



Management Approach: Emissions Management

Stantec has measured, managed, and analyzed our operational carbon footprint since 2010. We report and validate greenhouse gas (GHG) emissions for all three scopes, have a validated science-based target (SBT), and have an aggressive emissions reduction program in place to achieve our operational net zero commitment. For our clients, subject matter expertise across our business helps us minimize the emissions of the projects we design.

Scope Definitions

Stantec's operational scope breakdown is as follows:

- Scope 1: Direct energy sources
 - Gasoline and diesel fuel for owned or leased fleet and drill rigs
 - Natural gas, fuel oil and propane for office energy (for all buildings we occupy, whether leased or owned)
- Scope 2: Indirect energy sources (both location-based and market-based)
 - Electricity for office energy (for all buildings we occupy, whether leased or owned)
 - Electric vehicles in owned or leased fleet
- Scope 3: Other emission sources
 - Business travel (air travel, rental cars, work-related personal car use, rail, hotel stays)
 - Purchased goods and services (computers, furniture, mobile phones, paper, native plant nursery fertilizer)
 - Employee commuting
 - Upstream leased assets (residential units leased as a hotel alternative for long-term business travel)
 - Energy not included in scope 1 or 2 (line loss: electricity lost in transmission)
 - Waste (office and native plant nursery)

Calculation Methodology

We calculate GHG emissions and energy use for our worldwide operations following the GHG Protocol.

The space we use must be adaptable, so we lease most of our offices, primarily in multi-tenant buildings. While we do pay some utility bills directly, for the other spaces, separate metering is rarely available and utility costs are wrapped into lease costs, making it complicated to collect activity data and measure, manage, and mitigate our energy consumption.

To address this, we collect utility usage data from the landlords of our largest offices and use industry-recognized intensity factors in our calculations. Our internal eco-footprint database centrally tracks information on our global real estate to improve overall accuracy, provide consistency, and reduce the need to extrapolate.

For purchased goods and services, business travel, fleet, drill rigs, and leased residential units, Stantec engages with our vendors for relevant usage reports and utilizes internationally recognized extrapolation figures.

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

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

Verification

Annually, our GHG inventory (scopes 1, 2, and 3) are independently verified by Apex Companies according to ISO 14064-3 Second Edition 2019-04 Greenhouse Gases—Part 3: Specification with guidance for the verification and validation of greenhouse gas statements. The footprint for our overall organization receives a limited level of assurance. Stantec additionally assures emissions for our United Kingdom operation to a reasonable level.



Emissions Reductions

For more than a decade, Stantec has focused on reducing operational emissions. After meeting previous reduction goals, we set near-term SBTs aligned with the most ambitious goal of the Paris Agreement, a 1.5°C trajectory.

As reflected on the Science Based Target Initiative ([SBTi website](#)), Stantec’s validated, SBTs are as follows:

Stantec Inc. commits to reduce absolute scope 1 and 2 GHG emissions 47% by 2030 from a 2019 base year. Stantec Inc. also commits to reduce absolute scope 3 GHG emissions from business travel by 47% within the same timeframe.

Our scope 1 and 2 SBT is based on market-based scope 2 emissions, which are lowered by renewable energy use. Our scope 3 business travel emissions are lowered through the purchase of sustainable aviation fuel (SAF).

Stantec has committed to set an SBTi long-term target but have not yet completed the validation process.

Achieving Operational Net Zero

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

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

Phase 1: Emissions reductions	Phase 2: Carbon neutrality	Phase 3: Net zero transition	Phase 4: Science-based net zero
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Phase 1: Emissions Reductions

Stantec’s primary focus is reducing GHG emissions, and we have an aggressive emissions reduction program in place that will continue throughout our net zero journey.

