



Management Approach: ESG Materiality

Material environmental, social, and governance (ESG) topics reflect a company's ability to create and preserve, or damage and deteriorate, economic, environmental, and social value for themselves, their stakeholders, and society at large. To focus our efforts on the areas of greatest impact, influence, and responsibility, Stantec routinely assesses our material ESG topics.

In 2022, Stantec completed a major refresh of our materiality assessment to align with the updated GRI Reporting Standards, which expanded the material topic boundaries and introduced consideration of double materiality.¹ Additionally, since Stantec's previous assessment (completed in 2019), we evolved our Company through numerous acquisitions, expansion of our service offerings, and growth of our geographic footprint.

This refresh exercise involved an in-depth review of Stantec management and primary stakeholder group² priorities with the intent of deepening the understanding of our impacts, maximizing our long-term value creation, and informing our 2023 strategic planning cycle.³

For the first time, we expanded our materiality evaluation beyond our direct operational control—the focus of our previous materiality assessments. This time, we identified and reviewed topics across the full value chain to consider impacts from our supply chain (upstream) through to customers and impacted communities (downstream). For both upstream and downstream, we look to leverage our industry and market influence and subject matter expertise for the most sustainable outcomes.

Across the value chain, we spent time understanding Stantec's sustainability context as defined by GRI—the external influences that contribute to positive and negative impacts on lives, livelihoods, and supply chains. We considered drivers such as the accelerating climate crisis, global pandemics, geopolitical instability, water stress, digital revolution, the great resignation, social justice, and rapidly evolving ESG-related regulatory requirements.

As described in the following sections, our process included

- Validating our value chain
- Identifying the material topics relevant to our value chain
- Prioritizing our material topics through engagement efforts with stakeholder groups

The results of the materiality refresh exercise were approved by Stantec executive leadership (Executive ESG Committee and C-Suite) and inform the focus of this report.

¹ Double Materiality: In 2021, GRI released an updated GRI 3 of the Reporting Standards with compliance required for all reports published beginning 2023. The new standards expand the material topic boundaries to evaluate a firm's full value chain and introduce the concept of double materiality—considering how ESG topics may impact the organization's financial success (outside-in) as well as how the organization creates value in the broader world (inside-out).

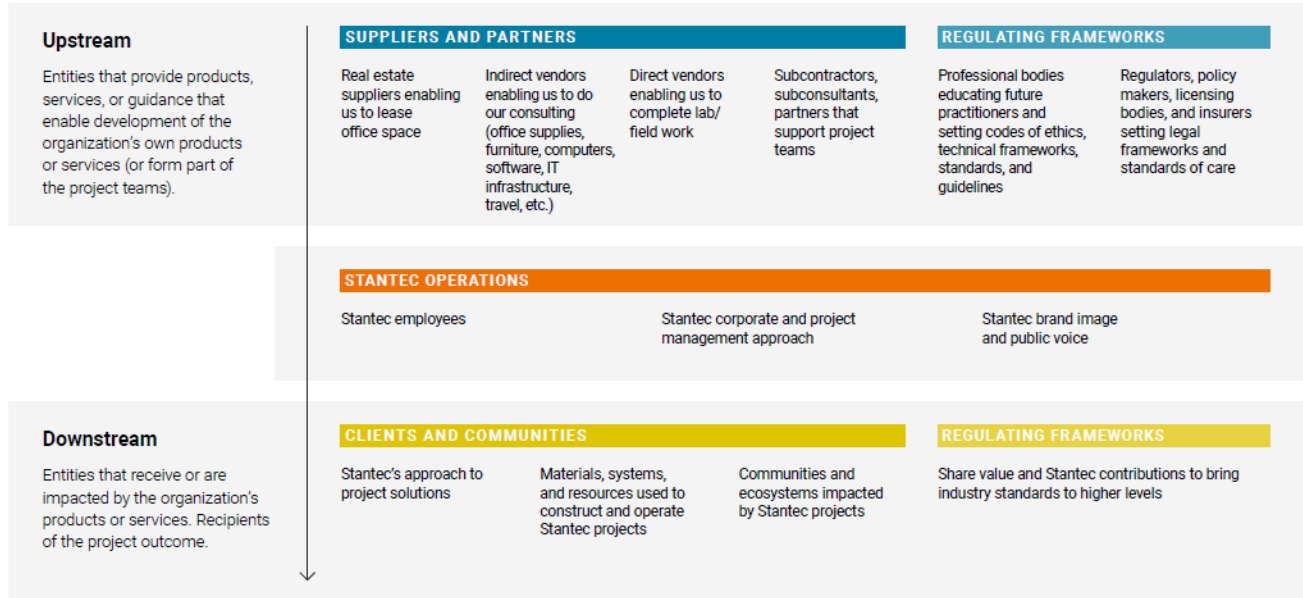
² Primary Stakeholder Groups: During our previous materiality assessment, the Executive ESG Committee performed a pairwise evaluation—a process of comparing entities in pairs to judge which of each entity is given greater weight—and identified Stantec's primary stakeholder groups, employees, clients, and investors.

³ The 2022 Materiality Refresh had a significant input on Stantec's 2023 strategic planning cycle. Sustainability is featured prominently in our recently released [Strategic Plan](#)—our beacon for the next three years (2024 through 2026). This plan reflects our purpose-driven organization and responds directly to the rapidly changing world in which we all live and work.



