

Stantec Climate Transition Plan



August 2024



Ambition

Stantec believes in purpose-driven growth. Climate action is key to our purpose.

Stantec is a professional services company providing sustainable design, architecture, engineering, planning, digital technology, project management, and scientific consulting services. We are committed to climate action across our value chain.

Upstream, our value chain includes the suppliers and partners that contribute to the development and delivery of Stantec’s services. Downstream, our value chain consists of the clients and communities impacted by our services and the results thereafter.

- Operationally, we continue to make progress on our corporate net zero roadmap, including near-term Science-based Targets (SBTs) aligned with the most ambitious goal of the Paris Agreement, a 1.5°C trajectory. The detailed actions under each phase of the roadmap are informed by our in-house expertise in emissions management and climate science and supported by supply chain partnerships. Stantec also proactively manages the physical climate change impacts to employees.
- As a significant decarbonization lever with impact on the global climate transition, our downstream transition risk management focuses on implementing our Strategic Plan, tracking our sustainable revenue in a manner that aligns with evolving taxonomies for both sustainability and financial disclosures, and establishing an enterprise-wide standard of care for discussing climate risk with clients.
- Our supply chain continues to be an area of focus as we develop programs to better track our suppliers and partners and comply with new and emerging regulations in topics such as human rights due diligence.

The process of defining this Transition Plan was influenced by evolving climate-related regulations, market research, and knowledge exchange across the Company.

The strategies described in the plan were informed by the outcomes of our climate scenario analysis workshop; market analysis of global trends and their short- (1-5 years), medium- (6-15 years), and long-term (16-30 years) impact across our value chain (carried out to support Stantec’s 2024-2026 Strategic Plan); more than a decade of leadership in emissions management; successful progress of our net zero roadmap; Stantec’s commitment to supporting the United Nations Sustainable Development Goals (SDGs); and approximately 20 years implementing Stantec’s environmental, social, and governance (ESG) framework. Prioritization of the strategies were informed by the results of our recent double materiality refresh, the Strategic Plan, and a cross-discipline team responding to ever-evolving market signals.

This Transition Plan is implemented in conjunction with Stantec’s Enterprise Risk Management program, which is based on ISO 31000, *Risk Management - Guidelines*.

Transition plan snapshot

Operations	Clients and Communities	Suppliers and Partners
Progressing our roadmap to achieve net zero.	Strategic growth of consulting services in the sectors and markets most aligned with the climate transition.	Progressing enterprise-wide visibility of our sustainable supply chain requirements.
Protecting the health and safety of our employees from the increasing physical impacts of climate change.	Leveraging Stantec's market position and expertise to accelerate sustainable development as described by the SDGs.	
	Standard of care and climate change guidance to incorporate climate change considerations into our project work.	

Actions: Operations

Roadmap to net zero

Stantec has managed and publicly disclosed our emissions since 2010. In 2021, Stantec publicly committed to achieving [operational net zero emissions](#) and validated two near-term SBTs aligned with the 1.5°C trajectory goal of the Paris Agreement. In 2023, we signed on to Canada's [Net Zero Challenge](#).

Stantec's net zero pathway is being accomplished in four phases:

Phase 1:

Emissions reductions
(throughout all phases)

Phase 2:

Carbon neutrality
(beginning in 2022)

Phase 3:

Net zero transition
(by 2030)

Phase 4:

Science-based net zero
(by 2050)

The primary objectives of our net zero roadmap are decarbonizing our operations and developing strategies for innovative, deep emissions reductions to benefit our operational goal and consulting expertise. This strategy responds directly to external drivers, including ESG and greenhouse gas (GHG) emissions-related regulations, client demand for net zero commitments in their supply chain, and societal demand for responsible business operations.

Stantec's validated, near-term SBTs are as follows:

SBT1: Stantec Inc. commits to reduce absolute scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year.

SBT2: Stantec Inc. also commits to reduce absolute scope 3 GHG emissions from business travel by 47% within the same time frame.

Our emissions reduction strategy has been formally integrated into Stantec's ISO 14001-certified Environmental Management System and directly connects to our business efficiency and innovation strategies. We are progressing towards 100% renewable electricity with current progress at approximately 95%. Stantec is actively investing in the use of sustainable aviation fuel and is in the process of developing a zero-emissions vehicle program. We link executive pay to ESG progress, including key performance indicators (KPIs) specific to the achievement of our near-term SBTs and the accomplishment of our carbon neutral and net zero pledges. Stantec's syndicated senior credit facility, structured as a sustainability-linked loan, adds further accountability as one of our KPIs relates to progressing our near-term SBTs.

As our growth through acquisition continues, maintaining our net zero trajectory requires increasingly innovative approaches. The strategies implemented to date come from collaboration between our corporate sustainability team and Stantec's internal subject matter expertise in ESG advisory, nature-based solutions, energy transition, and climate science. In the rapidly evolving ESG field, our technical experience and real-world lessons learned inform our operational success and support our clients.



