

Annual Information Form  
February 25, 2015

We create  
communities

**STN**  
TSX · NYSE



## Table of Contents

<b>Corporate Structure</b>	4
Name, Address, and Incorporation	4
Intercorporate Relationships	5
<b>General Development of the Business</b>	<b>6</b>
2015	6
2014	6
2013	8
2012	8
<b>Description of the Business</b>	<b>9</b>
Research and Development	10
Competitive Conditions	10
Services	11
Employees	11
Social and Environmental Policies	11
International Operations	13
<b>Risk Factors</b>	<b>13</b>
<b>Dividends</b>	<b>13</b>
<b>Description of Capital Structure</b>	<b>14</b>
Preferred Shares	14
Common Shares	14
<b>Market for Securities</b>	<b>15</b>
Trading Price and Volume	15
<b>Directors and Officers</b>	<b>16</b>
Directors' and Executive Officers' Share Ownership	17
<b>Audit and Risk Committee Information</b>	<b>17</b>
Audit and Risk Committee Terms of Reference	17
Composition of the Audit and Risk Committee	17
Preapproval Policy	19
External Auditor Service Fees	19
<b>Legal Proceedings and Regulatory Actions</b>	<b>20</b>
<b>Transfer Agent</b>	<b>20</b>
<b>Material Contracts</b>	<b>20</b>
<b>Interests of Experts</b>	<b>20</b>
<b>Additional Information</b>	<b>20</b>
<b>NYSE Corporate Governance Disclosure</b>	<b>21</b>
<b>Appendix I – Audit and Risk Committee – Terms of Reference (Mandate)</b>	<b>22</b>

# Annual Information Form

---

February 25, 2015

## 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 referred to as “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 and courses of action and include future-oriented financial information.

Statements of this type are contained and incorporated by reference in this Annual Information Form, including

- a) The discussion of the expected results of our organizational realignment in the General Development of the Business section in this Annual Information Form
- b) Our beliefs about our risk management strategy and our ability to compete effectively in the Description of the Business section in this Annual Information Form
- c) The discussion of our goals, our key performance drivers, and our annual and long-term targets and expectations for our regions and business operating units in the Core Business and Strategy, Key Performance Drivers and Capabilities, and Outlook sections of our Management’s Discussion and Analysis for the year ended December 31, 2014 (incorporated by reference in this Annual Information Form and filed on SEDAR at [www.sedar.com](http://www.sedar.com)) and may be contained in filings with securities regulators or in other communications.

Forward-looking statements may involve, but are not limited to, comments with respect to our objectives for 2015 and beyond, our strategies or future actions, our dividend policy, our targets, expectations for our financial condition, or the results of our outlook for our operations.

The purpose of this information is to describe management’s expectations and targets for measuring our success and to assist our shareholders to understand our financial position as at and for the periods ended on the dates presented in this document. 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 significant risk that predictions, forecasts, conclusions, projections, and other forward-looking statements will not prove to be accurate. We caution readers of this Annual Information Form 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 Key Performance Drivers and Capabilities section of our Management’s Discussion and Analysis for the year ended December 31, 2014 (incorporated by reference in this Annual Information Form and filed on SEDAR at [www.sedar.com](http://www.sedar.com)) —could cause our actual results to differ materially from those projected in our forward-looking statements:

- Global capital market activities
- Fluctuations in interest rates or currency values
- Fluctuations in commodity prices
- Effects of war or terrorist activities

- Effects of disease or illness on local, national, or international economies
- Effects of disruptions to public infrastructure, such as transportation, communications, power, or water
- Global economic or political conditions
- Regulatory or statutory developments
- Effects of competition in the geographic or business areas in which we operate
- Actions of management
- Technological changes

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

Assumptions about the performance of the Canadian and US economies in 2015 and how it will affect our business are material factors that we consider when determining our forward-looking statements. These assumptions are discussed in the Outlook section of our Management's Discussion and Analysis for the year ended December 31, 2014 (incorporated by reference in this Annual Information Form and filed on SEDAR at [www.sedar.com](http://www.sedar.com)).

For additional information regarding material and known risks and assumptions, see the discussion on pages M-58 to M-66 and M-68 to M-69 of our Management's Discussion and Analysis for the year ended December 31, 2014, which is incorporated by reference. Further information about our key performance drivers is found on pages M-8 to M-14 of our Management's Discussion and Analysis, which is incorporated by reference.

We caution that various factors, including those discussed in our Management's Discussion and Analysis, 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 document represent our expectations as at February 25, 2015, and are subject to change after this date. Except as may be required by law, we do not undertake to update any forward-looking statement, written or verbal, that may be made from time to time by us. Our current practice is to evaluate and, where we deem appropriate, provide updates to ranges of expected performance for 2015. 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 located at 10160 – 112 Street, Edmonton, Alberta, Canada, T5K 2L6.

References in this Annual Information Form 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 Inc.

