



# 2021 *Task Force on Climate-Related Financial Disclosures Report*

MARCH 23, 2022

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# Introduction

## *from Our Global Corporate Director, ESG*

Climate change presents one of the most pressing challenges that has been confronted in human history. Impacts of climate change are observed globally across different sectors crucial to society and economy — such as human health, water, energy and food security, infrastructure, and others — and are expected to become increasingly complex and disruptive.

**André-Martin  
Bouchard**

Global Director,  
Earth & Environment  
and Global Corporate  
Director, ESG

From the extreme cold weather in Texas (USA), to deadly heatwaves and wildfires in British Columbia (Canada), to severe flooding in Europe, Africa and China, to name but a few examples, 2021 has emphasized once more the disruptive and far-reaching impacts of climate change on the way we live and work.

WSP is a leading global, multidisciplinary professional services firm providing planning, advisory, design, engineering and Environment, Social and Governance (“ESG”) services with approximately 55,000 employees operating worldwide. This allows us to actively participate in international efforts to transition to a low-carbon economy and drive sustainable growth. Regarding our own operations, in 2021 we announced ambitious climate action through a commitment to achieve net zero emissions across our value chain by 2040. To support this commitment, we have set

science-based greenhouse gas (“GHG”) emissions reduction targets, approved by the Science Based Targets initiative (“SBTi”). These commitments align WSP with the most ambitious aim of the Paris Agreement, to limit global temperature rise to 1.5°C.

This dedicated report highlights how we are embedding climate-related considerations into our operations and aligning with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (“TCFD”). The report spans TCFD’s four key elements: Governance, Strategy, Risk Management, and Metrics and Targets. We aim to be transparent to all of our stakeholders – including our clients, employees, investors and communities – on the risks we face and the ways we strive to mitigate them.





# Governance

WSP believes that oversight of climate-related issues at a Board of Directors and senior management level is instrumental for assessing and managing potential impacts of climate change on our strategic and financial planning and business performance. To this end, we are integrating climate-related considerations into our governance structure both at the Board and senior management levels.



## Board Oversight

WSP Global's Board of Directors ("Board") has ultimate oversight responsibility for ESG, and currently delegates this oversight responsibility to its Governance, Ethics and Compensation Committee ("GECC").

Working with senior management, the Board oversees the development of corporate strategy, developing key financial and non-financial objectives for WSP's three-year strategic cycles to ensure that our growth is in harmony with ESG principles.

The responsibility for ESG at the Board level is assigned to the Chair of the GECC. In this capacity the Chair has responsibility for company ESG goals, commitments, risk and opportunities at the Board level, and acts as the Board's liaison to senior management on ESG issues, which include climate-related risks and opportunities. ESG matters are also considered by the Board as part of the strategic planning process. The Board's oversight responsibilities notably include the establishment of our science-based GHG emissions

reduction targets set for our operations and supply chain, and WSP's ongoing Future Ready<sup>®1</sup> program. Our Global ESG Report is also reviewed annually at a meeting of the GECC.

In 2021, upon recommendation from the GECC, the Board approved a new Global ESG Statement that defines our approach to embedding ESG matters in our services to clients, expertise, operational excellence, and people and culture, to ensure our values are at the core of our business strategy.



<sup>1</sup> Future Ready<sup>®</sup> is a registered trademark of WSP Global Inc. in Canada and New Zealand. WSP Future Ready (logo)<sup>®</sup> is a registered trademark of WSP Global Inc. in Europe, Australia and in the United Kingdom.



## Management Oversight

At a senior management level, WSP has a Global Leadership Team (“GLT”) which focuses on assessing the risks that each business is facing and ensuring there are effective management processes in place to proactively identify and manage risk.

