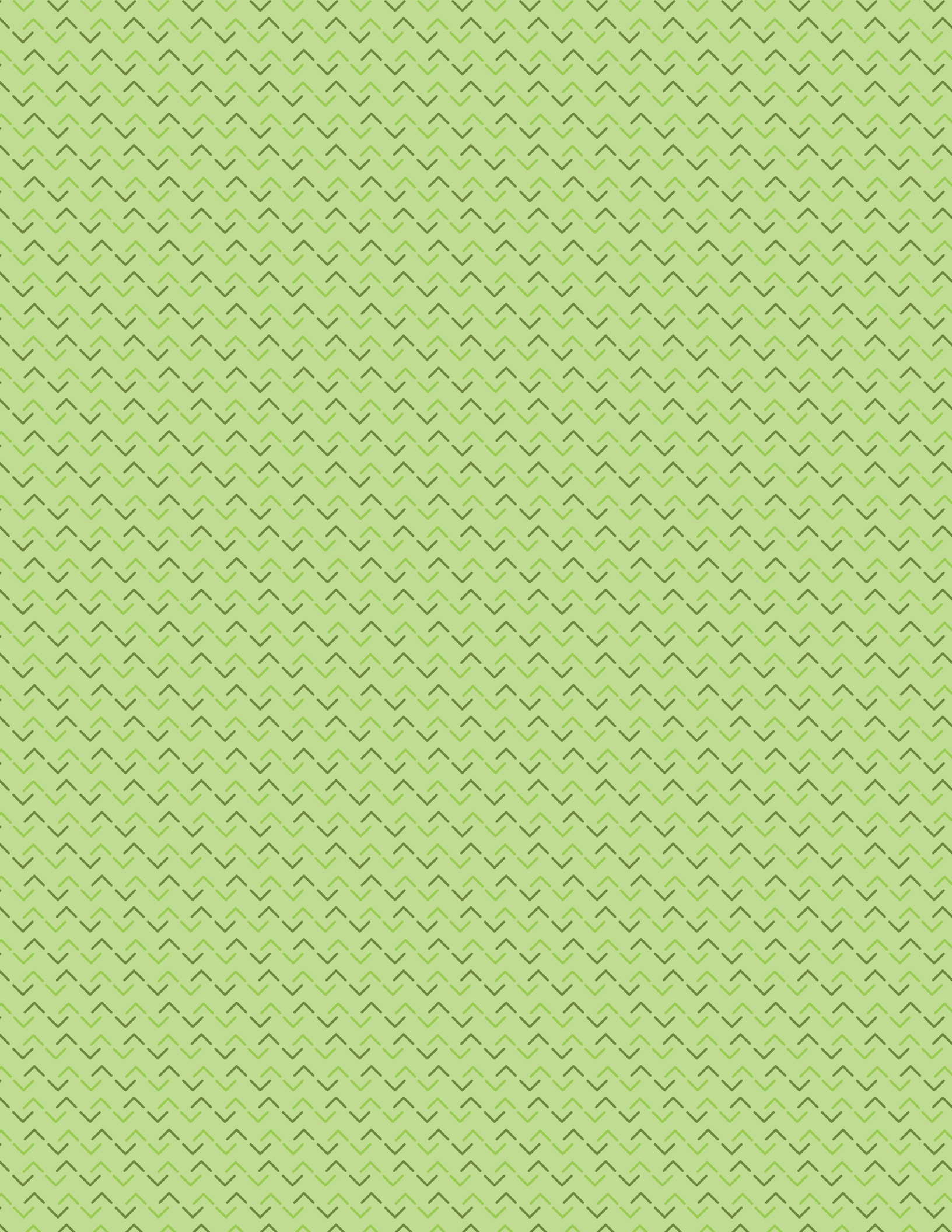


2012 SUSTAINABILITY REPORT



One Team. Integrated Solutions.

STN • **TSX** • **NYSE**



»»» WITH A STRONG TEAM AND A LONG-TERM COMMITMENT TO THE COMMUNITIES WE SERVE, STANTEC CONSISTENTLY DELIVERS RESULTS FOR OUR CLIENTS, EMPLOYEES, AND SHAREHOLDERS.

Across North America and internationally, we provide our clients integrated design and consulting services in architecture, engineering, interior design, landscape architecture, urban planning, surveying, environmental sciences, economics, project management, and many other disciplines.

In simple terms, the world of Stantec is the water we drink, the routes we travel, the buildings we visit, the industries in which we work, and the neighborhoods we call home.

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STANTEC AT A GLANCE



VISION

To be a top 10 global design firm. Being top 10 means

- › Being recognized for the quality of our work among the top 10 firms in our industry
- › Working on complex projects for top, long-term clients
- › Attracting and retaining highly talented, innovative employees

MISSION

To be One Team providing integrated solutions to create shared value for our clients, employees, shareholders, and communities.

STRATEGY

To achieve our vision, we focus on

- Positioning ourselves among the top-tier service providers in the sectors and geographic locations in which we operate
- Driving a client-focused culture through cross-selling efforts and account management strategies
- Focusing on quality management and providing expertise and value-added services to our clients
- Expanding our capabilities and geographic reach through the acquisition and integration of firms that share our vision and culture

Our performance is driven by our ability to achieve excellence by putting people first, developing strong, long-lasting relationships with each other and our clients, doing what is right in every decision we make, and being driven to achieve at every level. Based on our successes in these areas, we believe that we are well positioned to realize our overall goal of being a top 10 global design firm.

**WE PUT
PEOPLE
FIRST**

**WE ARE
BETTER
TOGETHER**

**WE DO
WHAT
IS RIGHT**

**WE ARE
DRIVEN
TO ACHIEVE**

OUR SUSTAINABILITY CULTURE

We are driven to create and foster a culture of sustainability, both within our Company and with the services we provide to our clients. We commit to doing what is right by demonstrating the values of social, economic, and environmental responsibility, and by fostering a culture of health and safety for all our employees and stakeholders.

In 2013, we will focus on meeting established targets to reduce the impact of significant environmental aspects, including energy consumption, paper consumption, and disposal of waste. All of these collectively contribute to cost savings.

COMMUNITY INVESTMENT

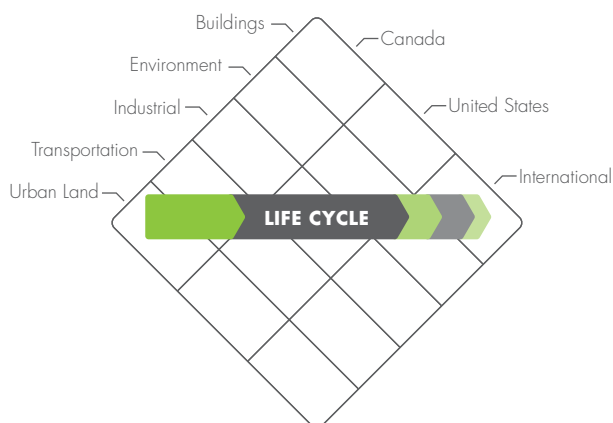
Stantec is committed to supporting growth through the enhancement of knowledge, prosperity, health, and quality of life in the communities where we live and work. To this end, we target donating one percent of our annual pretax profits, through direct cash contributions or services in kind, to charitable or not-for-profit endeavors in arts, education, environment, and health and wellness.



BUSINESS MODEL

Our business model is based on providing services across diverse geographic locations, distinct practice area units, and all phases of the infrastructure and facilities project life cycle—planning, design, construction, maintenance, and decommissioning.

This three-dimensional, sustainable approach ensures that we do not have to depend on any single geographic location, practice area unit, or life cycle phase for our work. Each time we strengthen any of the three dimensions, we increase and diversify our business.



GEOGRAPHIC DIVERSIFICATION

We operate in three main geographic regions: Canada, the United States, and International. Our aim is to offer the power and resources of a large global entity while maintaining the personality and service delivery attitude of a small, local business.

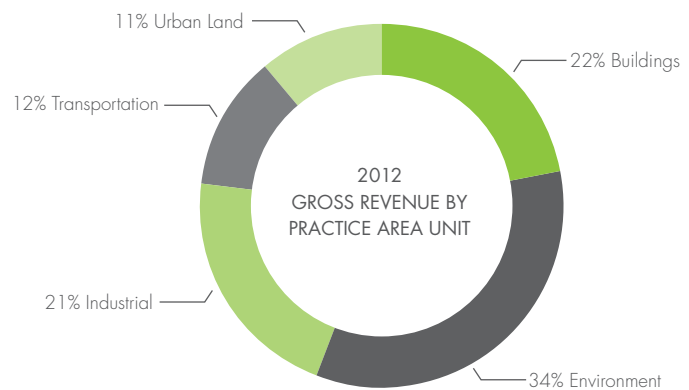


TOP: Delaware County Community College – Science, Technology, Engineering, & Mathematics (STEM) Complex
Media, Pennsylvania



PRACTICE AREA UNIT SPECIALIZATION

Currently, we provide services in five specialized and distinct practice area unit groupings: Buildings, Environment, Industrial, Transportation, and Urban Land. Focusing on this combination of services helps differentiate us from our competitors and allows us to enhance our presence in new geographic locations and markets.



BUILDINGS Stantec's Buildings team works with our clients to design high-performance, cost-effective, and sustainable buildings. Services include

- Pre-design services, including project and program definition and planning
- Architectural and interior design
- Structural, mechanical, electrical, and acoustical engineering
- Sustainability and performance engineering
- Post-construction services, including commissioning and systems optimization

ENVIRONMENT Stantec's Environment team provides our clients with integrated, professional, and sustainable solutions to their environmental concerns. Services include

- Water supply, treatment, storage, and distribution
- Wastewater collection, pumping, treatment, and disposal
- Watershed management
- Environmental assessment, documentation, and permitting
- Ecosystem restoration planning and design
- Environmental site management and remediation
- Subsurface investigation and characterization
- Geotechnical engineering

INDUSTRIAL Stantec's Industrial team provides integrated, practical solutions for complex industry projects that meet functional needs and are sensitive to the environment.

Services include

- Project planning and development
- Functional programming
- Engineering
- Project management
- Project services, including procurement and construction support
- Strategic advisory services

TRANSPORTATION Stantec's Transportation team provides a full range of innovative services to facilitate the safe and efficient movement of people and goods through various modes of transportation. Services include

- Project management
- Transportation planning and investment studies
- Engineering
- Construction administration
- Infrastructure management

URBAN LAND Stantec's Urban Land team works to enhance the quality of life where people work, live, and play by providing client solutions that are environmentally responsible, aesthetically beautiful, functional, and technically sound.

Services include

- Planning
- Landscape architecture
- Geomatics
- Engineering
- Project management
- Conceptual and master planning
- Development approvals and entitlement
- Infrastructure design
- Construction review

1	2	1. Glendale Diversion and Water Supply Improvement Project <i>Reno, Nevada</i>
3		2. Kelowna General Hospital Ambulatory Care Centre <i>Kelowna, British Columbia</i>
4	5	3. RiverWalk Urban Development <i>Calgary, Alberta</i>
		4. Enbridge Hardisty Merchant Tank Facility <i>Hardisty, Alberta</i>
		5. US 460 Connector Design-Build <i>Buchanan County, Virginia</i>



REPORT OVERVIEW

ABOUT THIS REPORT

WELCOME TO STANTEC'S SIXTH ANNUAL SUSTAINABILITY REPORT. ANNUAL REPORTING HELPS US SET THE BAR FOR IMPROVING OUR SUSTAINABILITY PERFORMANCE YEAR OVER YEAR AND FULFILLING OUR COMMITMENT TO TRANSPARENCY.

This report was prepared in accordance with the internationally recognized and widely accepted G3.1 Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI).

INTENDED AUDIENCE

The contents of this report are focused on Stantec's key stakeholders—our employees, our clients, and our shareholders. We regularly engage with these stakeholders to communicate performance, priorities, and commitments.

This report is also geared to the communities we operate in and the partners we work with. Building partnerships with diverse businesses, academic and nonprofit institutions, and Aboriginal communities and governments enhances our expertise and better supports our clients' needs. As citizens grow to expect greater transparency, accountability, and engagement from corporations, building strong relationships with our communities has become increasingly important.

Finally, this report is aimed at all others interested in Stantec's sustainability performance and commitments—from students to analysts and the media.

DATA COLLECTION AND INDEPENDENT VERIFICATION

To ensure accuracy and reliability, we employed information management practices incorporating internal controls and senior level reviews of all data. This included sign-off by each department (HR, IT, Finance, Health & Safety, Sustainable Development, etc.) of final content overall quality review by the most senior member of the Sustainable Development team, and review by 4 members of the Executive Leadership team.

Stantec did not seek independent verification for the data contained in this report (except for financial and GHG data indicated in the next paragraph). However, B Accountability

provided a third-party review to evaluate the content and quality of the report. We also received the GRI Check by GRI Report Services confirming that the report fulfills the requirements of Application Level B. Their letters of review are included at the end of this report.

All data extracted from or referenced in our 2012 consolidated financial statements have been audited. In 2013, a third-party auditor will verify our greenhouse gas (GHG) emissions inventory for the 2012 reporting year. The GRI Content Index is available as a separate document on Stantec.com

SCOPE

This report provides information about Stantec's environmental, social, and economic performance for 2012 and our forward-looking plans for 2013 and beyond.

Unless otherwise indicated, the information in this report relates to all Stantec operating companies worldwide and applies only to employees working in premises owned or leased by Stantec. Information about work carried out on client sites and by contracted employees is largely excluded. One notable exception is the health and safety data, which covers all Stantec employees wherever they work and contractors for whom we are legally responsible.

1	2
3	
4	5

1. Skiathon Group
2. BCIT Community Outreach
3. Cincinnati Adopt-a-Stream
4. Cool Commute Challenge Kick-off BBQ
5. Kentucky Plane Pull



LETTER FROM OUR PRESIDENT & CEO

I am pleased to present Stantec's sixth annual sustainability report, based on the G3.1 Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI).

One of Stantec's core values is that we do what is right; this includes our commitment to reduce the environmental impact and improve the social impact of our operations.

To maintain our strong positioning and meet our business objective of becoming a top 10 global design firm, we will have to adapt to changing market conditions. A significant part of that change will occur as we continue to offer sustainable solutions to our clients. The potential challenges and risks facing Stantec include economic downturns, changing market conditions, disruptions in government funding, and increased market sensitivity to business ethics.

