6)	(4.6)
December 31, 2019	**142.9**	**8.8**	**34.5**	**0.5**	**186.7**
Net book value					
December 31, 2018	191.1	4.9	42.5	9.2	247.7
Impact of IFRS 16 (note 6)	-	-	-	(5.7)	(5.7)
January 1, 2019	191.1	4.9	42.5	3.5	242.0
December 31, 2019	**182.4**	**4.9**	**30.5**	**1.8**	**219.6**

During 2019, 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 $16.7 (2018 - $19.1). In 2019, software additions through software financing obligations were $8.4 (2018 - $15.1) and have been excluded from the consolidated statement of cash flows (note 33).

15. Other Assets

	December 31 2019 $	December 31 2018 $
Financial assets		
Investments held for self-insured liabilities	**153.0**	144.2
Holdbacks on long-term contracts	**33.9**	28.7
Other	**12.6**	7.3
Non-financial assets	**16.9**	18.5
	216.4	198.7
Less current portion - financial	**11.6**	18.1
Less current portion - non-financial	**6.5**	5.1
Long-term portion	**198.3**	175.5

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

Investments held for self-insured liabilities

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

Their fair value and amortized cost are as follows:

	December 31 2019 $		December 31 2018 $	
	Fair Value	**Amortized Cost/Cost**	Fair Value	Amortized Cost/Cost
Bonds	**102.8**	**103.4**	103.0	103.8
Equity securities	**50.2**	**46.1**	41.2	45.0
Total	**153.0**	**149.5**	144.2	148.8

The bonds bear interest at rates ranging from 0.75% to 5.00% per annum (2018 – 0.75% to 5.15%). The terms to maturity of the bond portfolio, stated at fair value, are as follows:

	December 31 2019 $	December 31 2018 $
Within one year	**9.5**	14.0
After one year but not more than five years	**79.9**	85.2
More than five years	**13.4**	3.8
Total	**102.8**	103.0

16. Trade and Other Payables

	December 31 2019 $	December 31 2018 $
Trade accounts payable	**225.5**	222.6
Employee and payroll liabilities	**266.7**	263.3
Accrued liabilities	**84.2**	81.3
Trade and other payables	**576.4**	**567.2**

17. Long-Term Debt

	December 31 2019 $	December 31 2018 $
Revolving credit facilities	**448.0**	528.6
Notes payable	**88.7**	76.8
Term loan	**308.5**	308.8
Software financing obligations	**15.7**	19.5
	860.9	933.7
Less current portion	**46.9**	48.5
Long-term portion	**814.0**	885.2

Notes payable

Notes payable consists primarily of notes payable for acquisitions (note 7). The weighted average rate of interest on the notes payable at December 31, 2019, was 2.7% (2018 – 3.16%). Notes payable may be supported by promissory notes and are due at various times from 2020 to 2022. The aggregate maturity value of the notes at December 31, 2019, was $90.7 (2018 – $78.2). At December 31, 2019, $4.2 (US$3.2) (2018 – $23.2 (US$17.0)) of the notes' carrying amount was payable in US funds, $52.0 (AU$57.1) (2018 – nil) was payable in Australian funds, and $23.2 (2018 – $32.9) was payable in other foreign currencies.

Revolving credit facilities and term loan

On July 19, 2019, the Company amended its syndicated senior credit facilities (Credit Facilities) which consist of a senior revolving credit facility in the maximum amount of $800.0 and senior term loans of $310.0 in two tranches. The amendment changed certain terms and conditions, including extending the maturity date of its revolving credit facility by one year (expires on June 27, 2024) and reducing the interest rate spreads that are applicable based on the Company's leverage ratio. Additional funds can be accessed subject to approval and under the same terms and conditions. As a result of the amendment, access to these additional funds increased from $400.0 to $600.0. The amendment to the terms and conditions was not considered to be substantial. As such, the amendment was accounted for as a debt modification. The revolving credit facility and the term loans may be repaid from time to time at the option of the Company. The two tranches of the term loan were drawn in Canadian funds of $150.0 (due on June 27, 2022) and $160.0 (due on June 27, 2023).

At December 31, 2019, $448.0 of the revolving credit facility was payable in Canadian funds. At December 31, 2018, $515.0 of the revolving credit facility was payable in Canadian funds and $13.6 (US$10.0) was payable in US funds. As at December 31, 2019 and 2018, the entire term loan was payable in Canadian funds. The average interest rate applicable at December 31, 2019, for the Credit Facilities was 3.77% (2018 – 4.53%).

The funds available under the revolving credit facility are reduced by any outstanding letters of credit issued pursuant to the facility agreement. At December 31, 2019, the Company had issued outstanding letters of credit that expire at various dates before January 2021, are payable in various currencies, and total $49.9 (2018 – $48.0). These letters of credit were issued in the normal course of operations, including the guarantee of certain office rental obligations. At December 31, 2019, $282.6 (2018 – $223.4) was available in the revolving credit facility for future activities.

At December 31, 2019, $33.3 (2018 – $23.8) in additional letters of credit outside of the Company's revolving credit facility was issued and outstanding. These were issued in various currencies. Of these letters of credit, $18.7 (2018 – $14.7) expire at various dates before January 2021 and $14.6 (2018 – $9.1) have open-ended terms.

Software financing obligations
The Company has financing obligations for software (included in intangible assets) bearing interest at rates ranging from 1.4% to 5.25%. These obligations expire at various dates before May 2022.

Surety facilities
The Company has surety facilities, primarily related to Construction Services, to accommodate the issuance of bonds for certain types of project work. At December 31, 2019, the Company had issued $392.1 in bonds under these surety facilities: $3.3 (2018 – $3.5) in Canadian funds, $386.2 (US$297.3) (2018 – $791.4 (US$580.2)) in US funds, and $2.6 (2018 – $4.7) in other foreign currencies. These bonds expire at various dates before July 2024. 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).

18. Provisions

	Provision for self-insured liabilities $	Provision for claims $	Onerous contracts $	Expected project losses $	Provision for lease restoration $	Total $
December 31, 2018	**77.0**	**14.8**	**12.5**	**15.6**	**0.7**	**120.6**
Impact of IFRS 16 (note 6)	**-**	**-**	**(2.6)**	**-**	**10.3**	**7.7**
January 1, 2019	**77.0**	**14.8**	**9.9**	**15.6**	**11.0**	**128.3**
Current year provisions	**29.8**	**8.4**	**0.4**	**(0.6)**	**2.4**	**40.4**
Acquisitions	**-**	**0.3**	**-**	**-**	**0.7**	**1.0**
Paid or otherwise settled	**(24.1)**	**(7.9)**	**(9.9)**	**(9.5)**	**(1.5)**	**(52.9)**
Impact of foreign exchange	**(2.6)**	**(0.2)**	**-**	**(0.7)**	**(0.3)**	**(3.8)**
	80.1	**15.4**	**0.4**	**4.8**	**12.3**	**113.0**
Less current portion	**3.8**	**12.8**	**0.1**	**4.8**	**2.4**	**23.9**
Long-term portion	**76.3**	**2.6**	**0.3**	**-**	**9.9**	**89.1**

On adoption of IFRS 16 at January 1, 2019, onerous contracts (consisting of lease exit liabilities and sublease losses) at December 31, 2018, were reclassified to reduce lease assets. The Company did not reclassify the provision for onerous contracts for leases that were considered to be short term (note 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 fourteen years.