## Intercorporate Relationships

The following chart lists, as at December 31, 2014, the intercorporate relationships among Stantec and its subsidiaries; the percentage of voting and restricted shares of the subsidiaries owned, controlled, or directed by Stantec; and the governing jurisdiction of these subsidiaries:

Name of Subsidiary	Percentage of Voting Shares	Percentage of Restricted Shares <sup>(1)</sup>	Governing Jurisdiction
58053 Newfoundland & Labrador Inc.	100	n/a	Newfoundland and Labrador
59991 Newfoundland & Labrador Ltd.	100	n/a	Newfoundland and Labrador
3221969 Nova Scotia Company	100	100	Nova Scotia
ENTRAN of Virginia, PLLC	100	n/a	Virginia
International Insurance Group Inc.	100	n/a	Barbados
Jacques Whitford Holdco Ltd.	100	n/a	Cayman Islands
Nu Nennè-Stantec Inc.	100	n/a	Alberta
Processes Unlimited International, LLC	100	n/a	California
Processes Unlimited International, LLC	100	n/a	Delaware
Stantec Aircraft Holdings Ltd.	100	n/a	Alberta
Stantec Consulting Caribbean Ltd.	100	n/a	Barbados
Stantec Consulting Cayman Islands Ltd.	100	n/a	Cayman Islands
Stantec Consulting Colombia S.A.S.	100	n/a	Colombia
Stantec Consulting International LLC	100	n/a	Arizona
Stantec Consulting International Ltd.	100	100	Canada
Stantec Consulting Labrador Ltd.	100	n/a	Newfoundland and Labrador
Stantec Consulting Ltd.	100	100	Canada
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 do Brasil Engenharia e Consultoria Ltda.	100	n/a	Brazil
Stantec Holdings (Delaware) III Inc.	100	n/a	Delaware
Stantec Holdings II Ltd.	100	n/a	Alberta
Stantec Newfoundland & Labrador Ltd.	100	n/a	Newfoundland and Labrador
Stantec Technology International Inc.	100	100	Delaware
UEI Associates, Inc.	100	n/a	Texas
UEI Global I, Inc.	100	n/a	Texas
Universal Energy do Brasil Ltda.	100	n/a	Brazil

(1) In this Annual Information Form, “restricted shares” means nonvoting shares in the capital stock of a subsidiary of the Company.

# General Development of the Business

---

## 2015

The following information highlights the general development of our business for the current financial year.

### Acquisitions

In January 2015, we acquired the following firms:

Business Acquired	Nature of Business
Sparling, Inc. <sup>(1)</sup>	Provides expertise in electrical engineering and architectural lighting design. Based in Seattle, Washington, with additional offices in San Diego, California, and in Portland, Oregon.
Canadian engineering operations of Dessau Inc.	Provides engineering services in the healthcare, water, power, energy, transportation, and community development sectors, as well as telecommunications and security services. Principally located in Montreal, Quebec.

(1) On January 30, 2015, we entered into an agreement to acquire the shares of Sparling, Inc. through a merger with a wholly owned subsidiary of Stantec. The acquisition is expected to be completed on February 28, 2015, subject to certain conditions.

### Stantec Experts-conseils Itée

Following our acquisition of the Canadian engineering operations of Dessau Inc., effective February 3, 2015, we filed a Certificate and Articles of Amendment to add Stantec Experts-conseils Itée as the French alternative to Stantec Consulting Ltd.

### Three-Year History

The following are highlights of Stantec's general development over the past three years.

## 2014

### Organizational Realignment

Effective January 1, 2014, we realigned our organizational structure with a change from practice area units to three business operating units: Buildings, Energy & Resources, and Infrastructure. We did not change the foundation of our matrix-based leadership structure; we simply realigned it. The realignment was based on the belief that it would create greater accountability for our leadership team, result in more focused growth, and allow us to better support our clients and maintain the core elements of our strategy.

### Officer and Director Changes

During 2014, we also realigned our senior leadership team into two levels: the Executive Vice President Team (EVPT) and the Executive Leadership Team (ELT). The EVPT consists of our CEO, CFO, COO, and the following executive vice presidents (EVPs), who were appointed in 2014:

- Paul Allen
- Carl Clayton
- Tino DiManno
- Scott Murray
- Eric Nielsen
- Stanis Smith

The ELT oversees Stantec’s overall performance, including developing and monitoring our business plan, monitoring financial performance and risks, approving policies and procedures, and overseeing acquisitions and divestitures. Our EVPs are specifically responsible for the performance of our regional operating units and our business operating units. The ELT consists of senior vice presidents and certain vice presidents. This team has numerous responsibilities, including the execution of our business plan and our Company’s financial management.

### Share Split

On September 4, 2014, our board of directors declared a two-for-one share split to be effected by way of a share dividend. Shareholders of record as of the close of business on October 31, 2014, were entitled to the share dividend on the November 14, 2014, payment date.

