



Stantec

A. OVERVIEW AND PURPOSE

The Audit Committee (the “Committee”) is appointed by, and responsible to the Board of Directors (the “Board”). The Committee approves, monitors, evaluates, advises and makes recommendations, in accordance with these terms of reference, on matters affecting the external and internal audits, risk management matters, the integrity of financial reporting and the accounting control policies and practices of the Corporation. The involvement of the Committee in overseeing the financial reporting process, including assessing the reasonableness of management’s accounting judgments and estimates and reviewing key filings with regulatory agencies is an important element of the company’s internal control over financial reporting. The Committee has oversight responsibility for the performance of both the internal auditors (if any) and the external auditors. The Committee also ensures the qualifications and independence of the external auditors. The Committee has oversight of the Corporation’s compliance with legal and regulatory requirements.

It is not the duty of the Committee to plan or conduct audits, or to determine that the Corporation’s financial statements are complete, accurate, and in accordance with generally accepted accounting principles.

B. AUTHORITY AND RESPONSIBILITIES

Request such information and explanations in regard to the accounts of the Corporation as the Committee may consider necessary and appropriate to carry out its duties and responsibilities.

Consider any other matters which, in the opinion of the Committee or at the request of the Board, would assist the directors to meet their responsibilities.

Provide reports and minutes of meetings to the Board.

Engage independent counsel and other advisors as may be deemed or considered necessary, and determine the fees of such counsel and advisors. Receive confirmation from management that the Corporation has provided for adequate funding for the payment of compensation to the independent counsel and other advisors.

C. MEMBERSHIP

The members of the Committee shall be composed of three independent directors, appointed by the Board, all of whom must be financially literate and at least one member shall have accounting or related financial management expertise and be an audit committee financial expert as defined in SEC Regulations. For greater clarity, the Board has adopted the definition of independent director as set out in Multilateral Instrument 52-110 of the Canadian Securities Administrators.

The Chair of the Committee shall be designated by the Board.

Attendance by invitation at all or a portion of Committee meetings is determined by the Committee Chair or its members, and would normally include the CFO of the Corporation, representatives of the external auditor, the internal auditor, and such other officers or support staff as may be deemed appropriate.

D. FINANCIAL STATEMENTS AND DISCLOSURES

1. Review, and recommend to the Board for approval, the annual audited financial statements.
2. Review, and recommend to the Board for approval, the following public disclosure documents:
 - (a) the financial content of the annual report;
 - (b) the annual management information circular and proxy materials;
 - (c) the annual information form, including any regulatory requirements for audit committee reporting obligations;
 - (d) the management discussion and analysis section of the annual report; and
 - (e) the year-end news release on the earnings of the Corporation.
3. Review and, if appropriate, to approve and authorize the release of the quarterly unaudited financial statements including management's discussion and analysis, the quarterly interim report to shareholders and the quarterly press release on earnings of the Corporation. However, in the event that there is a significant or extraordinary matter that, in the opinion of the Committee, should be reviewed by the Board before the release of such information, then the matter shall be referred to the Board for review.
4. Review with management the procedures that exist for the review of financial information extracted or derived from financial statements

which is publicly disclosed by the Corporation other than in the documents listed in section 3. above and periodically, at least annually, assess the adequacy of those procedures.

5. Review, and recommend to the Board for approval, all annual financial statements, reports of a financial nature, (other than quarterly unaudited financial statements), and the financial content of prospectuses or any other reports which require approval by the Board prior to submission thereof to any regulatory authority.
6. Review, and if appropriate, recommend to the Board for approval, the Corporation's filings with the U. S. Securities and Exchange Commission.
7. Review the audit committee information required as part of the annual information form.
8. Review with management on an annual basis, the Corporation's obligations pursuant to guarantees (including those granted under the Surety Credit Facility) that have been issued and material obligations that have been entered into, and the manner in which these guarantees and obligations have been, or should be, disclosed in the financial statements.
9. Review and assess, in conjunction with management and the external auditor, at least annually or on a quarterly basis where appropriate or required:
 - (a) the appropriateness of accounting policies and financial reporting practices used by the Corporation, including alternative treatments that are available for consideration;
 - (b) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;
 - (c) any new or pending developments in accounting and reporting standards that may affect or impact on the Corporation;
 - (d) the impact of the Corporation's capital structure on current and future profitability;
 - (e) any off-balance sheet structures; and
 - (f) the key estimates and judgements of management that may be material to the financial reporting of the Corporation.
10. At least annually, request the external auditor to provide their views on the quality (not just the acceptability) of the Corporation's annual and interim financial reporting. Such quality assessment should encompass judgements about the appropriateness, aggressiveness