19. Employee Defined Benefit Obligations

	December 31 2019 $	December 31 2018 $
Net defined benefit pension asset	**(26.0)**	(10.0)
Net defined benefit pension liability	**69.8**	55.5
End of employment benefit plans	**15.4**	13.1
	85.2	68.6

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, 2017, 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 $19 to the Plans in 2020.

The Plans expose the Company to a number of risks, including changes to long-term UK interest rates and inflation expectations, movements in global investment markets, changes in life expectancy rates, foreign exchange risk, and regulatory risk from changes in UK pension legislation. The Company is also exposed to price risk because the Plans' assets include significant investments in equities.

Guaranteed annuities, purchased for certain plan members upon retirement, protect a portion of the Plans from changes in interest rates and longevity post-retirement. Post-retirement benefits that are fully matched with insurance policies have been included in both the asset and liability figures in the following tables.

A liability-driven investment (LDI) strategy has been implemented to hedge 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:

	2019			2018		
	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	**494.3**	**(448.8)**	**45.5**	397.7	(379.2)	18.5
Acquisitions	**-**	**-**	**-**	80.9	(64.4)	16.5
Included in pre-tax profit or loss						
Interest expense (income)	**13.0**	**(12.1)**	**0.9**	10.8	(10.2)	0.6
Past service cost	**-**	**-**	**-**	10.5	-	10.5
Administrative expenses paid by the Plans	**-**	**1.1**	**1.1**	-	1.7	1.7
	13.0	**(11.0)**	**2.0**	21.3	(8.5)	12.8
Included in other comprehensive loss (income)						
Return on the plan assets, excluding interest income	**-**	**(55.5)**	**(55.5)**	-	17.4	17.4
Actuarial (gains) losses arising from:						
Changes in demographic assumptions	**(1.9)**	**-**	**(1.9)**	(0.8)	-	(0.8)
Changes in financial assumptions	**81.9**	**-**	**81.9**	(9.3)	-	(9.3)
Experience adjustments	**(4.4)**	**-**	**(4.4)**	5.5	-	5.5
Remeasurement loss on net employee defined benefit liability, before tax	**75.6**	**(55.5)**	**20.1**	(4.6)	17.4	12.8
Effect of movement in exchange rates	**(5.0)**	**4.2**	**(0.8)**	11.5	(10.3)	1.2
	70.6	**(51.3)**	**19.3**	6.9	7.1	14.0
Other						
Benefits paid	**(14.8)**	**14.8**	**-**	(12.5)	12.3	(0.2)
Contributions by employer	**-**	**(23.0)**	**(23.0)**	-	(16.1)	(16.1)
	(14.8)	**(8.2)**	**(23.0)**	(12.5)	(3.8)	(16.3)
Balance, end of the year	**563.1**	**(519.3)**	**43.8**	494.3	(448.8)	45.5

The total remeasurement loss on the net employee defined benefit liability at December 31, 2019, is a loss of $16.5 net of deferred tax recovery of $3.6 (2018 – loss of $10.8 net of deferred tax recovery of $2.0).

	December 31 2019	**December 31** 2018
	$	$
Included in the consolidated statement of financial position within:		
Net defined benefit asset	**(26.0)**	(10.0)
Net defined benefit liability	**69.8**	55.5
	43.8	45.5

The Company has an unconditional right to derive economic benefit from the above surplus and has therefore recognized a net defined benefit asset.

		For the year ended December 31	
		2019	2018
	Note	**$**	$
Included in the consolidated statement of income as:			
Continuing operations - administrative and marketing expenses		**2.0**	6.6
Discontinued operations	8	**-**	6.2
		2.0	12.8

On October 26, 2018, the United Kingdom high court issued a ruling that resulted in an amendment to the Plans to equalize guaranteed minimum pension benefits between genders and increased the Company's defined benefit obligation by $10.5 as at December 31, 2018. Corresponding past service costs were recognized in the consolidated statements of income of which $4.7 was recognized in continuing operations and $5.8 in discontinued operations. No rulings applied to 2019.

Major categories of plan assets, measured at fair value, are as follows:

	December 31 2019	December 31 2018
	$	$
Cash and cash equivalents	**7.6**	3.3
Investments quoted in active markets (mutual, exchange-traded, and pooled funds):		
Equities	**163.4**	138.1
Corporate bonds and fixed income	**73.3**	57.5
Pooled fund liability-driven investments	**13.2**	15.5
Property funds	**14.4**	10.6
Unquoted investments:		
Annuity policies	**123.2**	110.8
Insurance contract:		
Equities and property	**85.0**	80.2
Corporate bonds	**29.9**	19.2
Cash and cash equivalents	**9.3**	13.6
Fair value of the plan assets	**519.3**	**448.8**

The investment policy for the Plans is to balance risk and return. Approximately 52% of plan assets are invested in mutual, exchange-traded, and pooled funds (fair valued using quoted market prices) or held in cash. Approximately 24% of plan assets are held in annuity policies that are purchased for certain plan members upon retirement. The fair value of these policies reflects the value of the obligation for these retired plan members and is determined using actuarial techniques and guaranteed annuity rates. The remaining assets of the Plans are invested in a wholly insured with-profits insurance contract with a major insurance company. Contributions made to this contract are invested in insurance policies administered by third parties, which provide for a declared rate of interest. The yields on the investments are intended to provide for a steady return on the assets. The insurance contract is fair valued using valuation techniques with market observable inputs.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using actuarial valuations. The principal assumptions used in determining pension benefit obligations for the Plans are shown below (expressed as weighted averages):

	December 31 2019	December 31 2018
Discount rate	**1.89%**	2.77%
Rate of increase in salaries	**4.34%**	4.47%
Rate of inflation, pre-retirement	**2.60%**	2.55%
Rate of increase in future pensions payment	**3.44%**	3.51%
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, 2019, the weighted average duration of the defined benefit obligation was 16 years (2018 – 16 years).

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

	December 31 2019		December 31 2018	
	Increase $	**Decrease $**	Increase $	Decrease $
Change in discount rate by 0.25%	**(18.9)**	**19.6**	(15.6)	17.0
Change in pre-retirement inflation rate by 0.25%	**5.7**	**(5.5)**	5.0	(4.8)
Change in salary growth by 0.25%	**1.0**	**(1.0)**	0.9	(0.8)
Change in pension increase assumption by 0.25%	**10.5**	**(9.2)**	8.4	(8.1)
Increase of one year in the life expectancy	**11.8**	**n/a**	9.4	n/a

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analyses were based on changing a significant assumption and keeping all other assumptions constant and may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

End of employment benefit plans

The liability for end of employment benefit plans represents the Company's estimated obligations for long service leave and annual leave that is legislated in some countries in which the Company operates.

