WSP Global Inc.

Consolidated Financial Statements

For year ended December 31, 2021

ABOUT US

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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Independent auditor's report

To the Shareholders of WSP Global Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of WSP Global Inc. and its subsidiaries (together, the Corporation) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Corporation's consolidated financial statements comprise:

- the consolidated statements of earnings for the years ended December 31, 2021 and 2020;
- the consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020;
- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of changes in equity for the years ended December 31, 2021 and 2020;
- the consolidated statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition – Estimated costs on cost-plus contracts with ceilings and fixed-price contracts *Refer to note 2 – Summary of significant accounting policies, note 4 – Critical accounting estimates and judgments and note 7 – Revenues to the consolidated financial statements.* The Corporation typically recognizes revenues over time, using an input measure, as it fulfills its performance obligations in line with contracted terms. For the year ended December 31, 2021, approximately 72% of the Corporation's total revenues of $10,279.1 million were generated from cost-plus contracts with ceilings and fixed-price contracts. For these contracts, revenues are recognized progressively based on a percentage-of-completion method, whereby the percentage of revenues earned to date is estimated using an input measure, usually as the ratio of contract costs incurred to date to total estimated costs. Recognition of revenues and costs and anticipated profits in excess of billings involves estimates of costs required to complete the project. On a monthly basis, management reviews the costs incurred to date and the estimated costs to complete for each project to determine whether the amount recognized as costs and anticipated profits in excess of billings is an accurate estimate of the amount that the Corporation has earned on its projects.	Our approach to addressing the matter included the following procedures, among others: • Tested, for certain segments, the effectiveness of controls over the determination of estimated costs. • Tested how management determined the estimated costs for a sample of contracts, which included the evaluation of the reasonableness of the costs to complete the project, as follows: – Obtained and read contract agreements, and change orders, when applicable, to understand contract scope and key terms; – Evaluated the timely identification of circumstances that may warrant a modification to the total estimated costs including, but not limited to, contracts subject to claims and contract modifications; – Interviewed operational personnel of the Corporation to evaluate progress to date, the estimate of costs to be incurred, and factors impacting the amount of time and cost to complete the project; – Compared the original margin expected on the contract to the actual margin; and – Compared the costs incurred and the estimated costs to complete to the original total estimated costs.

Key audit matters	How our audit addressed the key audit matters
We considered this a key audit matter due to the significant judgments made by management when developing the estimated costs required to complete the projects, which led to significant auditor judgments and audit effort in performing procedures to evaluate the total estimated costs, including the assessment of management's judgments about its ability to determine the estimated costs required to complete the project.	• Tested, on a sample basis, the costs incurred to supporting evidence. • Compared the original total estimated costs to the total costs incurred for contracts completed during the year.
Valuation of customer relationships acquired in the Golder Associates business combination *Refer to note 4 – Critical accounting estimates and judgments, note 5 – Business acquisitions to the consolidated financial statements* On April 7, 2021, the Corporation acquired 100% of the voting shares of Enterra Holdings Ltd., the holding company of Golder Associates ("Golder"). The transaction included purchase consideration totalling $1,251.5 million. The fair value of the identifiable assets acquired included $357.6 million in intangible assets, which primarily relate to customer relationships. Management uses key estimates and assumptions in measuring the fair value of the intangible assets acquired. Management applied the excess earnings method using discounted cash flow models to value customer relationships acquired. Management's key estimates and assumptions in applying this methodology included forecasted revenues and margins attributable to the customer relationships, rates of attrition and discount rates.	Our approach to addressing the matter included the following procedures, among others: • Tested how management measured the fair value of the customer relationships, which included the following: – Read the purchase agreement. – Tested the underlying data used by management in the models. – Evaluated the reasonableness of key assumptions and estimates used by management related to forecasted revenues and margins attributable to the customer relationships and rates of attrition, by considering the past performance of the acquired business, as well as economic and industry data. – Professionals with specialized skills and knowledge in the field of valuation assisted in evaluating the appropriateness of the valuation method and models used, as well as certain key assumptions such as discount rates.

Key audit matters	How our audit addressed the key audit matters
We considered this a key audit matter due to the significant judgment applied by management in measuring the fair value of the customer relationships, including the development of key estimates and assumptions. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the key estimates and assumptions used by management. The audit effort involved the use of professionals with specialized skills and knowledge in the field of valuation.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report, and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Trudeau.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
March 9, 2022

[1] CPA auditor, CA, public accountancy permit No. A113048

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of Canadian dollars, except number of shares and per share data)

	2021	2020
	$	$
Revenues (note 7)	**10,279.1**	**8,803.9**
Personnel costs (note 11)	5,851.2	5,221.8
Subconsultants and direct costs	2,409.5	1,944.8
Other operational costs	745.8	606.1
Depreciation of right-of-use assets (note 18)	265.8	268.3
Amortization of intangible assets (note 19)	139.1	104.7
Depreciation of property and equipment (note 20)	113.6	103.3
Acquisition, integration and reorganization costs (note 10)	60.8	103.4
ERP implementation costs (note 3)	6.8	—
Exchange loss (gain)	(18.6)	10.3
Share of income of associates and joint ventures, net of tax	(19.5)	(18.2)
Earnings before net financing expense and income taxes	**724.6**	**459.4**
Net financing expense (note 12)	79.5	73.5
Earnings before income taxes	**645.1**	**385.9**
Income tax expense (note 13)	171.0	108.5
Net earnings	**474.1**	**277.4**
Net earnings attributable to:		
Shareholders of WSP Global Inc.	473.6	276.0
Non-controlling interests	0.5	1.4
	474.1	**277.4**
Basic net earnings per share attributable to shareholders	4.07	2.51
Diluted net earnings per share attributable to shareholders	4.05	2.50
Basic weighted average number of shares	116,479,695	110,020,798
Diluted weighted average number of shares	116,901,686	110,263,100

The accompanying notes are an integral part of these consolidated financial statements.

WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)

	2021	2020
	$	$
Net earnings	474.1	277.4
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net earnings		
Currency translation adjustments	(124.9)	25.8
Translation adjustments on financial instruments designated as a net investment hedge	1.5	(6.2)
Income tax recovery	2.3	1.1
Items that will not be reclassified to net earnings		
Actuarial loss on pension schemes	(4.3)	(30.4)
Exchange differences on pension schemes	1.8	(1.0)
Income tax recovery on pension schemes	2.4	6.8
Total comprehensive income for the year	**352.9**	**273.5**
Comprehensive income attributable to:		
Shareholders of WSP Global Inc.	352.4	272.1
Non-controlling interests	0.5	1.4
	352.9	**273.5**

The accompanying notes are an integral part of these consolidated financial statements.

WSP GLOBAL INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)

As at December 31	2021	2020
Assets	**$**	**$**
Current assets		
Cash and cash equivalents (note 29)	927.4	437.1
Trade receivables and other receivables (note 15)	1,916.8	1,598.8
Cost and anticipated profits in excess of billings (note 16)	1,156.4	950.5
Prepaid expenses	169.6	168.7
Other financial assets (note 17)	141.7	118.1
Income taxes receivable	28.9	27.5
	4,340.8	3,300.7
Non-current assets		
Right-of-use assets (note 18)	861.5	894.3
Intangible assets (note 19)	549.9	275.5
Property and equipment (note 20)	363.6	314.9
Goodwill (note 21)	4,762.3	3,731.9
Deferred income tax assets (note 13)	165.1	169.2
Other assets (note 22)	207.2	150.9
	6,909.6	5,536.7
Total assets	**11,250.4**	**8,837.4**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 23)	2,217.3	1,718.2
Billings in excess of costs and anticipated profits (note 16)	751.1	708.5
Income taxes payable	149.8	119.1
Provisions (note 24)	77.5	71.4
Dividends payable to shareholders (note 28)	44.2	42.5
Current portion of lease liabilities (note 18)	254.2	233.1
Current portion of long-term debt (note 25)	297.4	296.9
	3,791.5	3,189.7
Non-current liabilities		
Long-term debt (note 25)	1,479.3	277.3
Lease liabilities (note 18)	766.1	785.3
Provisions (note 24)	236.2	180.9
Retirement benefit obligations (note 9)	212.9	232.4
Deferred income tax liabilities (note 13)	99.2	90.4
	2,793.7	1,566.3
Total liabilities	**6,585.2**	**4,756.0**
Equity		
Equity attributable to shareholders of WSP Global Inc.	4,664.5	4,080.4
Non-controlling interests	0.7	1.0
Total equity	**4,665.2**	**4,081.4**
Total liabilities and equity	**11,250.4**	**8,837.4**

Approved by the Board of Directors

(signed) Alexandre L'Heureux Director

(signed) Louis-Philippe Carrière Director

The accompanying notes are an integral part of these consolidated financial statements.

(in millions of Canadian dollars)

	Attributable to Shareholders of WSP Global Inc.						
	Share capital	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive income (loss)**	**Total**	**Non-controlling interests**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance - January 1, 2021	**3,394.2**	**207.3**	**412.2**	**66.7**	**4,080.4**	**1.0**	**4,081.4**
Comprehensive income							
Net earnings	—	—	473.6	—	473.6	0.5	474.1
Actuarial loss on pension schemes, net of tax	—	—	—	(0.1)	(0.1)	—	(0.1)
Currency translation adjustments, net of tax	—	—	—	(123.3)	(123.3)	—	(123.3)
Net investment hedge, net of tax	—	—	—	2.2	2.2	—	2.2
Total comprehensive income	**—**	**—**	**473.6**	**(121.2)**	**352.4**	**0.5**	**352.9**
Common shares issued via public offerings and private placements (note 26)	300.6	—	—	—	300.6	—	300.6
Common shares issued under the DRIP (note 26)	92.6	—	—	—	92.6	—	92.6
Exercise of stock options (note 26)	13.8	(2.5)	—	—	11.3	—	11.3
Stock-based compensation expense	—	3.5	—	—	3.5	—	3.5
Declared dividends to shareholders of WSP Global Inc.	—	—	(174.9)	—	(174.9)	—	(174.9)
Dividends paid to non-controlling interests	—	—	—	—	—	(0.8)	(0.8)
Purchase of non-controlling interests	—	—	(1.4)	—	(1.4)	—	(1.4)
	407.0	**1.0**	**(176.3)**	**—**	**231.7**	**(0.8)**	**230.9**
Balance - December 31, 2021	**3,801.2**	**208.3**	**709.5**	**(54.5)**	**4,664.5**	**0.7**	**4,665.2**

The accompanying notes are an integral part of these consolidated financial statements.