Integrity guides every decision we make. To overcome these risks and challenges, we must maintain strong sustainability performance as it is vital to attract investors, to satisfy clients, and to retain an engaged and diverse workforce that reflects the regional differences in our operations.

In our operations, we are making improvements in our energy consumption and greenhouse gas (GHG) emissions in our offices, with our fleets, and for employee travel (business and commuting). We are also focused on reducing the amount of building and office material we consume and the waste we generate. More and more, investors and clients look to indices of sustainability performance when making decisions. Current and prospective employees want to work for companies that have made and are following through on strong sustainability commitments.

In 2012, we made strong steps toward meeting our sustainability goals. This report outlines our efforts in the following key areas:

STAKEHOLDERS AND WHAT MATTERS MOST. Through focused interviews and surveys with shareholders, employees, and clients, we continued to gain insights into the sustainability values that matter to these key stakeholders.

STANTEC SERVICES. We continue to be at the forefront of market needs in emergent areas, such as sustainable infrastructure and climate change mitigation and adaptation.

ECONOMIC PERFORMANCE. Once again, we ended the year with a strong balance sheet and an increase in operating cash flows, gross revenue, and net revenue. The increase in operating cash flows gives us the ability to continue growing organically and through acquisitions.

ENVIRONMENTAL PERFORMANCE. We were challenged in two ways: 1) reducing our energy use while operations are growing and the number of employees is increasing and 2) finding an accurate way to track waste generation. Because of these challenges, we did not achieve our energy and waste reduction targets.

SOCIAL PERFORMANCE – EMPLOYEES AND COMMUNITIES. We further developed our Occupational Health & Safety Management System and initiated the development of a new Company-wide diversity and inclusion initiative. Moreover, we proudly contributed 1% of pre-tax profits to charities and nonprofit organizations through our Community Investment program. Health & Safety, and the attraction, engagement, and retention of our workforce, remain top priorities.

Stantec's achievements in 2012 were recognized through several awards. For example, we were once again named one of Canada's Greenest Employers, and we ranked third on the Canadian Carbon Disclosure Leadership Index. These awards validate our accomplishments relative to our peers in improving our performance across economic, environmental, and social aspects of sustainability.

Although these achievements are to be celebrated, much work still needs to be done. We need a workforce that more inclusively represents regionally relevant minorities. As our marketplace becomes more diverse, how well we meet the needs of our clients, communities, suppliers, and shareholders will depend on how well we shape the diversity of our own workforce. Diversity will positively impact our business success, and our commitment to establishing truly inclusive workplaces will establish Stantec not only as an employer of choice but also as an organization that holistically connects with diverse client groups and accurately reflects the communities we work within.

We will also continue to address challenges associated with accurately measuring, tracking, and achieving targets for environmental performance for GHG emissions, energy use, material use, and waste generation.

In 2012, as part of our regular comprehensive strategic planning cycle, we developed an updated strategic plan for the coming three years. This plan covers four core focus areas of sustainability: environment - operational efficiencies, health and safety, diversity, community investment. We are committed to improving these sustainability areas, which are so critical to our stakeholder community. We are also committed to refining our strategy over time to ensure that it addresses what matters most to our stakeholders for the impacts we have on our environment and on our communities.

We believe that this report is a reasonable representation of Stantec's economic, social, and environmental performance for the full 2012 fiscal and calendar year.



A handwritten signature in black ink, reading "Bob Gomes".

Bob Gomes, P.Eng.
President & CEO

HIGHLIGHTS

GROSS REVENUE

↑ **11.7%** **\$1.9 BILLION**

Donated 1%
of pre-tax profits to charity.



ENVIRONMENT

- ✓ Achieved ISO 14001:2004 Certification
- ✓ Reduced paper usage by 14% per capita over 2011
- ✓ Ranked third on the Canadian Carbon Disclosure Leadership Index

THIRD-PARTY RECOGNITION



▲ Second Year in a Row



▲ Second Year in a Row



▲ The 2012 Best 50 Corporate Citizens in Canada



▲ Second Year in a Row



▲ Fourth Year in a Row



▲ Third Year in a Row



▲ Second Year in a Row



▲ Sixth Year in a Row



▲ Second Year in a Row



▲ Honorable Mention
Second Year in a Row



▲ Third Year in a Row



▲ #13 Top 100 Green Design Firm
#21 Top 150 Global Design Firm
#24 Top 200 Environmental Firm



▲ #1 Top 10 Green Building Engineering Firm
#2 Top 10 Green Accredited Staff at Engineering Firm

SUSTAINABILITY STRATEGY

Four value statements guide the way Stantec conducts business, devises strategy, and makes decisions:

FIGURE 1



The following core focus areas are integrated into our corporate strategy for 2013:

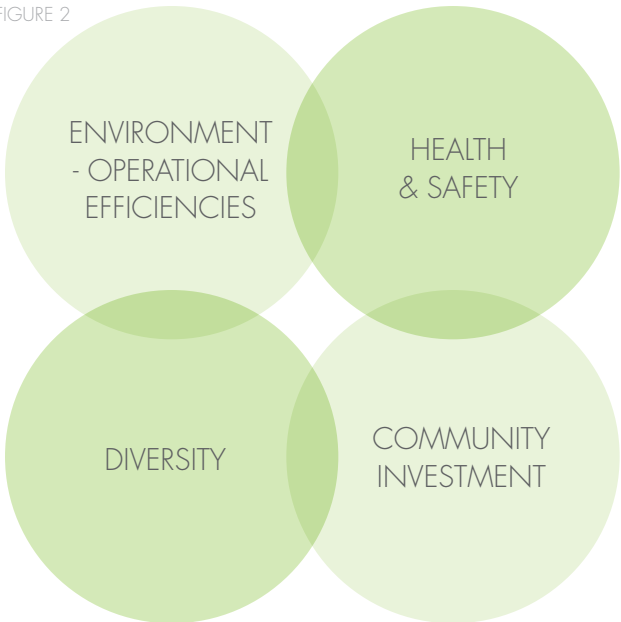
Environment - Operational Efficiencies Stantec is committed to reducing its impact on the environment by progressing toward least-impact approaches to resource and energy use, waste generation, and greenhouse gas emissions (GHG), and by continuing to track and report on progress.

Community Investment Stantec’s desire to support growth in local communities through the enhancement of knowledge, prosperity, health, and quality of life drives our community investment program and defines how we engage with the communities where we live and work. We recognize that local staff best understand how to match our resources and unique capabilities with their communities’ priorities and how to provide support to the organizations that make a difference locally. Corporately, we provide the framework that guides decision making to ensure our community investments align with our organizational objectives and resonate with our employees and community business leaders. In 2013, our focus is on ensuring our community investment efforts are effectively leveraged for maximum impact. We will track and measure tangible impacts within the communities.

Diversity Stantec operates in an increasingly diverse marketplace. Meeting the needs of our clients, communities, suppliers, and shareholders will depend partly on our ability to shape the diversity of our own workforce. Diversity awareness and skill building will be instrumental in setting the groundwork for creating an inclusive environment. In 2013, we will develop a Diversity and Inclusion Plan with strategic outcomes and measurable objectives that will be communicated to employees.

Health & Safety Stantec is committed to the health and safety of its workforce and to stakeholders involved in professional work. We will continue fostering a culture of health and safety for all employees and stakeholders by developing an Occupational Health and Safety Management System, implementing a company-wide system for corrective action tracking and reporting, enhancing training initiatives, and creating focused action plans for improvement.

FIGURE 2



GOALS AND PROGRESS

TABLE 1
2012 PERFORMANCE ON PAST TARGETS

TABLE 1 2012 PERFORMANCE ON PAST TARGETS	Achieved	Not Achieved	On Track	Off Track Extensions	Notes
STAKEHOLDERS AND WHAT MATTERS MOST					
Develop a comprehensive sustainability stakeholder engagement, analysis, and materiality process	●				A stakeholder engagement process is in place and will be continually updated and improved.
STANTEC SERVICES					
Develop an effective tracking system for sustainability projects		●			These goals, carried over from 2011, were not achieved due to the complexity of project tracking. These goals will be removed until we can determine a way to accurately track sustainability projects.
Enhance our system for tracking sustainability projects		●			
SUSTAINABILITY STRATEGY					
Integrate sustainability goals into the corporate strategic plan			●		We will continue the integration of goals, as required.
Increase sustainability awareness at the board level			●		After setting this goal, we changed focus to increase sustainability awareness within leadership at the executive level.
ENVIRONMENT					
Cool Commute Challenge – increase participation by 13.6% to 2,500 participants (from 2,200 in 2011)		●			We reached 2,238 participants in 2012, a 2.7% increase from 2011.
Reduce the need for business travel and commuting by increasing employee access to collaborative remote communications tools	●				With the rollout of online video conferencing, we will continue to increase employee access.
Increase to nine the number of offices that meet an LEED-certified standard		●			We achieved seven LEED buildings in 2012. In 2013, we will have two new LEED certifications (interiors in Irvine, California, office; new construction in Ottawa, Ontario).
Achieve 2012 Certification to the ISO 14001:2004 standard	●				
Reduce per capita energy consumption by 4% from 2010 baseline		●			This goal will be re-evaluated in 2013.
Reduce per capita paper usage by 10% from 2010 baseline		●			We reduced per capita paper use by 5.8%.
Increase percentage of 100% post-consumer recycled paper to 60% of paper purchased		●			We increased percentage of 100% post-consumer recycled paper to 31% of paper purchased.
Reduce per capita waste generation by 5% from 2010 baseline		●			Due to challenges in tracking waste, this goal will be re-evaluated in 2013.
SOCIAL: HEALTH AND SAFETY					
Implement a more streamlined health, safety, and environment (HSE) incident reporting and management system	●				This goal is carried over from 2011.
Reduce total recordable injury rate (TRIR) to 0.60			●		The TRIR for 2012 was reduced to 0.65.
Work together with facilities that accounted for the greatest percentage of injuries in 2011 to develop and implement site-specific safety improvement plans			●		This goal was partially achieved in 2011, therefore, is carried over to 2012.
Improve safety orientation program for new employees to better educate them about HSE responsibilities and program requirements	●				This is a two-year goal (2011 and 2012).
SOCIAL: DIVERSITY					
Roll out new anti-corruption learning module for employees				●	This goal will be implemented in 2013.
Consider approving a supplier diversity policy (and program)	●				This goal was implemented in the United States in 2012.
SOCIAL: COMMUNITY INVESTMENT					
Donate at least 1% of our annual pre-tax profits to charitable and nonprofit organizations	●				
Complete thorough evaluation of our community investment program, including focus areas, partners, and outcomes	●				

2013 AND BEYOND GOALS*

STAKEHOLDERS AND WHAT MATTERS MOST

Evaluate and improve current processes for engaging with key stakeholders

Continually improve materiality assessment (what matters most)

STANTEC SERVICES

Expand service offerings in
Climate Change
Adaptation
Sustainable
Infrastructure

ENVIRONMENT



GREEN PURCHASING GUIDELINES

Review, refine, and implement in relevant categories

▲ 2014



ASSESS PERFORMANCE ON PAST ENVIRONMENTAL TARGETS AND GOALS. DEVELOP ACTION PLANS.



Begin tracking CO₂ emissions for business travel

↑ 10%

COOL COMMUTE CHALLENGE: INCREASE RATE OF PARTICIPATION**

▲ 2014

SOCIAL



Link Community Investment to Corporate Strategic Plans

Donate 1% of pre-tax profits to charity.



HEALTH & SAFETY

1. Develop an Occupational Health and Safety Management System
2. Implement a Company-wide system for corrective action tracking and reporting
3. Implement enhanced training initiatives

DIVERSITY

1. Promote senior leadership awareness
2. Create a Diversity and Inclusion Council
3. Prepare a Diversity and Inclusion Plan

* All goals are for end of 2013 unless otherwise specified.

** For Cool Commute Challenge, increase number from 19.8% of "regular" status employees in 2012 (2,238 participants of 11,320 regular employees) by 10% in 2014.

STAKEHOLDERS AND WHAT MATTERS MOST



»»» WE DO WHAT IS RIGHT

Stantec's key stakeholders—employees, clients, shareholders—play a crucial role in our success and our ability to achieve the goal of being a top 10 global design firm and a sustainability leader. We define “what matters most” as the sustainability issues that are most important to our stakeholders and how those issues intersect with the significant aspects and impacts of our business that are within our direct control and influence.

Stantec reviews its materiality assessment annually to focus on and refine what matters most. We will continue to engage our key internal and external stakeholders and review our focus areas so they represent what is most important under changing organizational and marketplace conditions.

STAKEHOLDER ENGAGEMENT

The table below outlines the work undertaken in 2012 to improve our stakeholder engagement on sustainability priorities, as well as our plans for 2013.

TABLE 2

	ONGOING	2012	2013
EMPLOYEES	<ul style="list-style-type: none"> • Annual employee survey • Sustainability education and engagement program 	<p>We analyzed the 2012 employee survey responses to close-ended questions. We also conducted an expanded analysis of results by</p> <ul style="list-style-type: none"> • compiling open-ended answers thematically for each sustainability issue • revealing employee sentiments about important issues • assessing feedback on current performance • highlighting areas of focus and gaps in how we are addressing them 	<p>We will update employee survey questions and format to improve clarity. We will continue 2012 efforts.</p>
SHAREHOLDERS	<ul style="list-style-type: none"> • Investor meetings and events • Investor publications • Response to investor disclosure requests 	<p>We did online research (principal source was shareholder company websites) of 21 shareholder companies. One objective—to enhance shareholder input through phone interviews—was deferred until 2013 because of timing and scheduling difficulties.</p>	<p>After the publication of this report, we will do the following:</p> <ul style="list-style-type: none"> • Conduct phone interviews with a select group of shareholders to gather feedback on the 2012 report and to gain further insights into sustainability priorities • Continue with our secondary online research, as conducted in 2012, to understand both the trends in reporting and the types of issues that are being broadly considered by investors
CLIENTS	<ul style="list-style-type: none"> • Regularly scheduled client feedback interviews and surveys • Client meetings and events • Completed client supplier questionnaires 	<p>We continue to conduct regular client surveys as part of our ISO-registered Integrated Management System.</p>	<p>We will further increase the amount of useful feedback from client outreach efforts</p>

SIGNIFICANT IMPACTS OF OUR BUSINESS

A working group of senior professionals with specialized sustainability knowledge within Stantec evaluates our sustainability priorities, performance, risks, and opportunities. To support more focused investments in sustainability in 2012, we expanded the review process to include additional senior-level staff within corporate support groups (including Human Resources [HR], Finance, Community Investment, Information Technology [IT], Governance and Risk Management, Real Estate, Operations Support, and Health, Safety and Environment).