We meet our emission reduction goals by

- Optimizing our energy use by consolidating offices into energy-efficient spaces and utilizing an efficient, modular office design
- Purposely conserving energy in our building operations
- Switching office energy use to renewable energy sources (through self-generation as well as the purchase of green tariffs and energy attribute certificates)
- Reducing business travel by enabling virtual meeting options and using management options enabled through our travel management system
- Purchasing SAF
- Greening our vehicle fleet with a movement towards fuel-efficient, hybrid, and electric vehicles
- Engaging our supply chain and employees to reduce consumption of purchased goods
- Enabling a flexible workplace strategy to minimize employee commute requirements

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



Phase 2: Carbon Neutrality

While our primary focus is continual emissions reductions, we believe it is important to balance our impact as we progress towards operational net zero. Beginning with our 2022 emissions, Stantec has achieved carbon neutrality company-wide by reducing our emissions and purchasing high value, certified carbon credits equivalent to our residual emissions (scope 1, market-based scope 2, entire scope 3).

Our carbon credit purchases fall into three categories:

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

To confirm the purchased credits are high value, we tap into our in-house subject matter expertise to evaluate credit options and contributions. All credits purchases are third party certified with credits retired from associated registries upon purchase. Whenever possible, we purchase carbon credits for projects in the countries where our emissions are generated.

Stantec considers carbon credit purchases an interim measure in addition to our SBT, an emissions mitigation investment outside our value chain. Carbon credits are an expression of good will during our journey to net zero and do not reduce our reported emissions.

Phase 3: Net Zero Transition

After achieving operational carbon neutrality, we will begin our net zero transition. By 2030, we will achieve our near-term SBT reductions and have transitioned away from paying third parties for the purchase of carbon credits to instead focusing on Stantec-supported projects that provide additionality. This means we will balance our residual emissions by tapping into Stantec subject matter experts to produce renewable energy or carbon reductions that would not happen without our involvement. This includes actions such as adding renewable energy to the grid, developing nature-based solutions that reduce, store, and sequester carbon, and supporting carbon capture to remove carbon from the atmosphere.

Stantec's Innovation and Community Engagement teams will play a key role in this effort. We will access our expertise, thought leadership, and related funding to pilot new approaches that will help Stantec achieve our goals. These creative solutions will also be applied to client work to help our clients achieve their goals.

Phase 4: Science-Based Net Zero

The SBTi Net Zero Corporate Standard—released in late 2021—provides the world's first official science-based certification for corporate net zero claims. For a professional service firm (the category applicable to Stantec), this SBTi definition includes a requirement to reduce emissions by 90% and allows only 10% of final emissions to be neutralized by carbon credits.

While Stantec is still evaluating certification under this standard, we have added this fourth phase to our net zero journey that includes significant emission reductions beyond our validated near-term SBT¹. We are still in the process of defining these new long-term emissions reduction targets and dates but have already begun planning for even more drastic emissions reductions to get us as close to zero emissions as possible.

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

¹ Stantec's near-term SBT will be accomplished in 2030 as noted in Phase 3.



Accountability

To guide our operational emissions management program and assess our emissions reduction performance, Stantec links executive pay to ESG progress. Achievement of our near-term SBT and accomplishment of our carbon neutral and net zero pledges are stated compensation key performance indicators (KPI). In 2022, Stantec has achieved our expected SBT reductions and are declaring operational carbon neutrality.

Stantec's syndicated senior credit facility, which is structured as a sustainability-linked loan (SLL), adds further accountability with one of our KPIs including achievement of our near-term SBT. In 2022, Stantec met the terms of our SLL.

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

Supporting Clients

All Stantec clients have an obligation to decarbonize with many actively working on net zero strategies and implementations. Helping clients reduce their carbon impact is a key pillar in Stantec's strategy and directly connects to our future growth.

For our clients, we provide advisory, strategy development, and carbon accounting services to help them reduce their operational emissions. Subject matter expertise across our business enables project considerations to combat climate change in the projects we design such as mitigation, adaptation, and financing solutions.

Besides teams focused on addressing climate change (such as [Climate Solutions](#), [Atmospheric Sciences](#), and the [Energy Transition](#)), we also have an equity investment in [BlueSky Resources](#) to further the development and use of remote sensing to produce near real-time emission and air pollutant data tracking.

In the United Kingdom, we have committed to apply PAS 2080 principals (a BSI standard for carbon management/reduction in project designs) to reduce embodied carbon in our infrastructure project designs across our UK projects (starting with the Water business line).

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

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