

Management Approach: Emissions Management

Operationally, Stantec reports greenhouse gas (GHG) emissions, maintains a robust emissions reduction program, and is committed to achieving operational net zero. For our clients, subject matter experts across our business support the purposeful incorporation of climate solutions and sustainable planning into our project work. With our supply chain, we collect activity data to support our scope 3 emissions calculations and support our suppliers and partners to reduce their own operational emissions.

Commitments and Practices

Stantec maintains a robust emissions management program with near-term science-based targets (SBTs) validated by the Science Based Target Initiative (SBTi). We have committed to achieve operational net zero and actively participate in Canada's [Net Zero Challenge](#).

In Our Operations

Since 2010, Stantec has calculated and disclosed our operational emissions. We have a robust emissions reduction program, maintain carbon neutrality, and are progressing towards operational net zero. The specific details relating to our emissions management governance, strategy, and progress are included in our [annual CDP disclosure](#).

Emissions calculations

Stantec manages our emissions at a corporate level, calculates according to the GHG Protocol, and receives third-party verification.

Scope boundaries

Our scope boundaries breakdown as follows:

Scope 1: Direct energy sources

- Natural gas, fuel oil, and propane for office energy (for buildings we occupy, whether leased or owned)
- Gasoline and diesel fuel (owned or leased fleet and heavy equipment)

Scope 2: Indirect energy sources (both location-based and market-based)

- Electricity for office energy (for buildings we occupy, whether leased or owned)
- Electricity for hybrid and electric vehicles¹ (owned or leased fleet)
- Purchased heat for office energy (district heat for buildings we occupy, whether leased or owned)

Scope 3: Other emission sources

- Category 1: Purchased goods and services (computers, furniture, mobile phones, paper, native plant nursery fertilizer)
- Category 3: Energy not included in scopes 1 or 2 (transmission and distribution losses for electricity and heat)
- Category 5: Waste (office and native plant nursery waste)
- Category 6: Business travel (air travel, rental cars, work-related personal car use, ride hailing, rail, hotel stays)
- Category 7: Employee commuting

¹ For hybrid vehicles, the electricity use from plug-in options is included in scope 2 with fuel use included in scope 1.

Calculation methodology

Stantec calculates GHG emissions and energy use for our worldwide operations following the GHG Protocol. Data is gathered at a corporate level with most calculations automated via the Watershed software platform. We centrally track information to improve overall accuracy, provide global consistency, and minimize the need to extrapolate.

The office space we occupy must be adaptable, so we lease most of our offices, primarily in multi-tenant buildings. While we do pay some utility bills directly, for the other spaces separate metering is rarely available and utility costs are most often wrapped into lease costs. To address this, we collect utility usage data from the landlords of our largest offices and use industry-recognized intensity factors for our extrapolations.

For purchased goods and services, Stantec utilizes spend data and industry-recognized intensity factors.

For business travel, fleet, and heavy equipment, Stantec engages with our vendors for relevant usage reports and utilizes industry-recognized intensity figures.

Office waste is extrapolated using industry-recognized intensity factors and employee numbers. For waste related to the native plant nursery, Stantec gathers activity data from our waste management provider.

For employee commuting, we extrapolate emissions based on country employee counts and industry-recognized intensity factors.

Third-party verification

Annually, our GHG inventories are independently verified by Apex Companies according to ISO 14064-3:2019 Greenhouse Gases—Part 3: Specification with guidance for the verification and validation of greenhouse gas statements. Stantec validates scopes 1, 2, and 3 at an enterprise level and conducts additional country-level validations for our Australia and United Kingdom operations. Our enterprise-wide and Australia footprints receive a limited level of assurance. Emissions for our United Kingdom operation receive a reasonable level of assurance.

Emissions Reductions

Stantec is committed to reducing our operational emissions. We have validated emissions reduction targets and a robust reduction strategy.

Reduction targets

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

- **SBT1:** Stantec Inc. commits to reduce absolute scopes 1 and 2 GHG emissions 47% by 2030 from a 2019 base year.²
- **SBT2:** Stantec Inc. also commits to reduce absolute scope 3 GHG emissions from business travel by 47% within the same time frame.

Stantec's SBTi reduction targets are against a 2019 baseline. Since that baseline year, the size of our Company has increased by approximately 55% (as a percentage of gross revenue). Even with this significant growth in size, we remain committed to our reduction goals and have opted not to reset our emission reduction targets.

² Stantec's SBT1 (scope 1 and 2) is based on market-based scope 2 emissions, which are lowered by renewable energy use.

Reduction strategy

Stantec's emissions reduction strategy has been formally integrated into our ISO 14001:2015-certified Environmental Management System and is directly connected to our business efficiency and innovation strategies.

