

Board of Directors

Corporate Governance Guidelines



Stantec

The Board of Directors (the “Board”) of Stantec Inc. (the “Corporation”) wishes to formalize the guidelines pursuant to which the Board governs the business of the Corporation. These guidelines have been updated to reflect the fact that National Policy 58-201 has replaced the TSX Guidelines on Corporate Governance practice. The guidelines are intended to be flexible and are intended to provide parameters and direction to the Board in conjunction with its obligations and mandate to oversee and direct the affairs of the Corporation.

BOARD RESPONSIBILITIES

The Board is responsible for the stewardship of the Corporation. In executing this role, the Board shall oversee the conduct, direction and results of the business. In turn, management is mandated to conduct the day-to-day business and affairs of the Corporation and is responsible for implementing the Board's strategies, goals and directions. The Board and its members shall at all times act in the best interests of the Corporation and its actions shall reflect its responsibility of establishing proper business practices and appropriate ethical standards expected of the Corporation.

In discharging the Board's stewardship obligations, the following are six specific principal responsibilities of the Board.

1. Integrity of the CEO and other Executive Officers

The Board assesses the integrity of the Chief Executive Officer (the “CEO”) and other executive officers through regular interaction at board and committee meetings and through ongoing interaction. In addition, the Board satisfies itself that the CEO and other executive officers are creating a culture of integrity throughout the Corporation by reviewing annually with the CEO and executive officers what policies and procedures are in place to create a culture of integrity.

2. Adoption of a Corporate Strategic Planning Process

It is the responsibility of the Board to ensure that the Corporation has appropriate short and long-term goals and has implemented a strategic planning process. In identifying and adopting short and long-term goals and a strategic planning process, the Board shall look to the management of the Corporation, and particularly the CEO, for leadership. In addition to ensuring a strategic planning process is in place, the Board should assist in the process by maintaining open communication lines with management both directly and through the CEO, providing objectivity to plans and adding its collective experienced judgement to the strategic planning process. Finally, the Board must approve the Corporation's strategies as they evolve and as they may change. In this context, the Board must be responsible for monitoring management's success in implementing and modifying its strategies as may be required.

3. Managing Risks and Protecting Shareholder Value

The Board shall be responsible to ensure that proper procedures are established for the protection of shareholder value. The Board is expected to adequately scrutinize material programs and approve material capital expenditures, acquisitions and divestitures.

Members of the Board are responsible for and must be expected to understand the principal risks associated with the Corporation's business. In this regard, the Board must rely upon management of the Corporation to identify and monitor risks on a day-to-day basis; however, the Board must ensure that there are adequate systems in place which effectively monitor and manage the risks of the business to ensure the Corporation's long-term viability. It is acknowledged and understood that all business decisions involve balancing risks with reward and benefit, and hence any material business actions must balance the potential return against the potential damage to shareholders.

4. Appointing, Developing and Monitoring Senior Management (Succession Planning)

The Board implements its corporate strategies and resolutions through delegation to management. In turn, management must inform and communicate properly with the Board and in accordance with the Board's stated goals and objectives. As a result, the Board must ensure that it has retained a management of appropriate calibre, particularly in the role of the CEO. The Board must implement systems to assess the performance of its senior management, particularly that of the CEO, against objectives established by the Board. To the extent there are mechanisms which may assist the appointment, development and assessment of management, the Board should be satisfied that such systems are in place and that an orderly succession of senior management can be facilitated.

5. Communications Policy

The Board shall ensure that the Corporation has a policy in place to enable it to communicate effectively with shareholders, other stakeholders and the public generally, including the capital markets. The Corporation's communications policy must effectively relate the operations of the Corporation to shareholders and should facilitate open communication with shareholders. The CEO will be directly responsible for approving the issuance of any material communications to shareholders.

6. Internal Corporate Controls and Management Information Systems

The Board shall ensure there are control and information systems in place to ensure the effective discharge of its responsibilities hereunder and in law. In particular, the Board will ensure the Corporation has (a) an audit system and internal controls which verify the integrity of the financial data and the compliance of financial information with appropriate accounting principles, (b) adequate environmental information, controls and reporting systems, and (c) systems for monitoring and evaluating the implementation of corporate strategy and material corporate decisions.

The Board at large is responsible for its approach to corporate governance issues. In considering these issues and in assessing the effectiveness of the Board and its committees and the contribution of each individual director, the Board will seek the assistance and advice of the Corporate Governance and Compensation Committee.