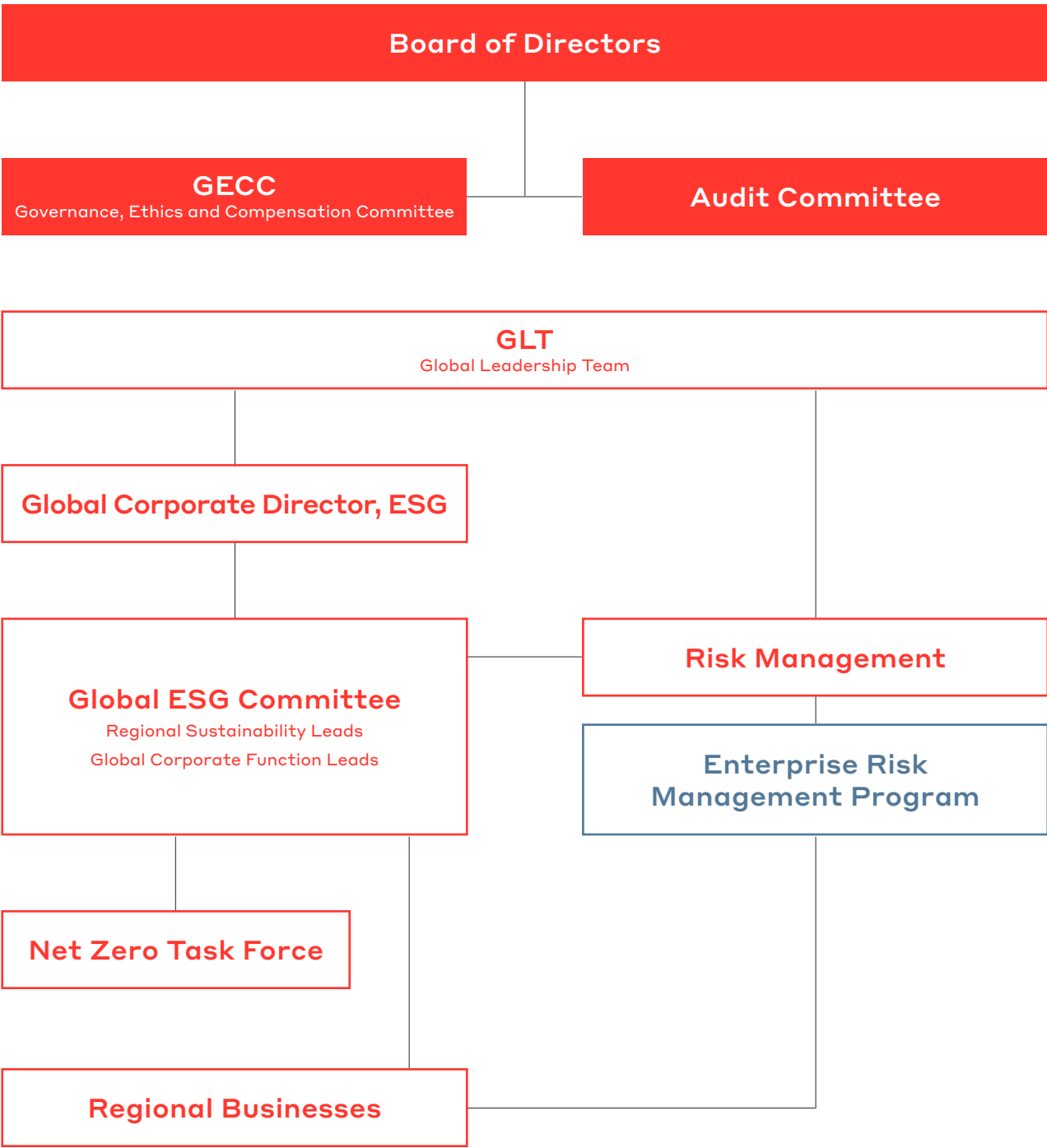
Within the GLT, the Global Corporate Director, ESG, is accountable for our global corporate sustainability efforts and coordinates strategies aimed at identifying material environmental and climate-related risks and opportunities, and the implementation of climate mitigation measures, such as carbon reduction plans, carbon offsetting and energy efficiency. The Global Corporate Director, ESG, briefs the Chair of the GECC quarterly on our ESG policies and programs.

The Global Corporate Director, ESG, is the chair of WSP’s global Environment, Social and Governance Committee (“ESG Committee”), which is comprised of representatives from all operating regions and corporate functions who have been empowered to implement the Committee’s recommendations (see Figure 1). The ESG Committee provides the platform to enhance ESG performance and advance initiatives from both a regional and global perspective, and is responsible for the execution

of our ESG program on behalf of all our stakeholders. The ESG Committee supported the setting of science-based GHG reduction targets for our operations and supply chain in 2021, as well as our commitment to achieve net zero emissions across our value chain by 2040.

The ESG Committee, and other supporting regional ESG experts, will also work in tandem with our Risk Management function to begin to evaluate climate-related risks on a regular basis. The Risk Management function is responsible for WSP’s Enterprise Risk Management (“ERM”) program, which is deployed both globally and regionally and provides a framework to identify, assess, and manage risks. Via the ERM, the Risk Management function takes an active role in the operationalization of risk management and governance across our core activities and acts as a risk advisor to key stakeholders.

FIGURE 1. WSP’S ESG GOVERNANCE STRUCTURE





# Strategy



Climate change may have financial implications for sectors in which WSP operates, such as Transportation & Infrastructure, Property & Buildings, Earth & Environment, Power & Energy, Resources and Industry, both posing risks and offering opportunities as we transition to a low-carbon and resilient future. Several of these sectors have historically released significant GHG emissions and are vulnerable to the impacts of extreme weather and climate change. Their transition is crucial.



WSP’s business model and services support our clients to be Future Ready®, and influencing this transition is a major opportunity for our firm. In response to climate change mitigation and adaptation from various industries, we expect increased demand for our designs and advice across these end markets, for example through decarbonizing buildings, net zero infrastructure, and offering more Earth & Environment and ESG advisory services.