(in millions of Canadian dollars)

	Attributable to Shareholders of WSP Global Inc.						
	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interests	Total equity
	$	$	$	$	$	$	$
Balance - January 1, 2020	**2,752.2**	**204.6**	**303.4**	**70.6**	**3,330.8**	**1.1**	**3,331.9**
Comprehensive income							
Net earnings	—	—	276.0	—	276.0	1.4	277.4
Actuarial loss on pension schemes, net of tax	—	—	—	(24.6)	(24.6)	—	(24.6)
Currency translation adjustments, net of tax	—	—	—	26.9	26.9	—	26.9
Net investment hedge, net of tax	—	—	—	(6.2)	(6.2)	—	(6.2)
Total comprehensive income	**—**	**—**	**276.0**	**(3.9)**	**272.1**	**1.4**	**273.5**
Common shares issued via public offerings and private placements	563.2	—	—	—	563.2	—	563.2
Common shares issued under the DRIP (note 26)	76.1	—	—	—	76.1	—	76.1
Exercise of stock options (note 26)	2.7	(0.5)	—	—	2.2	—	2.2
Stock-based compensation expense	—	3.2	—	—	3.2	—	3.2
Declared dividends to shareholders of WSP Global Inc.	—	—	(167.2)	—	(167.2)	—	(167.2)
Dividends to non-controlling interests	—	—	—	—	—	(0.6)	(0.6)
Disposal of a business with non-controlling interests	—	—	—	—	—	(0.9)	(0.9)
	642.0	**2.7**	**(167.2)**	**—**	**477.5**	**(1.5)**	**476.0**
Balance - December 31, 2020	**3,394.2**	**207.3**	**412.2**	**66.7**	**4,080.4**	**1.0**	**4,081.4**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)

	2021	2020
	$	$
Operating activities		
Net earnings	474.1	277.4
Adjustments (note 29)	436.6	416.7
Net financing expense (note 12)	79.5	73.5
Income tax expense (note 13)	171.0	108.5
Income taxes paid	(134.0)	(104.5)
Change in non-cash working capital items (note 29)	32.9	353.5
Cash inflows from operating activities	**1,060.1**	**1,125.1**
Financing activities		
Net proceeds (repayment) of borrowings under credit facilities	649.1	(857.1)
Issuance of senior unsecured notes (note 25)	500.0	—
Repayment of long-term debt following a business acquisition	(235.0)	—
Issuance of common shares, net of issuance costs (note 26)	308.5	550.8
Lease payments (note 18)	(303.2)	(301.3)
Dividends paid to shareholders of WSP Global Inc.	(80.6)	(88.3)
Net financing expenses paid, excluding interest on lease liabilities	(47.8)	(49.8)
Dividends paid to a non-controlling interest	(0.8)	(0.6)
Cash inflows (outflows) from financing activities	**790.2**	**(746.3)**
Investing activities		
Net disbursements related to business acquisitions (note 5)	(1,244.9)	(124.4)
Additions to property and equipment, excluding business acquisitions	(100.7)	(72.1)
Additions to identifiable intangible assets, excluding business acquisitions	(20.5)	(21.0)
Proceeds from disposal of property and equipment	10.4	4.6
Increase in investments in securities	(7.1)	—
Dividends received from associates	14.4	19.4
Proceeds from sale of investment in an associate	4.6	—
Net proceeds from disposal of businesses	—	8.2
Repurchase of non-controlling interest	(1.4)	—
Net cash received on a loan from associate	0.3	—
Cash outflows from investing activities	**(1,344.9)**	**(185.3)**
Effect of exchange rate change on cash and cash equivalents	(13.8)	3.9
Change in net cash and cash equivalents	**491.6**	**197.4**
Cash and cash equivalents, net of bank overdraft - beginning of the year	434.7	237.3
Cash and cash equivalents, net of bank overdraft - end of the year (note 29)	**926.3**	**434.7**

The accompanying notes are an integral part of these consolidated financial statements.

(Tabular figures are in millions of Canadian dollars, unless otherwise stated)

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(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

1 BASIS OF PRESENTATION

WSP Global Inc. (together with its subsidiaries, the "Corporation" or "WSP") is a professional services consulting firm which provides technical expertise and strategic advice to clients in the Transportation & Infrastructure, Property & Buildings, Earth & Environment, Power & Energy, Resources (including mining and oil and gas) and Industry sectors. The Corporation also offers highly specialized services in project and program delivery and advisory services. The address of its main registered office is 1600 René-Lévesque Blvd. West, Montreal, Quebec, Canada.

The common shares of the Corporation are listed under the trading symbol "WSP" on the Toronto Stock Exchange ("TSX").

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared on a going concern basis, on a historical cost basis, except for certain financial assets and liabilities (including investments in securities and derivative instruments), liabilities for share unit plans, and contingent consideration, which are measured at fair value, and defined benefit liabilities, which are measured as the net total of the present value of the defined benefit obligations minus the fair value of plan assets.

These financial statements were approved by the Corporation's Board of Directors on March 9, 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated in note 3, Accounting policy developments.

CONSOLIDATION, JOINT ARRANGEMENTS AND ASSOCIATES

These consolidated financial statements include the accounts of the Corporation and its subsidiaries.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is disclosed as a component of equity. Their share of net earnings and comprehensive income is recognized directly in equity. Changes in the parent Corporation's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

SUBSIDIARIES

Subsidiaries are all entities over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains and losses on transactions between the Corporation's companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Corporation's accounting policies.

The table below lists the Corporation's most significant subsidiaries for each fiscal year ended December 31, based on revenues. The Corporation held 100% of the interest in all the subsidiaries listed below.

2021		2020	
Entity	**Country of incorporation**	**Entity**	**Country of incorporation**
WSP USA Inc.	US	WSP USA Inc.	US
WSP Canada Inc.	Canada	WSP UK Ltd	UK
WSP UK Ltd	UK	WSP Sverige AB	Sweden
WSP Australia Pty Ltd	Australia	WSP Canada Inc.	Canada
WSP Sverige AB	Sweden	WSP Australia Pty Ltd	Australia
Golder Associates Ltd	Canada	WSP New Zealand Ltd	New Zealand
WSP New Zealand Ltd	New Zealand	WSP USA Buildings Inc.	US
WSP USA Solutions Inc.	US	WSP USA Solutions Inc.	US

JOINT ARRANGEMENTS

Joint arrangements are classified as either joint operations or joint ventures. The determination of whether an arrangement is a joint operation or joint venture is based on the rights and obligations arising from the contractual obligations between the parties to the arrangement. Joint arrangements that provide the Corporation with the rights to the individual assets and obligations arising from the arrangement are classified as joint operations and joint arrangements that provide the Corporation with rights to the net assets of the arrangement are classified as joint ventures.

The interests in joint operations are recognized by the Corporation by recording its share of the assets, liabilities, revenues, costs and cash flows using the most recent financial statements of these joint operations.

The interests in joint ventures are accounted for using the equity method and included in other assets in the statements of financial position. The carrying amount of investments in joint ventures is tested for impairment as described below under the caption “Impairment of long-lived assets”.

ASSOCIATES

Associates are all entities over which the Corporation has significant influence but not control or joint control. Investments in associates are accounted for using the equity method and included in other assets in the statements of financial position. The carrying amount of investments in associates is tested for impairment as described below under the caption “Impairment of long-lived assets”.

FOREIGN CURRENCY

The consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

Items included in the financial statements of each of the Corporation’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in net earnings, except when deferred in other comprehensive income as qualifying for net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash are disclosed within finance expenses.

Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated at the period-end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting changes are recognized in accumulated other comprehensive income in equity as currency translation adjustments.

SEGMENT REPORTING

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the reportable segments and has been identified as the global leadership team ("GLT"). The Corporation is managed through four reportable segments: Canada, Americas (USA and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific – comprising Asia, Australia and New Zealand).

REVENUE RECOGNITION

The Corporation derives revenues from the delivery of engineering services. If the Corporation has recognized revenues, but not issued an invoice, then the entitlement to consideration is recognized as a contract asset presented as costs and anticipated profits in excess of billings on the Corporation's consolidated statement of financial position. The contract asset is transferred to trade receivables when the invoice is issued indicating that the entitlement to payment has become unconditional. If payments are received, or invoices are issued to a customer, prior to the rendering of services, the Corporation recognizes a contract liability under the caption billings in excess of costs and anticipated profits on the Corporation's consolidated statement of financial position. The contract liability is transferred to revenues once related services have been rendered.

Revenues are measured based on the consideration specified in a contract with a customer. The Corporation typically recognizes revenues over time, using an input measure, as it fulfills its performance obligations in line with contracted terms.

A performance obligation is a promise in the contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenues when, or as, the performance obligations are satisfied. Most of the Corporation's contracts have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. Any modifications or variations to contracts in progress are assessed to determine if they fall under the scope of the existing contract performance obligation or form part of a new performance obligation.

The Corporation's revenues are derived mainly from three types of contracts, which are described below, and the Corporation disaggregates its revenues by market sector and client category, as described below.

Revenues (and profits) from cost-plus contracts with ceilings and from fixed-price contracts are recognized progressively based on a percentage-of-completion method, whereby the percentage of revenues earned to date is estimated using an input measure, usually as the ratio of contract costs incurred to date to total estimated costs.

Revenues (and profits) from cost-plus contracts without stated ceilings are recognized when costs are incurred and are calculated based on billing rates for the services performed.

Certain costs incurred by the Corporation for subconsultants and other expenses are recoverable directly from customers and are billed to them. These charges are included in revenues and costs (under the caption subconsultants and direct costs) when the Corporation controls the goods or services before they are transferred to the customer. The value of goods and services purchased by the Corporation when acting as a purchasing agent for a customer are not recorded as revenues and costs.

The effects of revisions to estimated revenues and costs, including the impact from any modifications or variations to contracts in progress, are recorded when they represent enforceable rights of the Corporation and amounts can be reasonably estimated. These revisions can occur at any time and could be significant. Where total estimated contract costs exceed total estimated contract revenues, the expected loss is recognized as an expense immediately via a provision for losses to completion, irrespective of the stage of completion and based on a best estimate of forecast results including, where appropriate, rights to additional income or compensation (e.g. award or incentive fees).