Strategy lead

Corporate Sustainability

External references

[Stantec.com > Corporate Sustainability](#)

[2023 Sustainability Report](#)

[2024 Management Approach: Emissions Management](#)

[2023 CDP Climate Questionnaire: Targets and Performance C4.2c](#)

Physical climate risk management

To address the acute and chronic physical risks of climate change on employees, Stantec tracks climate change impacts via a global office closures practice and enterprise-wide system that assesses the financial impact to our operations of severe climate events (e.g., hurricane, flooding, extreme heat/cold).

The objective of this strategy is to identify, assess, and respond to potential physical climate risks to our workforce. A pre-determined, global policy for office closures during severe climate events better safeguards employee health and safety. Tracking our financial risk exposure helps prioritize actions to mitigate future risk—such as assessing field work conditions and locations; reviewing office locations; updating health, safety, security, and environment (HSSE) protocols; and reviewing the terms and amount of our employee assistance fund.

This strategy responds to external drivers, including the increasing frequency and severity of climate events, new and evolving HSSE standards to protect workers, and ESG-related regulatory requirements for disclosing the financial impacts of climate risk.

Development of the protocol and tracking mechanism was a collaborative effort across Stantec teams, including risk management, HSSE, office leaders, human resources, corporate sustainability, and general counsel. Stantec's leaders assess the financial and psychological impacts to employees of major climate events in their aftermath and monitor climate-related risks as part of our Enterprise Risk Management program. In addition, a dedicated climate risk task force was set up to monitor the cumulative financial impact, in total across our global locations, on an on-going basis throughout the financial year.

The overall impact on our value chain is low. The strategy focuses on our operations. Due to Stantec's disaster preparedness and proven ability to quickly pivot to fully remote working, major climate events have not caused a substantial risk to the Company. However, enterprise-level readiness and greater awareness of climate change risks to employees will benefit employee health and safety. The extent of office support actions will vary by location.



Strategy lead

Risk Management

External references

[2023 Sustainability Report](#)

[2024 Management Approach: Risk Management](#)

Actions: Clients and Communities

Climate action-aligned strategic growth

Stantec actively influences decarbonization in the projects we deliver for clients and communities across the world; from engineering infrastructure necessary for the energy transition to advising on circular economy opportunities to supporting communities with climate risk management, vulnerability assessments, and environmental justice strategies. Climate solutions are fundamental to our strategic growth.

Stantec's most recent Strategic Plan includes three Strategic Growth Initiatives (SGIs): Climate Solutions, Communities and Infrastructure of the Future, and Future Technology. Using our expertise in technology- and nature-based solutions, strategic consulting, and scientific analysis, the consulting opportunities under each SGI help clients and communities directly respond to physical climate risks, resource scarcity, and societal/economic changes.

Successful delivery of the Strategic Plan will increase the percentage of our project portfolio and consulting expertise, supporting topics critical to climate transition risk management (e.g., energy transition, coastal resilience, nature-based solutions). Aligning this Transition Plan to our strategic consulting keeps Stantec relevant and operating successfully along a pathway based in the latest climate science.

Stantec's Strategic Plan is time-bound and spans 2024 to 2026. KPIs include meaningful increases in the percentage of organic net revenue derived from climate-related SGIs.

The overall impact on our value chain is high. Consulting services included in the SGIs have the potential to strengthen our industry position and leadership (upstream), accelerate the transition-related skills our employees develop (operations), and result in project solutions that benefit the quality of life for communities (downstream).



Strategy lead

Growth and Innovation Team

External references

[2024-2026 Strategic Plan](#)

[2023 Sustainability Report](#)

Accelerating sustainable development through the SDGs

By identifying, assessing, and responding to climate-related opportunities, the above strategy aligns with our tracking of sustainability-related revenue and responds to employee desire to be part of a purpose-driven company with opportunities to work on projects that have a positive impact on communities.

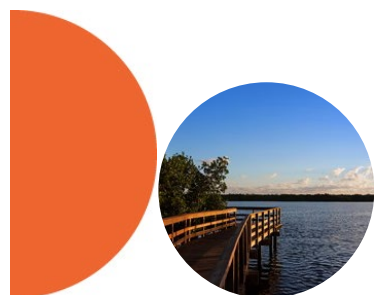
Stantec's sustainable revenue tracking methodology is reviewed annually for alignment with evolving taxonomies across the sustainability and financial reporting sectors. The integration of financial coding-based mapping with project outcome-based mapping provides a holistic assessment of our response to a range of transition risk areas.

Based on project coding in our financial system, we track our sustainability-related revenue in two ways: SDG-aligned and, a subset, climate action-related revenue (revenue supporting climate change mitigation and/or climate adaptation project outcomes). As the percentage of our sustainability-related revenue increases year-over-year, it justifies additional investment in our sustainability service offerings. We expect the opportunities presented by sustainability-related revenue to impact Stantec's financial planning process in the short- and medium-term horizons. We see addressing climate risks through our consulting services as a key element of the Company's transition risk management.