The scale and diversity of our business mean that our impact can be substantial. WSP is currently ranked number 1 on the list of Top 225 International Design Firms by Engineering News-Record (“ENR”) magazine. We are also number 6 on ENR’s Top 150 Global Design firms listing.<sup>2</sup> Our leading position in the Buildings, Transportation, Power and Environmental sectors are recognized with top 5 positions in each of these sectors, including number 1 in Buildings

and Transportation. Our regional rankings include top ten positions in Europe and Asia, as well as the number 1 position in the United States and Australia/Oceania. Also, at the beginning of 2022, we were recognized by [Verdantix](#) as a global leader in ESG & Sustainability Consulting.

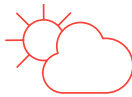
The section “[Climate Opportunities](#)” in this report describes more of our opportunities to provide services for a low-carbon future.

OUR FUTURE READY® PROGRAM

Future Ready® drives a mindset shift towards developing client solutions for long-term resilience and adaptability. It is important as many of the projects we work on have design lives of decades. Decades when society will have different needs and technologies will change. Decades when climate change will bring more extreme weather and also a phase-down of fossil fuels.

WE SEE THE FUTURE MORE CLEARLY

Our experts analyze future trends through four lenses.



CLIMATE

How will your project, infrastructure, or community hold up against the effects of global warming, flooding and rising sea levels, and more disruptive storms?



SOCIETY

The way we move around our cities, the way we design our neighbourhoods, and the way we plan infrastructure are all impacted by changes in social and cultural norms.



TECHNOLOGY

The speed of technological advancement has no historical precedent. It is upsetting almost every industry in every country, and the breadth and depth of changes are transforming entire systems of production, management, and governance.



RESOURCES

By changing our thinking on how we produce what we need, we can create an economy that allows us to do so much more, with less.

<sup>2</sup> The Top 225 International Design Firms rankings are based on design-specific export revenue generated from projects outside each firm’s respective home country (Canada for WSP). The Top 150 Global Design Firms rankings are based on total design-specific revenue, regardless of where the projects were located. Data source: ENR, August 2/9, 2021.



## Our Operations

Climate change can also expose our employees and office locations to physical risks and challenge our ability to perform day-to-day operations. Extreme weather events or temperatures, storm-related flooding or extended drought could manifest in disruption to offices, IT systems and our employees' ability to perform their work, especially onsite. More pronounced chronic impacts, such as increasing temperatures and sea level rise, may also raise our costs of doing business and impact our ability to deliver services to our clients in a timely manner. In addition, climate change impacts can potentially pose market risks, influencing our ability to provide services to our clients.

While we recognize these risks, we expect the project delays or negative revenue impacts due to severe weather events to be limited. Our operations during the Covid-19 pandemic have demonstrated our capacity to deliver our services remotely. In addition, our operations have been exposed to significant extreme weather events over the recent past, without compromising our business continuity.

## Business Planning

We are committed to playing a role in addressing the impact of climate change on our employees,

clients, shareholders and global communities. We are integrating climate-related risks and opportunities into our enterprise risk taxonomy, business strategies, business decisions and services we provide. We articulated our approach in our [Global ESG Statement](#).

ESG and climate-related matters also play an important role in our strategic planning. In our 2019-2021 Global Strategic Plan, we committed to contribute to the reduction in GHG emissions required to prevent significant climate change impacts through a target of a 25% reduction in absolute, market-based GHG emissions across our global operations from 2018 to 2030. In 2021, this goal was replaced by a more ambitious [net zero by 2040 commitment](#), supported by targets approved by the SBTi. ESG and climate-related matters, including the newly established net zero commitment, form a central theme in WSP's new [2022-2024 Global Strategic Action Plan](#), which was presented in the first quarter of 2022.

## Scenario Analysis

WSP continues to work to adapt its strategic management of climate risk and opportunities to changing climate conditions. In 2019, we conducted a TCFD gap analysis and developed an internal Climate Resilience Action Roadmap. In 2021, we conducted a qualitative physical and

transition climate risk and opportunity assessment aligned with the TCFD recommendations. The qualitative assessment is being used to inform a financial quantitative climate scenario analysis we will complete in 2022.

Since we are an organization providing consulting services that does not own any significant property or other real estate assets, our qualitative physical climate risk analysis took a city-level rather than an asset-level approach to understand climate change impacts to both our offices and employees in 17 major cities where WSP operates across the globe. For each site, we considered the likelihood and consequence of acute risks (flooding, cyclonic events, drought and extreme temperatures), and chronic risks (increasing temperatures, rising sea levels and changes in precipitation patterns). We analyzed historical trends and impacts between 1990 and 2018 and considered future climate projections for 2035 and 2060 based on modelled forecasts provided by the Intergovernmental Panel on Climate Change (IPCC) using the single emission scenario Representative Concentration Pathway (RCP) 8.5, which is aligned with industry best practice in assessing physical climate-related risk. We chose the RCP 8.5 scenario because it provides an upper boundary condition for the analysis, since it is considered a high-emissions scenario that would see a global average temperature rise exceeding 2 degrees Celsius by 2100. After developing our

initial findings, we engaged leaders and experts from across our business to conceptually validate our results and discuss potential investment and mitigation strategies.