### Acquisitions

We acquired the following firms in the United States during 2014:

Month	Business Acquired	Nature of Business
October	Penfield & Smith Engineers, Inc.	Provides civil engineering and land planning services. Principally located in Santa Barbara, California.
September	ADD, Inc.	Provides architecture, interior design, planning, and branding services to multifamily housing, higher education, and corporate office clients. Principally located in Boston, Massachusetts, and in Miami, Florida.
June	USKH Inc.	Provides locally based infrastructure, building, and geospatial services. Principally located in Anchorage, Alaska.
June	Wiley Engineering, Inc.	Provides automation, electrical, and instrumentation engineering services to the oil and gas, mining, power, and industrial sectors. Principally located in Marietta, Georgia.
May	Group Affiliates Inc.	Provides architectural, interior design, planning, and engineering services to higher education and K–12 clients. Office locations in Dallas, Austin, Houston, and San Antonio, Texas; Detroit, Michigan; Baltimore, Maryland; Washington, DC; and Charlottesville, Virginia.
May	JBR Environmental Consultants, Inc.	Provides services to the manufacturing, oil and gas, mining, and power generation and transmission sectors. Principally located in Salt Lake City, Utah.
March	Processes Unlimited International, Inc.	Provides mechanical engineering and design services; process, chemical, structural, automation, instrumentation, and electrical engineering; and control panel fabrication services. Principally located in Bakersfield, California.
January	Williamsburg Environmental Group, Inc. and Cultural Resources, Inc.	Williamsburg Environmental Group, Inc. provides specialized services in ecology, environmental restoration, water resources, and regulatory support for public and private clients in the power, transportation, and energy and resource sectors, and is principally located in Williamsburg, Virginia. Cultural Resources, Inc. provides services in cultural resource management and historic preservation and is principally located in Glen Allen, Virginia.

## 2013

### Officer and Director Changes

Effective May 8, 2013, Donald J. Lowry was appointed to Stantec's board of directors.

### Acquisitions

We acquired the following firms in Canada and the United States during 2013:

Month	Business Acquired	Nature of Business
November	Cambria Gordon Ltd.	Provides environmental science and environmental management services to public, private, and First Nation clients. Principally located in Terrace, British Columbia.
November	JDA Architects Limited	Provides full architectural services to clients in the healthcare, public safety, commercial, and industrial sectors. Principally located in Halifax, Nova Scotia.
June	Roth Hill, LLC	Provides services in civil engineering in water and wastewater, and has strong municipal service capabilities. Principally located in Bellevue, Washington.
May	IBE Consulting Engineers, Inc.	Provides design of mechanical, electrical, and plumbing systems for education, healthcare, commercial, cultural, and government facilities. Principally located in Sherman Oaks, California.
May	Ashley-Pryce Interior Designers Inc.	Provides services in corporate interior design. Principally located in Vancouver, British Columbia.

## 2012

### Officer and Director Changes

The following changes occurred in 2012:

- Effective October 3, Robert J. Bradshaw retired from Stantec's board of directors
- Effective March 1, Robert H. Seager was appointed senior vice president and leader of our Environmental Services practice area unit for Canada and the United States
- Effective March 1, Gordon A. Johnston was appointed senior vice president and leader of our Water practice area unit for Canada and the United States

### Dividend Declaration

On February 15, 2012, Stantec's board of directors approved a dividend policy and concurrently declared Stantec's first quarterly dividend. Since then, we have paid quarterly dividends on our common shares.

### Credit Facility

Effective June 28, 2012, we amended our \$350-million revolving credit facility to increase the amount of discretionary funds available—from \$75 million to \$150 million. The terms and conditions of these additional funds are on the same terms and conditions as that of the underlying commitment; however, they are subject to the approval of our lenders. Our current credit facility terminates on August 31, 2018, subject to any extension by the parties before termination.



## Acquisitions

We acquired the following firms in Canada and the United States during 2012:

Month	Business Acquired	Nature of Business
December	Greenhorne & O'Mara, Inc.	Provides services in the design of transportation facilities and other infrastructure (including highway and bridge design), traffic engineering, master planning and landscape architecture, structural engineering, U.S. Department of Defense services, and utilities design.  Principally located in Laurel, Maryland, with offices spread throughout the Mid-Atlantic and Southeast regions of the United States.
December	Landmark Survey and Mapping, Inc.	Provides services in surveying and mapping for oil and gas pipelines.  Principally located in Washington, Pennsylvania.
November	Corzo Castella Carballo Thompson Salman, P.A.	Provides transportation and civil engineering, architecture, and environmental engineering services to major transportation agencies, municipalities, and education institutions across Florida.  Principally located in Miami-Dade County in Coral Gables, Florida, with offices in Fort Lauderdale, Boca Raton, West Palm Beach, and Orlando.
November	Architecture 2000 Inc.	Provides services in architectural, master, and urban planning; interior design; and project management.  Principally located in Moncton, New Brunswick.
August	Cimarron Engineering Ltd.	Provides services in the development, design, installation, and integrity maintenance of oil and gas pipeline systems and station facilities.  Principally located in Calgary and Edmonton, Alberta.
May	ABMB Engineers, Inc.	Provides services in transportation, traffic, and infrastructure engineering, as well as intelligent transportation system design.  Principally located in Baton Rouge, Louisiana, with offices in New Orleans, Louisiana, and in Jackson, Vicksburg, and Madison, Mississippi.
May	PHB Group Inc.	Provides services in architectural and interior design as well as pre-design services, including site-selection studies, life safety studies, building condition reports, feasibility studies, master planning, programming, and project management services.  Principally located in St. John's, Newfoundland and Labrador.

For additional information about the general development of our business and strategies for the upcoming year, see pages M-3 to M-14 and M-48 to M-55 of Stantec's Management's Discussion and Analysis for the year ended December 31, 2014 (incorporated by reference in this Annual Information Form and filed on SEDAR at [www.sedar.com](http://www.sedar.com)).