or conservatism of estimates and elective accounting principles or methods and judgements about the clarity of disclosures.

11. Review any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements.

E. EXTERNAL AUDITOR

12. Assess the performance and consider the annual appointment of external auditor for recommendation to the Board for ultimate recommendation for appointment by the shareholders.
13. Review, approve and execute the annual engagement letter with the external auditor, and ensure there is a clear understanding between the Board, the Committee, the external auditor and management that the external auditor reports directly to the shareholders and the Board through the Committee. The terms of the engagement letter or the annual audit plan should include, but not be limited to, the following:
 - (a) staffing;
 - (b) objectives and scope of the external audit work;
 - (c) materiality limits;
 - (d) audit reports required;
 - (e) areas of audit risk;
 - (f) timetable; and,
 - (g) the proposed fees.
14. Obtain and review a report from the external auditor at least annually regarding the auditor's independence and the profession's or audit firm requirements regarding audit partner rotation.
15. Approve, before the fact, the engagement of the external auditor for all non-audit services and the fees for such services, and consider the impact on the independence of the external audit work of fees for such non-audit services.
16. Review all fees paid to the external auditor for audit services and, if appropriate, recommend their approval to the Board. Receive confirmation from management that the Corporation has provided for adequate funding for the payment of compensation to the external auditor.
17. Receive an annual certification from the external auditor that they participate in the public oversight program established by the Canadian Public Accountability Board (CPAB) and the standards of

the United States Public Company Accounting Board (PCAOB), and that they are in good standing with the CPAB and the PCAOB.

18. Review a report from the external auditors describing (a) the firm's internal quality control procedures and (b) any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years regarding the audits carried out by the external auditor together with any steps taken to deal with any such issues.
19. Receive and resolve any disagreements between management and the external auditor regarding all aspects of the Corporation's financial reporting.
20. Review with the external auditor the results of the annual audit examination including, but not limited to, the following:
 - (a) any difficulties encountered, or restrictions imposed by management, during the annual audit;
 - (b) any significant accounting or financial reporting issues;
 - (c) the auditor's evaluation of the Corporation's internal controls over financial reporting and management's evaluation thereon, including internal control deficiencies identified by the auditor that have not been previously reported to the Committee;
 - (d) the auditor's evaluation of the selection and application of accounting principles and estimates, and the presentation of disclosures;
 - (e) the post-audit or management letter or other material written communications containing any findings or recommendations of the external auditor including management's response thereto and the subsequent follow-up to any identified internal accounting control weaknesses; and
 - (f) any other matters which the external auditor should bring to the attention of the Committee.
21. Meet with the external auditor at every meeting of the Committee or as requested by the auditor, without management representatives present; and to meet with management, at least annually or as requested by management, without the external auditor present.
22. When there is to be a change in the external auditor, review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 and the planned steps for an orderly transition.

23. Review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.
24. Receive comments from the external auditor on their assessment of the effectiveness of the Committee's oversight of internal control over financial reporting.

F. INTERNAL AUDIT

25. Review the appointment or termination of the Internal Auditor.
26. Review and approve the internal audit mandate periodically (at least every 3 years).
27. Review and approve the annual audit plan of the internal auditor (where applicable), and ensure there is a clear understanding between the Board, the Committee, the internal auditor and management that the internal auditor reports directly to the Board through the Committee. Receive confirmation from management that the Corporation has provided for adequate funding for the internal auditor. The terms of the audit plan should include, but not be limited to, the following:
 - (a) staffing;
 - (b) objectives and scope of the internal audit work;
 - (c) materiality limits;
 - (d) audit reports required;
 - (e) areas of audit risk;
 - (f) timetable; and,
 - (g) the proposed budget.
28. Review with the internal auditor the results of their audit examination including, but not be limited to, the following:
 - (a) any difficulties encountered, or restrictions imposed by management, during the audit;
 - (b) any significant accounting or financial reporting issues;
 - (c) the auditor's evaluation of the Corporation's system of internal accounting controls, procedures and documentation;
 - (d) the internal audit reports or other material written communications containing any findings or recommendations of the internal auditor including management's response thereto and the subsequent follow-