We also considered our exposure to a range of transition risks, including policy and legal, technology, market, and reputation risks associated with a transition to low-carbon economy, across the same jurisdictions as the physical risk assessment. Our analysis used the International Energy Agency's (IEA's) 2020 World Energy Outlook global climate change scenarios for low GHG emissions (Sustainable Development Scenario) and high GHG emissions (Current Policies Scenario) for the 2035 timeframe. The single timeframe was chosen in a period relevant for our long-term corporate planning, but sufficiently into the future to allow the impacts of climate change and climate policy to fully manifest.



## Physical Climate Risks

The following are examples of specific acute and chronic physical climate-related risks and their potential impact considered by WSP in our qualitative TCFD-aligned scenario analysis. A comprehensive account of our climate-related risks and opportunities is disclosed in our 2021 CDP Climate Change response. We expect the impact on our business continuity of these acute and chronic risks to be limited, and are working on quantifying the impact through the next stage of our TCFD disclosure, our quantitative climate scenario analysis.

Table 1. Physical climate risks considered by WSP in our climate risk and opportunity assessment.

	DESCRIPTION	POTENTIAL PHYSICAL IMPACT
Acute	Risks vary by geography, but acute risks, particularly flooding and extreme temperatures (heat and/or cold stress), are likely to impact access to the office and employee health and wellbeing the most. Evaluated risks include flooding, cyclonic events, drought and extreme temperatures.	<p><b>Flooding:</b> Most offices are either in coastal cities threatened by storm surges or in regions with the potential for increased frequency and intensity of extreme rainfall events in the future. While there will likely be limited impact to the office space itself, flooding may inhibit employee access to offices and field assessments, and potentially cause employees to incur disruptions or productivity losses while working remotely.</p> <p><b>Extreme Temperatures:</b> Projected increases in the frequency and intensity of heat waves and hot days are common across all sites and may be exacerbated by urban heat island effects in major cities. Extreme temperatures impact employee health and productivity, strain heating and cooling systems and particularly expose those in the field. Alternatively, cold stress may strain office building systems and impact employee residences, particularly in certain Canadian regions. Employees in the field could be particularly exposed to these impacts.</p> <p><b>Drought:</b> While drought does not directly impact WSP operations, it has the potential to create drier conditions that, paired with changes in temperature and precipitation regimes, may increase the potential for wildfires, poor air quality and associated public health impacts to employees working in the office, remotely or in the field. Our Sacramento, Santiago, Calgary, Edmonton and Oslo vulnerability assessments specifically mentioned these potential indirect impacts from drought.</p>
Chronic	Chronic risks may exacerbate acute risks and include the risks of impacts from long-term changes in climate and weather patterns. Evaluated risks include increasing temperatures, rising sea levels and changes in precipitation patterns.	<p><b>Sea Level Rise:</b> Rising sea levels and changes in precipitation patterns may exacerbate nuisance and flash flooding in cities where our offices are located, hindering employee access to offices and field sites.</p> <p><b>Increasing Annual Temperatures:</b> Increasing temperatures can enhance the impacts of extreme heat events, straining office cooling systems, impacting our operational energy costs for cooling, as well as affecting the remote workforce with no access to cooling. This may potentially alter fieldwork schedules.</p>



## Transition Climate Risks

The following are examples of specific transition climate-related risks that we considered in our qualitative TCFD-aligned scenario analysis. The inclusion of these examples does not characterize the probability, materiality or potential financial impact of these risks. In addition, given the nature of WSP's business, we have significant opportunities related to supporting our clients to mitigate and overcome these risks, as well as decarbonize their portfolios (see the section "Climate Opportunities"). Additional detail is disclosed in our 2021 CDP Climate Change response.

Table 2. Transition climate risks considered by WSP in our climate risk and opportunity assessment.