## Description of the Business

Stantec collaborates across disciplines and industries to bring buildings, energy and resources, and infrastructure projects to life. Our work—professional consulting in planning, engineering, architecture, interior design, landscape architecture,

surveying, environmental sciences, project management, and project economics—begins at the intersection of community, creativity, and client relationships.

Our primary business objective is to be a top 10 global design firm. With the advantage of local insights and a long-term commitment to the people and places we serve, Stantec has the unique ability to connect to projects on a personal level and advance the quality of life in communities across the globe.

Our business model is a key element of our strategy. It is based on providing services across diverse geographic locations, distinct business operating units, and all phases of the infrastructure and facilities project life cycle—planning, design, construction, maintenance, integrity management, remediation, and decommissioning. Because of the diversity of our model, we are generally able to adapt to changes in market conditions by offsetting decreased demand for services in one business operating unit with increased demand for services in another. We believe this allows us to manage risk, while we continue to increase our revenue and earnings, by ensuring that we do not rely on a few large projects for our revenue and that no single client or project accounts for more than 5% of our gross revenue.

Under the rules of IFRS, we have one reportable segment—Consulting Services—that is an aggregate of our operating segments. Our operating segments are organized by geographic area, and our chief operating decision maker (CEO) assesses our Company’s performance based on financial information available from these geographic areas. In addition, our business operating unit leaders provide strategic direction, mentoring, and technical support to operations across our geographic regions.

The following table illustrates the breakdown of gross revenue for 2014 and 2013 for Consulting Services:

Unit	2014		2013	
	(millions C\$)	%	(millions C\$)	%
Consulting Services	2,529.9	100	2,236.4	100

Our operations are organized into three main geographic regions: Canada, the United States, and International. Our international offices are in the Middle East, the United Kingdom, India, and the Caribbean. In 2014, we earned 53% of our gross revenue in Canada, 43% in the United States, and 4% internationally. For additional information regarding our core business and strategy, see our 2014 Management’s Discussion and Analysis, pages M-3 to M-14 (incorporated by reference in this Annual Information Form and filed on SEDAR at [www.sedar.com](http://www.sedar.com)).

## Research and Development

We generally conduct research and development for a client’s specific project requirements. Most research and development is conducted in the areas of infrastructure evaluation and management systems, hydraulic modeling of 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 of our services. The number and identity of competitors vary widely with the type of service we provide. For small- to medium-sized projects, we compete with many engineering, architecture, and other professional consulting firms. For larger projects, we have fewer but still many competitors; however, some of these competitors have greater financial and other resources than we have. Although we compete with other large private and public companies in certain geographic locations, our primary competitors are small- to medium-sized privately held regional firms in Canada and the United States.

We believe that our operating structure, our operating philosophy, our enterprise systems, and the mix and breadth of our professional services differentiate us from other engineering, architecture, and professional consulting firms.

The main competitive factors 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. 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, 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. Our aim is to establish ongoing relationships with clients that are likely to produce repeat business. We do not depend on any one client or group of clients to sustain our business; no single client or project represents more than 5% of our overall business.

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 based on our expertise and contacts; others are obtained through a competitive bidding process.

## Employees

As at December 31, 2014, we had approximately 14,200 staff: about 8,500 professionals, 4,000 technologists and technicians, and 1,700 support personnel.

We are a knowledge-based organization and always seek talented and skilled professionals for all of our specialized business units. We use various recruitment strategies to address staffing needs: an employee referral bonus program, website job postings, career fairs, student programs, and opportunities to transfer to other office locations.

## Social and Environmental Policies

Stantec is committed to continual improvements in all aspects of its business in the areas of health and safety and the environment. Accordingly, Stantec has implemented a formal health and safety management system and an environmental management system across its operations.

### **OHSAS18001:2007 Occupational Health & Safety Management System**

In 2014, Stantec successfully developed and implemented an Occupational Health & Safety Management System (OHSMS), which received external third-party certification under the consensus-based international standard for occupational health and safety—the OHSAS18001:2007 standard.

The objective of our certified OHSMS is three-fold:

- Protect our employees from injury and prevent property loss and environmental damage by aligning work processes, systems, and behaviors so our employees have the necessary guidance and knowledge to complete every task safely, every time
- Comply with applicable regulatory requirements and our Health, Safety and Environment (HSE) Policy
- Meet client requirements and expectations

Addressing our Company's diversity, the HSE team develops core health, safety, and environment practices that can be implemented Company-wide yet are adaptable to suit the needs of any region, business operating unit, client, or project.

Stantec tracks lagging indicators (e.g., workers' compensation costs, total recordable injury rates) and leading indicators (e.g., site visits, file reviews, safety meetings, worksite inspections) to gauge the effectiveness of the OHSMS.

The internal practice auditors in our Practice & Quality Management team conduct internal practice audits to assist in assessing compliance and identifying program strengths and opportunities for improving health and safety performance. Independent (third-party) audits of the OHSMS are also conducted yearly. As well, external audits are

conducted in many provinces in Canada to maintain external certifications that meet provincial standards (e.g., a certificate of recognition).

### **Stantec's Health, Safety and Environment Policy**

Stantec is committed to providing and maintaining a healthy and safe workplace and to responsibly managing all of the environmental aspects of its business.