THE SUSTAINABILITY WORKING GROUP SESSIONS HELP SET OUR PRIORITIES AND FOSTER OPPORTUNITIES FOR FURTHER COLLABORATION AND INTEGRATION WITH GROUPS LIKE HR, IT, OPERATIONS SUPPORT, AND REAL ESTATE.

Using widely accepted global sustainability frameworks, including ISO 26000 and the GRI, we reviewed Stantec's internal documentation and stated policies and practices for the following:

Sustainability Aspects

1. Sustainability principles
2. Organizational governance
3. Human rights
4. Labor practices
5. Environment
6. Fair operating practices
7. Client issues
8. Community investment

The results of this review process have helped refine the materiality assessment (refer to page 18). In 2013, we will continue this work by conducting a formal analysis to identify gaps in our performance (based on our sustainability priorities) and will develop a plan for closing those gaps.

In addition to helping set our priorities, the sustainability working group sessions foster opportunities for further collaboration and integration with groups like HR, IT, Operations Support, and Real Estate.

MATERIALITY ASSESSMENT

To confirm that our sustainability initiatives are appropriately focused, we developed and are continuing to refine a more systematic approach to evaluate and prioritize the materiality of issues that are of greatest importance to our business and our key stakeholders. Using the GRI G3.1 Sustainability Reporting Guidelines and the Ceres Roadmap for Sustainability, the sustainability working group assessed the following:

- The degree to which each issue is important to our key stakeholders and may impact our environmental, social, and economic performance (issues have been ranked as “medium” or “high”, to indicate relative level of importance)
- The extent to which Stantec has the ability to influence each issue

We will set priorities for the measurement, evaluation, and improvement of our sustainability performance for each issue and regularly refine our core focus as we get feedback from our key stakeholder groups on an annual basis.

As part of the initial materiality assessment done in 2010, we developed a short online survey focused on our sustainability efforts, performance, and communications. We invited all employees to provide feedback to help us assess key concerns and values relating to Stantec's sustainability. We selected key clients and investors to answer a revised version of the survey.

In 2012, we refined the materiality assessment originally conducted in 2010.

2012 MATERIALITY ASSESSMENT REFINEMENT

Figure 3 provides a graphic representation of a refined version of the materiality assessment. We used this to focus our priorities and improvements and to inform our strategy moving forward.

Our sustainability working group drew the following conclusions from employee, shareholder, and client responses to the materiality assessment.

- Ethical business practices, transparency, and greener product purchasing emerged as new issues of high material importance.
- Also, while not materially significant to Stantec's operations, water consumption and reduction management were found to be highly material issues for shareholders (revealed through our secondary research).

Team members gave feedback regarding material issues and the sustainability report in general. The Executive Leadership team will consider the findings from the 2012 refined materiality assessment in establishing future strategic sustainability goals during the 2013 planning process.

Despite their ranking, all issues are considered important and have varying relative importance to our stakeholders. For example, employee benefits, occupational health and safety, and community investment ranked higher for employees than it did for average results taking into account all stakeholder groups' priorities.

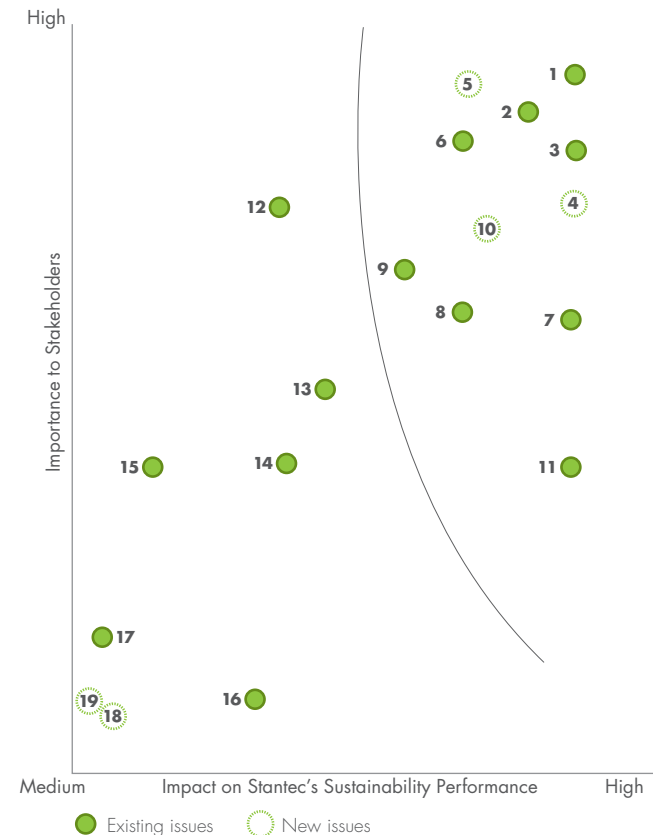
Issues of High Materiality

1. Financial revenues
2. Executive level accountability of sustainability issues
3. Sustainability policies and management systems
4. Ethical business practices
5. Transparency (no greenwashing)
6. Stakeholder engagement and dialogue
7. Client satisfaction, respect, and confidentiality
8. GHG emissions, management, and reduction
9. Employee training and career development
10. Green purchasing
11. Waste generation, management, and reduction

*Issues in green in list above are new or emergent issues as of 2012.

FIGURE 3

WHAT MATTERS MOST: MATERIALITY ASSESSMENT



Issues of Medium Materiality

12. Integration of sustainability into our services
13. Employee equity and diversity
14. Occupational health and safety
15. Community investment
16. Employee benefits and wellness program
17. Board oversight of sustainability issues
18. Sustainable supply chain management
19. Water consumption and reduction management

In May 2012, Stantec worked with Canadian Business for Social Responsibility (CBSR) to conduct an in-person stakeholder feedback session with a group of clients, partners, and members of the investment community. The session provided Stantec with valuable feedback on how to improve our sustainability reporting, such as better defining target audiences, enhancing stakeholder engagement and the materiality assessment, and addressing management of value chain impacts through services and products purchased.

OUR EMPLOYEES

»» WE PUT PEOPLE FIRST

Stantec supports, fosters, and invests in each employee's success by developing a culture of excellence that cultivates opportunity, mentorship, and innovation. To develop this culture, we will enhance the entire employee experience. We are evaluating recruitment and employee orientation and assessing performance rewards and recognition. We are also exploring enhanced learning and career advancement opportunities and considering ways to better support our employee commitment to social responsibility through community investment, sustainability initiatives, and diversity and inclusion.

Our annual employee survey provides an opportunity for all employees to provide feedback about what we are doing well and what we need to improve.

The following sections present findings and associated actions from our 2012 employee survey.

WHAT WE ARE DOING WELL

We receive consistently favorable responses about our efforts to meet employee expectations at work and give employees opportunities to use their skills and knowledge.

STANTEC IS

- › evaluating recruitment and employee orientation
- › assessing performance rewards and recognition
- › exploring enhanced learning and career advancement opportunities
- › considering ways to better support employee commitment to social responsibility through community investment, sustainability initiatives, and diversity and inclusion

WHAT WE NEED TO IMPROVE AND WHAT WE ARE DOING TO ADDRESS IT

TABLE 3

TOPIC	WHAT WE NEED TO IMPROVE	WHAT WE ARE DOING TO ADDRESS IT
COMMUNICATION	Communication has been a common theme in our employee surveys over the years. Employees told us that they want more information about Stantec's strategic plan and would like clarity about our vision for the future.	To help communicate Stantec's strategic plan to employees, we have several initiatives in place, including <i>Inform</i> magazine, our intranet site, eBulletins, and leadership office visits. We will continue to focus on these.
CAREER STREAMS	We launched the new Career Streams initiative in 2012 in response to feedback in the 2011 employee survey. The Career Streams initiative is evolving: job classifications in each of the three streams of business leadership, practice leadership, and project leadership, and within the corporate support groups, are being enhanced and updated.	In partnership with leadership, our HR team developed a series of Career Stream overviews to provide more definition for each stream: business leadership, practice leadership, and project leadership. As well, Career Stream discussions are now part of our overall Career Development and Performance Review (CDPR) process, which helps map careers within Stantec. We are actively working to develop clear job structures, career laddering, and blended learning strategies to help employees understand what options are available to build their career with the Company and to support them while achieving their goals.
COLLABORATION	Because of our growing geographic and practice reach, employees said that effectively accessing the organization's skill sets, clients, and relationships can be challenging. They would like to see better collaboration between regions, sectors, and practice areas.	We have invested in a number of collaboration tools; most are readily accessible from our intranet page. Collaboration tools include a Global Expertise Map (used to determine locations where we offer specific services) and a Project Directory (searchable database of projects and clients). We also invested in an instant messaging program called Lync (enhanced video chat capabilities will be added in 2013).

OUR SHAREHOLDERS

»» WE ARE DRIVEN TO ACHIEVE

At Stantec, we are driven to achieve. In 2012, we marked our 59th year of uninterrupted profitability. We achieved strong growth and exceeded our expectations, thanks to the excellence demonstrated by our employees in their commitment to the clients and communities they work with every day.

SHAREHOLDER INSIGHTS ON SUSTAINABILITY

Stantec regularly responded to shareholder and prospective investor requests for sustainability performance information.

In 2012, we learned more about shareholders' sustainability priorities by researching the issues that are most prominently addressed on shareholder company websites and other external communications. We monitored investors' sustainability priorities—both for their own operations and for the companies they consider investing in. We will continue this research annually to stay connected to the issues that matter most to our shareholders and the investment community.

Community involvement and employee engagement were the most commonly addressed and communicated operational issues, followed by GHG emissions, energy use, and green purchasing. Most researched organizations (67%) have specific criteria for socially responsible investing that explicitly considers the relevance of environmental, social, and governance factors.

In 2012, we used what we learned during the research to update the materiality assessment and learn what currently matters most to our shareholders. In 2013, we will continue our efforts to better engage with shareholders on sustainability priorities (outlined in Table 3).

TOP SHAREHOLDER ISSUES

1. Community investment
2. Employee engagement
3. GHG emissions and energy use
4. Green purchasing
5. Fair labor practices
6. Human rights

*Identified through online research of shareholder websites and other external communications

OUR CLIENTS

»» WE ARE BETTER TOGETHER

Stantec provides services in five specialized and distinct practice area units: Buildings, Environment, Industrial, Transportation, and Urban Land. Focusing on this combination of project services helps differentiate us from our competitors and allows us to enhance our presence in new geographic locations and markets while establishing and maintaining long-term client relationships. Each unit contains a number of distinct practice areas consisting of specialized disciplines and service sectors. Our strategy for strengthening the specialization component of our business model is to expand our expertise in current practice areas and to selectively add complementary practice areas to our operations.

In 2012, we consolidated our focus to 12 sectors:

- Airports & Aviation
- Commercial
- Education & Institutional
- Healthcare
- Industrial Buildings & Facilities
- Mining
- Oil & Gas
- Power & Energy
- Roadways
- Transit/Rail
- Urban Development
- Water

Clients within these sectors will benefit from the multidisciplinary services provided by our practice areas; therefore, Stantec can better cross-sell services to provide integrated solutions. In 2013, we plan to continue our evolution from a practice-based to a sector-based organization.

We conduct regular client feedback surveys as part of our ISO-registered Integrated Management System to assess our performance through direct client feedback, and we regularly respond to client and supplier questionnaires about our sustainability programs, performance, and initiatives. The insights from our research and feedback confirmed that our commitment to business ethics is a high priority for our clients.

STANTEC SERVICES

Stantec professionals apply sustainability principles and techniques across all practice areas.

We offer the following sustainability services:

STRATEGIC SUSTAINABILITY

Strategy formulation and long-term planning, market and feasibility assessments, implementation, and accountability and reporting.

SUSTAINABLE COMMUNITY AND LAND PLANNING

Integrated and topical sustainability planning solutions to urban and rural communities. An emerging area is sustainable infrastructure services.

CLIMATE CHANGE

Wide range of technical and advisory services, including GHG emission quantification and verification, mitigation planning, and adaptation strategies.

ENERGY AND RESOURCE MANAGEMENT

Technical services for assessment, planning, and design; implementation of alternative, renewable, and district energy; and other integrated resource management initiatives.

NATURAL SYSTEMS

Assessment, planning, design, ecological engineering, reporting, and monitoring related to natural systems to protect, enhance, or reclaim ecological integrity, biodiversity, and carrying capacity.

BUILDING PERFORMANCE

Architecture and engineering solutions through leading-edge design, modeling, policy development, auditing, commissioning, measurement, verification, and evaluation.

WATER

Water conservation and treatment, and management strategies.

STRATEGIC SUSTAINABILITY

Stantec helps organizations enhance performance by identifying, planning for, and realizing integrated social, environmental, and economic improvements. We believe leadership in sustainability is integral to corporate strategy and to leading-edge planning and management approaches.

XSTRATA NICKEL: STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Stantec interviewed with Xstrata Nickel employees and community members within the regions where it operates to identify the most important ways to lessen Xstrata's environmental and social impacts. Stantec provided a materiality assessment that gave Xstrata the focus needed for its sustainability report and helped the company develop a roadmap for both site-level and corporate-level sustainability programs.

UNIVERSITY OF CALGARY: FEASIBILITY STUDY FOR IMPLEMENTATION OF LOWER IMPACT DISTRICT ENERGY SYSTEM

We worked with the University of Calgary to conduct a feasibility study for implementing an existing district energy system for a campus expansion project. As part of the study, we explored various options for low- and high-temperature district hot water systems with a thermal energy storage solution to provide district cooling and maximized use of the existing chilled water system. The result is a low-carbon intensity heating and cooling system and thermal energy storage solution that optimizes the use of existing cooling equipment and enables the use of high-efficiency boilers and chillers for the new campus.



SUSTAINABLE INFRASTRUCTURE: AN EMERGING MARKET NEED

Sustainable infrastructure, a rapidly emerging field, is the design of new or re-design of existing infrastructure that encompasses the principles of urban sustainability and sustainable development. Specific considerations—such as lifecycle and triple bottom line (financial, environmental, and social), ecological footprinting, and design for protection from environmental degradation—are applied to infrastructure projects of all kinds.