The Corporation's main market sectors, as disclosed in note 7, Revenues, are: Transportation & Infrastructure, Property & Buildings, Earth & Environment, Resources (including mining, oil and gas), Power & Energy and Industry.

The Corporation's main client categories are public and private sector clients. Revenues generated from contracts where the end user of services provided is identified to be a public sector entity are classified as public sector revenues. Entities controlled by any branch of government are considered public sector entities. Revenues generated from contracts where the end user of services provided is not identified as a public sector entity are classified as private sector revenues.

Revenues are shown net of value-added tax and after eliminating sales within the Corporation.

PERSONNEL COSTS

Personnel costs include various payroll costs relating to the delivery of consulting services and projects and administrative salaries, such as finance, information technologies, human resources and communications.

SUBCONSULTANTS AND DIRECT COSTS

Subconsultants and direct costs include subconsultant costs and other direct costs incurred to deliver consulting services and that are recoverable directly from clients.

OTHER OPERATIONAL COSTS

Other operational costs include but are not limited to fixed costs, such as non-recoverable client services costs, technology costs, professional services costs and insurance.

ACQUISITION, INTEGRATION AND REORGANIZATION COSTS

Acquisition, integration and reorganization costs include, among others, the following costs, if and when incurred:

- Transaction costs related to business acquisitions, successful or not;
- Costs of integrating newly acquired businesses following the date of acquisition;
- Gains or losses on disposals of non-core assets;
- Outsourcing program costs pertaining mainly to redundancy and transition costs resulting from the outsourcing of the Corporation's infrastructure or other functions;
- Restructuring costs; and
- Severance costs stemming from adjustments to cost structures.

The above list may be adjusted, from time to time, when it is deemed appropriate to highlight other items under this caption to assist users in understanding the financial performance of the Corporation.

LEASE ACCOUNTING

The Corporation leases various office premises and equipment under lease agreements. Lease terms are negotiated on an individual basis, contain a wide range of terms and conditions and usually can be renewed at market rates.

The majority of leases are recognized as right-of-use assets, with a corresponding liability at the date at which the leased asset is available for use by the Corporation. Lease payments are allocated between the liability and finance cost. The finance cost is charged to the statement of earnings over the lease period using the effective interest rate method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease extension and termination options are included in the lease term only when it is reasonably certain that the Corporation will exercise the option.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments and fixed payments for any extension options included in the lease term), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Corporation under residual value guarantees;
- the exercise price of a purchase option if the Corporation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- any obligations to incur restoration costs.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the relevant incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Corporation’s statement of earnings. Short-term leases have a lease term of twelve months or less. Low-value asset leases comprise mostly computer equipment and small items of office furniture.

FINANCIAL INSTRUMENTS

CLASSIFICATION AND MEASUREMENT

Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurements are dependent on their classification. Financial assets are classified and measured at amortized cost or fair value through profit or loss (“FVTPL”) based on how the Corporation manages the financial instruments and the contractual cash flow characteristics of the financial asset.

The table below summarizes the classification and measurement of the Corporation’s financial instruments:

Financial assets	
Cash, cash equivalents and restricted cash	Amortized cost
Trade receivables, other receivables, amounts due from joint ventures and associates	Amortized cost
Investments in securities	FVTPL
Derivative financial instruments	FVTPL

Financial liabilities

Accounts payables and accrued liabilities	Amortized cost
Dividends payable to shareholders	Amortized cost
Borrowings under credit facility and bank overdrafts	Amortized cost
Consideration payable related to business acquisitions	Amortized cost or FVTPL
Derivative financial instruments	FVTPL

Financial assets and liabilities classified as amortized cost are subsequently measured using the effective interest rate method less any impairment loss.

Changes in fair value are recorded in net financing expenses in the statement of earnings.

Financial liabilities are derecognized when the obligation specified in the contract is discharged, canceled or expired.

EXPECTED CREDIT LOSSES

The Corporation applies the simplified approach to measuring expected credit losses for all trade receivables and contract assets (costs and anticipated profits in excess of billings). Therefore, the Corporation does not track changes in credit risk, but instead recognizes a loss allowance at an amount equal to the lifetime expected credit losses at each reporting date. The factors that the Corporation considers to classify trade receivables as credit-impaired are as follows: the customer is in bankruptcy or under administration, payments are in dispute, or payments are past due.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets, which are costs and anticipated profits in excess of billings, have substantially all the same risk characteristics as the trade receivables for the same types of contracts. The Corporation has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Corporation considers a financial asset in default when contractual payments are between 0-60 days past due, depending on the various economic and asset-specific factors, or if it becomes probable that a customer will enter bankruptcy. A financial or contract asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

DEFERRED FINANCING FEES

Deferred financing fees are capitalized and amortized over the expected life of the credit facility agreement.

DETERMINATION OF FAIR VALUE

The fair value of a financial instrument is the amount of consideration that would be agreed to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on closing prices for financial assets and financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market inputs and minimizing the use of unobservable inputs.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Corporation designates certain derivatives as either:

(a) hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedge);
(b) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
(c) hedges of a net investment in a foreign operation (net investment hedge).

The Corporation documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Corporation also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in net earnings together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of the change in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in net earnings.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when a forecasted transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in net earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to net earnings.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in net earnings.

Gains and losses accumulated in equity are transferred to net earnings if a foreign operation is disposed of, partially or in its entirety.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and with banks and short-term deposits with a maturity of three months or less at the date of acquisition, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents are net of bank overdraft.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for the rendering of services in the ordinary course of business. Trade receivables are classified as current assets if payment is due within one year or less. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less allowance for expected credit losses.

INVESTMENTS IN SECURITIES

Investments in securities are accounted for at fair value with unrealized gains or losses recognized in net earnings. Investments in securities are included in other financial assets.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to net earnings during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the methods described below to allocate their cost to their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

The following table summarizes the depreciation methods, rates and periods used:

Category	Method	Rate or period
Buildings	Straight-line or declining balance	25 to 50 years or 2% to 4%
Leasehold improvements	Straight-line	Shorter of lease term or useful life
Furniture and equipment	Straight-line or declining balance	3 to 10 years
Computer equipment	Straight-line or declining balance	3 to 8 years

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in net earnings within other operational costs.

INTANGIBLE ASSETS

Intangible assets consist of software, customer relationships, contract backlogs and trade names. Intangible assets acquired in business acquisitions are recognized separately from goodwill and are initially recognized at their fair value as at the acquisition date. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

Software, contract backlogs, customer relationships and certain trade names are considered intangible assets with finite useful lives. Based on the strength, long history and expected future use, certain trade names are indefinite-lived intangible assets. The useful life of intangible assets that are not being amortized is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. If not, the change in the assessment from indefinite to finite will be accounted for as a change in accounting estimate.

Intangible assets are amortized on a straight-line basis over the following periods:

Category	Period
Software	3 to 7 years
Contract backlogs	1 to 9 years
Customer relationships	2 to 14 years
Finite-lived trade names	3 to 8 years

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets with finite useful lives are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. Indefinite-lived assets are not subject to amortization but are tested for impairment on an annual basis as at the first day of the Corporation's fourth quarter, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. Impairment exists when the recoverable amount of an asset is less than its carrying value. The recoverable amount is the higher of the asset's fair value less costs to sell ("FVLCS") and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (a cash-generating unit or "CGU"). The amount of impairment loss, if any, is the excess of the carrying value over its recoverable amount. Assets other than goodwill that have suffered impairment are reviewed for indicators of possible reversal of the impairment at each reporting date.

GOODWILL

Goodwill represents the excess of the consideration transferred for the acquired businesses over the estimated fair value at the acquisition date of net identifiable assets acquired. Goodwill is not subject to amortization and is carried at cost less accumulated impairment loss but is tested for impairment on an annual basis or more frequently if events or circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each CGU or group of CGUs expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually as at the first day of the Corporation's fourth quarter, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. If the higher of the CGU's FVLCS or value in use is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

PROVISIONS

Provisions represent liabilities of the Corporation for which the amount or timing is uncertain. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. When the Corporation expects some or all of a provision to be reimbursed, for example, under an insurance contract, and when the reimbursement is virtually certain, the expected reimbursement is recognized as a separate asset. The expense relating to any provision is presented in the consolidated statements of earnings, net of any reimbursement receivable recognized. Provisions are measured at the present value of the expected expenditures to settle the obligation, including legal fees, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

LONG-TERM INCENTIVE PLANS (“LTIPs”)

The Corporation has in place LTIPs for key management personnel under which stock options, cash-settled performance share units (“PSUs”), cash-settled deferred share units ("DSUs") and cash-settled restricted share units ("RSUs") have been and can be issued. Stock options, PSUs and RSUs vest over time in accordance with the terms of the grant. DSUs vest when granted. The cash-settled LTIP instruments (PSUs, DSUs and RSUs) are measured at fair value based on the Corporation's share price at the end of each reporting period and recorded in current and non-current liabilities, over the vesting period. Stock options are valued at fair value using a Black-Scholes pricing model at grant date and recorded in contributed surplus over the vesting period.

INCOME TAXES

Income taxes are recognized in net earnings except to the extent related to a business combination, or items recognized in other comprehensive income or directly in equity.

Current tax expense is the expected tax payable or receivable on taxable income or loss for the period, calculated using tax rates and laws that were enacted or substantively enacted for the reporting period. It may also include adjustments for prior periods.

The Corporation follows the liability method when accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. This approach also requires the recording of deferred income tax assets related to operating losses and tax credit carry forwards. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates applicable when temporary differences and carry forwards are expected to be recovered or settled. Deferred income taxes are not recognized for the initial recognition of goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit or loss, and temporary differences related to investments in subsidiaries and joint ventures where the Corporation controls the reversal of the temporary difference and reversal is not expected in the foreseeable future.

Deferred income tax assets for unused tax loss carry forwards and deductible temporary differences are only recognized when it is probable that there will be future taxable profits against which the assets can be utilized. Deferred income tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are classified as non-current. They are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority on either the same taxable entity or different entities where there is an intention to settle the balance on a net basis.

As tax legislation is complex and subject to interpretation, in determining current and deferred income taxes, the Corporation takes into account the impact of uncertain tax positions and whether additional taxes and penalties may be due. The Corporation values uncertain income tax positions based on the probability of whether tax authorities with full knowledge of all relevant information will accept the Corporation's tax treatments. This assessment, based on judgment, requires estimates and assumptions considering facts and circumstances existing as at the reporting period. Estimates are reviewed each reporting period and updated, based on new information available.