20. Other Liabilities

	Note	December 31 2019 $	December 31 2018 $
Lease inducement benefits and lease disadvantages	6	**-**	112.7
Cash-settled share-based compensation	23	**23.0**	12.8
Other		**5.1**	3.1
		28.1	128.6
Less current portion		**12.1**	23.2
Long-term portion		**16.0**	105.4

As a result of the IFRS Interpretations Committee conclusion in September 2019 (note 6b), the Company reclassified uncertain tax liabilities of $35.0 from other liabilities to income taxes payable at December 31, 2018.

21. Commitments

The Company has various lease commitments included in lease liabilities (note 12). In addition, the Company has commitments for variable lease payments, short-term leases, and leases of low-value assets. The Company also has various purchase obligations such as cloud services, software support, and equipment. These commitments as at December 31, 2019, are as follows:

	Total $	Less than 1 Year $	1 to 3 Years $	After 3 Years $
Variable lease payments	**269.6**	**47.6**	**82.4**	**139.6**
Short-term and low value lease payments	**4.0**	**2.6**	**1.4**	**-**
Leases not commenced but committed	**50.6**	**2.3**	**10.2**	**38.1**
Purchase obligations	**67.6**	**43.9**	**20.5**	**3.2**
	391.8	**96.4**	**114.5**	**180.9**

Future minimum payments receivable under non-cancelable sublease agreements as at December 31, 2019, are $14.5 (2018 - $19.2), of which $3.6 (2018 - nil) 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 8, 2019, the Company received approval from the TSX to renew its Normal Course Issuer Bid (NCIB), enabling it to purchase up to 5,559,313 common shares during the period November 14, 2019, to November 13, 2020. In addition, the Company has an Automatic Share Purchase Plan (ASPP) with a broker that allows the purchase of common shares for cancellation under the NCIB at any time during predetermined trading blackout periods. Such purchases are determined by the broker in its sole discretion based on parameters established by the Company under the ASPP. As at December 31, 2019 and December 31, 2018, no liability was recorded in the Company's consolidated statements of financial position in connection with the ASPP.

During 2019, 1,400,713 common shares (2018 – 2,470,560) were repurchased for cancellation pursuant to the NCIB at a cost of $43.2 (2018 – $76.7). Of this amount, $10.9 and $0.3 (2018 – $19.1 and $0.5) reduced share capital and contributed surplus, and $32.0 (2018 – $57.1) was charged to retained earnings.

During 2019, the Company recognized a share-based compensation expense of $18.1 (2018 – $5.3) in administrative and marketing expenses in the consolidated statements of income. Of the amount expensed, $3.4 (2018 – $5.6) related to the amortization of the fair value of options granted and $14.7 (2018 – recovery of $0.3) related to the cash-settled share-based compensation (RSUs, DSUs, and PSUs).

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 declared and recorded in the consolidated financial statements in 2019.

Date Declared	Record Date	Payment Date	Dividend per Share $	Paid $
February 27, 2019	March 29, 2019	April 15, 2019	0.1450	16.2
May 9, 2019	June 28, 2019	July 15, 2019	0.1450	16.2
August 7, 2019	September 30, 2019	October 15, 2019	0.1450	16.2
November 6, 2019	December 30, 2019	January 15, 2020	0.1450	-

At December 31, 2019, trade and other payables included $16.1 (2018 – $15.4) related to the dividends declared on November 8, 2019.

Share-based payment transactions

The Company has a long-term incentive program that uses share options, RSUs, and PSUs. The Company also has a DSU plan for the board of directors.

a) Share options

	For the year ended December 31 2019		For the year ended December 31 2018	
	Shares #	**Weighted Average Exercise Price per Share $**	Shares #	Weighted Average Exercise Price per Share $
Share options, beginning of the year	**4,987,542**	**31.11**	4,426,237	29.84
Granted	**-**	**-**	1,112,779	32.98
Exercised	**(753,583)**	**25.09**	(338,989)	20.40
Forfeited	**(182,879)**	**32.41**	(212,485)	31.49
Share options, end of the year	**4,051,080**	**32.17**	4,987,542	31.11

The options held by officers and employees at December 31, 2019, were as follows:

Options Outstanding				Options Exercisable		
Range of Exercise Prices per Share $	**Outstanding #**	**Weighted Average Remaining Contractual Life in Years**	**Weighted Average Exercise Price per Share $**	**Shares Exercisable #**	**Weighted Average Remaining Contractual Life in Years**	**Weighted Average Exercise Price per Share $**
20.88	**107,168**	**0.16**	**20.88**	**107,168**	**0.16**	**20.88**
31.75 – 32.98	**3,943,912**	**2.24**	**32.48**	**2,916,710**	**1.96**	**32.45**
20.88 – 32.98	**4,051,080**	**2.18**	**32.17**	**3,023,878**	**1.89**	**32.04**

These options expire on dates between February 26, 2020 and May 15, 2023.

The fair value of options granted was determined at the date of grant using the Black-Scholes option-pricing model. The model was developed to use when estimating the fair value of traded options that have no vesting restrictions and are fully transferable.

In 2019, the Company granted no (2018 – 1,112,779) share options. The estimated fair value of options granted in 2018 was $5.73 per option and was determined using the weighted average assumptions indicated below:

	2018
Volatility in the price of the Company's shares (%)	24.12
Risk-free interest rate (%)	2.10
Expected hold period to exercise (years)	3.50
Dividend yield (%)	1.668
Exercise price ($)	32.98

The expected volatility was based on the historical volatility of the Company's shares over a period commensurate with the expected hold period of the share options. The risk-free interest rate for the expected hold period of the options was based on the yield available on government bonds, with an approximate equivalent remaining term at the time of the grant. Historical data was used to estimate the expected hold period before exercising the options. The options have a contractual life of five years.

A summary of the status of the Company's non-vested options for the year ended December 31, 2019, is as follows:

	Number of Shares Subject to Option #	Weighted Average Grant Date Fair Value per Share $
Non-vested share options, beginning of the year	**2,079,153**	**5.53**
Vested	**(997,936)**	**5.37**
Forfeited	**(54,015)**	**5.60**
Non-vested share options, end of the year	**1,027,202**	**5.69**

b) Cash-settled share-based payments

A summary of the Company's RSUs, PSUs, and DSUs for 2019, is as follows:

	December 31, 2019			December 31, 2018	
	RSUs #	**PSUs #**	**DSUs #**	PSUs #	DSUs #
Units, beginning of year	**-**	**744,081**	**306,459**	686,250	438,969
Granted	**166,963**	**379,289**	**44,806**	280,884	46,356
Paid	**-**	**(198,815)**	**(75,315)**	(193,385)	(178,866)
Forfeited	**(2,259)**	**(48,816)**	**-**	(29,668)	-
Units, end of the year	**164,704**	**875,739**	**275,950**	744,081	306,459
Units vested, end of the year	**-**	**-**	**275,950**	-	306,459

Restricted share units

During 2019, the Company granted 164,719 RSUs to officers and employees at a fair value of $5.3, based on the trading price of the Company's common shares at the grant date. These units are adjusted for dividends as they arise, based on the number of units held on the record date. These units vest upon completing a three-year service condition that starts after the grant date and are adjusted for dividends as they arise, based on the number of units held on the record date. For units that vest, unit holders will receive cash payments based on the volume weighted average trading price of the Company's common shares for the last five trading days preceding the vesting date, less withholding amounts.