	DESCRIPTION	POTENTIAL BUSINESS IMPACT
Carbon Policy Impacts	Increased operating costs due to carbon pricing on energy, impacting our utility and fleet costs.	In a sustainable development scenario, our operating costs will increase due to carbon pricing on energy. However, we expect these impacts to be low as a percentage of revenue.
Market Risks	Our business serves traditional energy companies. These clients may face market pressures in a sustainable development scenario.	Our revenue from fossil fuel energy clients may decline in a low-emissions scenario. The impacts may be larger for the Canadian and Middle Eastern markets, which rely more heavily on revenue from traditional high-carbon energy markets.
Technology Risks	New technologies may be introduced as part of the transition to a low-carbon economy that disrupt WSP's business model by decreasing the appetite for our services.	While we may need to adjust our services to adapt to new technologies, no potential climate-related innovations were identified that fundamentally impact WSP's business.
Reputational Risks	<p>Projects that are not aligned with low-carbon transition could pose a reputational risk to WSP.</p> <p>Inability to meet our sustainability commitments may adversely impact our relationships with clients, investors and shareholders, local communities, and employees.</p>	<p>Employees are increasingly interested in their employer's commitment to combatting climate change and transitioning to a low-carbon economy. Our continued support of traditionally high-carbon projects, such as roads and buildings, can expose us to reputational impacts if they are not designed to support a low-carbon and resilient future.</p> <p>WSP also assists clients in the extractive sectors to plan and execute projects. While WSP supports robust and inclusive public engagement programs on behalf of clients, these projects may still face opposition from communities, landowners, Indigenous communities and other interested stakeholders.</p> <p>As a publicly listed company, we recognize that our investors and shareholders are becoming increasingly interested in our climate change strategy. There may be risk that investors or potential investors might not (or might not continue to) invest if WSP does not address climate-related risk or ESG issues.</p>
Legal Risks	As part of increasing awareness of global climate change, some experts have suggested that companies involved in industries that may impact the environment through their projects may be subject to litigation from governments, shareholders, or environmental activists.	WSP advises on large infrastructure projects which have expected life spans of decades. Climate change may impact the long-term health and viability of the infrastructure, and failure to properly assess and account for climate-related impacts in the design phase may subject WSP to litigation or fines. Further, WSP's failure to comply with generally recognized and accepted guidelines on corporate, environmental, social and governance responsibilities could create liabilities or negatively impact our reputation and adversely affect our ability to obtain future projects.



## Climate Opportunities

WSP is well-positioned to drive the low-carbon transition by providing resilient solutions to our clients, and global efforts to decarbonize the economy already present a wealth of opportunities for WSP. The following table shows examples of specific climate-related opportunities that WSP identified. We already have a significant presence in the growth areas described below, and intend to continue to increase our service offerings in these areas. Additional details are disclosed in our 2021 CDP Climate Change response. The inclusion of these examples does not characterize the probability, materiality or potential financial impact of these opportunities. In 2022, we are planning to conduct a quantitative climate-related financial scenario analysis in alignment with the TCFD recommendations, for all locations across WSP’s global portfolio, to better understand WSP’s potential risk exposures and opportunities.

Table 3. Climate opportunities considered by WSP in our climate risk and opportunity assessment.

MARKET OPPORTUNITIES	DESCRIPTION	POTENTIAL BUSINESS IMPACT
Low Carbon, Resilience and Future Ready® Services	<p>As a global professional services firm, WSP experiences high demand for services when companies invest in climate-resilient and sustainable infrastructure, and adapt to updated standards, and enhanced climate, ESG and environmental regulations.</p> <p>Cities and other local and state governments are increasingly recognizing the opportunity and obligation to develop and implement strategies to ensure their cities are livable, prosperous, equitable and resilient to the potential effects of climate change.</p>	<p>WSP is one of the leading Earth &amp; Environment consulting firms globally. We have a market-leading contingent of approximately 14,000 experts dedicated to ESG, sustainability, environment, water and the geosciences, constituting the second largest sector of WSP globally. As regards our ESG and Sustainability capabilities, WSP was recently ranked among the top four firms in the world by the analyst firm Verdantix. The Earth &amp; Environment sector is directly exposed to opportunities created by climate change, and we are expecting continued growth to support the challenges our clients face.</p> <p>In addition, WSP is a leader in ESG and climate resilience as evidenced by our Future Ready® approach, and we are prepared to benefit from increased investment in sustainable and climate resilient infrastructure. Our Future Ready® program applies a holistic lifecycle approach to complex challenges faced by our clients and the communities they serve.</p> <p>WSP delivers innovative solutions to our clients from the latest advances in micro-mobility, to new approaches to site remediation, to innovative tools for measuring project emissions.</p>

MARKET OPPORTUNITIES	DESCRIPTION	POTENTIAL BUSINESS IMPACT
Low Carbon, Resilience and Future Ready® Services (cont'd)		<p>We have a number of service lines that are aligned with our Future Ready® program. Specifically, we help build sustainable and climate-resilient infrastructure, support green building certifications, help select sustainable construction materials, and reduce embodied energy and carbon. We provide mechanical, electrical and plumbing services supporting energy conservation, decarbonization and sustainable buildings and offer climate change advisory services to help our partners disclose their climate-related risks and opportunities in alignment with TCFD.</p> <p>WSP also helps address the complex challenges cities face by uniting their sustainability goals and priorities with planning and strategy development, integration, implementation and reporting. We develop stakeholder-led, inclusive city sustainability and climate mitigation and resiliency plans, conduct city-level climate vulnerability assessments, and create strategies to set and achieve GHG reduction goals.</p> <p>We also advise on the adoption of zero emission vehicles in public and private transit electric bus fleets, helping to achieve carbon-free mobility across the globe.</p> <p>Although WSP works with clients in some carbon-intensive sectors, most notably mining and oil and gas, the vast majority of these revenues (at least 95%) are associated with environmental services, such as compliance, remediation, mitigation, and decommissioning. In addition, we can support clients with the challenges faced by transition of the coal industry, such as closing down facilities, and cleaning up and repurposing sites. Another illustration of a growing opportunity is carbon capture and storage technology, where WSP can lend its expertise.</p> <p>There are many other examples where WSP can help clients make the transition. As a result, much of our work contributes to, or is aligned with, the broader shift to a low-carbon economy, and we can expect increased market demand in these areas over the next years.</p>
Renewable Energy and Infrastructure	In scenarios where the world transitions to a low-carbon economy, energy companies, utilities and governments will have to invest in infrastructure and technology to build energy efficiency, to electrify (and potentially leverage hydrogen), and to take advantage of renewable power generation.	WSP is well positioned with our clients to be a trusted partner, regardless of sector, as they participate in a transition to a low-carbon economy. We are a recognized provider of professional services to the renewable energy industry, with expertise in a wide range of technologies including solar, onshore and offshore wind, and biomass. As solar and wind energy continues to expand, WSP assists solar and offshore wind energy developers in meeting the challenges they face in planning and executing projects, from assessing energy yield, to integrating state-of-the-art product offerings, to developing viable strategies for energy storage.