Stantec is at the forefront of thought and practice leadership in sustainable infrastructure. We are one of the few major firms with experience in most infrastructure categories and with integrated capabilities in all key dimensions: design, engineering, planning, architecture, environmental sciences, capital rationing, and asset management. Stantec is an exceptional match to the integrated approach that underlies this emerging direction for infrastructure renewal.

In September 2012, Stantec created a Sustainable Infrastructure Task Force, chaired by our Vice President of Sustainable Development, and with representatives from major relevant practice areas. The mandate to review and recommend strategies to advance Stantec's contribution and market opportunity in the rapidly evolving sustainable infrastructure field.

THE ENVISION RATING SYSTEM

In April 2012, the Institute for Sustainable Infrastructure (ISI) unveiled a new infrastructure rating system called Envision™. Stantec has been involved in the development of the Envision Rating System, which provides a holistic framework for planning, designing, evaluating, and rating the community, environmental, and economic benefits of all types and sizes of infrastructure projects over their life cycles. Envision is designed to cover all civil infrastructure, including transportation, dams, levees, solid waste, water supplies, wastewater treatment, power, telecommunications, and public spaces.

In 2012, several of Stantec's professionals were among the first to receive Envision's credentialed professional designation, Envision Sustainability Professional (ENV SP).

Envision professionals are specially trained and credentialed by ISI in all aspects and uses of the Envision™ Rating System tool. They act as front-line experts to plan and prepare any project submitted to ISI for third party verification, and they serve as consulting team project specialists for sustainability

considerations. The ISI Provisional Credentialing Program (PCP) will accredit qualified professionals knowledgeable in the use and application of the Envision sustainability Rating System.

Stantec's accreditation in and expertise using the Envision Rating System positions us to serve clients in this important and emerging practice area.

CLIMATE CHANGE ADAPTATION

Because of extreme weather events such as hurricanes and floods in the past several years, communities realize they must undertake climate change adaptation strategies to better anticipate, be prepared for, and protect against extreme weather and changing weather patterns. Stantec is working with many clients to develop climate change adaption strategies and plans.

NOVA SCOTIA CLIMATE CHANGE DIRECTORATE: CLIMATE CHANGE ADAPTATION

Stantec worked with the Nova Scotia Climate Change Directorate to help them understand and implement mechanisms to build community resilience and adaptive capacity. This climate change-oriented planning had particular focus on socio-economic factors. In 2012, the second year of a multi-year process, we conducted research and produced a set of recommendations regarding opportunities and best practices. We also developed a framework for improving and refining community strategies to strengthen climate change plans and adaptive capacity. In 2013, we will hold an expert workshop with the client to present the framework. Also during this workshop, we will develop a guidebook for considering socio-economic factors in climate change adaptation planning.

TOWNS OF LUBEC AND MACHIAS, MAINE: CLIMATE CHANGE MITIGATION STRATEGY

Stantec is working with the towns of Lubec and Machias, Maine, to forecast the impacts of climate change and the adaptation measures required in the future. This work involves the following:

- Analyzing historical climate data concerning the economic effects of destructive weather events (such as floods and storms) and the projection of climate patterns
- Estimating the resulting economic impacts to and changes in infrastructure, industry, and lifestyle based on the projected environmental effects of temperature, precipitation, and oceanographic changes

This project, currently in the research phase (gathering climate, economic, infrastructure, and cultural data for the municipalities), will progress to the analysis phase in the summer of 2013. When the project is complete, these communities will have an adaptation plan to help them prepare for upcoming climate change challenges and take advantage of economic opportunities arising from the plan.

GREEN BUILDINGS

We provide integrated, multidisciplinary design and consulting services at every scale of built, natural, and organizational environments—applying sustainability expertise in policy planning and governance, building performance, community and land planning, energy and resource management, and natural systems. These services provide our clients with high-quality and high-performance buildings. Our services include the following:

- Green building facilitation
 - BOMA BEST – standard for energy and environmental performance of existing buildings based on accurate, independently verified information
 - Green Globes – design and management tool that delivers an online assessment protocol, rating system, and guidance for green building design, operation, and management
 - Leadership in Energy and Environmental Design (LEED) – a voluntary, consensus-based, market-driven program that provides third-party verification of green buildings. To date, Stantec has been involved with more than 160 projects that have achieved LEED certification and several hundred LEED-registered projects. We offer in-house LEED training to prepare our employees to achieve accreditation. As of the end of 2012, more than 650 Stantec employees held LEED accreditation. For more information about our training efforts, please refer to pages 37 and 38.
- Energy management
- Auditing services – solid waste, construction and demolition waste, and energy audits
- Indoor environments – indoor air quality testing and designated substance survey
- Building operation policies
- Building science consulting

EXPORT DEVELOPMENT CANADA: LEED GOLD FACILITATION

Stantec worked with Export Development Canada (EDC) to manage the process from design through to certification for a LEED project. Among the many environmental benefits, the building design featured 160 bicycle storage spaces, alternative fuel vehicle refueling stations, carpool parking spaces, and a communication plan to promote use, high reflection, and native plant species vegetated roofing. Other building features included domestic water use reduction by more than 39%, energy efficiency improvement of 43% relative; HVAC&R (heating, ventilation, air conditioning, and refrigeration) systems that are HCFC-free (hydrochlorofluorocarbons) refrigerants, and a total of 74.8% of construction, demolition and land-clearing waste to landfill diversion rate of 74.8%.

SUSTAINABILITY REVENUE TRACKING

Since 2010, Stantec's goal has been to track revenues for each sustainability project. After three years of experimentation, we concluded that because a large proportion of Stantec projects include some sustainability-related services, this goal was neither useful nor practical; therefore, this goal was suspended.

ECONOMIC

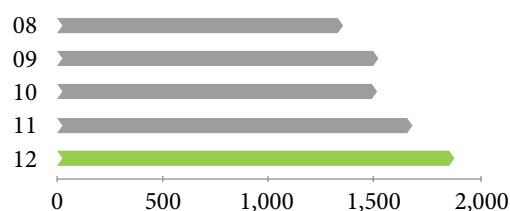


At Stantec, we are driven to achieve. By remaining firmly committed to putting people first, recognizing we are better together, and doing what is right, we have executed our strategy and delivered strong results to our shareholders. In 2012, our 59th year of uninterrupted profitability at Stantec, we achieved strong growth and exceeded our expectations, thanks to the excellence demonstrated by our employees in their commitment to the clients and communities they work with every day.

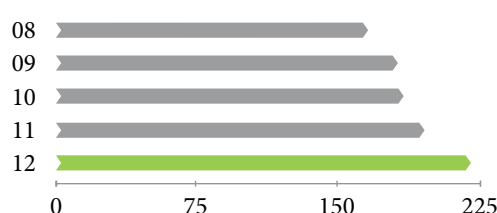
Our gross revenue increased to \$1.9 billion as a result of organic growth in the mining, oil and gas, and urban development sectors, as well as acquisitions completed in 2011 and 2012. We ended the year with a strong balance sheet, an increase in operating cash flows, and an increase in both gross and net revenues. Diluted earnings per share (EPS) also grew, providing increased value to our shareholders.

FINANCIAL REVIEW

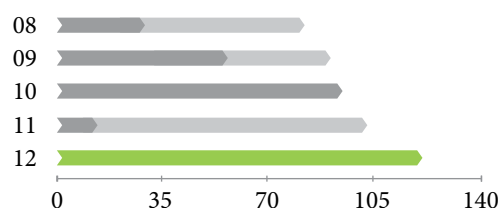
GROSS REVENUE



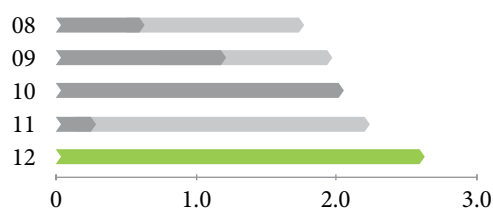
EBITDA



NET INCOME



DILUTED EPS



Net Income Net Income before goodwill impairment

EPS – Diluted EPS – Diluted before goodwill impairment

All charts represent millions of Canadian dollars, except for diluted EPS. Numbers for 2012, 2011, and 2010 are in compliance with International Financial Reporting Standards (IFRS). Prior years are not restated but are reported under Generally Accepted Accounting Principles® (GAAP). "EBITDA" is Earnings Before Interest, Tax, Depreciation, and Amortization

SOCIALLY RESPONSIBLE INVESTMENT

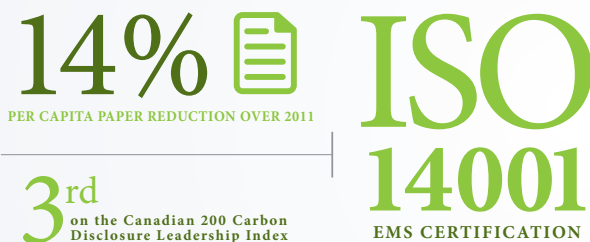
Since 2007, Stantec has been included in the Jantzi Social Index (JSI). Compiled and maintained by Jantzi Sustainability, the JSI is a socially screened, market-capitalization-weighted common stock index modeled on the S&P/TSX 60. The index lists Canadian companies that passed a set of environmental, social, and governance rating criteria.

For the third year in a row, we were selected for the Carbon Disclosure Project's Canadian Carbon Disclosure Leadership

Index (Canada's 200 largest publicly traded companies on the Toronto Stock Exchange by market capitalization). This recognizes the top 20 companies within the Canada 200 Index that have exceptional climate change information disclosure practices and that place an emphasis on transparency, quality, and comprehensiveness. In 2012, Stantec ranked third, an improvement over 2011, when we ranked seventh.

ENVIRONMENT

ACHIEVEMENTS AND AREAS FOR IMPROVEMENT



AREAS FOR IMPROVEMENT

2012 per capita energy, waste, and paper reduction targets not met

Increase the number of LEED and other green building initiatives for newly leased or retrofit upgraded office space

Improve tracking or new approach to waste data collection and waste reduction

ENVIRONMENTAL MANAGEMENT SYSTEM

Stantec continues to make efforts to reduce GHG emissions and decrease other environmental impacts that result from operations. In 2011, we implemented ISO 14001:2004 in all of our North American offices. ISO:14001 is an environmental management system (EMS) and framework for setting time-bound environmental improvement targets. This system provides a mechanism for tracking and improving environmental performance that is currently focused on GHG emissions, waste, hazardous spills, paper use, and material efficiency for paper use.

In 2012, we achieved certification for ISO 14001:2004 for our North American operations through an independent third-party verifier, BSI Management Systems.

In 2013, we will re-evaluate and revise our environmental performance goals (for 2014 and beyond) to better reflect operational challenges in tracking and managing our performance. To do this, we will conduct a planning process that will involve individuals and groups with direct responsibility for environmental performance, including the Sustainable Development team, Director of Quality Management who oversees our EMS, Operations Support team, and Real Estate group.

Stantec will recommend new time-bound targets, key performance indicators to assess continued progress, and an action plan to help us achieve set goals.

ENERGY USE

In 2012, our total estimated energy consumption was 294,027 gigajoules (GJ), which includes estimated Scope 1 (direct) energy consumption (excluding fuel from fleet vehicles) of 101,402 GJ and estimated Scope 2 (indirect) energy consumption of 192,625 GJ.

Our total estimated energy use per capita (including Scope 1 and Scope 2) was approximately 6,640 kWh. This represents a 1.1% decrease compared to 2011 per capita energy use and a 9.8% increase over 2010 (our baseline year for measurement against set targets). While we did reduce per capita energy usage in 2012 over 2011, we did not reach our 4% per capita reduction target.

Total energy use has increased approximately 14% since 2010. This is attributable to company growth which resulted in increased numbers of employees and office space. In 2012, we increased total square footage of our office space by 12.1%, (from 2,926,411 square feet (sq ft) in 2011 to 3,279,924 sq ft) and cumulatively increased our office space by 14% since 2010. Because of this growth and expectations of future company growth, in 2013 we will re-evaluate our energy use goal to focus on achieving meaningful per capita reductions.

CARBON FOOTPRINT

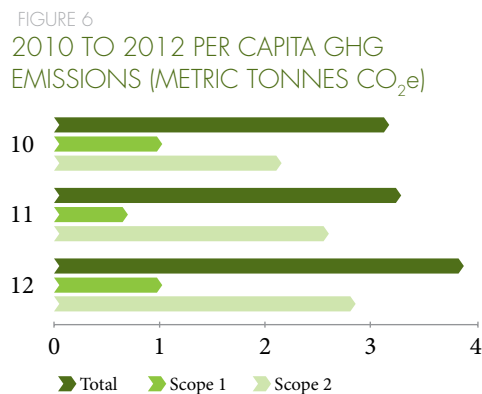
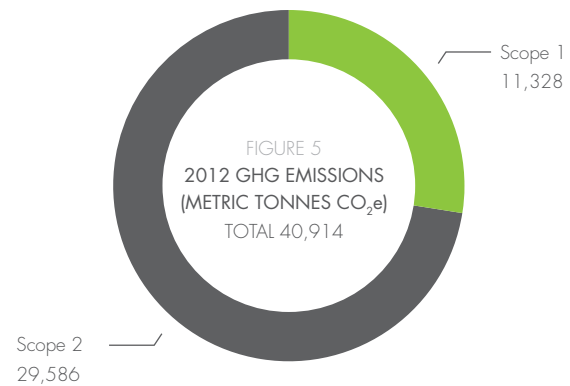
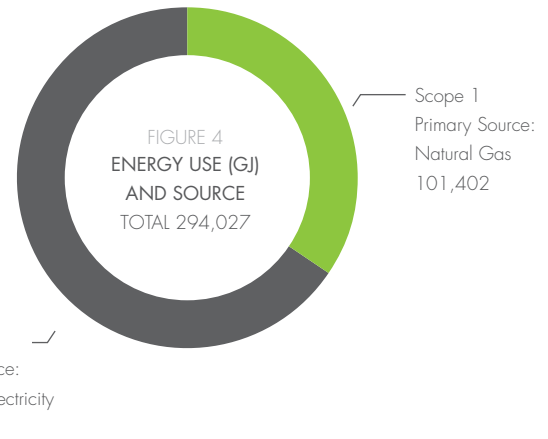
In 2012, our total estimated GHG emissions were approximately 40,914 tonnes CO₂e. Approximately 28% or 11,328 tonnes were from direct sources such as natural gas (Scope 1 GHG emissions) and 72% or 29,586 tonnes were from indirect sources such as purchased electricity and steam (Scope 2 GHG emissions). Overall GHG emissions increased by approximately 19% compared to 2010.