GOVERNMENT GRANTS AND INVESTMENT TAX CREDITS (ITCs)

Government grants and ITCs are recognized where there is reasonable assurance that the grant or ITCs will be received and all attached conditions will be complied with.

Government grants intended to compensate an expense item are recognized in net earnings on a systematic basis over the periods that the related costs are expensed.

ITCs are subject to examination and approval by regulating authorities, and, therefore, the amounts granted may differ from those recorded. ITCs determined to be earned by the Corporation are recorded as a reduction of the operating expenses incurred.

PENSION SCHEMES

The Corporation maintains a number of defined contribution schemes and contributions are charged to net earnings in the period in which they are due.

In addition, the Corporation operates defined benefit schemes which require contributions to be made to separately administered funds. The cost of providing benefits under defined benefit schemes is determined separately for each scheme using the projected unit credit actuarial valuation method. Current service costs, past service costs, curtailment costs and settlement costs along with interest costs which are based on a notional charge based on scheme liabilities during the year, less expected returns on scheme assets, are charged to net earnings. Actuarial gains and losses are fully recognized in equity through other comprehensive income as they arise. The consolidated statement of financial position reflects the schemes' surplus or deficit as at the consolidated statement of financial position date.

SHARE CAPITAL

Issuance costs directly attributable to the issuance of shares are recognized as a deduction from equity, net of income tax effects.

DIVIDENDS

Dividends on common shares of WSP Global Inc. are recognized in the Corporation's consolidated financial statements in the period in which the dividends are declared.

EARNINGS PER SHARE

Basic earnings per share are determined using the weighted average number of shares outstanding during the period.

Diluted earnings per share are determined using the weighted average number of shares outstanding during the period, plus the effects of dilutive potential shares outstanding during the period. The calculation of diluted earnings per share follows the treasury stock method.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

3 ACCOUNTING POLICY DEVELOPMENTS

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2021

The following amendments to existing standards were adopted by the Corporation on January 1, 2021 and had no material impacts on the Corporation's consolidated financial statements.

CONFIGURATION OR CUSTOMIZATION COSTS IN A CLOUD COMPUTING ARRANGEMENT (IAS 38 INTANGIBLE ASSETS)

In April 2021, the IFRS Interpretations Committee ("IFRIC") finalized its agenda decision *Configuration or Customization Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*, which clarified customers' accounting for configuration or customization costs related to cloud computing arrangements. As set out in the IFRIC agenda decision, costs incurred in configuring or customizing software in a cloud computing arrangement can only be recognized as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Management finalized its assessment of the impact of this agenda decision and concluded that costs related to the cloud-based ERP system recently initiated by the Corporation does not meet the criteria for capitalization and accordingly, these costs, along with other implementation costs, are expensed as incurred.

INTEREST RATE BENCHMARK REFORM - PHASE 2

In August 2020, the IASB issued Phase 2 amendments to *IFRS 9*, *IAS 39*, *IFRS 7*, *IFRS 4* and *IFRS 16* to address issues that arise from the implementation of the interest rate benchmark reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non contractually specified risk component at the earlier of when changes are made to the non contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components. The Phase 2 amendments provide additional temporary reliefs from applying specific *IAS 39* and *IFRS 9* hedge accounting requirements to hedging relationships directly affected by IBOR reform.

RECENT STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE AND NOT APPLIED

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020, IASB issued a narrow-scope amendment to *IAS 1 - Presentation of Financial Statements*, which clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. Classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability or events after the reporting date. The amendment also clarifies what *IAS 1* means when it refers to the 'settlement' of a liability. The amendment is effective for the Corporation's annual reporting period beginning on January 1, 2023, with earlier application permitted. The Corporation is assessing the potential impact of this amendment.

ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

In May 2020, the IASB issued *Onerous Contracts - Cost of Fulfilling a Contract*, which includes amendments to *IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*. The amendments specify which costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for the Corporation's annual reporting period beginning on January 1, 2022. The Corporation has concluded its current accounting

policies are in line with the amended standard and therefore this amendment will have no impact on its consolidated financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires Management to make judgments, assumptions and estimates in applying the Corporation's accounting policies. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances. Actual results will differ from estimates used, and such differences could be material.

In 2021, governments worldwide continued to revise guidance and restrictions related to the COVID-19 pandemic. Many measures enacted in 2020 and 2021 to combat the spread of the novel strain of coronavirus have caused material disruption to businesses, resulting in an economic slowdown in certain regions and industries. Management's estimates and judgments considered the uncertainties and economic implications of the COVID-19 pandemic on the Corporation's business, financial performance and financial position. However, despite Management's efforts to estimate the economic implications of the current health crisis, the uncertainty surrounding the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustment to the carrying amounts of the following: revenue recognition, including estimated losses on revenue-generating contracts, goodwill and other long-lived asset impairment, leases, deferred income tax assets and litigation and claims. At the date of publication of these consolidated financial statements, it is not possible to reliably estimate the length and severity of these developments and their potential impact on the Corporation's financial results, conditions and cash flows.

REVENUE RECOGNITION

The Corporation values its costs and anticipated profits in excess of billings based on the time and materials charged into each project and estimated future costs and total revenues. Recognition of revenues and contract assets involves estimates of costs required to complete the project. On a monthly basis, Management reviews the costs incurred to date and the estimated costs to complete for each project to determine whether the amount recognized as contract assets is an accurate estimate of the amount that the Corporation has earned on its projects. Where the review determines that the value of costs and anticipated profits in excess of billings exceed the amount that has been earned, adjustments are made to the contract assets. Changes in the estimate of costs required to complete projects could lead to reversals of revenues.

IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL

Identifiable intangible assets and goodwill, excluding software, represented $5,241.2 million of total assets on the consolidated statement of financial position as at December 31, 2021 ($3,939.3 million as at December 31, 2020). These assets arise out of business combinations and the Corporation applies the acquisition method of accounting to these transactions. Management uses significant estimates and assumptions in measuring the fair value of the assets acquired and the liabilities assumed and estimating their useful lives. Significant estimates include expected cash flows, economic risk and weighted average cost of capital.

Intangible assets related to business combinations and recognized separately from goodwill are initially recognized at their fair value at the acquisition date and are mostly amortized with determined finite lives. Management uses judgment to identify indefinite-lived intangible assets. If actual useful lives are shorter than estimated, the Corporation may be required to accelerate amortization or recognize an impairment charge.

For the purposes of assessing impairment, Management exercises judgment to identify independent cash inflows to determine CGUs. The fair value of CGUs are determined using significant estimates including the applicable discount rate and the expected future cash flows. The inputs used in the discounted cash flows model are Level 3 inputs (inputs not based on observable market data). Management applies judgment to identify indicators of possible impairment or reversal of impairment at each reporting date.

LEGAL CLAIMS PROVISIONS

In the normal course of business the Corporation faces legal proceedings for work carried out on projects. The Corporation has professional liability insurance (subject to certain self retention thresholds) in order to manage risks related to such proceedings. Management uses judgment to assess the potential outcomes of claims and estimates the claims provisions, based on advice and information provided by its legal advisors and on its own past experience in the settlement of similar proceedings. Claims provisions include litigation costs and also take into account indemnities. Final settlements could have a material effect on the financial position or operating results of the Corporation.

RETIREMENT BENEFIT OBLIGATIONS

The present value of obligations is calculated on an actuarial basis which depends on a number of assumptions relating to the future. These assumptions include discount rates, inflation rates and life expectancy. The key assumptions are assessed regularly according to market conditions and data available to Management. Additional details and sensitivity analyses are given in note 9, Pension schemes.

INCOME TAX PROVISION

The Corporation is subject to income tax laws and regulations in several jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues on the basis of amounts expected to be paid to the tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially provisioned, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

DEFERRED INCOME TAX ASSETS

Management exercises judgment in the assessment of the probability of future taxable income, to estimate the extent to which deferred income tax assets can be realized. Estimates are based on the Corporation’s most recent approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules and tax planning strategies in the numerous jurisdictions in which the Corporation operates are carefully taken into consideration. Management uses judgment to assess specific facts and circumstances to evaluate legal, economic or other uncertainties.

GOVERNMENT ASSISTANCE AND ITCs

The Corporation benefits from certain government assistance programs in the different jurisdictions where it operates, including scientific research and experimental development tax credit programs. In preparing claims, judgment is required in interpreting the regulations related to these programs, determining if the operations of the Corporation qualify and identifying quantifying eligible expenses. These claims are subject to examination and audit by local tax authorities, who may disagree with interpretations made by the Corporation. Management estimates the amounts receivable under these programs. Final settlements following examinations and audits could be different from amounts recorded and could have a material effect on the financial position or operating results of the Corporation.

LEASES

The Corporation uses judgment to establish the lease term based on the conditions of the lease and whether it is reasonably certain that it will exercise any extension or termination options. When the implicit interest rate of a lease is not readily available, the Corporation is required to use its incremental borrowing rate (“IBR”), which is generally the case. The determination of the IBR requires the use of various assumptions. The Corporation uses judgment to determine if a lease modification which increases the scope of a lease should be accounted as a separate lease. Such determination requires the use of judgment to determine if the increase in lease payments is commensurate to the change in scope.

The Corporation applies estimates to assesses whether a right-of-use asset is impaired, particularly when it expects to vacate an office space, including the ability to sublease the assets or surrender the lease and recover its costs. The Corporation examines its lease conditions as well as local market conditions and estimates its recoverability potential for each vacated premise.

5 BUSINESS ACQUISITIONS

Acquisitions are accounted for using the acquisition method, and the operating results are included in the consolidated financial statements from the date of acquisition. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date the Corporation obtains complete information about facts and circumstances that existed as of the acquisition date, up to a maximum of one year.

2021 TRANSACTIONS

GOLDER ASSOCIATES

On April 7, 2021, WSP closed the acquisition of 100% of the voting shares of Enterra Holdings Ltd., the holding company of Golder Associates (“Golder” and the “Golder Acquisition”). Golder is a global consulting firm with approximately 7,000 employees and 60 years of experience in providing earth sciences and environmental consulting services. The transaction included purchase consideration totalling $1,251.5 million and repayment of long-term debt of $235.0 million, as detailed below. The resulting aggregate cash outflow in connection with the Golder Acquisition was $1.5 billion (US$1.2 billion).