Our core Company values guide us in all that we do. The way we treat our people, our clients, and our neighbors reflects who we are, what we believe in, and how we do our work. At Stantec, we believe in doing what is right, which includes sending our people home injury-free, every day.

Stantec's HSE Program is the cornerstone of the OHSMS, which, in turn, is part of our Integrated Management System.

Stantec strives to

- Identify, assess, and manage the health, safety, and environmental hazards and risks to which our employees are exposed to
- Minimize the environmental aspects and impacts associated with the services and products we provide
- Help our employees develop an awareness and understanding of the health, safety, and environmental issues related to their work
- Work collaboratively with employees to achieve health, safety, and environmental objectives
- Comply with legislation, regulations, and appropriate industry standards
- Monitor and enhance health, safety, and environmental practices through inspections, audits, reviews, investigations, corrective actions, and behavior-based processes
- Provide a framework which supports the continual improvement of the system
- Foster a culture in which all employees, partners, contractors, and subconsultants share a commitment to health, safety, and the environment

Everyone working for Stantec is responsible and accountable for Stantec's health, safety, and environmental performance. Management, supervisors, employees, contractors, and subconsultants are expected to understand their roles and responsibilities, as outlined by the HSE Program, and to comply with the practices of the OHSMS.

### **ISO 14001:2004 Environmental Management System**

To support Stantec's sustainability policy—one that promotes improving our environmental performance and reducing our environmental footprint—we developed and implemented a formal Environmental Management System (EMS). Our EMS is registered to the ISO 14001:2004 environmental management standard, which is recognized internationally as the consensus environmental standard. The EMS is audited annually by an external auditor and requires leadership to establish environmental performance objectives (e.g., to reduce energy, resource use, and waste) and formally report on those objectives within an accountable and transparent framework.

### **Stantec's Sustainability Policy**

Stantec is committed to being a leader and model of sustainability by doing business in a way that meets the needs of the present while contributing to an environmentally, socially, and economically sustainable future. This commitment is at the heart of how we operate and deliver solutions to our clients, and is vital to our long-term success in achieving our vision.

We focus our efforts in the areas we believe we can have a significant impact, as follows:

- Building a leading sustainability consulting practice in the markets we serve by
  - Using our expertise, experience, and influence to advance the sustainability of valued clients
  - Incorporating sustainability into all of our service offerings
  - Marketing and selling sustainable development services across all sectors
- Integrating sustainability into our overall operations and everyday practice by
  - Implementing best industry, employee, and vendor practices to reduce resource use, waste, and emissions while increasing efficiency and effectiveness

- Fostering an understanding of sustainability at all levels of our Company in ways that are both personally and professionally relevant
- Embracing an accountable and transparent governance and leadership structure that integrates sustainability considerations into all our business decisions
- Reporting on our sustainability performance and achievements

Stantec strives to achieve the following:

- Environmental Progress—Reduce our impact on the environment by progressing toward least-impact approaches to resource and energy use, waste, and emissions of carbon and toxins
- Social Progress—Engage with stakeholders and support the communities in which we operate
- Economic Viability—Demonstrate that our sustainability efforts lead to long-term business vibrancy and viability in concert with our vision, strategic plan, and business objectives

Responsibility for monitoring compliance with the Sustainability Policy rests with the CEO who has designated senior leadership responsibility to the senior vice president of People & Practice. Operational responsibility rests with the vice president of Sustainable Development.

## International Operations

In 2014, Stantec remained active internationally; gross revenue from International operations was approximately \$92.7 million.

We work “in country” via permanent offices located in the Middle East, the United Kingdom, India, and the Caribbean, and we manage and support that work from our offices in Canada and the United States.

We review all projects for compliance in accordance with Stantec’s project management framework, which includes, among other things, following legal, financial, and technical processes. In addition, each in-country project is examined to ensure that any health and safety or political risks are acceptable. All major projects are subject to major project reviews, when applicable, and all projects have an executive leadership sponsor.

## Risk Factors

---

For a review of the risks pertaining to our Company, please refer to our 2014 Management’s Discussion and Analysis, pages M-58 to M-66 (incorporated by reference and filed on SEDAR at [www.sedar.com](http://www.sedar.com)).

## Dividends

---

On February 15, 2012, Stantec’s board of directors approved a dividend policy and concurrently declared Stantec’s first quarterly dividend. Since then, we have paid quarterly dividends on our common shares. While 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 a variety of factors: prevailing economic and market conditions, the Company’s earnings, financial requirements for the Company’s operations, the business strategy of the Company, and any other factors that our board of directors considers relevant. Therefore, Stantec cannot guarantee that the dividend policy will be maintained.

On September 4, 2014, our board of directors declared a two-for-one share split to be effected by way of a share dividend. Shareholders of record as of the close of business on October 31, 2014, were entitled to the share dividend on the payment date of November 14, 2014.

The following table outlines cash dividends paid per common share in 2014, 2013, and 2012. Dividends paid per common share have been restated to reflect the two-for-one share split described in the previous paragraph.

	Dividends Paid (C\$ per common share)				
	Year (Total)	Q4	Q3	Q2	Q1
2014	0.37	0.0925	0.0925	0.0925	0.0925
2013	0.33	0.0825	0.0825	0.0825	0.0825
2012	0.30	0.0750	0.0750	0.0750	0.0750

## 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, 2014, no preferred shares and 93,836,258 common shares were issued and outstanding. All references to common shares and pricing information presented in this Annual Information Form have been adjusted to reflect the Company's two-for-one share split effective November 14, 2014.