COMPOSITION OF THE BOARD

1. Criteria for Board of Directors

The Corporate Governance and Compensation Committee will be responsible for considering and thereafter reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Directors in the context of the then current make-up of the Board and the current affairs of the Corporation. This assessment will include issues of diversity, age, skills, judgement, integrity, gender, experience, profile and business prospects and such other factors deemed appropriate, all in the context of an assessment of the perceived needs of the Board and the Corporation at that time.

2. Independence

The Board shall be made up of a majority of independent directors. The Board has adopted the definition of independent directors as set out in Multilateral Instrument 52-110 of the Canadian Securities Administrators, attached hereto as Appendix A. At the present time, it is the view of the Board that six of the present eight directors are independent. A.P. Franceschini, President and CEO of the Corporation, is not considered independent. Aram H. Keith is also not considered independent as a result of his many years as CEO of The Keith Companies Inc., which company was recently acquired by the Corporation.

3. Size of the Board

The size of the Board should enable its members to effectively and responsibly discharge their responsibilities to the Corporation. The Board must recognize that the Corporation's demands on its directors may evolve with the development of the Corporation and the size of the Board should be considered over time and within the context of the development of the Corporation and the directors' responsibilities.

The Board presently has eight members. It is the sense of the Board that a size of seven to nine is about right; however, the Board would be willing to go to a somewhat larger size in order to accommodate the availability of an outstanding candidate(s).

4. Board Compensation Review

It is appropriate for the staff of the Corporation to report once a year to the Corporate Governance and Compensation Committee on the status of Board compensation in relation to other Canadian companies of the relative size and business of the Corporation. Changes in Board compensation, if any, should come at the suggestion of the Corporate Governance and Compensation Committee, but with full discussion and concurrence by the Board.

5. Assessing The Board's Performance

The Corporate Governance and Compensation Committee is responsible to report annually to the Board an assessment of the Board's performance. This will be discussed with the full Board. This should be done following the end of each fiscal year and at the same time as the report on Board membership criteria.

This assessment should be of the Board's contribution as a whole and should specifically review areas in which the Board and/or the management believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board, not to target individual Board members.

6. Age and Term Limits

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and, therefore, provide an increasing contribution to the Board as a whole.

As an alternative to term limits, the Corporate Governance and Compensation Committee, in consultation with the Chairman of the Board and the CEO of the Corporation, will review each director's continuation on the Board at least every three years. This will also allow each director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

It is the sense of the Board that an age limit of 72 would be appropriate at the present time. However, this matter will be reviewed from time to time by the Corporate Governance and Compensation Committee and the Board.

7. Directors Who Change Their Present Job Responsibility

It is the sense of the Board that individual directors who change the responsibility they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board via the Corporate Governance and Compensation Committee to review the continued appropriateness of Board membership under these circumstances.

8. Position Descriptions

The Board has developed position descriptions for the Chief Executive Officer, Board Chairman, the Vice-Chairman, the Chairman of the Corporate Governance and Compensation Committee, and the Chairman of the Audit Committee. Such position descriptions are as follows:

CEO Position Description

Appointment

The Board shall appoint the CEO on terms and conditions that it considers appropriate.

Reporting and Review

The CEO shall report to the Board. The Board shall review the CEO's performance on an annual basis.

Duties and Responsibilities

The CEO shall have full responsibility for the day-to-day operation of the Corporation's business in accordance with the Corporation's strategic plan and budgets as previously approved by the Board. In discharging this responsibility, and subject always to the oversight of the Board, the CEO shall:

- foster a corporate culture that promotes ethical practices and encourages individual integrity;
- work with the Chairman of the Board to ensure the Board is provided with all information and access to management necessary to allow it to fulfill its statutory, governance and other obligations in a timely manner;
- fully apprise the Board of all matters that are material to Directors, and alert the Chairman in a timely manner of any material changes or events that may impact the risk profile, financial affairs or performance of the Corporation;
- develop and recommend to the Board a long-term strategy and vision for the Corporation that leads to enhancement of shareholder value;
- develop and recommend to the Board annual business plans and budgets that support the Corporation's long-term strategy;
- consistently strive to achieve the Corporation's financial and operating goals and objectives;
- promote continuous improvement in the quality and value of the Corporation's services;

- seek to secure and maintain a competitive position for the Corporation within its industry;
- ensure that the Corporation has an effective management team below the level of CEO and has an active plan for management development and succession;
- implement policies and processes to ensure the integrity of the Corporation's internal controls, management information and financial reporting;
- serve as the spokesperson for the Corporation and oversee communication between the Corporation and its shareholders, the investment community, media, governments and their agencies, employees and the general public.