The Golder Acquisition and other related transaction costs were financed using the proceeds from the Corporation's previously closed $310.0 million private placements of subscription receipts with GIC Pte. Ltd. (“GIC”) and British Columbia Investment Management Corporation (“BCI”), and new bank financing term loans entered into on January 29, 2021. More details of the private placements and bank financing are disclosed in note 26, Share capital and note 25, Long-term debt.

The Corporation has not yet completed its fair value assessment of all assets acquired and liabilities assumed in connection with the Golder Acquisition. The most significant aspects remaining to be finalized relate to the valuation of right-of-use assets and lease liabilities and claims provisions. Consequently, the table below presents Management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed. The final determination of the fair values will be made within 12 months of the acquisition date. Accordingly, the following values are subject to change and such changes may be material.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

Intangible assets identified relate primarily to customer relationships. Management applied the excess earnings method using discounted cash flow models to value customer relationships acquired. Management's significant estimates and assumptions in applying this methodology included forecast revenues and margins attributable to the customer relationships (in excess of backlog), rates of attrition and discount rates.

	Preliminary
Recognized amounts of identifiable assets acquired and liabilities assumed	**$**
Assets	
Cash and cash equivalents	115.4
Trade receivables and other receivables	220.1
Income taxes receivable	5.9
Cost and anticipated profits in excess of billings (note 16)	122.8
Prepaid expenses	13.2
Right-of-use assets (note 18)	160.3
Property and equipment (note 20)	70.3
Software (note 19)	3.0
Intangible assets related to acquisitions (note 19)	357.6
Deferred income tax assets (note 13)	2.0
Other financial and non-financial assets	4.5
Liabilities	
Accounts payable and accrued liabilities	(220.4)
Billings in excess of costs and anticipated profits (note 16)	(52.9)
Lease liabilities (note 18)	(202.9)
Long-term debt (note 29)	(240.9)
Provisions (note 24)	(45.7)
Income taxes payable	(10.4)
Deferred income tax liabilities (note 13)	(61.2)
Fair value of identifiable assets and liabilities assumed	**240.7**
Goodwill (note 21)	1,010.8
Total purchase consideration	**1,251.5**
Repayment of long-term debt	235.0
	1,486.5
Cash and cash equivalents acquired	(115.4)
Net cash disbursements	**1,371.1**

Goodwill is attributable to the workforce of the acquired business and the synergies expected to arise with the Corporation after the acquisition. None of the goodwill recognized as at December 31, 2021 is expected to be deductible for income tax purposes.

The trade receivables acquired had a fair value of $184.0 million and gross contractual amount of $195.2 million.

The acquired business contributed revenues of $1,169.4 million and net earnings of $50.9 million from April 7, 2021 to December 31, 2021.

OTHER ACQUISITIONS IN 2021

In 2021, the Corporation concluded several other individually immaterial acquisitions. In January 2021, WSP acquired tk1sc, a 240-employee mechanical, electrical and plumbing engineering firm based in California, US. In February 2021, WSP acquired Earth Consulting Group, Inc., a 90-employee US-based environmental and engineering consulting firm. In April 2021, WSP acquired b+p baurealisation, a 100-employee engineering and consulting firm based in Zurich, Switzerland. In June 2021, WSP acquired Knight Partners, LLC, a 150-employee engineering and consulting firm based in Chicago, US. In October 2021, WSP acquired Englekirk Structural Engineers, a 90-employee consulting firm based in California, US. These acquisitions were financed using WSP's available cash and credit facilities.

The table below presents Management's assessments of the fair values of the assets acquired and the liabilities assumed as at December 31, 2021, including any adjustments recognized during the subsequent measurement periods. For certain acquisitions, the final determinations of the fair values has been completed as at December 31, 2021, while for others, the final assessments of the fair values will be completed after the values of the assets and liabilities have been definitively determined. Accordingly, the following values are subject to change and such changes may be material.

These acquisitions were not individually material, therefore the Corporation has chosen to disclose the required information in aggregate.

	Preliminary
Recognized amounts of identifiable assets acquired and liabilities assumed	**$**
Assets	
Cash	9.3
Trade receivables and other receivables	46.4
Cost and anticipated profits in excess of billings (note 16)	3.3
Right-of-use assets (note 18)	15.9
Property and equipment (note 20)	4.5
Software (note 19)	0.6
Deferred income tax assets (note 13)	1.3
Other financial assets	3.7
Liabilities	
Accounts payable and accrued liabilities	(35.6)
Billings in excess of costs and anticipated profits (note 16)	(1.3)
Lease liabilities (note 18)	(18.3)
Long-term debt (note 29)	(6.3)
Provisions (note 24)	(4.8)
Deferred income tax liabilities (note 13)	(1.9)
Fair value of identifiable assets and liabilities assumed	**16.8**
Goodwill (note 21)	124.9
Total purchase consideration	**141.7**
Cash acquired	(9.3)
Consideration payable	(34.2)
Net cash disbursements	**98.2**

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

Goodwill is attributable to the workforce of the acquired businesses and the synergies expected to arise with the Corporation after the acquisitions. $47.6 million of the goodwill recognized as at December 31, 2021 is expected to be deductible for income tax purposes.

The trade receivables acquired had a fair value of $44.8 million and gross contractual amount of $48.7 million.

The acquired businesses contributed revenues of $188.1 million and net earnings of $31.7 million from their respective acquisition dates to December 31, 2021.

2020 TRANSACTIONS

In 2020, the Corporation concluded a few individually immaterial acquisitions. In January 2020, WSP acquired LT Environmental Inc., a 140-employee environmental consulting firm based in Colorado, US. In December 2020, WSP acquired kW Mission Critical Engineering, a 175-employee engineering firm based in New York State, US, serving the data center market. These acquisitions were financed using WSP's available cash and credit facilities.

The table below presents Management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed as at December 31, 2020, any adjustments recognized during the subsequent measurement periods and the final determinations of the fair values as at December 31, 2021.

The final determination of the fair values required some adjustments to the preliminary assessments as shown below. The Corporation has not restated the consolidated statement of financial position as at December 31, 2020 as the adjustments were deemed not material. The Corporation also determined that the net impact on the net earnings as a result of these adjustments was not material for the year ended December 31, 2020, and as such, they were accounted for in the consolidated statement of earnings for the year ended December 31, 2021.

These acquisitions were not individually material, therefore the Corporation has chosen to disclose the required information in aggregate.

	Preliminary	Adjustments	Final
	$	$	$
Fair value of identifiable assets and liabilities assumed	15.0	14.4	29.4
Goodwill	132.0	(14.4)	117.6
Total purchase consideration	**147.0**	**—**	**147.0**
Cash acquired	(9.4)	(0.4)	(9.8)
Consideration payable	(28.0)	7.5	(20.5)
Net cash disbursements	**109.6**	**7.1**	**116.7**

Goodwill is attributable to the workforce of the acquired businesses and the synergies expected to arise with the Corporation after the acquisitions. $82.3 million of the goodwill recognized is expected to be deductible for income tax purposes.

The trade receivables acquired had a fair value of $34.6 million and gross contractual amount of $34.3 million.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

6 OPERATING SEGMENTS

SEGMENTED INFORMATION

The Corporation manages its business by geographic region. The Corporation's operating segments represent countries, or groups of countries, in which it operates. The Corporation has four reportable segments: Canada, Americas (USA and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific, comprising Asia, Australia and New Zealand). Management has applied the following judgments to aggregate certain operating segments:

- Americas - The operating segments of USA and Latin America are in the same geographic region of the Americas and have been aggregated as the Latin America operating segment does not meet any of the quantitative thresholds to be reported separately.

- EMEIA - The operating segments of UK, Nordic countries and Central European countries have been aggregated as these segments have similar products and services, the same types of customers and operate in similar economies. The Middle East, India and Africa operating segments have also been aggregated in EMEIA as they do not meet any of the quantitative thresholds to be reported separately.

- APAC - The operating segments of Australia and New Zealand have been aggregated as these segments have similar products and services, the same types of customers and operate in similar economies. The Asia operating segment has also been aggregated in APAC as it does not meet any of the quantitative thresholds to be reported separately and it is part of the same geographic region.

The Corporation's global leadership team ("GLT") assesses the performance of the reportable segments based on net revenues and adjusted EBITDA by segment. Adjusted EBITDA by segment excludes items such as business acquisition, integration and reorganization costs, and head office corporate costs, which are not considered when assessing the underlying financial performance of the reportable segments. Head office corporate costs are expenses and salaries related to centralized functions, such as global finance, legal, human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of financial expenses, depreciation, amortization and income taxes.

Sales between segments are carried out on terms equivalent to arm's length transactions and are eliminated upon consolidation.