### 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 to 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 or 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 such amount and in such form as 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 all such meetings, 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 Toronto Stock Exchange (TSX) and New York Stock Exchange (NYSE) under the symbol “STN”.

The following outlines the monthly trading data on the TSX for the period January 1 to December 31, 2014:

Toronto Stock Exchange 2014 (Prices in C\$)			
Month	High	Low	Volume
January	\$ 35.05	\$ 30.64	7,616,686
February	\$ 34.44	\$ 32.65	4,693,992
March	\$ 34.71	\$ 32.41	5,818,426
April	\$ 34.04	\$ 31.50	4,312,608
May	\$ 34.00	\$ 32.04	4,474,252
June	\$ 34.05	\$ 32.43	5,101,182
July	\$ 35.35	\$ 32.53	4,356,082
August	\$ 37.48	\$ 33.63	3,604,650
September	\$ 38.14	\$ 35.12	4,131,568
October	\$ 36.66	\$ 32.76	4,287,746
November	\$ 35.75	\$ 33.20	3,764,665
December	\$ 33.55	\$ 29.17	6,461,765
<b>Total</b>			<b>58,623,622</b>

The following outlines the monthly trading data on the NYSE for the period January 1 to December 31, 2014:

New York Stock Exchange 2014 (Prices in US\$)			
Month	High	Low	Volume
January	\$ 31.88	\$ 28.99	865,520
February	\$ 31.00	\$ 29.36	472,242
March	\$ 31.38	\$ 29.29	511,758
April	\$ 30.80	\$ 28.69	446,088
May	\$ 31.27	\$ 29.18	354,760
June	\$ 31.43	\$ 30.36	526,712
July	\$ 32.49	\$ 30.47	334,652
August	\$ 34.44	\$ 30.75	512,762
September	\$ 34.75	\$ 31.67	404,914
October	\$ 32.88	\$ 29.20	582,628
November	\$ 31.66	\$ 29.04	547,536
December	\$ 29.42	\$ 25.15	749,867
<b>Total</b>			<b>6,309,439</b>

# Directors and Officers

The following table lists Stantec's directors as of February 25, 2015, and their municipality of residence and principal occupation:

Directors of Stantec Inc.		
Name and Municipality of Residence	Principal Occupation	Director Since
<b>Douglas K. Ammerman</b> Laguna Beach, California, United States	Corporate Director	2011
<b>David L. Emerson</b> Vancouver, British Columbia, Canada	Corporate Director and Public Policy Advisor	2009
<b>Delores M. Etter</b> Dallas, Texas, United States	Professor of Electrical/Computer Engineering	2011
<b>Anthony P. Franceschini</b> Edmonton, Alberta, Canada	Corporate Director	1994
<b>Robert J. Gomes</b> Edmonton, Alberta, Canada	President & CEO of Stantec	2009
<b>Susan E. Hartman</b> Evergreen, Colorado, United States	President & CEO of The Hartman Group (a management consulting firm)	2004
<b>Aram H. Keith<sup>(1)</sup></b> Monarch Beach, California, United States	Corporate Director	2005
<b>Donald J. Lowry</b> Edmonton, Alberta, Canada	Corporate Director	2013
<b>Ivor M. Ruste</b> Calgary, Alberta, Canada	Executive Vice President and CFO, Cenovus Energy Inc. (a Canadian oil company)	2007

(1) Mr. Keith 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 previous table or other executive positions with the same or associated firms or organizations during the past five years or more, except Mr. Lowry, who was the president and CEO of EPCOR Utilities Inc. until March 2013.



The following table lists the executive officers of Stantec as of February 25, 2015, their municipality of residence, and their principal occupation within the five preceding years:

Executive Officers of Stantec Inc. <sup>(1)</sup>		
Name and Municipality of Residence	Principal Occupation	Officer Position Held
<b>Robert J. Gomes</b> Edmonton, Alberta, Canada	President & CEO	President & CEO, Stantec Inc.
<b>Daniel J. Lefavre</b> St. Albert, Alberta, Canada	Executive Vice President & CFO	Executive Vice President & CFO, Stantec Inc.
<b>Richard K. Allen</b> Canton, Massachusetts, United States	Executive Vice President & COO	Executive Vice President & COO, Stantec Inc.
<b>Paul J. D. Alpern</b> Edmonton, Alberta, Canada	Senior Vice President, Secretary & General Counsel	Senior Vice President, Secretary & General Counsel, Stantec Inc.

(1) As chair of our board, Aram H. Keith is a nonexecutive officer of Stantec Inc.

All executive officers have held the positions listed in the previous table or other executive positions with the same or associated firms or organizations during the past five years or more.

The following lists the members of each committee of the board in 2014:

- Audit and Risk Committee: Ivor M. Ruste (chair), Douglas K. Ammerman, David L. Emerson, Delores M. Etter
- Corporate Governance and Compensation Committee: Susan E. Hartman (chair), Delores M. Etter, Donald J. Lowry

## Directors' and Executive Officers' Share Ownership

As a group, our directors and executive officers beneficially owned, controlled, or directed, either directly or indirectly, 928,802 common shares representing 0.99% of our issued and outstanding common shares as of December 31, 2014.