This sustainability-related revenue tracking primarily addresses increasing disclosure requirements and taxonomies, and market demand for transparency in ESG reporting. Additional benefits include greater integration between our risk management, project delivery, and finance teams; increased practitioner understanding of the targets and indicators of the SDGs, our sustainability values, and how we apply them; and a visible demonstration of how our project teams contribute to both the global goals and our industry leadership position.

The overall impact on our value chain is medium, primarily influencing our business operations and project outcomes. Alignment with sustainability taxonomies and the associated revenue tracking is an exercise in identifying both 'sustainable' and 'non-sustainable' revenue. This influences the project types and market sectors that Stantec focuses on in identifying future work opportunities.

In addition, internal engagement that highlights the alignment of project outcomes with sustainable development principles and their impact on communities encourages project teams to develop more sustainable project solutions.



Strategy lead

Corporate Sustainability

External references

[Stantec.com > Corporate Sustainability](#)

[2023 Sustainability Report](#)

[2023 CDP Climate Questionnaire: Business Strategy C3.4, 3.5a](#)

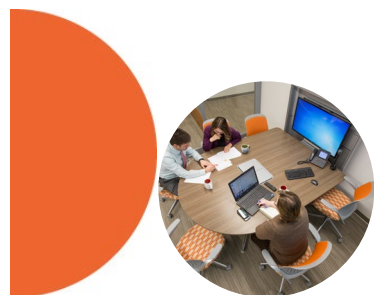
Standard of care and climate change

Stantec's internal 'Standard of Care and Climate Change' guidance outlines an enterprise-wide protocol for informing clients of the potential for increased risk of adverse impacts on their project due to climate change. A task force is in the process of driving internal engagement and awareness of the standard across our business operating units.

The strategy responds to both an opportunity (increasing client awareness and demand for climate action services) and a risk (addressing the lack of consistency across codes and standards, both nationally and internationally, in establishing a standard of care for climate risk assessments and design conditions that respond to projected future climate conditions).

Internal synergies include increased internal mindfulness of the importance of climate risks and the role they play in Stantec's consulting services. External synergies include increased opportunity for climate risk and vulnerability assessments and resilient design consulting, supporting our SGI of Climate Solutions.

The overall impact on our value chain is high. A consistent company-wide standard of care for communicating climate risk to our clients has the potential to positively impact the resilience of communities in which our projects are located (downstream) when conversations result in more climate-resilient project solutions.



Strategy lead

Risk Management / Business Operating Unit Leaders

External references

[2023 Sustainability Report \(Appendix C: SASB Standards Index IF-EN-160a.2\)](#)

[2023 CDP Climate Questionnaire: Risks and Opportunities C2.2](#)

Actions: Suppliers and Partners

Sustainable supply chain

As a large global company, Stantec recognizes that our purchasing decisions can influence positive change. While centralization and standardization of Stantec's global supply chain management programs continue to evolve, we leverage supply chain decisions to encourage sustainable business practices, promote small and diverse businesses, and support local businesses around the globe.

Through our [Partner Code of Business Conduct](#), available publicly on our website and shared with suppliers as part of the procurement process, we expect suppliers to meet our ESG expectations. We request suppliers protect the environment, participate in the circular economy, and regularly provide us with emissions data and climate impacts for the items we purchase from them. We incorporate sustainability considerations into our supplier evaluation process, and as a result, climate-related considerations have a direct impact on our supplier selection and management.

In 2023, we advanced the first deployment phase of a new enterprise procurement management tool. External market drivers include evolving regulations increasing the need for human rights- and ESG-related risk management within our supply chain. In addition, an enterprise-wide software tool supports consistency, accuracy, and efficiency in collecting supplier GHG emissions data and improving our emissions management.

In addition to operational efficiency for our regional procurement teams, the use of the tool will have synergies with the work of other Stantec teams, including supplier diversity and compliance; Indigenous relations; corporate sustainability; inclusion, diversity, and equity; human resources; and social value business support.

The overall impact on our value chain is medium, primarily focused on our upstream suppliers and partners, supporting the prioritization of suppliers who demonstrate climate action and sustainable practices. Supplier GHG emissions play a significant role in Stantec's scope 3 emissions and thus the success of our net zero roadmap and all related operational actions.



Strategy lead

Procurement & Real Estate

External references

[2024 Management Approach: Procurement](#)

[2023 Sustainability Report](#)



Stantec is a global leader in sustainable architecture, engineering, and environmental consulting. The diverse perspectives of our partners and interested parties drive us to think beyond what's previously been done on critical issues like climate change, digital transformation, and futureproofing our cities and infrastructure. We innovate at the intersection of community, creativity, and client relationships to advance communities everywhere, so that together we can redefine what's possible.