The net revenues reported to the GLT are derived from revenues net of subconsultant and direct costs, which are measured in a similar manner as in the consolidated statements of earnings, and exclude intersegmental net revenues.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

The tables below present the Corporation's operations based on reportable segments, for the years ended December 31:

					2021
	Canada	**Americas**	**EMEIA**	**APAC**	**Total**
	$	**$**	**$**	**$**	**$**
Revenues	1,690.3	3,955.7	3,070.2	1,562.9	10,279.1
Less: Subconsultants and direct costs	(385.8)	(1,246.5)	(541.8)	(235.4)	(2,409.5)
Net revenues	1,304.5	2,709.2	2,528.4	1,327.5	7,869.6
Adjusted EBITDA by segment	272.0	533.1	370.3	246.3	1,421.7
Head office corporate costs					(99.2)
Depreciation and amortization					(518.5)
Acquisition, integration and reorganization costs					(60.8)
ERP implementation costs (note 3)					(6.8)
Net financing expenses, excluding interest income					(81.9)
Share of depreciation and taxes of associates					(9.4)
Earnings before income taxes					645.1

					2020
	Canada	**Americas**	**EMEIA**	**APAC**	**Total**
	$	**$**	**$**	**$**	**$**
Revenues	1,141.7	3,448.4	2,879.8	1,334.0	8,803.9
Less: Subconsultants and direct costs	(189.6)	(1,075.6)	(501.4)	(178.2)	(1,944.8)
Net revenues	952.1	2,372.8	2,378.4	1,155.8	6,859.1
Adjusted EBITDA by segment	183.2	436.2	316.9	202.7	1,139.0
Head office corporate costs					(85.3)
Depreciation and amortization					(476.3)
Acquisition, integration and reorganization costs					(103.4)
Net financing expenses, excluding interest income					(78.7)
Share of depreciation and taxes of associates					(9.4)
Earnings before income taxes					385.9

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

GEOGRAPHIC INFORMATION

The Corporation's revenues are allocated to geographic regions based on the country of operation, as follows, for the years ended December 31:

	2021	2020
	$	$
US	3,697.2	3,284.1
Canada	1,690.3	1,141.7
UK	1,165.6	1,116.1
Sweden	733.0	710.4
Australia	820.7	642.2
Other	2,172.3	1,909.4
	10,279.1	8,803.9

Right-of-use assets, property and equipment, goodwill and intangible assets are allocated in the following countries, as at December 31:

	2021	2020
	$	$
US	2,526.9	2,025.9
Canada	1,866.2	1,185.6
UK	529.0	459.7
Other	1,615.2	1,545.4
	6,537.3	5,216.6

7 REVENUES

The tables below present the Corporation’s disaggregated revenues by market sector and client category, for the years ended December 31:

					2021
	Canada	Americas	EMEIA	APAC	Total
Market sector	$	$	$	$	$
Transportation & Infrastructure	540.4	2,185.8	1,440.2	723.5	4,889.9
Earth & Environment	681.5	1,025.9	379.1	274.0	2,360.5
Property & Buildings	294.1	419.3	982.2	444.7	2,140.3
Power & Energy	55.6	117.0	184.0	48.9	405.5
Resources	98.5	198.1	11.1	65.4	373.1
Industry	20.2	9.6	73.6	6.4	109.8
	1,690.3	3,955.7	3,070.2	1,562.9	10,279.1
Client category					
Public sector	587.8	2,537.0	1,696.8	851.5	5,673.1
Private sector	1,102.5	1,418.7	1,373.4	711.4	4,606.0
	1,690.3	3,955.7	3,070.2	1,562.9	10,279.1

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

					2020
	Canada	Americas	EMEIA	APAC	Total
Market sector	$	$	$	$	$
Transportation & Infrastructure	499.2	2,237.6	1,434.6	706.8	4,878.2
Earth & Environment	217.8	593.2	264.1	107.8	1,182.9
Property & Buildings	275.7	294.7	933.9	426.1	1,930.4
Power & Energy	44.6	95.8	175.4	42.2	358.0
Resources	59.6	217.1	3.0	45.7	325.4
Industry	44.8	10.0	68.8	5.4	129.0
	1,141.7	3,448.4	2,879.8	1,334.0	8,803.9
Client category					
Public sector	462.9	2,530.2	1,689.4	758.0	5,440.5
Private sector	678.8	918.2	1,190.4	576.0	3,363.4
	1,141.7	3,448.4	2,879.8	1,334.0	8,803.9

In 2021, 72% of the revenues were generated from cost-plus contracts with ceilings and fixed-price contracts and 28% from cost-plus contracts without stated ceilings (70% and 30%, respectively, in 2020).

8 LONG-TERM INCENTIVE PLANS ("LTIPs")

The Corporation maintains a long-term incentive plan for certain employees under which stock options can be issued. The Corporations also maintains long-term incentive plans for certain employees under which cash-settled performance share units (“PSUs”), cash-settled deferred share units ("DSUs") and cash-settled restricted share units ("RSUs") can be issued.

STOCK OPTIONS

Options granted under the stock option plan, to officers and employees, may be exercised during a period not exceeding ten years from the grant date. Options vest, at latest, three years after the grant date. Any unexercised options expire at the earlier of one month after the date a beneficiary ceases to be an employee or the expiration date of the stock option.

	2021	2020
Number of stock options exercised during the year ended December 31	217,774	46,414
Exercise price range of stock options exercised during the year ended December 31	$35.12 to $121.18	$35.45 to $57.98
Stock options outstanding as at December 31	614,972	705,971
Vested stock options outstanding as at December 31	349,230	459,515
Exercise price range of stock options outstanding as at December 31	$41.69 to $134.28	$35.12 to $70.71

The fair value of stock options at grant date was measured using the Black-Scholes option pricing model. The historical share price of the Corporation's common shares is used to estimate expected volatility, and government bond rates are used to estimate the risk-free interest rate. For options granted during the years ended December 31, 2021 and 2020, the following table illustrates the inputs used in the measurement of the grant date fair values of the stock options:

	2021	2020
Expected stock price volatility	22%	24%
Dividend	1.17%-1.24%	2.64%
Risk-free interest rate	0.95%-1.5%	1.12%
Expected option life	6.2	10
Fair value – weighted average of options issued	$23.62	$16.07

During the year ended December 31, 2021, the Corporation recorded stock-based compensation expense of $3.5 million ($3.2 million in 2020) in personnel costs.

PSUs, RSUs and DSUs

The PSUs are settled in cash and vest after three years if the Corporation meets certain performance targets. The RSUs are settled in cash and vest after three years. The DSUs are settled in cash and vest immediately when granted but their settlement is deferred until employment with the Corporation is terminated for any reason other than for cause.

The compensation expense and corresponding liability for these awards is measured using the market value of the Corporation's share price, the Corporation's expected performance vis-a-vis targets, and other factors, as applicable, and is recorded as an expense over the vesting period for PSUs and RSUs and as granted for DSUs.

At the end of each financial reporting period, changes in the Corporation's payment obligation due to changes in the market value of the Corporation's common shares on the TSX, or changes in the number of units based on the expected Corporation's performance and other factors, as applicable, are recorded as an expense or recovery.

The Corporation recorded an expense of $97.1 million during 2021 ($63.4 million in 2020) related to the PSUs, RSUs and DSUs in personnel costs. As at December 31, 2021, there were 810,230 PSUs, RSUs and DSUs outstanding and the cumulative obligation liability stood at $145.1 million (947,237 and $92.8 million, respectively, as at December 31, 2020). The intrinsic value of the liability for all share unit plans for which the participants' right to cash had vested as at December 31, 2021 was $97.7 million ($54.9 million as at December 31, 2020).

The Corporation enters into derivative financial instruments with Canadian financial institutions to limit the Corporation's exposure to the variability of LTIP-based units caused by fluctuations in its common share price. The value of the derivative financial instruments fluctuates in accordance with the movement of the Corporation's common share price and are classified as FVTPL. As such, they are measured at fair value on the consolidated statement of financial position and the mark-to-market gain or loss pertaining to derivative financial instruments is recorded in personnel costs. In 2021, the mark-to-market gain recorded in personnel costs amounted to $41.2 million ($30.4 million in 2020). As at December 31, 2021, the Corporation had derivatives outstanding for 710,000 of its common shares.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

9 PENSIONS SCHEMES

Pension costs included in personnel costs consist of the following for the years ended December 31:

	2021	2020
	$	$
Current service cost of defined benefit pension schemes	9.0	9.7
Employer contributions to defined benefit pension schemes	12.8	13.1
Employer contributions to defined contribution pension schemes	155.0	127.4
	176.8	150.2

The Corporation operates both defined contribution and defined benefit pension schemes. Defined contributions are charged to net earnings as incurred.

In the UK, there are six separate defined benefit schemes, all of which are closed to new members. The assets of the schemes are held separately from those of the Corporation in independently administered funds.

In Sweden, a portion of a multi-employer and collectively-bargained defined benefit plan is recognized on the Corporation's consolidated statement of financial position as a defined benefit plan. Accrual of service costs under this arrangement ceased in 2008 when the Corporation began insuring new accruals with an insurance company. This portion of the plan accounted for as a defined benefit plan relates to the historical accruals prior to 2008, which are unfunded.

The benefits within the collectively-bargained plan in Sweden which are insured with an insurance company are considered a multi-employer plan. Since the insurance company is not able to specify the portion of their insurance assets which are set aside to meet each and every individual employers' share of pension obligation, it is treated as a defined contribution scheme in the Corporation's consolidated financial statements.

In the US, the Corporation maintains a deferred compensation plan under which a portion of employees' compensation is deferred and invested in financial assets held in a trust (included in financial assets as disclosed in note 22, Other assets). The financial assets held in a trust are for the ultimate benefit of the employees but are available to the Corporation's creditors in the event of insolvency.

For funded and unfunded defined benefit plans, any deficit of the fair value of plan assets over the present value of the defined benefit obligation is recognized as a liability in the consolidated statement of financial position. Actuarial gains and losses are recognized in full as they arise in other comprehensive income. These gains and losses reflect changes in actuarial assumptions, and differences between actuarial assumptions and what has actually occurred.

The actuarial costs charged to the consolidated statements of earnings in respect of defined benefit plans may consist of current service cost, net interest on defined benefit liability (asset), past service costs and costs of curtailments.

The liabilities of the Corporation arising from defined benefit obligations and their related current service cost are determined using the projected unit credit method. Valuations are performed annually. Actuarial advice is provided by both external consultants and actuaries. The actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located and are set out below.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

The main assumptions used to calculate the liabilities related to defined benefit obligations and their related current service cost were as follows as at and for the years ended December 31:

	2021	2020
UK		
Rate of increase in pension payments	2.15% to 3.30%	2.00% to 2.85%
Discount rate	1.80 %	1.50 %
Inflation assumption	3.05% to 3.45%	2.45% to 2.95%
Life expectancy at age 65 (for member currently aged 65)		
– Men	87.9	87.9
– Women	90.1	90.1
Sweden		
Discount rate	1.90 %	1.20 %
Inflation assumption	2.25 %	1.50 %
Life expectancy at age 65 (for member currently aged 65)		
– Men	87.0	87.0
– Women	89.0	89.0
US		
Discount rate	1.45% to 2.15%	0.65% to 1.40%

The fair values by major categories of plan assets pertaining to the UK defined benefits pension schemes were as follows, as at December 31:

	2021		2020	
	$	%	$	%
Equities	66.5	25	59.4	23
Bonds	48.3	18	52.1	20
Liability-driven investments	85.9	33	75.2	29
Other	64.5	24	75.0	28

Amounts recognized in the statements of financial position are as follows, as at December 31:

	2021	2020
	$	$
Fair value of plan assets (UK)	265.2	261.7
Present value of funded obligations (UK)	(277.4)	(296.1)
Deficit (UK)	(12.2)	(34.4)
Present value of unfunded obligations (Sweden)	(53.6)	(59.4)
Present value of unfunded obligations (US)	(147.1)	(138.6)
Pension liability	(212.9)	(232.4)