In 2012, total per capita emissions were approximately 3.3 tonnes CO₂e, a 4.8% increase compared to 2011 (a figure that was adjusted after verification to be 3.1 tonnes CO₂e) and a 3% increase compared to 2010 (3.2 tonnes CO₂e).

As previously mentioned, these increases are largely attributable to the 14% increase in office square footage since 2010 with a consequent increase in energy consumption. In addition, GHG emissions increased due to the significant expansion of our corporate fleet, growing by 22% since 2010.

Using The Climate Registry's General Reporting Protocol methodology, data was collected at the office level for a subset of 215 offices, representing 95% of our employees. Where not available for the remaining 5% of offices, data was estimated based on kWh/ft² intensity levels from similar sized facilities within the same geographical regions. In the cases where no office information was available for comparison, data was estimated using The Climate Registry's intensity factor for commercial space and applied to the total square feet occupied by Stantec.

We report our GHG emissions annually to The Climate Registry and the Carbon Disclosure Project (CDP). In 2012, we were ranked third on the Canadian Carbon Disclosure Leadership Index based on the completeness and quality of our 2011 GHG emissions inventory. Our 2011 data was third-party verified by Bureau Veritas. The data provided within this report is preliminary and will be verified in 2013.



ENERGY AND EMISSIONS REDUCTION INITIATIVES

We intend to apply more comprehensive energy and carbon reduction strategies in 2013 and beyond, including:

- Enhanced internal and vendor policies
- Improved tracking and reporting
- Performance management measures
- Expanded education of managers and staff
- Increased focus on the integration of new and expanded offices

To reduce our impact on energy use and related GHG emissions, Stantec has undertaken several specific initiatives, described below:

- **New Business Travel and Scope 3 Emissions:** In mid-2012, we consolidated our travel program, from using forty agencies to using one. We can now more effectively track and measure our carbon footprint for travel (air, car rental, hotel, and rail). Tracking business travel impacts will enhance our ability to report on Scope 3 emissions within our carbon footprint. For operational efficiency and consistency, and to accurately track our emissions, employees are now required to use this online travel program exclusively when booking travel.

We will also research the use and availability of more fuel-efficient electric and hybrid vehicles for rental.

- **IT:** In 2012, the IT team continued to use the Green Planet computer application, which automatically powers down all employees' computers for 11.5 hours per day (7:30 PM to 7:00 AM).
- **Fleet Management:** In 2012, approximately 5% (compared to approximately 2% in 2011) of our vehicle fleet was renewed

with low-emission, fuel-efficient engines and transmissions. In 2012 we initiated use of corporate fuel cards for company vehicles that allows us to significantly improve tracking of fuel use. We are taking steps to follow developments and identify opportunities for using fuel-efficient vehicles and alternative fuel options. While there is still a lack of availability of alternative fuel station infrastructure, and fuel-efficient full-size pick-up trucks (our most commonly used vehicle type), we continue to explore environmentally-preferable options as they become available.

WASTE

Stantec has endeavored to collect and track quantitative waste generation data since 2010. This has been a challenging task because of the inherent difficulties tracking waste data for more than 200 offices of diverse sizes and types (standalone and shared). These offices are located in jurisdictions that have unique regulations and systemic settings, different waste collection mechanisms and various contracts with landlords, property managers, and waste contractors. We have tried to implement methods of gathering consistent and defensible data so that we can set performance improvement targets and measure progress with reference to baseline conditions.

Although Stantec has concluded that on-site waste audit methodologies offer the most reliable means of gathering data, we do not believe that office-by-office waste audits are currently feasible. Therefore, we are exploring options for conducting statistically meaningful sample audits. Stantec senior waste specialists have analyzed information generated since 2010 and determined that it is highly variable and inconclusive. Stantec has, therefore, also determined that progress towards the target

ONGOING AND NEW 2013 REDUCTION INITIATIVES

- › Continue to use IT Green Planet automatic computer switch-off
- › Begin efforts to track business travel GHG emissions
- › Research electric and hybrid vehicle rental options
- › Continue to identify fuel-efficient and alternative-fuel vehicle options for fleet
- › Focus on in-office electricity use reduction (Education and Engagement Program)
- › Expand wireless and IT recycling programs
- › Convert cell phone, credit card, and conference call service applications to electronic copy in 2013
- › Expand 2012 TerraCycle pilot in Irvine office to find ways to usefully recycle or upcycle products in other offices
- › Increase Cool Commute workforce participation by 10%
- › Promote recycling and composting to offices that have not yet introduced programs

we set in 2011—to reduce per capita waste generation by 5% from 2010 baseline data—cannot be assessed and that the 2010 baseline and the 2011 waste generation reports cannot be used to indicate trends or progress.

As a result, we are currently evaluating realistic options for gathering meaningful waste generation data. We are also considering Company-wide initiatives, such as implementing comprehensive waste reduction strategies and programs, implementing education and awareness programs, and changing the types of systems for waste management.

We have also examined waste audit data gathered by Stantec waste management professionals at 37 comparable client offices to benchmark performance expectations. The data indicates a performance average of 0.157 tonnes per capita per year (or 1,931 tonnes for an organization of Stantec's size and profile). This provides us with a starting point for comparison to Stantec's waste audit calculations.

RECYCLING

The number of Stantec's North American offices that reported having recycling programs decreased from 81% in 2011 to 76% in 2012. Recycling programs for paper, plastics, cans, and batteries vary from office to office.

COMPOSTING

In 2012, 10% of our North American offices reported offering composting programs for organic materials such as coffee grounds and food scraps. This was consistent with 2011 program rates.

Due to the challenges with waste tracking, we are not able to report on weight of material recycled and composted (and therefore diverted from landfill).

PAPER USE

In 2012, Stantec offices used 499 tonnes of paper (or 40.6 kilograms per capita), which is the equivalent of 8,130 8.5x11" sheets per capita. This represents a 14.6% reduction as compared to our reported 2011 paper use (9,515 8.5x11" sheets) and a cost savings of \$1.1M (approximately 23% over the prior year). Compared to our 2010 baseline year (7,995 8.5x11" sheets) we saw a 5.8% decrease in per capita paper usage. While we did not meet our target of reducing paper usage by 10% in 2012 from our 2010 baseline, we made strong progress in paper usage reduction from 2011 to 2012 and intend to continue reducing our paper usage by building further awareness among employees to encourage soft copy review of documents and printing only when necessary.

Of the paper purchased in 2012, 31.0% was 100% recycled content. In Canada, 57.1% of paper purchased was 100% recycled content; however, in the United States, only 4.0% was recycled content. Although we did not achieve our goal of increasing the percentage of 100% post-consumer recycled content to 60%, we narrowly missed achieving that target for Canada.

The total average recycled content for all paper used was approximately 38.4%. Stantec will look to increase the amount of recycled content paper used by implementing new practices across North America with a focus on the United States.

Note that the data for paper purchased are based on corporate vendor information only; this represents 51% of paper purchased.

WASTE REDUCTION INITIATIVES

To meet reduction targets for waste, we undertook or expanded several initiatives, described below:

- **Wireless and IT Equipment:** Since 2010, we have been working with two asset recovery companies to collect all wireless equipment (e.g., cell phones, chargers, adapters) and computer equipment. Both companies either recycle the equipment (and adhere to EPA's recycling guidelines) or sell it (if secondary-use markets exist for the products).
- **Paper:** In addition to our paper usage reduction target, we continue to present various initiatives—such as offering electronic paystubs and converting to an online filing system—to reduce our overall paper consumption. Based on plans developed during 2012, Operations Support teams responsible for wireless equipment and credit card applications will convert paper copy forms to electronic copy in 2013.
- **Writing Instruments:** In 2011, the Irvine, California, office worked with TerraCycle to collect used writing instruments that will be recycled in partnership with OfficeMax. In 2012, we continued with the initiative in the Irvine office and monitored success to gauge the feasibility of expanding the initiative to other offices. In 2013, we will promote this recycling effort to all offices through our Education and Engagement Program.
- **Recycling and Composting:** We encourage offices without recycling and composting programs to find out more about them. An intensified promotion effort is planned for 2013 to increase recycling and composting rates.

OTHER INITIATIVES

COOL COMMUTE CHALLENGE

In June 2012, as part of Stantec's sustainability Education and Engagement Program, 19% of our workforce (2,238 employees) participated in the sixth successful year of the Cool Commute Challenge. This Company-wide event promotes alternative and more sustainable ways to travel to work.

"Overgrown Stantec kids" got together in droves to promote the Cool Commute Challenge that included tricycle races, ice cream trucks serving free ice cream, and many other initiatives. The Challenge features friendly competitive awards for per capita office participation and miles/kilometres completed. Stantec's goal is to achieve a 10% per capita increase in participation across the workforce by 2014.

GREENER PURCHASING

Office Supplies

We have selected office supply vendors in both Canada and the United States that offer a wide array of environmentally preferable products. These products have one or more attributes or benefits, such as recognized third-party certification (e.g., EcoLogo, Fair Trade), a minimum of 30% post-consumer recycled content used, are made with renewable resources, and have reduced packaging.

In 2012, 16.5% of product expenditures represented greener office products, based on at least one attributes or benefits identified above. This was the first year we measured this percentage.

Stantec always strives to reduce the use of office supplies where possible. When office supplies are required, we will try to increase the proportion spent on greener products. We intend to review, define, and implement green purchasing guidelines for relevant product categories, such as office supplies, office furniture, and catering. For computers, the IT team will consider the feasibility of specifying EPEAT (Electronic Product Environmental Assessment Tool), an electronics standard that requires manufacturers to adhere to criteria such as recyclability, recycled content, energy efficiency, and the use of no-conflict or non-hazardous materials.

2013 INITIATIVES AND GOALS

- › IT equipment: Consider specifying EPEAT computers.
- › Office supplies: Review, define, and implement green purchasing guidelines for product categories, such as office supplies, office furniture, and catering.

Boomerang Box

Our North American vendor for office supplies offers re-useable totes and crates for delivery, which significantly reduces the amount of packaging waste. This program was rolled out in our Edmonton headquarters in 2012; Stantec intends to have many more offices adopt this practice in 2013, with joint efforts to promote the program through the Operations Support and Sustainable Development teams.

GREENER BUILDINGS

At the end of 2012, 7 of our 216 office buildings were LEED (Leadership in Energy and Environmental Design) certified (compared to eight office buildings in 2011). LEED is the recognized North American standard for green buildings certified by the United States or Canadian Green Building Councils. The drop in the total number is attributed to office closures and moves. In early 2013, we will have two additional offices with LEED certification: a new Ottawa, Ontario, office building and a retrofit for commercial interiors for the Irvine, California, office. An additional eight offices, registered for LEED, will seek certification in 2014 or later.

Our Real Estate team continues to work with Stantec to advance initiatives to increase the number of LEED and other green building initiatives for newly leased or retrofit upgraded office space.

LEED

7 OFFICES TOTAL IN 2012

2 ADDITIONAL CERTIFICATIONS IN 2013

8 OFFICES REGISTERED FOR FUTURE
CERTIFICATION

SOCIAL: EMPLOYEES AND COMMUNITIES



ACHIEVEMENTS AND AREAS FOR IMPROVEMENT

TOP 10 *FINANCIAL POST'S*
BEST COMPANIES
TO WORK FOR

CANADA'S
BEST
DIVERSITY
EMPLOYER

AREAS FOR IMPROVEMENT

Health & Safety:
Continue to reduce the
Total Recordable Injury
Rate from 0.65 to 0.60

EMPLOYEES

At Stantec, we take the necessary steps to support, foster, and invest in our employees' successes. We initiated a number of programs and changes with implementation dates in 2013:

- We created a new People + Practice group by combining human resources with practice and quality management to promote a people-focused culture and a disciplined commitment to professional practice.
- We are placing an enhanced focus on supervisory and leadership development programs.
- We are directly addressing key employee concerns identified in the annual employee engagement survey.
- We have developed and defined three career streams (business leadership, practice leadership, and project leadership) with clearly defined job structures and career paths.
- In the first half of 2013, we will implement a new online hiring process—an internal way to streamline and improve the accuracy and efficiency of the orientation process for new employees. We will also be conducting 30-day and 60-day “stay” interviews for new employees.

COMMUNITIES

We continue to invest in and foster strong relationships with communities where we work. In 2013, we will further align our community investment initiatives with our corporate strategy.

HUMAN RESOURCES AND EMPLOYEES

WORKFORCE

To achieve our goal of being a top 10 global design firm, we must increase our workforce through a combination of organic hiring and acquisitions which will enable us to expand our client base and increase the number of delivered services to clients.

Most of Stantec's employees are permanent full-time, and most of these permanent full-time employees are professional and technical staff. At the end of 2012, 12,300 employees and 650 contract employees (12,950 in total) worked for Stantec. This is an 11.5% increase in our workforce over 2011.

As a result of increased growth in North America and the closure of our Panama office in 2012, the number of Stantec's international employees has decreased (from 2.7% in 2011 to 2.3% in 2012). Therefore, a vast majority of our employees—97%—are based in Canada and the United States.

The tables and figure below present workforce data broken down by region, employment contract and type, gender, and full- and part-time status.