## Adaptive Capacity

Following the physical risk assessment of our business and top operating regions, we qualitatively assessed WSP’s capacity to manage and mitigate climate-related risks and capture opportunities. For this adaptive capacity assessment, we used the United Nations definition of adaptive capacity: *“The ability of a system to adapt so as to better cope with evolving extreme weather and climate-related risks and reduce the likelihood of the occurrence and/or the magnitude of harmful outcomes resulting from these risks”*.

The scope of our assessment included four components (listed in Table 4 below), which are mission-critical to our operations and our ability to run and grow our business.

Table 4. Components and scope of our Qualitative Adaptive Capacity Assessment.

COMPONENTS OF ASSESSMENT	SCOPE OF ASSESSMENT
Offices	Physical infrastructure and operations as they relate to disaster preparedness, business continuity planning, facility-level risk assessment and IT vulnerability assessment
Employees	Training, commuting and health, safety & wellbeing of our employees
Business impacts	Our ability to continue operating safely through extreme weather and climate-related risks
Regional and urban context	Climate action planning and critical infrastructure dependencies, including power, water, emergency services and community engagement

Following the qualitative assessment, we conducted a series of office-level climate risk, adaptive capacity, and resilience interviews to enhance our understanding of the offices’ and employees’ adaptive capacity on the ground to prepare for these climate hazards. Our findings suggest that we have established procedures in place to address each of the four components and scopes outlined above. However, a more consistent integration of extreme weather and climate considerations (both acute and chronic risks) in related processes will strengthen our approach. We will continue to enhance our adaptive capacity as we refine our processes and mature in our TCFD journey. Our work with Risk Management and other business functions is critical to enhance our adaptive capacity and integrate climate-related measures into regional and global business continuity planning.



# Risk Management

Our approach to determining company-level risks embeds risk assessment and management into business operations, with the management of each business taking responsibility for identifying and managing risks. This is within a framework of internal controls that requires particular areas of risk to be managed in accordance with our various policies (e.g., Global ESG Statement) and governance processes overseen by the GLT.



Our operating businesses report to the GLT regularly, identifying any material changes in the risk profile of their business/function and the adequacy of the mitigation measures in place to address the risks they are facing. In addition, the GLT undertakes regular reviews of the operating businesses via the corporate Risk Management function, which focuses on assessing the risks that each business is facing and ensuring there are effective management structures, escalation mechanisms, and processes in place to proactively identify and manage risk. Principal risks are reported to the Audit Committee of the Board on a quarterly basis.

Our Risk Management function acts as a second line of defence, which ensures WSP's present and future key risks are identified adequately and in a timely manner, mitigated and monitored to support the successful achievement of our operational objectives, our business strategy and continuous growth. It provides a standardized risk management framework with the ERM program, which is deployed regionally. The ERM program comprises a risk universe covering various areas such as People, Ethics, Projects, Information Technology, Regulatory, Finance, ESG, Disruptive

Macro Events and Strategy, among others. These risk areas are further divided into categories, of which approximately 18 are identified by senior management and reported to the Audit Committee, as WSP's top risks. In terms of climate risk management, key related risks will be regularly evaluated going forward under the ESG category, as part of our ERM program.

WSP's global risks are aligned with regional risks, alongside their respective mitigating mechanisms, which are periodically assessed to determine whether there is adequate mitigation. The Audit Committee provides recommendations to the Board on the company's processes for identifying, assessing and managing risk, major financial risk exposures and the steps taken to monitor and control such exposures.

The top risk categories are not static, as they evolve during quarterly discussions with the Audit Committee, as well as part of a structured annual review process with the Board. At any time, the list may also include ad hoc risks, such as risks related to major strategic corporate projects or initiatives in progress. Risk owners

are assigned at the global and regional level, and WSP's global ERM team reports on a quarterly basis to the Audit Committee.

