

## **Corporate Governance and Compensation Committee Terms of Reference (Mandate)**

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August 30, 2018

### **Overview and Purpose**

1. The Corporate Governance and Compensation Committee is responsible to the board of directors. The committee is responsible for
  - (a) ensuring that an appropriate and effective corporate governance system is in place for the board's overall stewardship responsibility and the discharge of its obligations to the stakeholders of the Company
  - (b) proposing new nominees to the board and for assessing the performance of the board, the committees of the board and the individual directors
  - (c) reviewing compensation levels of the members of the executive team, evaluating the performance of the chief executive officer (CEO) and considering succession planning for the CEO position and such other senior management positions as the committee wishes to include

### **Membership and Attendance at Meetings**

2. The committee is appointed by the board and shall be composed of a minimum of three (3) independent directors as defined by the board. The chair of the board of directors shall be an ex-officio member of the committee, in addition to the minimum number of required independent directors.
3. The chair of the committee shall be designated by the board.
4. Attendance by other than committee members at committee meetings is determined by the committee chair or its members.

### **Duties and Responsibilities**

#### **Corporate Governance and Board Nominations**

5. To assist the board in meeting its responsibility for the stewardship of the Company and to ensure that such items are being addressed by the Company and the board, at least annually, the committee shall review the following matters:
  - (a) adoption of a corporate strategy and a strategic planning process
  - (b) adoption, on an annual basis, of the corporate objectives which the CEO is responsible for meeting
  - (c) identification of the Company's principal business risks and the system to manage such risks
  - (d) CEO and senior management succession planning, including the appointment, training and monitoring thereof
  - (e) the communications policy for the Company
  - (f) the integrity of the Company's internal control and management information systems
6. To review, and recommend to the board for approval, the need, composition, membership, and chairing of board committees, with a view that the Audit and Risk Committee and Corporate Governance and Compensation Committee are composed entirely of independent directors and that committee membership should be periodically rotated.

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7. On an annual basis, to conduct an assessment of the effectiveness of the board as a whole, the committees of the board and the contribution of each individual director, and to report on such assessment to the full board.
8. To review from time to time, for board approval, the duties and responsibilities of the board and the position descriptions of the CEO, the chair of the board, the lead director, if any, and the committee chairs.
9. Review the CEO's succession plans for all executive management positions and provide a report thereon to the board at least once each year.
10. To lead the process, when required, to identify a candidate for appointment to the positions of CEO and also chair of the board.
11. To review, when required, and recommend for board approval, appointments to all "C"-level positions (eg. chief financial officer and chief operating officer) and all officers of Stantec Inc.
12. To review, and recommend to the board for approval, the corporate governance report, including a description of the Company's system of corporate governance, for inclusion in the annual report, and the Management Information Circular.
13. Review and make recommendations to the board as required on corporate governance issues pertaining to the board and the Company, including but not limited to (a) reviewing and ensuring the board and the Company are in compliance with the corporate governance guidelines as approved by the board, (b) monitoring the ongoing development and maintenance of the Company's approach to corporate governance issues, including the statement of corporate governance guidelines and (c) considering new matters or guidelines established by any stock exchange or other regulatory body which regulates the affairs of the Company.
14. Ensure each board committee annually reviews its scope, duties and responsibilities and recommends to the board amendments thereto, where advisable.
15. Periodically consider the composition and size of the board and make appropriate recommendations to the board for approval.
16. Subject to approval by the board, to
  - (a) determine the criteria, profile and qualifications for new nominees to fill vacancies on the board
  - (b) identify, interview and recruit such new nominees as may be required; and
  - (c) recommend the slate of directors to be nominated for election at the annual meeting of shareholders.

The committee is required to consult fully with the CEO and the chair of the board in its process of recruiting new directors.
17. Ensure an appropriate orientation and education program is in place for new and existing directors.
18. Review and recommend to the board for approval any changes to board approved corporate policies that are not otherwise directly related to the mandate of the Audit and Risk Committee.

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### **Compensation Matters and Management Performance**

19. Periodically review the executive compensation structure and related policies to ensure there is a link between compensation and performance, the desired level of competitiveness of the total compensation package, and the relationships between fixed and variable compensation and short-term and long-term incentives.
20. On an annual basis, review the compensation for the executive team, including bonuses, long term incentives, pensions and benefits, as recommended by the CEO, and provide an annual report thereon to the board.
21. On an annual basis, review the compensation of the CEO, including bonuses, long term incentives, pensions and benefits, and make a recommendation thereon to the board.
22. Review and assess, for review and approval by the board, the annual goals and objectives as proposed by the CEO.
23. Review the performance of the CEO with the board at each quarterly board meeting.
24. Review management's recommendation for and approve the granting of long-term incentives under the Stantec Long Term Incentive Plan and the Stantec Employee Share Option Plan and oversee the administration of the plans.
25. On an annual basis, review the adequacy and form of compensation of the directors and the chairs of the board and board committees to ensure the compensation realistically reflects the responsibilities and risks involved in being an effective director, and make appropriate recommendations to the board for approval.
26. To review, and recommend to the board for approval, the executive compensation report required for inclusion in the annual Management Information Circular of the Company, ensuring such report complies with compensation disclosure requirements.

### **Compliance/Fraud**

27. In accordance with the Company's integrity policies and practices, review complaints or correspondence received under the policy and practices that are referred to this committee by the Audit and Risk Committee or the Sustainability and Safety Committee.
28. Discuss with management the Company's policies and procedures designed to ensure an effective compliance, integrity, and ethics program, including the Company's Code of Business Conduct.
29. Receive from management and the Company's in-house legal counsel regular updates on legal matters which may impact the Company's compliance requirements.

### **General Matters**

30. To engage professional advisors or external consultants or purchase compensation and/or governance surveys and other materials as deemed necessary to assist the committee in fulfilling its mandate, and the costs thereof shall be reported to the board.
31. To review and approve, if appropriate, the request of individual directors to engage third party advisors at the expense of the Company.

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32. Request such information and explanations in regard to the operations of the Company as the committee or the board may consider necessary or appropriate to carry out its duties and responsibilities.
33. At the request of the board, to consider any other matters which would assist the directors to meet their responsibilities regarding compensation matters or corporate governance matters.
34. To review annually the terms of reference for the committee and recommend any changes to the board for approval.
35. Conduct an annual assessment of the effectiveness of the committee and provide a report thereon to the board.
36. Provide reports and minutes of meeting to the board.
37. Pre-approve the engagement of any external compensation consultants who provide services to the committee or the board for all services to be provided to management, and the fees for such services, and consider the impact on the independence of the compensation consultant of receiving fees for providing such services to management.

### **Meetings**

38. Regular meetings of the committee are held at least four times each year.
39. Committee meetings may be called by the committee chair or by a majority of the committee members. The secretary of the committee shall be notified when a meeting is called.
40. Meetings are chaired by the committee chair or, in the chair's absence, by a member chosen by the committee from among themselves.
41. A quorum for the transaction of business at any meeting of the committee is a majority of appointed members.
42. The chair of the meeting may establish rules and procedures to be followed at meetings of the committee.
43. The secretary of the committee shall provide for the delivery of notices, agendas and available related materials to the committee members no later than the day prior to the date of the meeting; however, it should be a standard practice to deliver the agenda and materials for consideration at the meeting at least five (5) days prior to the meeting except in unusual circumstances.
44. 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.
45. 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.
46. The secretary of the committee shall keep a record of minutes of all meetings of the committee.