At December 31, 2019, the obligations accrued for RSUs were $1.1 (2018 - nil) included in other liabilities (note 20).

Performance share units

Under the Company's long-term incentive program, certain members of the senior leadership team may be granted PSUs. These units are adjusted for dividends as they arise, based on the number of units held on the record date. PSUs vest upon completing a three-year service condition that starts on the grant date. The number of units that vest is subject to a percentage that can range from 0% to 200%, depending on achieving three-year performance and market objectives as described below. For units that vest, unit holders receive a cash payment based on the closing market price of the Company's common shares on the third anniversary date of issue.

For PSUs granted in 2018 onward, the cash payment is based on the volume weighted average of the closing market price of the Company's common shares for the last five trading days preceding the vesting date, less withholding amounts. The performance objectives for these units include achieving a range of net income growth and return on equity targets with equal weighting. The fair value of these units is expensed over their three-year vesting period.

For the PSUs granted in 2019, the Company amended its PSU agreement by increasing the weighting of the return on equity target to 60% and by replacing the net income growth with a market objective of total shareholder return relative to the Company's peer group for a 40% weighting.

During the year ended December 31, 2019, 378,049 PSUs (December 31, 2018 - 280,884) were granted at a fair value of $11.6 (December 31, 2018 - $8.9). At December 31, 2019, the obligations accrued for PSUs were $11.1 (2018 – $3.6) included in other liabilities (note 20).

Deferred share units
The directors of the board receive DSUs and annually elect to receive an additional fixed value compensation in the form of either DSUs or cash payment, less withholding amounts, to purchase common shares. A DSU is equal to one common share. These units vest on their grant date and are paid in cash to the directors of the board on their death or retirement. They are valued at the volume weighted average of the closing market price of the Company's common shares for the last 10 trading days of the month of death or retirement. These units are recorded at fair value. DSUs are adjusted for dividends as they arise, based on the number of units outstanding on the record date.

During the year ended December 31, 2019, 44,772 DSUs (December 31, 2018 – 46,356) were granted at a fair value of $1.2 (December 31, 2018 – $1.4), based on the closing market price of the Company's common shares at the grant date. At December 31, 2019, the outstanding and vested DSUs had a fair value of $10.2 (2018 – $9.0) 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. During 2019, no change was made to the method of determining fair value.

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 2019, no transfers were made between levels 1 and 2 of the fair value measurements.

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, 2019:

	Notes	Carrying Amount $	Quoted Prices in Active Markets for Identical Items (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Assets					
Investments held for self-insured liabilities	15	**153.0**	-	**153.0**	-
Liabilities					
Interest rate swap	20,25	**1.5**	-	**1.5**	-

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, 2019:

	Note	Carrying Amount $	Quoted Prices in Active Markets for Identical Items (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $
Notes payable	17	**88.7**	**-**	**89.5**	**-**

The fair value of 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

Derivative financial instruments

On January 10, 2019, the Company entered into an interest rate swap agreement to manage the interest rate risk related to a tranche of the term loan with a notional amount of $160.0, both maturing on June 27, 2023. The swap agreement has the effect of converting the variable interest rate on the term loan, based on a bankers' acceptance rate, into a fixed interest rate of 2.295%, plus applicable basis points spread. The fair value of the interest rate swap, estimated using market rates at December 31, 2019, is an unrealized loss of $1.5 ($1.1 net of tax). The Company has designated the swap as a cash flow hedge against a tranche of the term loan; therefore, the unrealized gains and losses relating to the swap are recorded in other comprehensive (loss) income and in the statement of financial position as other assets or other liabilities.

There is an economic relationship between the interest rate swap and this tranche of the term loan because the terms of the two instruments match (i.e., notional amount, maturity, payment, and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationship as the underlying risk of the interest rate swap is identical to the hedged risk component.

Hedge ineffectiveness could arise due to renegotiations or amendments to terms of the hedged tranche of the term loan which could create a mismatch in the notional amount or term. In the event the hedging relationship is no longer effective or ceases to exist, the gains and losses will be recorded in income.

As at December 31, 2019, the Company has foreign currency forward contracts to purchase CAD$31.0 or GBP$18.0 equivalent on the trade date. 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, 2019, is an unrealized gain of $0.2 and was recorded in foreign exchange gains and in the consolidated statement of financial position within trade and other receivables.

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, sublease receivables, indemnifications, 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, 2019, was $1,682.4 (2018 – $1,687.8).

The Company limits its exposure to credit risk by placing its cash and cash equivalents in high-quality credit institutions. Investments held for self-insured liabilities include corporate bonds and equity securities. The Company believes the risk associated with corporate bonds and equity securities is mitigated by the overall quality and mix of the Company's investment portfolio.

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. The Company does not concentrate its credit risk in any particular client, industry, or economic or

geographic sector. 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 monitors trade receivables to an internal target of days of revenue in trade receivables. At December 31, 2019, the days of revenue in trade receivables was 61 days (2018 – 66 days).

The lifetime ECLs (simplified approach) relating to financial assets are outlined in the table below:

December 31, 2019	Total $	1–30 $	31–60 $	61–90 $	91–120 $	121+ $
Expected loss rate		**0.10%**	**0.13%**	**0.30%**	**0.59%**	**1.05%**
Gross carrying amount	**1,308.3**	**914.7**	**221.1**	**63.5**	**27.8**	**81.2**
Loss allowance provision, end of the year	**2.8**	**1.1**	**0.2**	**0.2**	**0.3**	**1.0**
December 31, 2018						
Expected loss rate		0.07%	0.10%	0.22%	0.43%	0.75%
Gross carrying amount	1,356.9	936.5	228.7	63.8	43.2	84.7
Loss allowance provision, end of the year	1.9	0.7	0.2	0.1	0.2	0.7

During 2019, $1.7 trade receivables were written off (2018 – $0.8) and the Company had no recoveries from the collection of accounts receivable previously written off.

Bonds carried at FVOCI are considered to be low risk; therefore, the impairment provision is determined to be the 12-month ECL. To the extent that the credit risk for any instruments significantly increases since initial acquisition, the impairment provision is determined using the lifetime ECL.

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.

Liquidity risk

The Company meets its liquidity needs through various sources, including cash generated from operations, long- and short-term borrowings from its $800.0 revolving credit facility, term loans, and the issuance of common shares. The unused capacity of the revolving credit facility at December 31, 2019, was $282.6 (2018 – $223.4). 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, 2019				
Bank indebtedness	**19.5**	**19.5**	**-**	**-**
Trade and other payables	**576.4**	**576.4**	**-**	**-**
Lease liabilities	**810.5**	**138.5**	**255.0**	**417.0**
Long-term debt	**863.0**	**47.2**	**366.9**	**448.9**
Other financial liabilities	**4.8**	**0.9**	**1.8**	**2.1**
Total contractual obligations	**2,274.2**	**782.5**	**623.7**	**868.0**
December 31, 2018				
Trade and other payables	567.2	567.2	-	-
Long-term debt	935.4	49.1	196.7	689.6
Other financial liabilities	3.1	1.1	0.3	1.7
Total contractual obligations	1,505.7	617.4	197.0	691.3

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. 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, 2019, was 0.5% higher or lower, with all other variables held constant, net income would decrease or increase by $2.2, 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'sUS-based subsidiaries or other foreign subsidiaries, where the functional currency is different from the Canadian dollar, and are recorded in other comprehensive (loss) income. The Company does not hedge for this foreign exchange risk.