TABLE 5

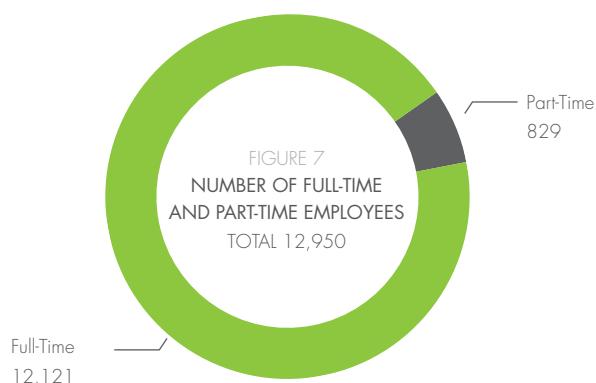
2012 WORKFORCE BY REGION, EMPLOYMENT CONTRACT, AND GENDER										
REGION	Permanent Employees		Temporary Employees		Contractors		Total		Total	Percentage
	Female	Male	Female	Male	Female	Male	Female	Male		
CANADA	2,268	4,165	152	348	78	477	2,498	4,990	7,488	57.8%
UNITED STATES	1,288	3,362	102	321	14	81	1,404	3,764	5,168	39.9%
INTERNATIONAL	78	159	7	50	0	0	85	209	294	2.3%
TOTAL	3,634	7,686	261	719	92	558	3,987	8,963	12,950	100.0%

TABLE 6

2012 WORKFORCE BY EMPLOYMENT TYPE, GENDER, AND REGION						
EMPLOYMENT TYPE	Gender		Canada	Region		Total
	Female	Male		United States	International	
EMPLOYEE	3,460	6,288	5,613	3,889	256	9,748
FRONTLINE MANAGER	353	1,312	863	778	28	1,665
MIDDLE MANAGER	72	688	394	358	10	760
SENIOR MANAGER	4	107	63	48	0	111
TOTAL	3,889	8,395	6,933	5,073	294	12,284

TABLE 7

2012 WORKFORCE BY REGION, FULL-TIME AND PART-TIME STATUS, AND GENDER								
REGION	Full-Time (37.5 hours or more)				Part-Time (less than 37.5 hours)			
	Permanent and Temporary		Contractors		Permanent and Temporary		Contractors	
	Female	Male	Female	Male	Female	Male	Female	Male
CANADA	2,228	4,420	77	472	192	93	1	5
UNITED STATES	1,199	3,372	9	57	191	311	5	24
INTERNATIONAL	83	204	0	0	6	1	0	0
TOTAL	3,510	7,996	86	529	389	405	6	29



TURNOVER

Stantec made 7 acquisitions of professional consulting firms in 2012, (accounting for 991 employees). Typically, there is higher staff turnover in the three years following an acquisition. However, overall turnover for Stantec decreased 14.5% in 2012 from 16.7% in 2011; Canadian turnover remained stable at just under 16% in 2012.

In the United States, employee turnover decreased from 15.5% in 2011 to 12.7% in 2012.

Our International operations experienced a significant decrease in turnover for the 2012 reporting period, down from 48.2% in 2011 to 26.0% in 2012. This significant decrease resulted from the realignment of our International workforce following challenging economic conditions in 2011.

Our turnover rates decreased across under-30 and 30-to-50 age groups, genders, and regions. There were more significant improvements in the under-30 age category (from 19.1% in 2011 to 15.8% in 2012) and in the 30-to-50 age category (from 17.8% in 2011 to 14.7% in 2012) than for the overall turnover rate. Turnover by gender improved as well, with turnover rates decreasing for females (from 17.7% in 2011 to 15.9% in 2012) and decreasing for males (from 16.2% in 2011 to 13.9% in 2012). Refer to Table 8 for more details on turnover rates by age group, gender, and region.

To reduce our turnover and improve employee retention rates, we are introducing initiatives for clearly defined career streams (business leadership, practice leadership, and project leadership), enhanced leadership training, blended learning, and commitments to diversity and inclusion. For more information on these initiatives, refer to the Training and Career Development, and Diversity sections of this report.

We are also improving the entrance and exit interview processes to better engage with new employees and gain further insights into reasons for employee turnover. The exit interview program will provide metrics and trends to identify the reasons why employees leave Stantec. This online tool will be administered by an external provider and will link to the annual employee survey.

FIGURE 8
2009 TO 2012 TREND OF OVERALL EMPLOYEE
TURNOVER BY REGION

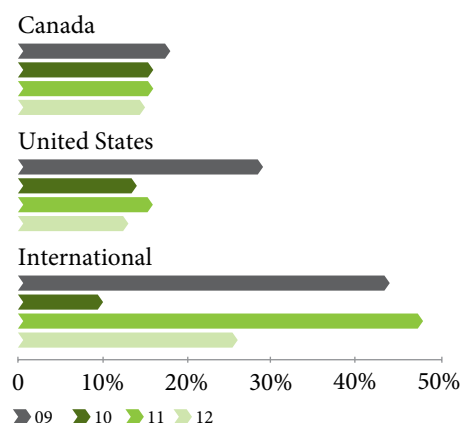


TABLE 8

2012 TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES, NEW EMPLOYEE TURNOVER, AND TOTAL EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION

	New Employee Hires		New Employee Turnover		Total Employee Turnover	
	Total	Rate (%)	Total	Rate (%)	Total	Rate (%)
TOTAL	2,647	23.3	240	9.1	1,655	14.6
AGE GROUP						
UNDER 30	770	37.4	73	9.5	324	15.8
30 TO 50	1,358	22.0	129	9.5	907	14.7
OVER 50	519	16.5	38	7.3	424	13.5
GENDER						
FEMALE	863	23.7	95	11.0	579	15.9
MALE	1,784	23.1	145	8.1	1,076	13.9
REGION						
CANADA	1,446	22.5	158	10.9	990	15.4
UNITED STATES	1,103	23.7	64	5.8	590	12.7
INTERNATIONAL	98	34.2	18	18.4	75	26.1

BENEFITS

To attract and retain top talent for Stantec, we provide a comprehensive benefits plan for our staff. We continually monitor our benefits program, making regular enhancements to ensure it remains competitive in our industry. To facilitate acquisition, integration, and employee relocations, we strive for consistency and quality of our programs in each operating country. Our benefits team, led by our Director of Compensation and Benefits, works with our outside partners and regional human resources representatives to support these programs.

In Canada and the United States, our country-specific benefits program is standard for all full-time employees and for permanent part-time employees working at least 20 hours a week. In other countries, program eligibility is consistent with the local market and culture.

- **Medical, Vision, and Dental Care:** We offer comprehensive medical, vision, and dental care coverage for employees and their eligible dependents. Furthermore, our voluntary wellness program provides access to free information, tools, and support programs to help employees and their families improve their health and well-being.
- **Employee and Family Assistance Program (EFAP):** Stantec offers EFAP, a voluntary, confidential counseling and referral service available at no cost to employees and dependent members of their households. This program is designed to help with personal or work-related problems, pressures, and stresses.

- **Group Retirement:** Stantec offers several types of group retirement plans with a wide variety of investment options. This includes employer-matching contributions for retirement savings plans in Canada, the United States, Puerto Rico, Barbados, and the United Kingdom. We also have stock purchase plans in Canada, the United States, and Puerto Rico.
- **Awards of Excellence Program:** Our Awards of Excellence program contributes to building and strengthening a culture of excellence. Stantec formally recognizes and rewards employees who have demonstrated excellence in their work and have, therefore, made an outstanding contribution to our success.

NEW BENEFITS—IN 2013, STANTEC WILL INTRODUCE A MORE FORMALIZED PROCESS FOR ALTERNATIVE WORK ARRANGEMENTS—SUMMER HOURS, COMPRESSED SCHEDULES, AND TELECOMMUTING. THESE BENEFITS WILL MEET THE NEEDS OF OPERATIONS WHILE PROVIDING OUR WORKFORCE WITH MORE FLEXIBLE WORK SCHEDULES.

TABLE 9

2012 SUMMARY OF STANDARD EMPLOYEE BENEFITS								
BENEFIT	Canada	United States	Puerto Rico	Panama	Barbados	United Kingdom	United Arab Emirates	India
Healthcare (medical, dental, vision)	●	●	●	1	●	●	●	1
Disability coverage	●	●	2	3	3	●	●	●
Maternity and paternity leave	●	●	●	4	3	3	●	●
International business travel (health and emergency evacuation) and expatriate benefits	●	●	●	●	●	●	●	●
Healthcare navigation and second opinion service	●							
Wellness program	●	●	●					
Flexible spending account	●	●						
Life, critical illness, and accidental death and dismemberment insurance	●	5	6			6	6	●
Employee and Family Assistance program	●	●	●			●		
Legal assistance plan	●	●	●					
Retirement plan	●	●	●		●	●		
Stock purchase plan	●	●	●					

LEGEND: ● Yes 1 Medical only 2 LTD, STD from government 3 Government 4 Excludes paternity 5 Includes universal life 6 Excludes critical illness

DIVERSITY

Diversity is one of four sustainability focus areas for Stantec. To demonstrate the value we place on diversity and inclusion in the workplace, Stantec is proactively working to increase the representation of women, the disabled, people from visible minorities and ethnicities, and veterans, especially at management and senior management levels. Efforts to promote diversity in our workforce include the following:

- **Develop a Diversity and Inclusion Plan:** In 2013, we will develop a Diversity and Inclusion Plan that outlines strategic outcomes, objectives, and key performance indicators. We can then determine areas for improvement and track progress against stated objectives.
- **Create a Diversity and Inclusion Council:** The Diversity and Inclusion Council will convene in 2013 with broad representation from across Stantec. Specific objectives and a formal plan will be set for the council.
- **Offer Awareness Training for Leadership:** Specific and targeted awareness training will be offered to various levels of leadership across the organization. The awareness initiative began in late 2012 at a senior leadership forum that had broad representation from senior leadership across Stantec.

2012 Workforce Diversity

In 2012, the diversity of our workforce in the United States remained relatively consistent. The exceptions were for the number of Hispanics and Latinos, which increased from 4.3% in 2011 to 5.6% in 2012, and the number of women, which decreased from 28.3% in 2011 to 27.4% in 2012. In Canada, the diversity of our workforce remained relatively consistent with 2011 statistics.

Given the small size of our current workforce outside of North America, diversity indicators for our United Arab Emirates, United Kingdom, Barbados, and India offices are not currently tracked. Efforts will be made to track appropriate diversity indicators internationally as our global presence increases.

Figures 9-13 and Table 10 provide data on diversity indicators for Canada and the United States.

FIGURE 9

CANADIAN WORKFORCE BY MINORITY GROUP

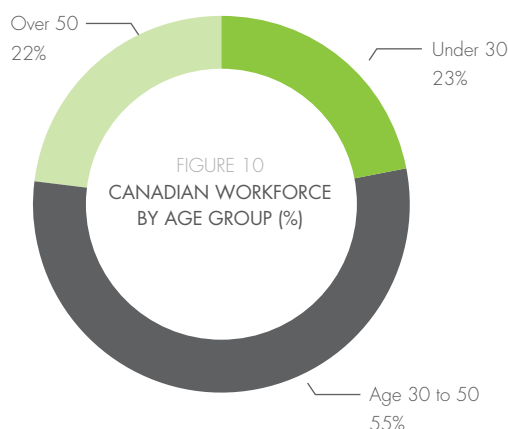
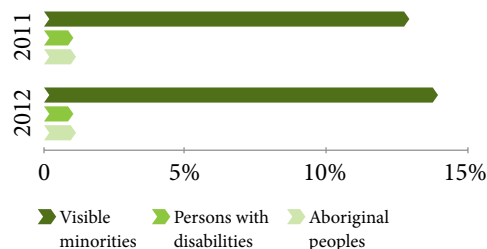
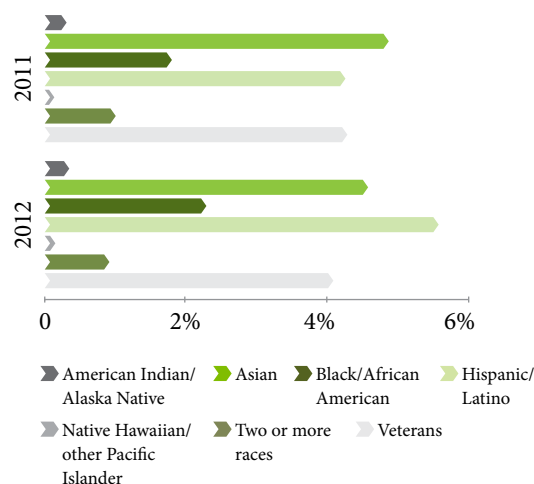


FIGURE 11

UNITED STATES WORKFORCE BY MINORITY GROUP



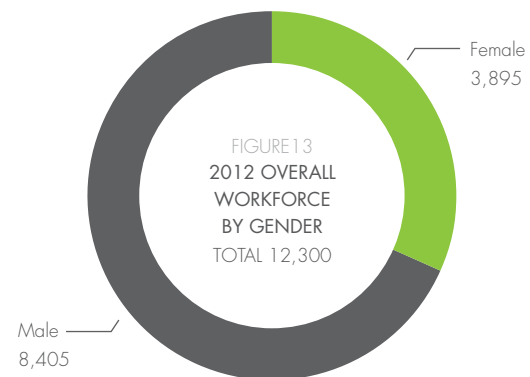
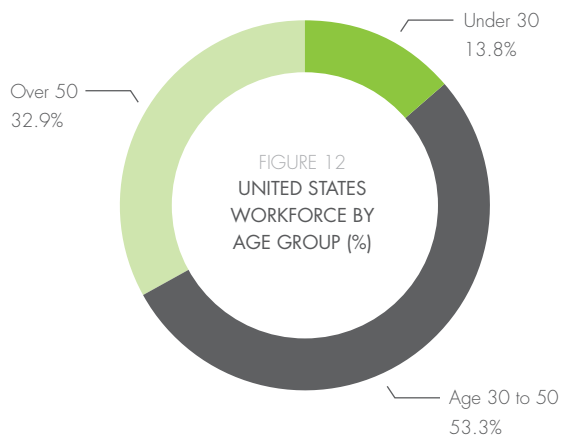


TABLE 10

2012 PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY BY GENDER, MINORITY GROUP, AND AGE GROUP									
TOTAL NUMBER OF EMPLOYEES	Employees		Frontline Managers		Middle Managers		Senior Managers		Total
	9,758		1,669		762		111		
	Female	Male	Female	Male	Female	Male	Female	Male	
CANADA									
Aboriginal peoples	17	42	2	2	1	1	0	1	0.9%
Persons with disabilities	24	48	1	13	1	3	0	0	1.3%
Visible minorities	292	584	7	64	1	22	0	1	14.0%
Age: Under 30	600	943	5	2	0	0	0	0	22.4%
Age: 30 to 50	1,255	1,789	151	397	22	161	1	15	54.7%
Age: Over 50	318	708	52	256	14	197	2	45	22.9%
UNITED STATES									
American Indian or Alaska Native	5	10	0	2	0	0	0	0	0.3%
Asian	68	130	5	22	2	5	0	0	4.6%
Black or African American	33	74	2	5	0	1	0	0	2.3%
Hispanic or Latino	101	144	5	25	0	6	0	4	5.6%
Native Hawaiian/other Pacific Islander	2	3	0	1	0	1	0	0	0.1%
Two or more races	13	27	1	5	0	0	0	0	0.9%
Persons with disabilities	1	3	0	1	1	1	0	0	0.1%
Veterans	8	153	2	27	1	16	0	3	4.1%
Age: Under 30	213	484	0	1	0	0	0	0	13.8%
Age: 30 to 50	696	1,405	90	382	19	102	0	10	53.3%
Age: Over 50	305	786	50	255	16	221	1	37	32.9%

In 2012, we had the following profiles on our Executive Leadership team and Board of Directors.