Our Risk Management governance includes a global delegation of authority policy ("GDOA"), and the regional delegations of authority are derived from this global framework. The GDOA, along with other related risk management policies, is managed and monitored by a global approval panel ("GAP"), which ensures compliance with the GDOA across WSP. As such, certain business decisions which may involve higher risks for WSP must be reviewed and approved by the GAP before proceeding.

Asset-level risks are identified and assessed throughout various business continuity planning activities. Regional business continuity plans, contingency plans and/or crisis management plans are being developed and maintained to minimize financial losses; protect employees', clients', suppliers', communities' and shareholders' interests and the firm's reputation; keep stakeholders informed; ensure continuation of service/delivery of products to clients; and organize and accelerate decision making processes during emergencies.

## Enhancing Organizational Resilience

We continually assess, monitor and respond to the risks posed by a changing climate, while providing continuity of services that help our clients manage those risks and as part of our Future Ready® program. We also monitor opportunities to enhance our adaptive capacity by making our people and operations more resilient, ensuring preparedness of our employees, and expanding our services to address our clients’ needs for ESG and climate resilience services, as well as facilitating their equitable transition to a low-carbon economy.

### EMPLOYEES

Extreme weather conditions or natural or other disasters, such as fires and floods, may cause postponements in the initiation and/or completion of our field activities and may hinder the ability of employees to arrive at work, which may result in delays or loss of revenue and may require us to incur additional non-compensable costs. To mitigate the risk to our employees, we develop and maintain business continuity, disaster preparedness, and contingency plans that are intended to help our employees prepare for, respond to, and recover from a major or catastrophic business disruption that affects our ability to meet client expectations. For example, our offices in the Asia Pacific region have Crisis Management Plans in place that are tested annually to ensure our employees’ preparedness for seasonal typhoons. All our US-based offices have an emergency response plan, a business resumption plan, and an alert system in place which provides information as extreme events occur at any given time. Since WSP has a worldwide presence, we also have a global alert system, International SOS, which provides alerts and tracks WSP employees when they travel for business.

### CLIENTS

To ensure we provide long-term business resilience solutions to protect our clients’ interests, future-proof the work we do and positively impact the communities in which we live and work, WSP developed a Future Ready® program. The program was rolled out progressively through the organization, and in 2020 we achieved our ambition to have launched Future Ready® across our global business. The program focuses on integrating forward and adaptive thinking into our project designs to consider long-term environmental, social, technological and economic trends. A Future Ready® checklist and a toolkit allows WSP employees to build these considerations into their project pursuits, designs and execution by addressing future trends in climate change, resources, society and technology:

- **Climate:** The way a project, infrastructure, or community will be affected by changing climate norms and acute weather events.
- **Society:** The way changes in social and cultural norms impact how we move around our cities, the way we design our neighbourhoods, and the way we plan infrastructure.

- **Technology:** The manner in which technological changes will transform entire systems of production, management and governance.
- **Resources:** The way our economy shifts based on the availability and desirability of particular resources and the potential for scarcity in critical resources and supporting ecosystems.

### OFFICES

As an organization providing consultancy services that does not own any significant property or other real estate assets, we believe that our financial exposure to acute physical impacts from climate change is limited. That said, there is the potential risk that changes in climate such as extreme weather events, storm-related flooding or extended drought could manifest in disruption to offices, IT systems and the ability of our employees to travel to work and to our clients, particularly in Southeast Asia and other locations near or at sea level. Generally, we occupy modern offices in well-connected locations, and we have a significant regional, national and global presence to ensure that all offices would not be disrupted by adverse climate impacts. Business continuity procedures, as well as the diverse geography of

our locations, enable staff to work from other offices, which minimizes operational disruptions and keeps productivity losses to a minimum. In addition, our revenues are not concentrated in one specific region, which prevents regionally-specific disruptions from unduly influencing our global operations and performance.

### REGIONAL AND URBAN CONTEXT

Although physical and transition risks may influence various locations where WSP is operating, the likelihood and magnitude of the occurrence of these risks is uncertain and differs across regions and jurisdictions. Our initial qualitative climate scenario analysis indicates that although our business, people and clients may be impacted by inherent climate-related risks, and while we remain subject to potential extreme weather events, storm-related flooding or extended drought, we are actively addressing the risks that we have identified and do not consider these to pose a material financial risk to our business. We continue to evaluate our climate action planning and dependencies on critical infrastructure; monitor developments in climate scenario analysis; and enhance our understanding of the potential climate-related impacts on our business.



# Metrics and Targets

We measure a variety of climate-related metrics that inform our climate and overall business strategies. We signed the Business Ambition for 1.5°C commitment and joined the Race to Zero, which focus on action aligned with the most ambitious aim of the Paris Agreement, which is to limit warming to 1.5°C.

### Net Zero by 2040

In April 2021, WSP announced a commitment to achieve net zero emissions across its value chain by 2040. To support the achievement of our net zero commitment, we have set GHG emissions reduction targets, which have been approved by the SBTi. In addition, in 2022 we will seek approval of our net zero target according to SBTi’s recently announced Net-Zero Standard.