## 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), which is attached as Appendix I to this Annual Information Form.

### Composition of the Audit and Risk Committee

Our Audit and Risk Committee members are Ivor M. Ruste (chair), Douglas K. Ammerman, David L. Emerson, and Delores M. Etter.

The board of directors believes that the composition of the Audit and Risk Committee reflects an appropriate level of financial literacy and expertise. The board determined that each committee member is “independent” and “financially literate” (as those terms are defined under applicable Canadian and US securities laws). In addition, Mr. Ruste, Mr. Ammerman, and Mr. Emerson are “audit committee financial experts” (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.

### **Ivor M. Ruste**

Mr. Ruste is currently executive vice president and CFO of Cenovus Energy Inc., a Canadian oil company headquartered in Calgary. He has a bachelor of commerce degree (with distinction) from the University of Alberta and is a fellow chartered accountant. From May 2006 to November 2009, Mr. Ruste worked for EnCana Corporation, and prior to joining Cenovus, he was executive vice president, Corporate Responsibility, and chief risk officer at EnCana. From 1998 to 2006, he was the managing partner of the Edmonton office of KPMG LLP and the Alberta regional managing partner and vice chair of the KPMG Canada board of directors. Mr. Ruste has been active in numerous other business, community, and professional endeavors.

As a chartered accountant with more than 30 years’ experience working as a senior financial executive and an auditor with KPMG LLP of both public and private companies, Mr. Ruste has reviewed and audited many complex financial statements and prepared interim and annual financial statements in accordance with both Canadian and US generally accepted accounting standards.

As of December 31, 2014, Mr. Ruste owned 5,900 common shares valued at \$188,387 and 52,820 deferred share units valued at \$1,655,934.

### **Douglas K. Ammerman**

Mr. Ammerman is a retired partner with KPMG LLP. Mr. Ammerman was with KPMG for almost 30 years, and during that time, he served as the national practice partner, the managing partner of the Orange County office, and a member of KPMG’s nominating committee for its board of directors. He holds a master’s degree in business taxation from the University of Southern California, as well as a bachelor of arts degree with an accounting emphasis from California State University at Fullerton. Mr. Ammerman is past president and director emeritus of the Pacific Club and served in the Reagan administration as Special Assistant to the Secretary of Interior. He currently serves on the board of directors of Fidelity National Financial, Remy International, William Lyon Homes, and El Pollo Loco. Mr. Ammerman’s strong familiarity with the preparation and review of interim and annual financial statements is a valuable asset to the committee.

As of December 31, 2014, Mr. Ammerman owned 8,000 common shares valued at \$255,440 and 22,864 deferred share units valued at \$716,805.

### **David L. Emerson**

Mr. Emerson, PC, is a corporate director and business and public policy advisor. He has served as a minister in the Government of Canada, including as Minister of Foreign Affairs, Minister of International Trade, and Minister of Industry. He has also held a number of senior positions in the public service in British Columbia. In the private sector, he was president and CEO of Canfor Corporation, president and CEO of the Vancouver International Airport Authority, and chairman and CEO of Canadian Western Bank. In addition to serving on various corporate boards of directors, Mr. Emerson has chaired a number of public policy advisory panels at both the federal and provincial levels. He holds bachelor’s and master’s degrees in economics from the University of Alberta and a doctorate in economics from Queen’s University. His education and experience have provided him with a breadth of knowledge regarding complex accounting issues.

As of December 31, 2014, Mr. Emerson owned 10,000 common shares valued at \$319,300 and 37,842 deferred share units valued at \$1,186,369.

## Delores M. Etter

Dr. Etter has been Director of the Caruth Institute for Engineering Education and the Texas Instruments Distinguished Chair in Engineering Education at Southern Methodist University since June 2008. From September 2005 to November 2007, she held the position of Assistant Secretary of the Navy for Research, Development and Acquisition. Dr. Etter is also a member of the National Academy of Engineering and Fellow of the Institute of Electrical and Electronic Engineers, the American Association for the Advancement of Science, and the American Society for Engineering Education. She has held multiple substantive positions within the US Department of Defense, as well as served on the faculty at the US Naval Academy, the University of Colorado at Boulder, and the University of New Mexico. Dr. Etter has over 10 years of audit committee experience with other public and nonprofit organizations, and her background has provided her with all-encompassing business practices that are an asset to the committee.

As of December 31, 2014, Dr. Etter owned 5,310 common shares valued at \$169,548 and 22,864 deferred share units valued at \$716,805.

## Preapproval Policy

The Audit and Risk Committee must preapprove the audit and nonaudit 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 Audit and Risk Committee. Any proposed services exceeding preapproved cost levels will require specific preapproval by the Audit and Risk Committee.