Price risk

The Company's investments held for self-insured liabilities are exposed to price risk arising from changes in the market values of the equity securities. This risk is mitigated because the portfolio of equity funds is monitored regularly and appropriately diversified.

A 1.0% increase or decrease in equity prices at December 31, 2019, would increase or decrease the Company's net income by $0.4, respectively.

26. Capital Management

The Company's objective when managing capital is to provide sufficient capacity to cover normal operating and capital expenditures, acquisition growth, payment of dividends, and opportunistic share repurchases under its NCIB program, while maintaining an adequate return for shareholders. The Company defines its capital as cash, the aggregate of long-term debt (including the current portion) and shareholders' equity.

	December 31 2019 $	**December 31 2018 $**
Current portion of long-term debt	**46.9**	48.5
Non-current portion of long-term debt	**814.0**	885.2
Long-term debt	**860.9**	933.7
Bank indebtedness	**19.5**	-
Less: cash and deposits	**(223.5)**	(185.2)
Net debt	**656.9**	748.5
Shareholders' equity	**1,875.5**	1,906.9
Total capital managed	**2,532.4**	2,655.4

The Company manages its capital structure to maintain the flexibility to adjust to changes in economic conditions and acquisition growth and to respond to interest rate, foreign exchange, credit, and other risks. To maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to NCIB, issue new shares, or raise or retire debt.

The Company is subject to restrictive covenants related to its Credit Facilities (measured quarterly). These covenants include but are not limited to a leverage ratio and an interest coverage ratio (non-IFRS measures). The leverage ratio is calculated as the aggregate amount of indebtedness, less unencumbered cash of up to $150.0 Canadian dollars, to EBITDA (pre-IFRS 16 basis as more fully defined in the Credit Facility 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 the debt obligation. These covenants are based on the credit facility agreement (note 17).

The Company was in compliance with the covenants under these agreements as at and throughout the year ended December 31, 2019.

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	
	2019 %	2018 %
Income tax expense at statutory Canadian rates	**27.0**	27.1
Increase (decrease) resulting from:		
Rate differential on foreign income	**2.2**	(3.1)
Non-deductible expenses and non-taxable income	**0.7**	0.8
Unrecognized tax losses and temporary differences	**0.6**	2.0
Transition tax related to US tax reform	**0.4**	(4.4)
Research and development and other tax credits	**(1.0)**	(0.7)
Other	**(3.1)**	2.6
	26.8	24.3

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

	For the year ended December 31	
	2019 $	2018 $
Ongoing operations	**54.9**	64.5
Transition tax related to US tax reform	**1.1**	(10.0)
Total current income tax expense	**56.0**	54.5

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

	For the year ended December 31	
	2019 $	2018 $
Origination and reversal of timing differences	**12.9**	(1.9)
Unrecognized tax losses and temporary differences	**7.8**	2.7
Change of tax rates	**(1.0)**	(0.1)
Recovery arising from previously unrecognized tax assets	**(4.6)**	(0.2)
Total deferred income tax expense	**15.1**	0.5

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

	December 31 2019 $	December 31 2018 $
Deferred income tax assets (liabilities)		
Lease liabilities	**162.0**	-
Differences in timing of taxability of revenue and deductibility of expenses	**16.2**	33.4
Loss and tax credit carryforwards	**11.4**	16.7
Employee defined benefit plan	**8.5**	7.7
Other	**1.1**	2.5
Carrying value of property and equipment in excess of tax cost	**(22.7)**	(7.3)
Carrying value of intangible assets in excess of tax cost	**(90.1)**	(86.1)
Lease assets	**(127.7)**	-
	(41.3)	(33.1)

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

	December 31 2019 $	December 31 2018 $
Balance, beginning of the year	**(33.1)**	(31.4)
Impact of IFRS 16 in 2019 and IFRS 15 and IFRS 9 in 2018	**11.5**	6.7
January 1, 2019	**(21.6)**	(24.7)
Discontinued operations	**-**	(8.6)
Tax effect on other comprehensive (loss) income	**4.0**	2.0
Impact of foreign exchange	**0.8**	(2.3)
Other	**0.2**	(0.1)
Deferred taxes acquired through business combinations	**(9.6)**	(0.7)
Tax (expense) recovery during the year recognized in net income	**(15.1)**	1.3
Balance, end of the year	**(41.3)**	(33.1)

At December 31, 2019, 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 2019 $	December 31 2018 $
Deductible temporary differences	**9.2**	13.0
Non-capital tax losses:		
Expire (2020 to 2039)	**37.8**	27.4
Never expire	**71.2**	73.4
	109.0	100.8
Capital tax losses:		
Never expire	**6.8**	9.3
	125.0	123.1

Deferred tax assets have not been recognized in respect of these temporary differences and losses because they are restricted to certain jurisdictions and cannot be used elsewhere in the Company at this time.

United States tax reform
In 2017 ,the United States enacted tax reform legislation through the Tax Cuts and Jobs Act by introducing a new Code Section 965, which imposed a one-time transition tax on deemed mandatory repatriation of earnings. As such, in 2017 the Company recorded a one-time transition tax of $31.2 and realized a recovery of $12.6 on remeasurement of deferred tax assets and liabilities using the substantively enacted federal tax rate of 21.0%. Proposed section 965 regulations issued resulted in a tax recovery of $10.0 in 2018 and final regulations released recognized an additional transition tax expense of $1.1 in 2019.

The Company will continue to monitor for new interpretation and guidance issued by the US Treasury Department, the IRS, and state taxing authorities. The Company also continues to assess other areas of the Tax Act for significant impacts on its estimated average annual effective tax rate and accounting policies, such as the base erosion anti-abuse tax, limitations on interest expense deductions, foreign-derived intangible income deduction, and tax on global intangible low-taxed income. At December 31, 2019, the Company has incorporated the relevant Tax Act items into its provision calculation.

28. Net Interest Expense and Other Net Finance Expense

Net interest expense

		For the year ended December 31	
	Note	**2019 $**	2018 $
Interest on notes payable		**2.6**	2.1
Interest on credit facilities		**37.6**	28.4
Interest on lease liabilities	12	**32.3**	-
Other		**0.8**	1.1
Total interest expense		**73.3**	31.6
Interest income on FVOCI investment debt securities		**(2.5)**	(2.5)
Other		**(1.2)**	(0.4)
Total interest income		**(3.7)**	(2.9)
Net interest expense		**69.6**	28.7

Other net finance expense

	For the year ended December 31	
	2019 $	2018 $
Realized loss on sale of FVOCI investment debt securities	**-**	0.3
Amortization on FVOCI investment debt securities	**-**	0.5
Bank charges	**3.5**	5.6
Total other finance expense	**3.5**	6.4
Derecognition of notes payable	**(0.4)**	(0.7)
Other net finance expense	**3.1**	5.7

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.