Chairman

The prime responsibility of the Chairman of the Board of Directors is to provide leadership to the Board to enhance Board effectiveness. The Board has ultimate accountability for supervision of the management of the Corporation. Critical to meeting this accountability is the relationship between the Board, management, shareholders and other stakeholders. The Chairman, as the presiding member, must oversee that these relationships are effective, efficient and further the best interests of the Corporation.

The Chairman shall:

- chair all meetings of the Board;
- oversee the Board's discharge of its duties assigned to it by law, in the Articles and By-Laws of the Corporation and the Corporate Governance Guidelines;
- together with the CEO, represent the Corporation to employees, shareholders and other stakeholders;
- develop a good working relationship between the office of the Chairman, the President and CEO, and the Board to assure open communications, cooperation, interdependence, mutual trust, respect, and commonality of purpose;
- take steps to foster the Board's understanding of its responsibilities and boundaries with management;
- establish procedures to govern the effective and efficient conduct of the Board's work;
- establish the agenda for, and preside at all meetings of the Board and annual and special meetings of Shareholders;
- oversee the distribution of information to the Board in a manageable form, sufficiently in advance of the meeting;

- oversee the functions delegated to the committees and monitor the committees' work to see that these functions are carried out and results are reported to the Board; and carry out other duties as requested by the Board.

Vice-Chairman

The prime responsibility of the Vice-Chairman of the Board of Directors is to support the Chairman of the Board of Directors in fulfilling his duties, and acting as a spokesperson for the Company as requested by the Chairman or the President and CEO.

The Vice-Chairman shall:

- attend all meetings of the Board of Directors;
- serve as a spokesperson for the Corporation as requested by the Chairman of the Board or the President and CEO;
- carry out special assignments as requested by the Chairman;
- participate as a vital part of the board leadership; and
- perform other responsibilities as assigned by the Board.

Corporate Governance and Compensation Committee Chairman

The prime responsibility of the Chairman of the Corporate Governance and Compensation Committee is to provide leadership to the Corporate Governance and Compensation Committee to ensure its effectiveness. Critical to meeting this accountability is ensuring that the Corporation has in place an appropriate and effective system of corporate governance.

The Chairman of the Corporate Governance and Compensation Committee shall:

- set the tone for the Corporate Governance and Compensation Committee work;
- set the agenda and chair Corporate Governance and Compensation Committee meetings, and ensure distribution of meeting minutes;
- oversee the logistics of committee's operations and ensure compliance with the Corporate Governance and Compensation Committee Terms of Reference;
- report to the full Board on the Corporate Governance and Compensation Committee's decisions and recommendations; and
- chair the meetings of the Board in the absence of the Chairman of the Board of Directors.

Audit Committee Chairman

The prime responsibility of the Audit Committee Chairman is to provide leadership to the Audit Committee to enhance its effectiveness. Critical to

meeting this accountability is the relationship between the Audit Committee, management, and the external auditors. The Chairman of the Audit Committee must oversee that these relationships are effective, efficient and further the best interests of the Corporation.

The Chairman of the Audit Committee shall:

- set the tone for the committee work;
- set the agenda and chair Audit Committee meetings, and ensure distribution of meeting minutes;
- oversee the logistics of committee's operations and ensure compliance with the Audit Committee Terms of Reference; and
- report to the full Board on the Audit Committee's decisions and recommendations.

BOARD COMMITTEES

The Board shall have the following standing committees:

1. Audit Committee; and
2. Corporate Governance and Compensation Committee.

The responsibilities of these committees shall be as set forth in the mandates for these committees as prescribed from time to time by the Board. The Board may create additional standing committees from time to time as deemed appropriate by the Board.

All Committees of the Board shall be comprised exclusively of independent directors.

Appointment of members to standing committees shall be the responsibility of the Board, having received the recommendation of the Corporate Governance and Compensation Committee, based upon consultations with other members of the Board and the CEO. In this regard, consideration should be given to rotating committee members from time to time and to the special skills of particular directors. Committee chairs will be selected by the Board or, in the event of its failure to do so, by the committee's members. The Committee chairs will be responsible for determining the agenda of meetings and determining the frequency and length of meetings.