## External Auditor Service Fees

Aggregate fees paid to Ernst & Young LLP, our external auditor, during fiscal years ended December 31, 2014, and 2013 follow:

Category	Note	2014 (C\$)	2013 (C\$)
Audit fees	1	1,337,000	1,079,000
Audit-related fees	2	20,000	26,000
Tax fees	3	402,000	482,000
All other fees	4	76,000	-
Total Fees		1,835,000	1,587,000

- (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.
- (2) Audit-related fees: Assurance and related services provided by Ernst & Young LLP. These services can include accounting consultations and attest services not required by statute or regulation.
- (3) Tax fees: Professional services rendered by Ernst & Young LLP for income tax compliance. These generally involve the preparation of US original and amended tax returns and claims for refund, tax advice—including assistance with tax audits plus tax advice relating to mergers, acquisitions and financing structures—and tax planning.
- (4) All other fees: Professional services rendered by Ernst & Young LLP for consulting services related to the design of a global mobility program.

# 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 have a material effect on our financial position.

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

---

We did not enter into any material contracts outside the ordinary course of business in 2014. We consider the acquisition of professional services firms to be in the ordinary course of our business.

## Interests of Experts

---

The Company's auditors, Ernst & Young LLP, Chartered Accountants, are located at 10020 – 100 Street, Suite 2200, Edmonton, Alberta. The auditors are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta and have complied with the SEC's rules on auditor independence.

## Additional Information

---

Financial information is provided in our Management's Discussion and Analysis 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.

Copies of this Annual Information Form, as well as our latest Management Information Circular and Annual Report (which includes our Management's Discussion and Analysis and Consolidated Financial Statements for the year ended December 31, 2014), may be obtained from our website at [www.stantec.com](http://www.stantec.com) or by mail on request from the secretary at 10160 – 112 Street, Edmonton, Alberta, T5K 2L6. Disclosure documents and any reports, statements, or other information that we file with Canadian provincial securities commissions or other similar regulatory authorities are also available through SEDAR at [www.sedar.com](http://www.sedar.com).

## 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. We are required, pursuant to Section 303A.11 of the NYSE's Listed Company Manual, to identify any significant ways that our corporate governance practices differ from those followed by US domestic companies under NYSE listing standards. These differences can be found on our website at [www.stantec.com](http://www.stantec.com).

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

---

## 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 corporation. 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 corporation'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 corporation's financial statements are complete, accurate, and in accordance with International Financial Reporting Standards.

## B. Authority and Responsibilities

The Audit and Risk Committee shall:

- a. Request such information and explanations in regard to the accounts of the corporation as the committee may consider necessary and appropriate to carry out its duties and responsibilities.
- b. 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.
- c. Provide reports and minutes of meetings to the board.
- d. 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 corporation 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 corporation, 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 corporation
  - 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 press release on the earnings of the corporation. 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 quarterly report from the disclosure committee on the adequacy of disclosure with respect to material events in the corporation's financial statements, management's discussion and analysis, and earnings press 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 financial statements) that is publicly disclosed by the corporation.
- 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 corporation'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 corporation, 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 corporation
  - c. Any new or pending developments in accounting and reporting standards that may affect or impact on the corporation
  - d. Any off-balance sheet structures
  - e. The key estimates and judgments of management that may be material to the financial reporting of the corporation
- 10 At least annually, request the external auditor to provide their views on the quality (not just the acceptability) of the corporation'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 corporation 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 corporation'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. The 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 nonaudit services and the fees for such services and consider the impact on the independence of the external audit work of fees for such nonaudit 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 corporation 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 United States Public Company Accounting 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 corporation'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 corporation'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 corporation's hiring policies regarding employees and former employees of the present and former external auditors of the corporation.
- 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 assessment of the effectiveness of the external auditor.

#### **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 corporation 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. The 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 corporation'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 Corporation, 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 corporation.

## H. Risk

### General

- 37 Review at least annually with management:
  - a. the Corporation's method of identifying, evaluating, mitigating and reporting on the principal risks inherent in the Corporation's businesses and strategic directions;
  - b. the systems, policies and practices applicable to the Corporation's assessment, management, prevention and mitigation of risks (including strategic, operating, compliance, 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); and
  - c. the Corporation's risk appetite, risk tolerance and risk retention philosophy, including the Corporation'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.
- 38 Receive an annual report from and review with management, the status of the Corporation's principal and emerging risks, and the related mitigation programs (the "Enterprise Risk Management" program). Receive quarterly updates from management on the Corporation's Enterprise Risk Management program.
- 39 Review with management the disclosures of the Corporation's risks and risk factors in the Corporation's annual information form, the MD&A 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 \$70 million (Canadian) or greater and all acquisitions with atypical risks or outside North America, make such further inquiries as considered necessary, and report thereon to the board. The content of the risk assessment report will be initially developed by the committee in conjunction with management 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 corporation'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 \$10 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 \$10 million individually or (b) where by virtue of the grant of such surety bond would put the aggregate value of all surety bonds issued and outstanding in excess of \$50 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 corporation's fraud risk assessment activities.
- 48 In accordance with the corporation's integrity practices, review and determine the disposition of any complaints or correspondence received under the policy.
- 49 Discuss with management the corporation's policies and procedures designed to ensure an effective compliance and ethics program, including the corporation's code of ethics.
- 50 Discuss with management and the corporation's in-house legal counsel any legal matters that may have a material impact on the financial statements or the corporation'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 corporation.
- 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 corporation.
- 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 corporation shall provide for the delivery of notices, agendas, and supporting materials to the committee members at least five (5) 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 corporation, or his 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 corporation to all members of the committee and shall be submitted for approval at the next regular meeting of the committee.