TABLE 11

PERCENTAGE PARTICIPATION OF EXECUTIVE LEADERSHIP TEAM AND BOARD OF DIRECTORS BY WOMEN, MINORITY GROUPS, AND AGE GROUP		
MINORITY OR AGE GROUP	EXECUTIVE LEADERSHIP TEAM	BOARD OF DIRECTORS
Women	0%	22%*
Minority Groups	0%	0%
Age: Under 30	0%	0%
Age: 30 to 50	9.1%	0%
Age: Over 50	90.9%	100%

* Between January 2012 and October 2012, there were nine board members, including two women (22%). As of December 31, 2012, the board had eight members, including two women (25%). In May 2013, a new board member will be added, bringing the total back up to nine.

Supplier and Partner Diversity

In the United States in 2012, we successfully rolled out the Supplier Diversity Program to support supplier diversity and small business (SB) and to ensure compliance with contract-specific requirements for any commercial and government contracts.

Federal, state, and local governments (and, in many cases, major corporations) require that a proportion of all procurement be set aside for economically or socially disadvantaged or under-represented businesses.

A Small Disadvantaged Business (SDB) is an SB that is at least 51% owned by one or more individuals who are socially and economically disadvantaged. The U.S. Small Business Association (SBA) defines socially disadvantaged groups as those that have historically been subjected to “racial or ethnic prejudice or cultural bias” within the larger American culture. Identified groups include African Americans, Asian Pacific Americans, Hispanic Americans, Native Americans, and Subcontinent Asian Americans.

SBA has identified service-disabled veteran-owned businesses, women-owned businesses, and businesses located in economically disadvantaged geographic areas. In 2012, our proportional contract value on SB was 14.9% or \$45.6 million, a decrease over 2011 numbers (18.6% or \$48.6 million).

Although originally slated for 2012, we expect to approve our

Supplier Diversity Policy in the first half of 2013. The draft policy states our position that small businesses are an economic engine of growth and can help us support our clients’ needs. Stantec’s policy is to include subcontracting opportunities, when practical, for our small and diverse business partners.

Our Supplier Diversity Program is in the development phase: we are assessing our current capabilities and compliance accomplishments, developing appropriate and effective corporate policies and procedures, and identifying needs and resources. We also intend to integrate supplier diversity in the strategic teaming process to enhance our business development success.

As indicated in the 2011 Sustainability Report, we have begun efforts to expand the Supplier Diversity Program beyond the United States. In Canada, we are also exploring mechanisms to integrate our Supplier Diversity Program with Aboriginal-owned business programs.

Stantec’s Aboriginal Partner Overview

In 2012, our Aboriginal partnership projects generated over \$38 million in gross revenue for Stantec and its partners, while also creating numerous opportunities to provide employment, training, and direct investment in Aboriginal communities.

Stantec recognizes that sustainable development in the North is vital to the future of Canada and key to our ongoing growth. Through our Aboriginal partnerships, we will better serve our northern clients by supporting capacity building through employment, training, and direct investment in the local communities.

Today, Stantec is the minority partner in eight partnerships across Canada. The majority of project work is conducted through environmental services and focused on the oil and gas and mining sectors.

Newest Partnership: K’ôââlô-Stantec Limited

In 2012, Stantec welcomed its newest partnership, K’ââlô-Stantec Limited, with Aboriginal partners Willowlake Environmental (owned by Jimmy Mendo) and BJ Services NWT (majority-owned by Lorraine Doctor). This partnership will provide the full suite of environmental consulting services throughout the Tulita District of the Sahtu Settlement Area, Northwest Territories. Stantec and its partners have committed to an exclusive business relationship and plan to capitalize on the increasing opportunities in the oil and gas and transportation sectors in the Tulita District.

The partnerships are listed below:



▲ KAVIK-STANTEC INC.
Mackenzie Delta Lands and Offshore
Inuvialuit



▲ Nunami Stantec Limited
Nunavut
Kivalliq Inuit



▲ Neegan Naynowan Stantec LP (NNS)
James Bay Lowlands
Attawapiskat First Nation



▲ Nu Nennè-Stantec Inc.
Cold Lake Traditional Territory
Cold Lake First Nation



▲ Aivek Stantec LP
Nunatsiavut
Labrador Inuit



▲ Stassinu Stantec LP
Ntassinan
Innu



▲ Deton' Cho Stantec
Chief Drygeese Territory
Yellowknives Dene First Nation



▲ K'ââlô Stantec Ltd.
Sahtu Settlement Area
Tulita District

First Nations Training Programs

Training and hiring First Nations to support field program execution is a proven method for direct involvement. Stantec is a member of Environmental Careers Organization Canada (ECO Canada). ECO Canada develops career-building programs, provides resources to employers, and keeps stakeholders informed about employment trends and requirements with the overall goal of increasing employment opportunities within the environmental sector.

Stantec is certified in the delivery of ECO Canada's Building Environmental and Aboriginal Human Resources (BEAHR) training programs. These programs provide employers the opportunity to strengthen relationships with Aboriginal communities through the provision of employment-focused environmental training programs. The instructional approach for all Aboriginal programs focuses on flexible and practical hands-on instruction that incorporates fieldwork, exercises, and

group interaction. In July 2012, six students from Rankin Inlet earned certification for the environmental monitoring program conducted by Nunami Stantec.

With strong and dedicated teams in place, Aboriginal partnerships will continue to grow by establishing new partnerships, expanding service lines, and increasing internal and external awareness.

Visit Stantec's Aboriginal partnerships website page for more information. http://www.stantec.com/aboutus.html#about_aboriginalpartnerships

TRAINING AND CAREER DEVELOPMENT

Stantec wants to ensure that staff remain knowledgeable about evolving technology, as well as standards and practices pertaining to business conduct. We implement a number of training initiatives throughout the year. In our 2011 report, we indicated that we would be rolling out a new Company-wide business ethics and anti-corruption training course. This will be delivered in the first half of 2013. Other training and career development initiatives for 2013 include the following:

- Implementing a blended learning environment, including experiential learning (strategic task assignments), on-the-job coaching, informal and formal mentoring, and in-class and online training programs
- Continuing and extending programs to provide an enhanced focus on supervisory and leadership development programs, ensuring that Stantec's leaders have the required skills to manage and lead their employees
- Continuing to deliver project management boot camp training sessions to promote improved project execution and service delivery to our clients

Employee Training

In 2012, the total number of logged hours of employee training was 229,932.7—an average of 23.2 hours for male employees and 21.2 hours for female employees. This 2.0-hour gap in the average number of training hours for women compared to men decreased from a 2.4-hour gap in 2011.

Table 12 on the next page provides the total and average number of training hours for type of employee, and gender.

TABLE 12

NUMBER OF TRAINING HOURS BY EMPLOYEE TYPE AND GENDER				
EMPLOYEE TYPE	2012 Total Training Hours			Per Capita Average Number of Training Hours
	Female	Male	Total	
Employee	74,103.3	155,829.4	229,932.7	23.6
Frontline Manager	7,200.8	27,636.6	34,837.4	41.1
Middle Manager	1,103.8	10,618.8	11,722.5	27.4
Senior Manager	0	587.3	587.2	16.4
TOTAL	82,408	194,672	277,080	N/A

Frontline manager = associate, senior associate; Middle manager = principal, senior principal;
Senior manager = vice-president, senior vice-president; Employee = all other

Stantec makes a strong effort to track employee training; however, we face challenges in accurately measuring total training hours because tracking is dependent on employees voluntarily and accurately inputting training hours into the time management system.

Leadership in Energy and Environmental Design (LEED)

Stantec has an industry-wide reputation for green building design and has one of the largest integrated building design teams in North America. The number of employees with LEED accreditation was 657 in 2012, a slight increase over 648 in 2011. As part of our learning module, we offered 9 LEED in-house training workshops to 163 Stantec employees.

Career Development

In addition to encouraging ongoing manager-employee dialogue and feedback, we have a formal performance appraisal and review process: Career Development and Performance Review (CDPR). In 2012, 98.6% of eligible female workforce (3,124 of 3,168) and 98.0% of eligible male workforce (6,780 of 6,917) completed CDPRs. *The time period to complete the CDPR process extends through the first quarter of 2013; therefore, completion rates are based on an April 2013 report. New employees who started in the last quarter of 2012 would not have been considered eligible for the CDPR process, which is why the number of eligible employees does not match total workforce.*

HEALTH AND SAFETY

Health and safety is one of Stantec's four sustainability focus areas. We continue to be committed to maintaining a healthy and safe workplace. The Health, Safety, and Environment (HSE) Program is intended to reduce risks to people, the environment, and our business. The program is designed to help workers identify and take the appropriate steps to evaluate and manage hazards, risks, and opportunities.

In 2012, we achieved a total recordable injury rate (TRIR) of 0.65. While this represents a significant 16% reduction over 2011, we did not reach our 2012 target of 0.60. We are on track to meet this target in 2013, partly because of our ongoing focus on prevention and case management.

In 2012, we achieved the following:

- Initiated the development of the Occupational Health and Safety Management System consistent with the standards established by OHSAS18001
- Created and evaluated a list of critical tasks to be performed by Stantec to develop a risk-based approach to Health, Safety, Environment (HSE) compliance and injury prevention; this list of tasks was evaluated by a team of cross-sectional HSE and Operations personnel
- Worked with an external Occupational Health and Safety (OH&S) consultant to review our current HSE program (comparing it to industry best practices and applicable Canadian Provincial and US regulations)
- Implemented practice-specific HSE initiatives in the Environmental Services and Survey and Geomatics practice areas designed to reduce the number of injuries in these historically high-injury rate practices
- Developed a strategic HSE Improvement Plan
- Finalized and implemented a Workplace Violence Policy and Safe Work Practice
- Completed the subcontractor and subconsultant pre-qualification system (210 of a total of 329 subcontractors and subconsultants have completed the process to date)

In 2013, Stantec will focus on continued implementation of these programs, and in 2014, we will focus on conformance to the Occupational Health and Safety Management System with OHSAS18001.

SUSTAINABILITY EDUCATION AND ENGAGEMENT PROGRAM

Stantec has been delivering and continually improving a sustainability Education and Engagement (E&E) Program for employees since 2009. What has remained constant throughout is the desire to align the program with our corporate sustainability goals and to foster a culture of sustainability, participation, and collaboration among employees.

The program is designed to be flexible enough to suit local culture and office-level priorities.

This program is a series of activities, challenges, and educational sessions that blend experiential and cognitive learning. The flagship event is the Cool Commute Challenge, held each June. For more details on the event, refer to page 29.

Some events in 2012 focused on Earth Week. For example, employees took part in garbage cleanups, started office composting programs, offered bicycle tune-ups (to encourage biking to work), and brought locally grown, organic food to work for staff to sample.

In late 2012, we began a process of developing a new strategy for the E&E Program for Stantec (for implementation in the second half of 2013 and throughout 2014).

IN 2013, THE EDUCATION AND
ENGAGEMENT PROGRAM WILL FOCUS
ON ENGAGING EMPLOYEES AND
BUILDING AWARENESS ABOUT

- STANTEC'S SUSTAINABILITY POLICY
 - COMMUNITY INVESTMENT
 - DIVERSITY
 - HEALTH AND SAFETY
 - ENVIRONMENTAL AND OPERATIONAL EFFECTIVENESS
 - STANTEC SERVICES
-

COMMUNITY INVESTMENT

Community investment is one of four sustainability focus areas for Stantec. We are committed to supporting growth through the enhancement of knowledge, prosperity, health, and quality of life in the communities where we live and work. Our community investment initiatives focus on areas that

- are most representative of demonstrated need and impact in a community
- best represent where we can have a positive impact
- most resonate with our internal and external stakeholders

Priority is given to funding endeavors in the following areas: the arts, education, environment, and health and wellness

In 2012, we engaged with internal stakeholders to explore opportunities to more actively link our community investment activities to our business strategy. Community investment is now included in Stantec's annual strategic planning process, which should create an even stronger bond with our client community.

In 2012, we invested C\$1.19 million in the communities where we work, again exceeding our target of contributing 1% of our annual pre-tax profits to charitable and nonprofit organizations. We also encouraged personal charitable giving and facilitated the volunteer hours donated by employees.

ABORIGINAL COMMUNITY INVESTMENT

In 2012, Stantec committed to donate \$25,000 every year to Aboriginal Partnerships for community investment initiatives. The initiatives fall under our four areas of community investment: the arts, education, environment, and health and wellness. Stantec's Community Investment program supports initiatives such as the first Youth Traditional Games (Aboriginal Sport Circle – NWT), Aboriginal HIPPY (Home Instruction for Parents of Preschool Youngsters), and Food First Foundation Nunavut. As a corporate partner, Stantec invests in local communities and nurtures Aboriginal community relationships.

ACE MENTORSHIP PROGRAM

In various student mentorship programs, Stantec employees connect with students to expose them to career opportunities in science, technology, engineering, and math (STEM). In 2012, we continued to be heavily involved in the ACE (architecture, construction, and engineering) Mentorship program in the United States. ACE's mission is "to engage, excite and enlighten high school students to pursue careers in architecture, engineering and construction through mentoring and to support their continued advancement in the industry."

The ACE program connects high school students who are interested in STEM careers with architecture, construction, and engineering professionals. During the school year, students receive hands-on education, applying what they learn to simulated building projects in real-work environments.

"As we come out of the recession, our industry faces a lack of the talent necessary to address the huge infrastructure needs in North America. We simply can't survive by recruiting from each other. We need new talent," says Rich Allen, Chief Operating Officer (COO) and COO of ACE. "ACE Mentor is the only program I'm aware of that has industry-wide traction to address the problem. The program has been around for some time now, and there are hundreds of former ACE students who are now pursuing careers in architecture, engineering, and construction."