The Board may constitute additional standing committees or special committees with special mandates as may be required or appropriate from time to time. In appropriate circumstances, the committees of the Board shall be authorized to engage independent advisors as may be necessary in the circumstances.

In discharging his or her obligations, an individual director may engage outside advisors, at the expense of the Corporation, in appropriate circumstances and subject to the approval of the Corporate Governance and Compensation Committee.

SELECTION OF NEW DIRECTORS AND THE CHAIRMAN OF THE BOARD

The Board will ultimately be responsible for nominating new directors and for the selection of the Chairman of the Board. The process of identifying and recommending

new directors shall be the responsibility of the Corporate Governance and Compensation Committee following consultation with members of the Board at large and the CEO. Invitations to join the Board should be extended by its Chairman. New members of the Board shall be provided with an orientation and education program as to the nature of the business of the Corporation, current issues, corporate strategies and responsibilities of directors.

At the present time and under the present circumstances, the Board has adopted the policy whereby the office of the CEO and the Chairman of the Board are held by different persons. The Chairman of the Board is elected annually by the Board at the first Director's meeting after the annual general meeting of shareholders.

BOARD MEETINGS

The Chairman of the Board in conjunction with the CEO and the Secretary, shall be responsible for ensuring that all information and data material, relevant or important to the Board's understanding of the business to be considered by it at any particular meeting, is distributed to members on a timely basis in advance of meetings. The Board and senior management shall be cognizant that its members are expected to make diligent and fully informed decisions after giving the subject matter due and thorough consideration. Accordingly, early dissemination of materials is encouraged wherever possible so that members of the Board may have a full understanding of the issues to be considered and discussed. It should be a standard practice to deliver the agenda and materials for consideration at all meetings at least five (5) days prior to the meeting. In no event should such agenda and related materials be delivered any later than the day prior to the meeting except in unusual circumstances. In addition, material should be as succinct and lucid as possible yet provide the necessary information. Information provided to the Board should not be restricted to historical or financially oriented materials but should also consider qualitative factors which may impact upon the decision to be made by the Board.

Each Board member is free to suggest the inclusion of item(s) on the agenda.

The Chairman of the Board, in conjunction with the CEO, will have the responsibility for setting the agenda for directors' meetings.

Wherever possible, and particularly with respect to regularly scheduled meetings of directors, personal attendance should be encouraged and telephone attendance should be restricted to urgent or special circumstances.

The outside directors of the Board will meet in Executive Session at least two times each year. The format of these meetings will include a discussion with the CEO on each occasion.

MANAGEMENT PERFORMANCE, OBJECTIVES AND EVALUATIONS AND MANAGEMENT DEVELOPMENT AND SUCCESSION

The Board should establish annual corporate objectives which management and the CEO are responsible for meeting and should assess management performance annually, with a particular emphasis upon the performance of the CEO. Results of this evaluation should be considered with the CEO by the Chairman of the Board. This

evaluation should be based upon objective criteria previously authorized by the Board including consideration of the performance of the business of the Corporation, accomplishment of short and long-term strategic objectives, material business accomplishments and development of management. The evaluation is to be used by the Corporate Governance and Compensation Committee as part of a formal process of considering compensation of the CEO and management with reference to the performance in meeting the corporate objectives.

The CEO will also report to the Board annually with respect to senior management succession issues and the status of the Corporation's on-going program for management development. There should also be available, on a continuing basis, the CEO's recommendation as to his successor should he be unexpectedly disabled.

BOARD EXPECTATIONS OF SENIOR MANAGEMENT AND ACCESS TO SENIOR MANAGEMENT

Senior management is responsible for the day to day operation of the Corporation. Operations are to be conducted in a manner which reflects the standards established by the Board and with the goal of implementing and fulfilling the policies, strategies and goals established by the Board. The Board shall determine the specific or general terms and levels of authority for senior management, particularly the CEO, as it may consider advisable from time to time. The CEO is encouraged to bring appropriate management members to Board meetings in order to (a) expose Directors to key members of management, (b) provide additional insight into matters being considered by the Board, and (c) expose members of the management team to the Board.

CODE OF ETHICS

The Board has adopted a code of ethics (the "Code") that constitutes written standards that are designed to promote integrity and to deter wrongdoing. The Code applies to all of the Corporation's directors, officers and employees.