Significant increases (decreases) in contract assets and deferred revenue in the year are as follows:

		For the year ended			
		December 31, 2019		December 31, 2018	
		Contract Assets	**Deferred Revenue**	**Contract Assets**	**Deferred Revenue**
	Note	**$**	**$**	$	$
Acquisitions		**1.1**	**4.6**	0.7	7.2
Discontinued operations and disposition of subsidiaries	8	**-**	**-**	(15.3)	(59.3)

Revenue recognized in 2019 and included in deferred revenue at January 1, 2019, was $174.4 (2018 – $196.4).

Revenue recognized in 2019 from performance obligations satisfied (or partially satisfied) in prior years was less than 5% (2018 – 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, 2019, was $4,257 (2018 – $4,179). This amount includes all contracts with customers but excludes variable consideration that is not highly probable. The Company expects to recognize approximately 77% (2018 – 77%) of this revenue as contracts are completed over the next 18 months with the remainder recognized thereafter.

30. Employee Costs from Continuing Operations

	For the year ended December 31	
	2019	2018
	$	$
Wages, salaries, and benefits	**2,629.9**	2,365.0
Pension costs	**75.0**	77.1
Share-based compensation (note 23)	**18.1**	5.3
Total employee costs	**2,723.0**	2,447.4
Direct labor	**1,702.9**	1,540.0
Indirect labor	**1,020.1**	907.4
Total employee costs	**2,723.0**	2,447.4

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 $73.0 (2018 – $70.5) related to defined contribution plans.

31. Other (Income) Expense

	For the year ended December 31	
	2019 $	2018 $
Unrealized (gain) loss on equity securities	**(7.9)**	4.9
Other	**(0.3)**	(4.8)
Total other (income) expense	**(8.2)**	0.1

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 2019 #	December 31 2018 #
Basic shares outstanding	**111,550,424**	113,733,118
Share options (dilutive effect in 2019 of 107,168 options; 2018 – 507,066 options)	**-**	89,200
Diluted shares	**111,550,424**	113,822,318

At December 31, 2019, no options were antidilutive. At December 31, 2018, 4,480,476 options were antidilutive.

33. Cash Flow Information

A reconciliation of liabilities arising from financing activities for the year ended December 31, 2019, is as follows:

	Revolving Credit Facility $	**Term Loan $**	**Lease Liabilities $**	**Software Financing Obligations $**	**Dividends to Shareholders $**	**Total $**
January 1, 2019	**528.6**	**308.8**	**645.0**	**19.5**	**15.4**	**1,517.3**
Statement of cash flows						
Proceeds	**163.4**		**50.4**	**-**	**-**	**213.8**
Repayments or payments	**(243.7)**		**(116.7)**	**(12.3)**	**(64.0)**	**(436.7)**
Non-cash changes						
Foreign exchange	**(0.3)**		**(16.0)**	**(0.8)**	**-**	**(17.1)**
Additions and modifications	**-**		**125.8**	**8.4**	**-**	**134.2**
Dividends declared	**-**		**-**	**-**	**64.7**	**64.7**
Other	**-**	**(0.3)**	**0.4**	**0.9**	**-**	**1.0**
December 31, 2019	**448.0**	**308.5**	**688.9**	**15.7**	**16.1**	**1,477.2**

34. Related-Party Disclosures

At December 31, 2019, 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
3221969 Nova Scotia Company	Nova Scotia, Canada
International Insurance Group Inc.	Barbados
Mustang Acquisition Holdings Inc.	Delaware, United States
MWH International, Inc.	Delaware, United States
Stantec Australia Pty Ltd	Australia
Stantec Consulting Caribbean Ltd.	Barbados
Stantec Consulting International LLC	Arizona, United States
Stantec Consulting International Ltd.	Canada
Stantec Consulting Ltd./Stantec Experts-conseils ltée	Canada
Stantec Consulting Michigan Inc.	Michigan, United States
Stantec Consulting Services Inc.	New York, United States
Stantec Delaware II LLC	Delaware, United States
Stantec Holding (2017) Limited	United Kingdom
Stantec Holdings II Ltd.	Alberta, Canada
Stantec New Zealand	New Zealand
Stantec Technology International Inc.	Delaware, United States
Stantec UK Limited	United Kingdom

There are no significant restrictions on the Company's ability to access or use assets or to settle liabilities of its subsidiaries. Financial statements of all subsidiaries are prepared as at the same reporting date as the Company's.

Structured entities

At December 31, 2019, the Company had management agreements in place with several entities to provide various services, including architecture, engineering, planning, and project management. These entities have been designed so that voting rights are not the dominant factor in deciding who controls the entity. Each entity has a management agreement in place that provides the Company with control over the relevant activities of the entity where it has been assessed that the Company is exposed to variable returns of the entity and can use its power to influence the variable returns. The Company receives a management fee generally equal to the net income of the entities and has an obligation regarding the liabilities and losses of the entities. Based on these facts and circumstances, management determined that the Company controls these entities and they are consolidated in the Company's consolidated financial statements. The Company does not have any unconsolidated structured entities.

The following lists the most significant structured entities that are consolidated in the Company's financial statements.

Name	Jurisdiction of Incorporation
Stantec Architecture Inc.	North Carolina, United States
Stantec Architecture Ltd.	Canada
Stantec Geomatics Ltd.	Alberta, Canada
Stantec International Inc.	Pennsylvania, United States

Joint operations

The Company also conducted its business through the following significant joint operations.

Name	Ownership Interests	Jurisdiction
Stantec-Bonatti, a Joint Venture	85%	Canada
Stantec/SG, a Joint Venture	65%	United States
West, a Joint Venture	50%	United States
Starr II, a Joint Venture	47%	United States

Joint ventures and associates
The Company enters into transactions through its investments in joint ventures and associates. The following table provides the total dollar amount for transactions that have been entered into with related parties.

	For the year ended December 31, 2019			For the year ended December 31, 2018		
	Sales to Related Parties $	**Distributions Paid $**	**Amounts Owed by Related Parties $**	Sales to Related Parties $	Distributions Paid $	Amounts Owed by Related Parties $
Joint ventures	**40.2**	**0.9**	**8.9**	39.8	0.3	10.2
Associates	**1.9**	**0.2**	**0.2**	4.3	0.2	1.0

Compensation of key management personnel and directors of the Company

	For the year ended December 31	
	2019 $	2018 $
Salaries and other short-term employment benefits	**11.0**	9.0
Directors' fees	**0.8**	0.8
Share-based compensation	**8.3**	0.9
Total compensation	**20.1**	10.7

The Company's key management personnel for 2019 and 2018 include its chief executive officer (CEO), chief operating officer, chief business officer, chief financial officer, chief practice and project officer, and executive vice presidents. The amounts disclosed in the table are the amounts recognized as an expense related to key management personnel and directors during the year. Share-based compensation includes the fair value adjustment for the year.

35. Segmented Information

The Company provides comprehensive professional services in the area of infrastructure and facilities throughout North America and globally. It considers the basis on which it is organized, including geographic areas, to identify its reportable segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and are evaluated regularly by the chief operating decision maker when allocating resources and assessing performance. The chief operating decision maker is the CEO of the Company, and the Company's operating segments are based on its regional geographic areas.