up to any identified internal accounting control weaknesses;
and

(e) any other matters which the internal auditor should bring to the attention of the Committee.

29. Meet with the internal auditor at every meeting of the Committee or as requested by the internal auditor, without management representatives present.

G. INTERNAL CONTROLS

30. Obtain reasonable assurance, by discussions with and reports from management, the external auditor and the internal auditors (where applicable), that the accounting systems are reliable, the system for preparation of financial data reported to the market is adequate and effective, and that the system of internal controls is effectively designed and implemented.

31. Review management's annual report on the effectiveness of internal controls and procedures, as well as quarterly and annual CEO and CFO certificates filed pursuant to securities regulations.

32. Receive reports from management on all significant deficiencies and material weaknesses identified by management.

33. Review annually, or as required, the appropriateness of the system of internal controls and approval policies and practices concerning the expenses of the officers of the Corporation, including the use of the Corporation's assets.

34. Review and approve, on a quarterly after-the-fact basis, the expense accounts of the Board Chair and the Chief Executive Officer of the Corporation.

H. COMPLIANCE/RISK/FRAUD

35. Discuss with management the Corporation's major risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

36. Discuss with management the Corporation's policies and procedures designed to prevent, identify and detect fraud.

37. In accordance with the Corporation's Whistle Blower Policy - Complaint Resolution Process, review and determine the disposition of any complaints or correspondence received under the policy.

38. Discuss with management the Corporation's policies and procedures designed to ensure an effective compliance and ethics program, including the Corporation's code of ethics

39. Discuss with management and the general counsel any legal matters that may have a material impact on the financial statements or the Corporation's compliance requirements.
40. On an annual basis, review the adequacy of the Corporation's insurance program.
41. Receive a risk assessment report from management following due diligence, on acquisitions within North America with an enterprise value of \$40 million (Canadian or US dollars) or greater, and all acquisitions outside North America, make such further inquiries as considered necessary, and report thereon to the Board. The content of the risk assessment report will be initially developed by the Committee in conjunction with management and will be reviewed annually by the Committee.

I. OTHER

42. Review, as required, any claims of indemnification pursuant to the by-laws of the Corporation.
43. Receive a quarterly report from the CFO regarding private aircraft use including itinerary and passenger manifest.
44. Review and determine the disposition of any complaints received from shareholders or any regulatory body.
45. Conduct a bi-annual assessment of the effectiveness of the Committee and provide a report thereon to the Board.
46. Review annually the terms of reference for the Committee and recommend any required changes to the Board.

J. MEETINGS

47. Regular meetings of the Committee are held at least four times each year.
48. Meetings may be called by the Committee Chair or by a majority of the Committee members, and usually in consultation with management of the Corporation.
49. Meetings are chaired by the Committee Chair or, in the Chair's absence, by a member chosen by the Committee from among themselves.
50. A quorum for the transaction of business at any meeting of the Committee is a majority of the appointed members.
51. The Secretary of the Corporation shall provide for the delivery of notices, agendas and supporting materials to the Committee

members at least five (5) days prior to the meeting except in unusual circumstances.

52. Meetings may be conducted with members present, or by telephone or other communications facilities which permit all persons participating in the meeting to hear or communicate with each other.
53. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee is as valid as one passed at a Committee meeting.
54. The Secretary of the Corporation shall be the secretary for the Committee and shall keep a record of minutes of all meetings of the Committee.
55. Minutes of the meetings of the Committee shall be distributed by the Secretary of the Corporation to all members of the Committee within seven (7) working days of each meeting, and shall be submitted for approval at the next regular meeting of the Committee.