Stantec meets our emission reduction goals by

- Optimizing energy use through office consolidation into energy-efficient spaces utilizing an efficient, modular interior design
- Conserving energy in our building operations through collaborations with our landlords and employee actions
- Utilizing renewable electricity via self generation and market instruments
- Reducing business travel by enabling virtual meeting options, implementing management controls, and using behavior-based encouragements enabled through our travel management system
- Greening our vehicle fleet with progression toward use of fuel-efficient, hybrid, and electric vehicles
- Engaging our supply chain and employees to reduce consumption of purchased goods
- Enabling a flexible workplace strategy to be efficient with employee commuting

Use of renewable energy

To reduce our reported market-based scope 2 emissions, Stantec maximizes our use of renewable electricity. This is done through self-generation (such as solar panels on our offices), green tariffs (purchased from utility providers), a virtual power purchase agreement (brokered by our emissions management software company, Watershed), and energy attribute certificates (such as RECs, iRECs, REGOs purchased from central brokers).

Stantec additionally invests in sustainable aviation fuel by purchasing credits from our primary airline partners.

Carbon Neutral to Net Zero

Stantec is taking urgent action to decarbonize and has pledged to attain operational net zero. This pledge was made at the highest level of the Company with direct participation from the Executive ESG Committee, the C-Suite, and the Board-level Sustainability and Safety Committee. Our net zero pathway follows the philosophies of Canada's Net Zero Challenge, Business Ambition for 1.5 (led by the SBTi in partnership with the UN Global Compact and We Mean Business coalition), and Race to Zero (a UN Climate Change initiative).

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

Phase 1:	Phase 2:	Phase 3:	Phase 4:
Emissions reductions (throughout all phases)	Carbon neutrality (beginning in 2022)	Net zero transition (by 2030)	Science-based net zero (by 2050)

Phase 1: emissions reductions

Stantec's primary focus is reducing GHG emissions. We have a robust emissions reduction program in place that will continue throughout our net zero journey. Our emissions reduction approach is described in the previous section.

Phase 2: carbon neutrality

While Stantec focuses on continual emissions reductions during our journey to operational net zero, we believe it is important to address the residual impact along the way by maintaining carbon neutrality. When Stantec says carbon neutral, what we mean is carbon balanced. We accomplish this balance through the annual purchase of high-value carbon offsets in a quantity equal to our residual emissions (scope 1, scope 2 market-based, scope 3).³

Carbon offsets are an expression of goodwill during our journey and do not reduce our reported emissions. They are an interim measure, an emissions mitigation investment outside our value chain.

Stantec's carbon credit purchases fall into three categories:

- **Forward-thinking:** These are the most expensive, but they're also the most worthwhile. They're investments in solutions that change the way the world addresses emissions—credits like carbon capture.
- **High value:** These are investments in ecosystem preservation projects that have been purposely selected due to the scale of their positive impact, location in our primary geographies, and their direct support of social equity.
- **Cost-effective:** To maximize our purchasing power, we also buy high-quality, cost-effective, certified offsets that give us the biggest “bang for buck” while still contributing to real progress in the fight against climate change and supporting local communities.

To confirm the purchased credits are credible, we tap into Stantec in-house subject matter expertise and third-party evaluation systems to evaluate credit options and contributions. All credits purchases are third party certified with credits retired from associated registries upon purchase.

Stantec primarily purchases are as follows. Our forward-thinking offsets come from [CarbonCure](#) (concrete carbon capture). Our high value offsets come from the [Great Bear Temperate Rainforest Project](#) in British Columbia, Canada and the [Blackfoot Nation Forest Carbon Project](#) in Montana, United States (both are Indigenous-led conservation efforts). Combined, forward-thinking and high value offsets typically comprise up to 90% of the offset budget. For the remaining offset purchases, we purchase cost-effective offsets from a centralized broker for nature-based restoration and conservation projects in the developing world.

Stantec is currently in the carbon neutrality phase and have maintained carbon neutrality since 2022.

Phase 3: net zero transition

The primary difference between Phase 2 (carbon neutrality) and Phase 3 (net zero transition) is how Stantec balances the impact of our residual emissions. In Phase 3, we are transitioning away from paying third parties for the purchase of carbon credits to instead focusing on Stantec-supported projects that provide additionality. This means we balance our residual emissions by tapping into Stantec subject matter experts to produce renewable energy or carbon reductions that would not happen without our involvement. This includes actions such as adding renewable energy to the grid, developing nature-based solutions that reduce, store, and sequester carbon, and supporting carbon capture to remove carbon from the atmosphere.

Stantec's Nature-based Solutions, Renewable Energy, North American Financing Group, and Community Engagement teams are playing a key role in this effort. We are accessing our expertise, thought leadership, and related funding to pilot new approaches that will help Stantec achieve our goals.