The Company's reportable segments are Canada, United States, and Global. These reportable segments provide professional consulting in engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics services in the area of infrastructure and facilities. The operating results of Construction Services, previously a reportable segment, were reported as discontinued operations (note 8).

Segment performance is evaluated by the CEO based on gross margin and is measured consistently with gross margin in the consolidated financial statements. Inter-segment revenues are eliminated on consolidation and reflected in the Adjustments and Eliminations column.

Reportable segments from continuing operations

	For the year ended December 31, 2019					
	Canada $	**United States $**	**Global $**	**Total Segments $**	**Adjustments and Eliminations $**	**Consolidated $**
Total gross revenue	**1,314.7**	**2,709.8**	**914.2**	**4,938.7**	**(111.4)**	**4,827.3**
Less inter-segment revenue	**31.6**	**21.7**	**58.1**	**111.4**	**(111.4)**	**-**
Gross revenue from external customers	**1,283.1**	**2,688.1**	**856.1**	**4,827.3**	**-**	**4,827.3**
Less subconsultants and other direct expenses	**173.6**	**740.5**	**201.9**	**1,116.0**	**-**	**1,116.0**
Total net revenue	**1,109.5**	**1,947.6**	**654.2**	**3,711.3**	**-**	**3,711.3**
Gross margin	**571.1**	**1,070.2**	**367.1**	**2,008.4**	**-**	**2,008.4**

	For the year ended December 31, 2018					
	Canada $	United States $	Global $	Total Segments $	Adjustments and Eliminations $	Consolidated $
Total gross revenue	1,311.0	2,365.9	742.7	4,419.6	(135.8)	4,283.8
Less inter-segment revenue	35.2	31.3	69.3	135.8	(135.8)	-
Gross revenue from external customers	1,275.8	2,334.6	673.4	4,283.8	-	4,283.8
Less subconsultants and other direct expenses	188.0	560.2	180.4	928.6	-	928.6
Total net revenue	1,087.8	1,774.4	493.0	3,355.2	-	3,355.2
Gross margin	557.0	982.5	275.7	1,815.2	-	1,815.2

The following tables disclose disaggregation of revenue by geographic area and services:

Geographic information	Non-Current Assets		Gross Revenue	
	December 31 2019 $	December 31 2018 $	For the year ended December 31 **2019 $**	2018 $
Canada	**760.5**	535.2	**1,283.1**	1,275.8
United States	**1,486.2**	1,342.3	**2,688.1**	2,334.6
United Kingdom	**143.3**	140.5	**279.1**	184.9
Global	**326.4**	140.3	**577.0**	488.5
	2,716.4	2,158.3	**4,827.3**	4,283.8

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	
	2019	2018
	$	$
Buildings	**1,053.3**	938.7
Energy & Resources	**613.1**	597.5
Environmental Services	**788.6**	682.8
Infrastructure	**1,401.7**	1,169.3
Water	**970.6**	895.5
Total gross revenue from external customers	**4,827.3**	4,283.8

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 2019, investment tax credits of $11.5 (2018 – $7.3) were recorded.

37. Events after the Reporting Period

Normal Course Issuer Bid

From January 1, 2020, to February 26, 2020, pursuant to the NCIB, the Company repurchased and cancelled 141,700 common shares at an average price of $37.03 per share for an aggregate price of $5.2.

Dividend

On February 26, 2020, the Company declared a dividend of $0.155 per share, payable on April 15, 2020, to shareholders of record on March 31, 2020.

38. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted for 2019.

Exhibit 99.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the reference of our Firm under the caption “Interests of Experts”, and to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-8 No. 333-143082) pertaining to the Employee Stock Purchase Plan of Stantec Consulting Services Inc., and

2) Registration Statement (Form S-8 No. 333-143084) pertaining to the Employee Share Option Plan of Stantec Inc., and

3) Registration Statement (Form S-8 No. 333-212932) pertaining to the Long Term Incentive Plan of Stantec Inc.

of Stantec Inc. and the use herein of our reports dated February 26, 2020, with respect to the consolidated statements of financial position as at December 31, 2019 and 2018 and the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for each of the years in the two-year period ended December 31, 2019, and the effectiveness of internal control over financial reporting of Stantec Inc. as of December 31, 2019, included in this Annual Report on Form 40-F.

/s/ Ernst & Young LLP
Chartered Professional Accountants

Edmonton, Canada
February 26, 2020

Exhibit 99.5

CERTIFICATION
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, GORDON A. JOHNSTON, certify that:

1. I have reviewed this annual report on Form 40-F of Stantec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 26, 2020

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

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Stantec Inc. (the "Company") is filing its annual report on Form 40-F for the fiscal year ended December 31, 2019 (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. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2020

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

Exhibit 99.7

CERTIFICATION
REQUIRED BY RULE 13a-14(a)
OR RULE 15d-14(a), PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, THERESA B. Y. JANG, certify that:

1. I have reviewed this annual report on Form 40-F of Stantec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: February 26, 2020

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

Exhibit 99.8

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Stantec Inc. (the "Company") is filing its annual report on Form 40-F for the fiscal year ended December 31, 2019 (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. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2020

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

Stantec

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 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 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.

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 working outside North America should familiarize themselves with Stantec's Foreign Business Policy.

Personal Business

Personal business should not be conducted during normal working hours. Any and all personal business activities should be confined to after hours or lunch breaks and should be consistent with this Code of Business Conduct, paying particular attention to the Conflicts of Interest section, Work Outside of Stantec subsection.

Hiring Former Government Employees

Employees must comply with all laws and regulations pertaining to employing or acquiring the services of present and former government employees. These rules apply to discussions with current government employees regarding potential employment by the Company or retaining such individuals in the capacity of consultant or subcontractor. These rules also restrict the roles and responsibilities that former government employees may perform after joining the Company. Any questions regarding activity which may create a conflict of interest should be raised immediately with corporate counsel.

Legal Processes, Investigations, and Audits

Occasionally, the Company may need to respond to inquiries, audits, or investigations imposed by outside entities or government authorities. It is required that employees bring all investigations and audits to the attention of corporate counsel immediately upon receipt of information, indicating that an inquiry, audit, or investigation by any outside entity or any government authority has commenced or is likely to commence and, in any event, prior to engaging with or providing any type of information or response. It is

important to remember that penalties and fines can be imposed due to failure to respond, incorrect responses, and delays.

The following are examples of occurrences that must be brought immediately to the attention of corporate counsel:

1. Notification of an inquiry, audit or investigation
2. Request to appear or testify before a governmental or quasi-governmental agency, commission, legislative, or administrative body
3. Subpoenas or requests for documentation, interviews, on-site visits, or inspections
4. Summons or complaints served on the Company
5. Notification of fines, penalties, or injunctive actions

It is the policy of Stantec to cooperate fully with inquiries and investigations to the greatest extent possible. Knowledge of any investigation, even those that may appear focused on a supplier, subcontractor, client, or other Stantec-related party, must be communicated to corporate counsel immediately.

Reporting Concerns

Employees who become aware of any concerns about accounting, internal controls, auditing, or other financial or nonfinancial matters, including violations of applicable laws, regulations, or internal policies, must report such issues to the Company's Integrity Hotline. In the event that such an issue is brought to the attention of a Stantec employee, that person must refer the issue to the Integrity Hotline.