The Board is ultimately responsible for monitoring compliance with the Code. No waiver of the requirements of the Code will be granted to the Corporation's directors or executive officers without approval of the Board's Corporate Governance and Compensation Committee.

ORIENTATION AND CONTINUING EDUCATION

The Board is to ensure that all new directors receive a comprehensive orientation so that new directors can understand the role of the Board and its committees, their individual roles and expectations and so that they understand the nature of the Corporation's business. In fact, new directors are provided with an orientation and education program that includes materials from recent board and committee meetings as well as written information about their duties and obligations of directors. Meetings are scheduled with new directors and members of senior management. New directors are also provided with a comprehensive director's manual.

Each director assumes responsibility for keeping informed about the business of the Corporation and developments in the industry. Management assists directors by providing them with updates on developments in various geographical areas in which

the Corporation is active, communication from the CEO to employees, and such other information management considers of interest to the Board.

In conjunction with board meeting locations, directors take part in tours of the Corporation's assets.

NOMINATION OF DIRECTORS

The Corporate Governance and Compensation Committee, composed entirely of independent directors, is responsible for identifying and recommending to the Board suitable director candidates. As part of the process, the Committee considers the competencies and skills of the Board, as a whole should possess, assesses the skill sets of current Board members and identifies any additional skill sets deemed to be beneficial when considering Board candidates in light of the opportunities and risks facing the Corporation. The Committee may engage outside advisors to assist in identifying qualified candidates. Potential candidates are screened to ensure that they have the attributes of: integrity and accountability; ability to think strategically; financial literacy; excellent communication skills; and the ability to work effectively as a team. These skills and attributes are necessary in order to execute their duties and responsibilities. The Committee also considers the positions held with other organizations and the other business and personal commitments of prospective director candidates to determine whether they would be able to fulfill their duties as Board members.

COMPENSATION

The Corporate Governance and Compensation Committee annually reviews directors' compensation to ensure it is competitive and consistent with the responsibilities and risks involved in being an effective director.

The Corporate Governance and Compensation Committee is responsible for annually reviewing and recommending to the full Board the compensation for the President and Chief Executive Officer and other senior executives.

The Corporate Governance and Compensation Committee has the authority to retain consulting firms to assist in carrying out the Committee's responsibilities, including determining the compensation of the President and CEO and other executives.

ASSESSMENTS

The Corporate Governance and Compensation Committee is responsible to report annually to the Board an assessment of the Board's performance. This assessment is discussed with the full Board. This is done following the end of each fiscal year and at the same time as the report on Board membership criteria.

This assessment is of the Board's contribution as a whole and specifically reviews areas in which the Board and/or the management believes a better contribution could be made. Its purpose is to increase the effectiveness of the Board as a whole as well as the effectiveness of individual Board members. In addition, the Corporate Governance and Compensation committee is responsible for assessing, on a quarterly basis, the CEO's performance against annual objectives.

COMMUNICATION POLICY

The Corporation is committed to providing timely, accurate, and balanced disclosure of material information about the Corporation consistent with legal and regulatory requirements. Materiality is determined by the importance of an event or information in influencing an investor's decision with respect to the purchase or sale of the Corporation's shares. The Corporation will disclose both positive and negative information on a timely basis, except when confidentiality issues require a delay in accordance with the rules of the TSX and the NYSE and applicable securities commissions.

The Corporation has established a Disclosure Committee to support the CEO and the CFO in identifying material information and determining how and when to disclose that information and to ensure that all material disclosures are made in compliance with relevant securities legislation.

The Disclosure Committee will meet prior to the release of the Corporation's regular quarterly and annual disclosure documents. The Committee also will meet as required to review and evaluate other disclosures, potential disclosures, or upon request of the CEO or CFO.

Appendix A - Independence

National Policy 58-201 provides that a director is independent if he or she would be independent for the purposes of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. In turn, 58-101 provides that a director is independent if he or she would be independent within the meaning of section 1.4 of Multilateral Instrument 52-110 *Audit Committees*. MI 52-110 was amended with effect from June 30, 2005 and the particular provision regarding independence is set out below. There are other provisions regarding controlled companies, U.S. listed issuers, etc. and reference should be made to the applicable instruments if required.

Section 1.4 Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
- (a) he or she had a relationship identified in Subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member:
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a Chairman or Vice-Chairman of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.