³ While Stantec's SBT2 covers just scope 3 business travel (category 6), Stantec purchases carbon offsets equivalent to the residual emissions of our full scope 3 inventory—including all reported scope 3 categories.

Stantec has begun net zero transition efforts and recently entered into our first virtual Power Purchase Agreement. By 2030, we will achieve our near-term SBT reductions and complete the net zero transition phase.

Phase 4: science-based net zero

Stantec is committed to achieving operational net zero by 2050, or sooner, and are active participants in Canada's Net Zero Challenge.⁴

To achieve operational net zero, we will make significant emission reductions beyond our validated near-term SBTs.⁵ While Stantec is still in the process of defining exactly what these new long-term emissions reduction targets will be, we have already begun planning for emissions reductions to get us as close to zero emissions as possible. The operational net zero commitment is enterprise-wide, covering all emissions present in our emissions inventory.

Once Stantec attains our net zero emissions goal, we will address the small percentage of residual emissions by purchasing forward thinking and high value carbon credits (as described in Phase 2, above) and continuing to participate in direct investment projects that provide additionality (as described in Phase 3, above).

Supporting Clients

Many of Stantec's clients already see the business value, benefits, and societal imperative of decarbonizing and are either actively working on net zero strategies and implementations, or seeking our guidance on how to start. Helping clients reduce their carbon impact is a key pillar in Stantec's strategy and directly connects to our future growth.

Incorporating emissions management in our project solutions typically results in progress towards one or more of the following Sustainable Development Goals (SDG): SDG 7 Affordable and Clean Energy; SDG 9 Industry, Innovation, and Infrastructure; SDG 11 Sustainable Cities and Communities; SDG 12 Sustainable Consumption and Production; and SDG 13 Climate Action.

Stantec works with clients to support energy efficiency in the projects we design, commissions energy-efficient new construction, retro-commissions existing facilities to reduce emissions, and creates energy monitoring and management plans for long-term emissions management. We provide advisory, strategy development, and carbon accounting services to help clients reduce their operational emissions and achieve their own net zero ambitions. Subject matter experts across our business enable project considerations to combat climate change in the projects we design such as mitigation, adaptation, and financing solutions (see [climate solutions](#), [atmospheric sciences](#), [energy transition](#), and [nature-based solutions](#)).

Stantec is continually expanding the scope of our carbon reduction services. In our United Kingdom and Ireland operations, Stantec has embedded PAS 2080 principles (the leading standard for whole life carbon management solutions in buildings and infrastructure development) across its operations. Our compliance with the requirements has been independently verified by the British Standards Institute.

In North America, we are involved with the [AIA 2030](#) Challenge (by 2030, design of new buildings and major renovations will be carbon neutral) and are participating in the [SE2050 Challenge](#) (reducing embodied carbon through less impactful structural materials).

Stantec also invests in technology to support emissions reductions. For example, we partner with carbon removal startup [Capture6](#) to explore technology that integrates decarbonization and brine management solutions and [Removr](#) to design direct air capture plants for removing carbon dioxide from the atmosphere safely, sustainably, and at scale. Stantec's Innovation Office has produced a variety of relevant [digital solutions](#).

⁴ Stantec continues to evaluate whether to pursue certification under the SBTi Net Zero Corporate Standard.

⁵ Stantec's near-term SBT will be accomplished by 2030 as noted in Phase 3.

With Our Supply Chain

Stantec requires that our vendors provide activity data so that we can calculate and report Stantec's operational emissions. This includes our landlords for scopes 1 and 2 energy use data, fleet vendors for scopes 1 and 3 vehicle fuel data, travel vendors for scope 3 business travel data, and our primary suppliers for scope 3 purchased goods and services data.

For all of our upstream supply chain, through our [Partner Code of Business Conduct](#), we share the expectation that our suppliers and partners reduce their own operational emissions.

Accountability

To guide our operational emissions management program and assess our emissions reduction performance, Stantec links executive pay to ESG progress. Achievement of our near-term SBT and accomplishment of our carbon neutral pledge are stated compensation key performance indicators (KPIs).

Stantec's syndicated senior credit facility, which is structured as a sustainability-linked loan, adds further accountability with one of our KPIs including achievement of our near-term SBTs.

Additionally, Stantec annually submits to CDP (formerly the Carbon Disclosure Project) for an evaluation of the quality of our climate strategy and emissions management programs. We have been recognized as Climate Leaders (with an A- score) for the past seven years.

Material Topic / Value Chain Nodes Covered:

Emissions Management / Operations, Downstream (Clients), Upstream (Supply Chain)

See all [Stantec Management Approaches](#)