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

Amounts recognized in the consolidated net earnings were as follows, for the years ended December 31:

	2021	2020
	$	$
Current service cost	9.0	9.7
Past service cost	—	0.9
Total service costs	9.0	10.6
Interest expense	6.4	8.7
Expected return on plan assets	(4.0)	(4.7)
Net financing expense on pension liabilities	2.4	4.0

Changes in the present value of the defined benefit obligation are as follows for the years ended December 31:

	2021	2020
	$	$
Present value of obligation – beginning balance	494.1	438.0
Current service cost	9.0	9.7
Past service cost	—	0.9
Contributions from scheme members	0.1	0.2
Benefits paid	(24.5)	(24.8)
Interest expenses	6.4	8.7
Actuarial losses - changes in assumptions	4.2	43.8
Actuarial losses - changes in experience adjustments	0.4	10.7
Exchange differences	(11.6)	6.9
Present value of obligation – ending balance	478.1	494.1

Changes in the fair value of plan assets are as follows, as at December 31:

	2021	2020
	$	$
Fair value of plan assets – beginning balance	261.7	224.6
Expected return on plan assets	4.0	4.7
Contributions from scheme members	0.1	0.2
Contributions from employer	12.8	13.1
Benefits paid	(9.2)	(8.4)
Actuarial gain (experience)	0.3	24.1
Exchange differences	(4.5)	3.4
Fair value of plan assets – ending balance	265.2	261.7

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

Net retirement obligations deficit summary, as at December 31:

	2021	2020
	$	$
Fair value of scheme assets	265.2	261.7
Present value of scheme liabilities	(478.1)	(494.1)
Deficit	(212.9)	(232.4)

The Corporation's defined benefit plans expose it to interest risk, inflation risk, longevity risk, currency risk and market investment risk. Sensitivity analysis of the overall pension deficit as at December 31, 2021 to changes in principal assumptions is shown below:

Assumption	Change in basis points / years	Increase in pension deficit
		$
Discount rate	- 10 bps	6.2
Inflation rate[(1)]	+ 10 bps	2.3
Mortality[(1)]	+ 1 year	14.9

[(1)] Impact on pension deficit of defined benefit plans in UK and Sweden only.

The combined employee and employer contributions to be paid in the year ending December 31, 2022, pertaining to the Corporation's defined benefit pension schemes in the UK, are expected to be approximately $11.5 million.

10 ACQUISITION, INTEGRATION AND REORGANIZATION COSTS

	2021	2020
	$	$
Business acquisition costs	11.8	18.0
Business integration costs	33.9	20.8
Restructuring and severance costs stemming from adjustments to cost structures	20.9	70.5
Gains on disposal of non-core assets	(5.8)	(5.9)
	60.8	103.4

Included in acquisition, integration and reorganization costs in 2021 are employee benefit costs of $20.3 million ($60.6 million in 2020). Other than employee benefit costs, costs relate mainly to legal and professional fees and early contract termination costs.

11 GOVERNMENT GRANTS

In 2021, the Corporation recorded $14.4 million of government subsidies, recognized in personnel costs ($53.0 million in 2020). There are no unfulfilled conditions or contingencies attached to these grants as at December 31, 2021.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

12 NET FINANCING EXPENSE

	2021	2020
	$	$
Interest expense related to credit facilities and senior unsecured notes	32.7	35.4
Interest expense on lease liabilities	40.6	45.9
Net financing expense on pension obligations	2.4	4.0
Exchange loss on assets and liabilities denominated in foreign currencies	5.2	8.1
Unrealized (gain) loss on derivative financial instruments	7.7	(11.5)
Other interest and bank charges	7.3	12.6
Gain on investments in securities	(14.0)	(15.8)
Interest income	(2.4)	(5.2)
	79.5	73.5

13 INCOME TAXES

The components of the income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
	$	$
Current income tax expense		
Current income tax expense on earnings for the year	193.9	145.9
Adjustments in respect of prior years	12.4	(35.0)
	206.3	110.9
Deferred income tax recovery		
Origination and reversal of temporary differences	(28.7)	(37.2)
Impact of changes in substantively enacted income tax rates	0.1	(3.2)
Adjustments in respect of prior years	(6.7)	38.0
	(35.3)	(2.4)
Income tax expense	171.0	108.5

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

The reconciliation of the difference between the income tax expense using the combined Canadian federal and provincial statutory income tax rate of 26.5% in 2021 (26.5% in 2020) and the actual effective income tax rate is as follows for the years ended December 31:

	2021		**2020**	
	$	**%**	**$**	**%**
Earnings before income taxes	645.1		385.9	
Income tax expense at the combined Canadian federal and provincial statutory income tax rate	171.0	26.5	102.3	26.5
Changes resulting from:				
Foreign income tax rate differences	(16.5)	(2.5)	(12.8)	(3.3)
Non-deductible expenses, net of non-taxable income	2.6	0.4	3.6	0.9
Net unrecognized income tax benefits	8.0	1.2	15.7	4.1
Adjustments in respect of prior years	5.7	0.9	3.0	0.8
Effect of change in income tax rates	0.1	—	(3.2)	(0.8)
Other items	0.1	—	(0.1)	(0.1)
	171.0	26.5	108.5	28.1

In 2021 and 2020, net unrecognized income tax benefits represented the impact of unrecognized current and prior years income tax benefits related mostly to foreign subsidiaries where recovery is not considered probable, partly offset by the recognition of previously unrecognized deferred income tax assets related to certain subsidiaries that generated profits in the current year.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

The significant components of deferred income tax assets and liabilities were as follows, as at December 31:

							2021
	As at January 1	Credited (charged) to statement of earnings	Credited to other compre-hensive income	Charged directly to equity	Business acquisitions	Exchange differences	As at December 31
	$	$	$	$	$	$	$
Deferred income tax assets							
Deductible provisions upon settlement	171.2	25.0	—	—	27.6	(4.5)	219.3
Tax loss carry forwards	30.0	(7.3)	—	—	2.7	(1.2)	24.2
Pension schemes	46.8	(2.8)	2.4	—	—	(1.1)	45.3
Deferred issuance-related costs	5.4	(1.4)	—	3.4	—	—	7.4
Property and equipment	19.9	(1.1)	—	—	1.5	(0.4)	19.9
Leases	9.6	1.4	—	—	11.5	(0.2)	22.3
Other temporary differences	27.0	(0.8)	0.7	—	3.5	(0.1)	30.3
	309.9	13.0	3.1	3.4	46.8	(7.5)	368.7
Deferred income tax liabilities							
Costs and anticipated profits in excess of billings	(105.4)	5.6	—	—	(1.5)	7.8	(93.5)
Holdbacks	(9.6)	(4.3)	—	—	(5.1)	—	(19.0)
Property and equipment	(17.3)	9.7	—	—	(7.7)	0.1	(15.2)
Intangible assets and goodwill	(50.8)	12.5	—	—	(89.2)	1.2	(126.3)
Other temporary differences	(48.0)	(1.2)	1.6	—	(1.9)	0.7	(48.8)
	(231.1)	22.3	1.6	—	(105.4)	9.8	(302.8)
	78.8	**35.3**	**4.7**	**3.4**	**(58.6)**	**2.3**	**65.9**

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

							2020
	As at January 1	Credited (charged) to statement of earnings	Credited to other compre-hensive income	Charged directly to equity	Business acquisitions	Exchange differences	As at December 31
	$	$	$	$	$	$	$
Deferred income tax assets							
Deductible provisions upon settlement	147.2	16.0	—	—	2.1	5.9	171.2
Tax loss carry forwards	22.2	(0.4)	—	7.5	—	0.7	30.0
Pension Plan	43.7	(4.0)	6.8	—	—	0.3	46.8
Deferred issuance-related costs	0.3	—	—	5.1	—	—	5.4
Property and equipment	15.9	3.7	—	—	—	0.3	19.9
Leases	13.9	(4.5)	—	—	—	0.2	9.6
Other temporary differences	35.6	(8.5)	—	—	0.1	(0.2)	27.0
	278.8	2.3	6.8	12.6	2.2	7.2	309.9
Deferred income tax liabilities							
Costs and anticipated profits in excess of billings	(95.2)	(2.5)	—	—	0.2	(7.9)	(105.4)
Holdbacks	(7.1)	(1.2)	—	—	(1.4)	0.1	(9.6)
Property and equipment	(10.2)	(7.7)	—	—	—	0.6	(17.3)
Intangible assets and goodwill	(69.8)	18.4	—	—	0.9	(0.3)	(50.8)
Other temporary differences	(41.9)	(6.9)	1.1	—	(0.2)	(0.1)	(48.0)
	(224.2)	0.1	1.1	—	(0.5)	(7.6)	(231.1)
	54.6	**2.4**	**7.9**	**12.6**	**1.7**	**(0.4)**	**78.8**

The deferred income taxes are presented as follows on the consolidated statements of financial position, as at December 31:

	2021	2020
	$	$
Deferred income tax assets	165.1	169.2
Deferred income tax liabilities	(99.2)	(90.4)
	65.9	78.8

As at December 31, 2021, the Corporation had recognized deferred income tax assets of $24.2 million ($30.0 million as at December 31, 2020) related to tax losses of the current and prior years. The deferred income tax assets are recognized, as the Corporation believes it is probable that taxable profits will be available in the future against which the tax loss carry forwards can be utilized.

As at December 31, 2021, the Corporation had $143.4 million ($133.3 million as at December 31, 2020) of unrecognized deferred income tax assets. Of these, a portion relates to tax loss carry forwards of $324.1 million, of which $52.1 million expire between 2022 and 2041 and the remainder of which having no expiry ($288.3 million and $36.2 million, respectively,

as at December 31, 2020) and a portion relates to gross temporary differences with no expiry of $65.2 million ($64.6 million as at December 31, 2020). Additionally, $40.4 million of unrecognized deferred income tax assets relate to tax credits that expire between 2027 and 2031 ($38.6 million as at December 31, 2020). The Corporation considers the recovery of those unrecognized deferred income tax assets as not probable.