WSP’s science-based GHG targets cover all scope 1 and 2 emissions, as well as all relevant scope 3 emissions, as defined by the GHG Protocol Corporate Accounting and Reporting Standard. The targets are as follows: “WSP commits to reduce absolute scope 1 and 2 market-based GHG emissions 60% by 2030 from a 2018 base year. WSP also commits to reduce absolute scope 3 GHG emissions 30% over the same timeframe.” In addressing our scope 1 and 2 emissions, we will focus on the energy efficiency of our global facilities and target vehicle fleet emissions. For example, by 2030 we are committed to

sourcing 100% renewable electricity. In terms of indirect upstream scope 3 emissions, we will be engaging with our suppliers, contractors and sub-consultants on their own carbon reduction targets. Our business travel footprint will also be evaluated to identify potential reduction opportunities. Each of our operating regions is updating its plan to reduce emissions, to match or exceed our global GHG reduction aspirations, tailored to local operations and context.

### Our Designs and Advice

We also have the potential to make a significant difference through our professional design and advisory services, and WSP is therefore committing to better understand these emissions and collaborate with our clients and partners to drive emissions reductions. We will support this by continuing to deploy our Future Ready® approach globally throughout our project delivery process to contribute to climate change mitigation and promote positive social impact, as communities benefit from resilient, low-carbon infrastructure.

### Linking Sustainability to Finance

A climate target is included as a sustainability linked term in our syndicated credit facility. WSP was the first professional services firm in the Americas to incorporate sustainability-linked terms in its credit facility. The amendment applies to a \$1,200 USD million syndicated revolving credit facility with terms of up to four years, tied to three targets: (i) Reduction in market-based greenhouse emissions across our global operations from 2018 to 2021; (ii) Increased percentage of “Green” Revenues by the end of 2021; and (iii) Increase in the percentage of management positions held by women by the end of 2021.

### Next Steps

As we embark on a path to net zero by 2040, we intend to take a thorough approach toward developing an achievement roadmap to meet our global scope 1, 2 and 3 science-based targets,

longer-term net zero commitment, and associated 100% renewable electricity procurement. To hold ourselves accountable to our stakeholders, we intend to release a public-facing low-carbon transition plan to outline our achievement strategies.

We will continue further embedding Future Ready® into our business, contributing to our clients’ solutions for a low-carbon future.

Building on the qualitative climate risk and opportunity assessment carried out in 2021, in 2022 we will complete a quantitative climate-related financial scenario analysis in alignment with the TCFD recommendations, for all locations across WSP’s global portfolio. This assessment will identify our top physical and transition risks, opportunities, and their financial impacts to our business and identify recommendations on next steps needed to further centralize climate-related considerations across the company and embed these principles into our client work.



# Appendix

APPENDIX

# TCFD Framework Structure<sup>3</sup>

TCFD CORE COMPONENT	TCFD RECOMMENDATION
Governance	Describe the Board's oversight of climate-related risks and opportunities.
	Describe management's role in assessing and managing climate-related risks and opportunities.
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.
	Describe the organization's processes for managing climate-related risks.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

<sup>3</sup> For further information, please refer to the [Final Recommendations of the TCFD](#), June 2017.





As one of the world's leading professional services firms, WSP provides strategic advisory, engineering and design services to clients in the Transportation & Infrastructure, Earth & Environment, Property & Buildings, Power & Energy, Resources, and Industry sectors. WSP's global experts include advisors, engineers, environmental specialists, scientists, technicians, architects, and planners, in addition to other design and program management professionals. Our talented people are well positioned to deliver successful and sustainable projects, wherever our clients need us.

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We welcome and encourage your feedback on our 2021 TCFD Report:

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#### FORWARD-LOOKING STATEMENTS

Certain information regarding WSP (or the "Corporation") contained herein may constitute forward-looking statements. Forward-looking statements can typically be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "forecast", "project", "intend", "target", "potential", "continue" or the negative of these terms or terminology of a similar nature. Such forward-looking statements reflect current beliefs of management and are based on a number of assumptions believed by the Corporation to be reasonable as at the date such statements were made, including assumptions set out through this document and assumptions about general economic and political conditions; the state of the global economy and the economies of the regions in which the Corporation operates; the state of and access to global and local capital and credit markets; the anticipated impacts of the COVID-19 pandemic on the Corporation's businesses, operating results, cash flows and/or financial condition, including the effect of measures implemented as a result of the COVID-19 pandemic; the expected benefits of the Golder Acquisition and other acquisitions and the expected synergies to be realized as a result thereof.

Although WSP believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements, including risks relating to the COVID-19 pandemic. WSP's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The complete version of the cautionary note regarding forward-looking statements is included in WSP's Management's Discussion and Analysis which is available on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this document are made as of the date hereof and WSP does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

Unless otherwise stated, information contained in this report is current as at March 23, 2022.

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