Value Chain

Stantec is a global leader in sustainable design, architecture, engineering, planning, digital technology, project management, and scientific consulting services. Upstream, our value chain includes the suppliers and partners that contribute to development and delivery of Stantec's services. Downstream, our value chain includes the clients and communities that are impacted by our services and the results thereafter.



Because we are still evaluating if and how Stantec should approach the overall topic of advocacy, regulating frameworks were identified in both the upstream (advocacy with professional bodies and regulators) and downstream (advocacy to promote industry best practices) nodes of Stantec's value chain but were not specifically included in the ESG material topics scoring process. Discussions are underway with associated management approaches anticipated in future reports.



Identified Topics

With a defined value chain, our next step was to revisit the material topics from Stantec operations—the focus of our previous materiality assessments—and identify new topics related to our upstream (suppliers and partners) and downstream (clients and communities) value chain nodes.

We started by defining Stantec’s ESG participation within each value chain node.

ESG Categories	VALUE CHAIN NODES		
	Upstream: Suppliers and Partners	Operations: Stantec	Downstream: Clients and Communities
Environmental	Stantec supplier management approaches that encourage environmentally responsible procurement practices	Stantec programs to evaluate, manage, and minimize the environmental impacts of our operations	Stantec’s ability to influence client decisions that maximize the positive and minimize the negative environmental impacts of our project work
Social	Stantec supplier management approaches that promote small and diverse businesses and prioritize businesses that support their employees, local communities, and human rights	Stantec programs to build an inspiring, inclusive, safe workplace and culture and positively support the communities where we live and work	Stantec’s ability to influence client decisions that maximize the positive and minimize the negative impact on social groups directly or indirectly affiliated with our project work
Governance	Stantec supplier management approaches that promote responsible behavior	Stantec programs to ethically manage our business	Stantec’s ability to promote project-level responsible behavior with our clients

We then identified a full list using GRI and Stantec-defined topics for evaluation:

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|--|---|---|
| <p>Environmental</p> <ul style="list-style-type: none"> • Biodiversity Protection • Clean Energy Use • Emissions Management • Environmental Management • Materials Specifications • Waste Management • Water Use | <p>Social</p> <ul style="list-style-type: none"> • Community Engagement • Health, Safety, and Security • Inclusion, Diversity, and Equity • Indigenous Relations • Workforce Management | <p>Governance</p> <ul style="list-style-type: none"> • Cybersecurity and Privacy • Ethics and Compliance • Human Rights • Innovation • Procurement • Risk Management—Climate • Risk Management—Enterprise |
|--|---|---|



Prioritized Topics

To prioritize Stantec’s ESG material topics, we gathered input from our primary stakeholder groups (employees, clients, investors) through workshops, surveys, and desktop research.

We established scoring criteria to evaluate a series of questions related to our current and future risk exposures and opportunities for innovation. Considerations included Stantec’s level of influence, the maturity of our programs, and the potential role Stantec could play in helping to tackle some of the most urgent topics in the world today (such as climate change, water stress, and social justice).

Through the resulting scores, we prioritized the ESG topics for each value chain node (suppliers and partners, operations, and clients and communities) and grouped the topics into three levels of materiality (priority action topics, managed topics, and monitored topics).

ESG Categories and Material Topics	VALUE CHAIN NODES		
	Upstream: Suppliers and Partners	Operations: Stantec	Downstream: Clients and Communities
Environmental			
Biodiversity Protection	■	○	◐
Clean Energy Use	■	●	●
Emissions Management	■	●	●
Environmental Management	■	◐	○
Materials Specifications	■	○	◐
Waste Management	■	◐	◐
Water Use	-	○	●
Social			
Community Engagement	□	◐	◐
Health, Safety, and Security	■	●	●
Inclusion, Diversity, and Equity	◐	●	●
Indigenous Relations	□	◐	◐
Workforce Management	■	●	-
Governance			
Cybersecurity and Privacy	■	●	●
Ethics and Compliance	■	●	●
Human Rights	■	◐	◐
Innovation	-	●	-
Procurement	◐	◐	-
Risk Management – Climate	-	◐	●
Risk Management – Overall	-	◐	-
Economic			
Financial Health	-	●	-

Materiality Levels

● **Priority** action topics are those determined to be most material to Stantec and are a priority for both Stantec executive management and stakeholders. These topics shape the focus of our sustainability program and reporting and informed our 2023 strategic planning.

◐ **Managed** topics are those we will continue to watch and closely manage. These topics are covered in our sustainability programs and disclosures because they align with our strategic objectives and are important to our stakeholders.

○ **Monitored** topics are those that were not determined to be current or immediate material risks, but that we still monitor because they reflect our values and address specific stakeholder requirements.

Upstream Grouping

■ Included in a **ESG supplier evaluation** under the procurement upstream topic.

□ Part of **supplier diversity** efforts under the inclusion, diversity, and equity upstream topic.

The materiality levels include

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- ◐ **Managed** topics—those we will continue to watch and closely manage. These topics are covered in our sustainability programs and disclosures because they align with our strategic objectives and are important to our stakeholders.
- **Monitored** topics—those that were not determined to be current or immediate material risks, but that we still monitor because they reflect our values and address specific stakeholder requirements.