Stantec's Integrity Hotline is managed by an independent third party. The Hotline is structured to receive information verbally, by a web interface, or in writing, and all reports are treated as confidential. Requests for anonymity will be honored to the extent possible while still ensuring a full and proper investigation. It is important that anonymous reports contain sufficient detail for an investigation.

Integrity Hotline numbers and address:

- The Integrity Hotline Phone Numbers –

Country	Phone Number	Languages Spoken
United States, Canada, and Puerto Rico	*Direct Dial*: From an outside line, dial direct for your location: 1-855-389-9170	English, French, Spanish
Argentina	*Direct Access*: From an outside line, dial the direct access number for your location: ➢ Argentina (ALA Spanish): 0-800-288-5288 ➢ 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

Country	Phone Number	Languages Spoken
Bahrain	*Direct Access:* From an outside line, dial the direct access number for your location: ➢ Bahrain (US military bases): 800-000-00 ➢ Bahrain: 800-00-001 ➢ Bahrain (Cellular): 800-000-05 At the *English* prompt, dial 855-389-9170.	Arabic, English
Barbados	*Reverse Charge Calls / Collect Calls:* From an outside line, contact your local operator. ➢ Request a reverse charge or collect call to be placed to the United States: 503-444-4000 ➢ All reverse charge or collect calls will be accepted by the Contact Center using an automated *English* message.	English, Arabic
Belgium	*Direct Access:* From an outside line, dial the direct access number for your location: 0-800-100-10 At the *English* prompt, dial 855-389-9170.	Dutch, French (European), German, English
Brunei	*Direct Access:* From an outside line, dial the direct access number for your location: 800-1111 At the *English* prompt, dial 855-389-9170.	Malay, English
Chile	*Direct Access:* From an outside line, dial the direct access number for your location: ➢ Chile (AT&T): 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 – Mandarin Operator): 108-10 ➢ China (Southern): 10-811 ➢ China (Northern – Mandarin Operator): 108-710 ➢ China (Northern): 108-888 *Special USADirect Dedicated Telephones* 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

Country	Phone Number	Languages Spoken
Fiji Islands	*Direct Access:* From an outside line, dial the direct access number for your location: 004-890-1001 At the *English* prompt, dial 855-389-9170.	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	Reporting by phone is not currently available for this location. Please use the online reporting option to submit your concern.	Dutch, English
New Zealand	Reporting by phone is not currently available for this location. Please use the online reporting option to submit your concern.	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

Country	Phone Number	Languages Spoken
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 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: 8000-555-66 ➢ United Arab Emirates: 8000-021 ➢ United Arab Emirates (US military bases): 8000-051 ➢ United Arab Emirates (US military bases): 8000-061 At the *English* prompt, dial 855-389-9170.	English, Arabic
United Kingdom	*International Toll-Free Service (ITFS):* From an outside line, dial the ITFS number for your location: 0808-234-3434	English

The Integrity Hotline Web Intake – www.stantec.ethicspoint.com

- The Integrity Hotline Address:

  Integrity Hotline
  c/o Stantec
  #400, 10220 – 103 Avenue N.W.
  Edmonton, AB T5J 0K4

If issues that have been reported to the Integrity Hotline are not clarified or otherwise dealt with to the satisfaction of the employee, that employee may file a complaint. To ensure a correct understanding of the matters subject to the complaint, the complaint should be filed with the Integrity Hotline in writing (although the complaint may be made verbally to the Integrity Hotline if the person making the complaint prefers), should be as specific as possible, and should identify any relevant documents. In order that prompt action can be taken, the complaint should be filed as soon as possible.

If the complaint has been made verbally to the Integrity Hotline, it will be reduced to writing. If the person making the complaint does not wish to maintain anonymity, the complaint may be submitted to the employee's immediate supervisor. Any supervisor who receives a complaint must forward the complaint to the Integrity Hotline. The complaint may also be submitted directly to the chair of the Audit and Risk Committee.

The chair of the Audit and Risk Committee is Shelley A. M. Brown, and she can be contacted at (604) 417-8548 or by email at shelleybrown@deloitte.ca

Commencement of Process

If the nature of the complaint is material to the affairs of the Company or involves any officer of Stantec Inc., then the issue shall immediately be reported to the chair of the Audit and Risk Committee who shall appoint a fact finder (who may be the general counsel or any other person designated by the chair of the Audit and Risk Committee) to investigate the complaint and issue a fact-finding report. The fact finder must be independent and must not be a manager, directly or indirectly, of either the individuals involved in the matters complained of or the individual making the complaint. All other complaints will be investigated by the general counsel or his or her designate.

The general counsel shall prepare a quarterly report to the Audit and Risk Committee summarizing the nature and disposition of all complaints received by the Integrity Hotline; this report will include an overview of any ongoing investigations or the resolution of any complaints.

Confidentiality

Confidentiality—relating both to the fact that a complaint has been made and to its investigation of employee complaints—will be maintained to the greatest extent possible. Only persons with a reason to know will have access to information relating to the complaint and its investigation.

Fact-Finding

Investigation

The fact finder and/or general counsel will investigate all matters brought to the Integrity Hotline, such investigation to include interviews of persons who may have information concerning the matters in issue. The fact finder and/or general counsel will have access to all relevant information and documents. The fact finder and/or general counsel will complete the investigation and the delivery of the fact-finding report as soon as practicable after the receipt of the complaint.

The Fact-Finding Report

The fact-finding report will concisely summarize all facts and issues learned during the investigation and will offer recommendations. Fact-finding reports respecting complaints material to the affairs of the Company or involving any officer of Stantec Inc. shall be delivered to the chair of the Audit and Risk Committee.

Evaluation of the Fact-Finding Report

The Audit and Risk Committee will review all fact-finding reports delivered to the Committee and may review other facts relating to the complaint. Any decision of the Audit and Risk Committee regarding the subject matter of the complaint will be communicated to the designated corporate executives and to the person filing the complaint, unless the complaint was filed anonymously.

Potential Outcomes

If it is determined that improper accounting, internal accounting controls, or auditing matters have occurred, or if something improper of a nonfinancial nature has occurred, appropriate action will be taken, including discipline of the wrongdoer(s). Discipline may take the form of counseling, verbal or written warning, reprimand, reassignment, suspension, demotion, and/or termination of employment. In appropriate cases, the matter may be referred to legal or regulatory authorities.

Retaliation

It is unlawful to retaliate against an employee who has, in good faith, provided information or otherwise assisted in an investigation regarding a complaint. The Audit and Risk Committee, the Board of Directors, and the Company will not tolerate any retaliation against an employee for complaining in good faith of questionable accounting, internal accounting controls, auditing matters, or nonfinancial matters, including violations of applicable laws, regulations, or internal policies, or for cooperating in the investigation of a complaint.

Complaint File Retention

At the conclusion of the process, the Audit and Risk Committee shall cause the office of the general counsel to confidentially retain a copy of the complaint, the fact-finding report, and any other documents deemed relevant by the Audit and Risk Committee, for a period of three (3) years from the date of the complaint. Such retention shall be solely for archival purposes.