EMPLOYEE VOLUNTEERISM

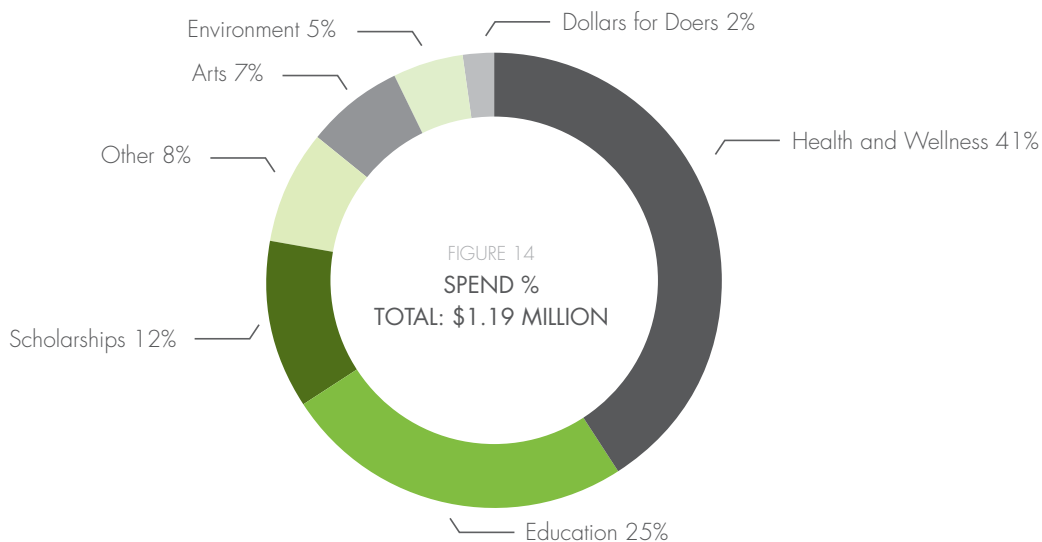
In 2012, generous Stantec employees found creative ways to give back to the community. Staff-led activities have complemented corporate efforts. For example, Stantec's San Diego, California, team volunteered for Habitat for Humanity; dozens of teams from Calgary, Alberta, to Rochester, New York, to Kitchener, Ontario, raised tens of thousands of dollars for the United Way; and our MoBros and MoSistas earned nearly \$94,000 for Movember and male health issues. This year, Stantec ranked fourteenth in the world for its Movember fundraising, thanks to the outstanding efforts of our Canadian offices, which nearly tripled the amount raised by our growing group of MoBros and MoSistas.

In 2013, we will look at the feasibility of tracking volunteer hours in our community investment database to better measure impact and to gather feedback from the communities we serve.

WHERE OUR 2012 COMMUNITY INVESTMENT DOLLARS WENT

The infographic below breaks down where Stantec spent our \$1.19 CDN million of Community Investment donations in 2012.

Note: The figures don't include personal donations of time and money by Stantec employees. Even though we cannot track exactly how each beneficiary spends the money we donate, this infographic illustrates the representative impact we have on our communities. The infographics on the next page give examples of how donations might have benefited several organizations we supported.



Oxfam

» Our donation could provide safe water for 33,333 people



💧 = 1,000 people

Scholarships

» We provided scholarship money to 32 institutions that could pay for roughly 219 university classes



🎓 = 5 classes

Habitat for Humanity

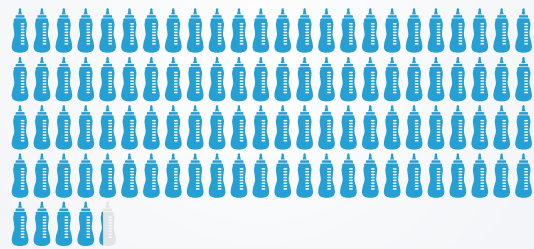
» We made 7 donations that could pay for 1,187 square feet of safe, decent, and affordable shelter for families in need



🏠 = 25 square feet

United Way

» Our 12 donations could pay for 50,056 cans of formula for infants of families with no income



🍼 = 500 cans of formula

Compassion House

» We provided free design services for an eight-bedroom expansion that will give breast cancer patients up to 2,920 "nights of compassion" each year in a warm and supportive home away from home



🛏 = 100 "nights of compassion"

APPENDICES

GOVERNANCE

Accountability for Stantec's sustainable development performance in accord with our Sustainability Policy ultimately belongs to the Chief Executive Officer (CEO). Operationally, our sustainability initiatives are led by our Vice President, Sustainable Development, who reports to the CEO and Executive Leadership team through the Vice President of People + Practice who sits on that team.

Our Vice President, Sustainable Development, directs the company's Sustainable Development (SD) group which strives to meet the objectives of our Sustainability Policy through two core objectives:

1. To build a leading sustainability consulting practice in the markets we serve
2. To integrate sustainability into our overall operations and everyday practices

The SD group is a small team of dedicated staff who collaborate with other teams across Stantec to achieve these objectives. The Vice President receives guidance from an informal group of Executive Leadership team members who are readily available to assist. In 2012, we incorporated sustainability objectives into the corporate strategic planning process to strengthen both executive engagement and oversight and to enhance and formalize reporting channels.

Stantec is committed to continually improving the management of and governance over sustainability issues. In 2013, we intend to develop an engagement plan for collaborating with corporate support groups to set and achieve sustainability goals. While considering shared sustainability objectives and overlapping responsibilities, we will assess the most effective means of organizing interdepartmental relationships and engaging in cross-departmental discussions.

Policies and Practices

Stantec's board of directors approves all policies that impact the stewardship or governance of the Company, and the COO approves all remaining Company policies. Employees agree to comply with Stantec's policies and practices by signing an employment agreement when hired and at each annual career development and performance review. Our Code of Ethics;

Integrity; Majority Voting; and Health, Safety, and Environment policies are disclosed in the Investors/Governance section of our public website at www.stantec.com. All other policies are published internally on our Company intranet.

Stantec's Code of Ethics policy dictates that we conduct business in accordance with high ethical, moral, and legal standards, and do so efficiently, in good faith, with due care, and in the best interests of the Company, its employees, its shareholders, and other stakeholders. Some of our other business conduct policies address issues such as human rights (e.g., Harassment and Discrimination policy) and anticorruption (e.g., Conflict of Interest and Insider Trading Prohibition policies). The Integrity policy provides a number of channels through which confidential complaints and grievances can be made.

Stantec Sustainability Policy

Our corporate Sustainability policy underscores our long-time commitment to sustainability and articulates our approach to achieving our sustainability vision. Stantec is committed to being a leader and model of sustainability by doing business in a way that not only meets the needs of the present but also contributes to an environmentally, socially, and economically sustainable future. This commitment is at the heart of how Stantec operates and how it delivers solutions to clients, and is vital to its long-term success in achieving its vision.

Sustainability Vision

- Environmental Progress: Reduce our impact on the environment by progressing toward least-impact approaches to resource and energy use, waste generation, 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 Stantec's overall vision, strategic plan, and business objectives.

GLOSSARY

The Climate Registry: A Nonprofit organization that provides meaningful information to reduce greenhouse gas emissions. The Climate Registry establishes consistent, transparent standards throughout North America for businesses and governments to calculate, verify, and publicly report their carbon footprints in a single, unified registry.

The Canadian Carbon Disclosure Leadership Index (CDLI): The Carbon Disclosure Project (CDP) recognizes companies with high-quality disclosure as top-scoring companies in the CDLI. CDLI scores are calculated according to a standardized methodology which measures whether and how well a company responds to each question. A company is awarded points if it reports its greenhouse gas emissions, but the actual amount of emissions does not affect its score. CDLI scores provide a valuable perspective on the range and quality of responses to CDP's questionnaire.

The Carbon Disclosure Project (CDP): An independent not-for-profit organization that holds the largest database of primary corporate climate change information in the world. For more information, visit www.cdproject.net.

Carbon Dioxide Equivalent (CO₂e): Represents the sum of the individual greenhouse gases (GHGs) weighted to represent the atmospheric effects of CO₂, the most abundant GHG relative to individual Global Warming Potentials (GWP). The GWP is a measure of the warming effect that a particular GHG will have on the atmosphere relative to the impact of CO₂.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA): EBITDA is calculated as income before income taxes less net interest expense, amortization of intangible assets, depreciation of property and equipment, and goodwill and intangible impairment.

Environmental Management System (EMS): A system an organization can use to meet related targets for controlling the significant environmental impacts of its activities and complying with regulatory requirements.

Frontline Manager: A Stantec employee at the associate or senior associate level of fiscal authority.

Full-Time Equivalent (FTE): Full-time equivalent. The unit used to calculate metrics on a per-employee basis.

Greenhouse Gas (GHG): Greenhouse gases are atmospheric gases that absorb and emit radiation, which causes the greenhouse effect that heats the earth's surface. Carbon dioxide (CO₂) is the most significant GHG and can be emitted in various ways, including breathing and burning fossil fuels.

Global Reporting Initiative (GRI): An institution encouraging improved corporate transparency and the developer of an internationally recognized sustainability reporting framework. The most recent version is the G3.1 guidelines. For more information, visit www.globalreporting.org.

Inactive Employee: Employees who, at the time of reporting, were not actively at work, meaning they were not working at their usual place of employment and performing all of the usual and customary duties of their occupation on a regularly scheduled basis. This includes employees on all types of leave, including parental, educational, military, disability, personal, and temporary layoff.

International Organization for Standardization (ISO): A nongovernmental organization that is the world's largest developer and publisher of international standards. For more information, visit www.iso.org.

Leadership in Energy and Environmental Design (LEED): A green building certification program as well as a professional accreditation in green building design, both initially developed by the United States Green Building Council.

Lost-Time Days: Days away from work as prescribed by a medical professional because of work-related injuries or illnesses. These days are measured as calendar days beginning the day after the incident.

Lost-Time Injury Rate (LTIR): When the injuries are so severe that a medical professional prescribes time off from work. The rate is calculated as lost-time injuries and illnesses multiplied by 200,000, then divided by the number of worker hours of exposure. This does not include minor injuries.

Materiality: The threshold at which an issue becomes sufficiently relevant that it should be reported. Materiality is the coverage of topics and indicators that reflect the organization's significant economic, environmental, and social impacts or that would substantively influence the assessments and decisions of stakeholders. Information is material if its omission from the data could hamper the ability of the report to provide a reasonable and balanced picture of the organization's sustainability performance.

Middle Manager: A Stantec employee at the principal or senior principal level of fiscal authority.

New Employee Hires: New employees joining the organization for the first time. Includes acquisition employees but excludes rehires, casual or temporary employees, and contractors.

Occupational Safety and Health Administration (OSHA): A federal agency of the United States that regulates workplace safety and health.

Practice Area: One of Stantec's distinct service areas. Each practice area consists of several disciplines and service sectors, which represent areas of further service delivery specialization or focus. For organizational purposes, the practice areas are grouped into five categories representing different client and service focus areas.

Scope 1 Emissions: All direct GHG emissions. This includes stationary combustion (e.g., natural gas) and mobile combustion (e.g., vehicle fuel).

Scope 2 Emissions: Indirect GHG emissions from consumption of purchased or acquired electricity, heat, or steam.

Scope 3 Emissions: All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions such as work commuting and business travel.

Senior Manager: A Stantec employee at the vice president or senior vice president level of fiscal authority.

Small Business Enterprise (SB): A business, including its affiliates, that is independently owned and operated in the United States, organized for profit, not dominant in its field of operations, and whose industry-related size standards meet the SBA's small business size standards criteria. Size standards are defined by the North American Industry Classification System (NAICS).

Socially Responsible Investing (SRI): SRI investment portfolios and stock indices are screened according to environmental, social, and/or governance information.

TerraCycle: TerraCycle's purpose is to eliminate the idea of waste by creating national recycling systems for the previously non-recyclable. For more information, visit www.terracycle.ca.

Tonne (t): Standard international metric measurement equivalent to 1,000 kilograms, approximately 2,205 pounds, or 1.1 short tons.

Turnover: The number of employees leaving the organization, both voluntarily and involuntarily, in the reporting period. Includes acquisition employees but excludes casual or temporary employees and contractors. Turnover rates are calculated by dividing by the total number of employees in each age, gender, or region category as of December 31, 2012.

Total Recordable Injury Rate (TRIR): The rate is calculated as the number of injuries and illnesses multiplied by 200,000, then divided by the number of worker hours of exposure. This does not include minor injuries.

MAY 2013

B. Accountability

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www.baccountability.com

Background and Approach:

Stantec requested that B. Accountability conduct an assessment of the company's 2012 draft Sustainability Report to provide feedback on the quality and identification of disclosures, and recommendations on improvement. The review focused on the extent to which the reported content adheres to the GRI principles for defining content and quality, as well as communication of the sustainability strategy and sustainability governance framework.

As part of this assessment, B. Accountability employed sample tests pertaining to each of the 10 GRI principles and reviewed the content of Stantec's 2011 Sustainability Report. This assessment does not constitute *any form of external assurance* of the report; but rather, is an assessment based strictly on the content of Stantec's draft 2012 sustainability report made available to B. Accountability for the purpose of this review.

General Findings:

The 2012 Sustainability Report presents a balanced and detailed account across the areas Stantec has identified as material. Stantec has made significant improvements in the 2012 reporting year. These improvements include: a refined materiality process; defined target audience; reduced length; clarified stakeholder categories; details on the sustainability governance and strategy approach; and more clearly documented impacts on communities. Stantec is also expanding the scope of its strategy into the supply chain as well as emphasizing business ethics in response to stakeholder feedback. Additionally, sustainability efforts have been consistently articulated and integrated into the company's annual reporting practices.

In addition to the improvements described above, Stantec followed recommendations provided through the consultation with B. Accountability and strengthened its 2012 report, as follows:

- Provided detail on data collection and management practices that ensure accuracy of disclosures;
- Provided a more balanced view with identification of longer-term sector-specific risks; challenges, and how such could impact Stantec's business;
- Described how stakeholder feedback played a role in Stantec's sustainability and reporting journey for the reporting year.

Summary of Key Recommendations:

B. Accountability also provided the following recommendations for Stantec to implement in the mid to Long-Term for its sustainability reporting:

- Emphasize how material areas will be addressed internally and clarify language pertaining to strategic and material issues (for greater alignment);
- Extend stakeholder outreach to broader categories (e.g. communities);
- Investigate potential approaches to define and quantify metrics pertaining to Stantec's projects to reflect a more comprehensive value chain account;
- Demonstrate a clearer alignment between Stantec's business and sustainability strategies.

B. Accountability is pleased to have reviewed Stantec's draft 2012 sustainability report, and wishes Stantec success in its future sustainability strategy and reporting endeavors.



Agnieszka Rum Moore
B. Accountability



Statement GRI Application Level Check

GRI hereby states that **Stantec** has presented its report "2012 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 31 May 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 22 May 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

CONTACT US:

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Learn more about Stantec's sustainability efforts at www.stantec.com/sustainability

Have your say by answering a quick, anonymous survey about Stantec's sustainability efforts at www.stantec.com/sr2012survey