As at December 31, 2021, a deferred income tax liability relating to $685.6 million of taxable temporary differences associated with the undistributed earnings of subsidiaries, has not been recognized as the Corporation controls the timing of the reversal of these temporary differences and does not expect they will reverse in the foreseeable future ($684.3 million as at December 31, 2020). Upon distribution of these earnings in the form of dividends or otherwise, the Corporation may be subject to corporate or withholding income taxes.

14 FINANCIAL INSTRUMENTS

FAIR VALUE

Cash, trade and other receivables, accounts payable, dividends payable to shareholders, bank overdrafts, long-term debt related to credit facilities and other financial liabilities are financial instruments whose fair values approximate their carrying values due to their short-term maturity, variable interest rates or current market rates for instruments with fixed rates.

The fair value hierarchy under which the Corporation's financial instruments are valued is as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly;
- Level 3 includes inputs for the assets or liability that are not based on observable market data.

The Corporation's senior unsecured notes are financial liabilities carried at amortized costs. As at December 31, 2021, the fair value of the senior unsecured notes, which is based on unadjusted quote prices (Level 1), was $498.5 million.

As at December 31, 2021 and 2020, fair values of other financial assets and hedges of the Corporation's common shares are determined under Level 1. Fair values of foreign currency risk based financial instruments, notably foreign currency forward contracts and cross currency swap agreements, are determined under Level 2.

FINANCIAL RISK MANAGEMENT

The Corporation is exposed to credit risk, foreign currency risk, interest rate risk and liquidity risk. The following analyses provide a portrait of those risks as at December 31, 2021 and 2020.

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial instruments which potentially subject the Corporation to significant credit risk consist principally of cash, trade receivables, other receivables, derivative financial instruments, investments in securities and amounts due from joint ventures and associates. Costs and anticipated profits in excess of billings are also evaluated for credit risk using the same model. The Corporation's maximum amount of credit risk exposure is limited to the carrying amount of these financial instruments and contract assets, which is $4,136.2 million as at December 31, 2021 ($3,102.7 million as at December 31, 2020).

The Corporation's cash is held with investment-grade financial institutions. Therefore, the Corporation considers the risk of non-performance on these instruments to be minimal.

The Corporation's credit risk is principally attributable to its trade receivables and costs and anticipated profits in excess of billings. The amounts disclosed in the consolidated statements of financial position are net of an allowance for expected credit losses, estimated by Management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. Generally, the Corporation does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Corporation performs ongoing credit reviews of all its customers and establishes an allowance for expected credit losses when the likelihood of collecting the account has significantly diminished. The Corporation believes that the credit risk of trade accounts receivable is limited. During the year ended December 31, 2021 credit losses amounted to $20.4 million ($42.4 million in 2020).

The Corporation mitigates its credit risk by providing services to diverse clients in various market sectors, countries and sectors of the economy.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Corporation operates internationally and is exposed to currency risks arising from its operating activities denominated in US dollars, pounds sterling, Swedish krona, Australian dollars, euros, New Zealand dollars, and other currencies as well as from its net assets in foreign operations. These risks are partially offset by purchases and operating expenses incurred in these currencies.

The Corporation has investments in foreign operations, whose net assets are exposed to foreign currency risk. This risk is partly offset through borrowings denominated in the relevant foreign currency. The exchange gains or losses on the net equity investment of these operations are reflected in the accumulated other comprehensive income account in shareholders' equity, as part of the currency translation adjustment.

The Corporation entered into foreign currency forward contracts and options to hedge the variability in the foreign currency exchange rates of certain currencies against the Canadian dollar. As at December 31, 2021, the net fair market value gain of these forward contracts and options amounted to $2.7 million, and a gain of $9.6 million was recorded in net earnings in 2021. The largest hedged currency outstanding as at December 31, 2021 represents a nominal amount of $254 million US dollars.

The Corporation also entered into interest rate swaps for a nominal amount of $325.0 million US dollars to hedge the variability in interest rates of its US-dollar denominated debt. The fair market value gain of these interest rate swap agreements as at December 31, 2021 amounted to $2.0 million and the change in fair value was recorded in other comprehensive income.

In 2021, the Corporation entered into cross-currency interest rate swaps for a nominal amount of $500.0 million Canadian dollars to hedge the variability in the USD/CAD currency risk of the Corporation's net investment in foreign entities having the USD as their functional currency. The fair market value loss of these cross-currency interest rate swaps agreements as at December 31, 2021 amounted to $10.3 million and the change in fair value was recorded in other comprehensive income.

The Corporation enters into derivative financial instruments with Canadian financial institutions to limit the Corporation's exposure to the variability of cash-settled long-term incentive plan ("LTIP") share unit compensation plans caused by fluctuations in its common share price. The value of the derivative financial instruments fluctuates in accordance with the movement of the Corporation's common share price and are classified as fair value through profit or loss. As such, they are measured at fair value on the consolidated statement of financial position and the mark-to-market gain or loss pertaining to

derivative financial instruments is recorded in personnel costs. As at December 31, 2021, the Corporation had hedges outstanding for 710,000 of its common shares, with total fair value of $41.2 million. In 2021, $41.6 million of mark-to-market gains on LTIP hedging instruments were recorded in personnel costs, which partially offset compensation expense related to the LTIP.

Taking into account the amounts denominated in foreign currencies and presuming that all of the other variables remain unchanged, a fluctuation in exchange rates would have an impact on the Corporation's net earnings and equity. Management believes that a 10% change in exchange rates could be reasonably possible. The table below summarizes the impacts on net earnings and other comprehensive income of a 10% weakening or strengthening in exchange rates against the Canadian dollar, for the years ended December 31:

				2021
	US dollar	Swedish krona	Pound sterling	Australian dollar
	$	$	$	$
Net earnings	16.6	2.4	6.5	3.6
Other comprehensive income	195.2	143.2	19.7	44.3

				2020
	US Dollar	Swedish krona	Pound sterling	Australian Dollar
	$	$	$	$
Net earnings	12.8	3.4	2.6	3.3
Other comprehensive income	140.3	122.0	18.9	16.4

INTEREST RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's exposure to the risk of changes in market interest rates relates primarily to its long-term debt and other non-current financial liabilities with floating interest rates. This risk is partially offset by cash held at variable rates.

A 100-base point change in interest rates would not have a material impact on the Corporation's net earnings.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will encounter difficulties in meeting its obligations as they fall due.

A centralized treasury function ensures that the Corporation maintains funding flexibility by assessing future cash flow expectations and by maintaining sufficient headroom on its committed borrowing facilities. Borrowing limits, cash restrictions and compliance with debt covenants are also taken into account.

The Corporation watches for liquidity risks arising from financial instruments on an ongoing basis. Management monitors the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. WSP has access to committed lines of credit with banks, as described in note 25, Long-term debt.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

The tables below presents the contractual maturities of financial liabilities as at December 31, 2021 and 2020. The amounts disclosed are contractual undiscounted cash flows.

					2021
	Carrying amount	Contractual cash flows	Less than a year	Between 1 and 2 years	More than 2 years
	$	$	$	$	$
Accounts payable and accrued liabilities	2,217.3	2,217.3	2,217.3	—	—
Dividends payable to shareholders	44.2	44.2	44.2	—	—
Lease liabilities	1,020.3	1,249.9	294.1	237.5	718.3
Long-term debt	1,776.7	1,853.3	326.2	180.1	1,347.0
	5,058.5	5,364.7	2,881.8	417.6	2,065.3

					2020
	Carrying amount	Contractual cash flows	Less than a year	Between 1 and 2 years	More than 2 years
	$	$	$	$	$
Accounts payable and accrued liabilities	1,718.2	1,718.2	1,718.2	—	—
Dividends payable to shareholders	42.5	42.5	42.5	—	—
Lease liabilities	1,018.4	1,161.4	261.8	220.1	679.5
Long-term debt	574.2	585.0	304.8	260.9	19.3
	3,353.3	3,507.1	2,327.3	481.0	698.8

As at December 31, 2021, the Corporation had amounts available under the credit facility of $1,442.9 million ($1,453.1 million in 2020), net of outstanding letters of credit of $75.7 million ($77.4 million in 2020). The Corporation's cash and cash equivalents, net of bank overdraft, as at December 31, 2021 was $926.3 million ($434.7 million in 2020).

15 TRADE AND OTHER RECEIVABLES

As at December 31	2021	2020
	$	$
Net trade receivables	1,615.2	1,311.2
Other receivables	250.2	240.9
Derivative financial instruments	46.1	41.4
Amounts due from joint ventures and associates	5.3	5.3
	1,916.8	1,598.8

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

In applying the simplified approach to measuring expected credit losses, the Corporation does not track changes in credit risk and therefore does not assign credit risk rating grades to trade receivables. The Corporation does track the aging of gross trade receivables past due, which was as follows:

As at December 31	2021	2020
	$	$
Current	629.9	470.2
Past due 0-30 days	454.0	385.5
Past due 31-60 days	227.4	188.3
Past due 61-90 days	106.1	85.8
Past due 91-180 days	109.2	110.4
Past due over 180 days	262.2	245.0
Trade receivables	1,788.8	1,485.2
Allowance for expected credit loss	(173.6)	(174.0)
Net trade receivables	1,615.2	1,311.2

The Corporation is exposed to credit risk with respect to its trade receivables and maintains provisions for potential credit losses. Potential for such losses is mitigated because customer creditworthiness is evaluated before credit is extended and no single customer represents more than 10% of revenues. During the year ended December 31, 2021, credit losses amounted to $20.4 million ($42.4 million in 2020).

16 CONTRACT BALANCES

Changes in costs and anticipated profits in excess of billings (contract assets) and in billings in excess of costs and anticipated profits (contract liabilities) are as follows:

	2021		2020	
	Costs and anticipated profits in excess of billings	Billings in excess of costs and anticipated profits	Costs and anticipated profits in excess of billings	Billings in excess of costs and anticipated profits
	$	$	$	$
Balance - As at January 1	950.5	(708.5)	995.7	(629.0)
Increases due to cash received or amounts invoiced prior to rendering of services	—	(1,205.5)	—	(1,577.6)
Transfers to revenues once related services have been deemed rendered	—	1,197.8	—	1,500.6
Additions to contract assets through revenues recognition	9,081.3	—	7,303.3	—
Transfers from costs and anticipated profits in excess of billings to trade receivables	(8,973.4)	—	(7,340.3)	—
Changes due to business acquisitions and disposals (note 5)	124.5	(54.5)	(13.6)	(1.9)
Effect of exchange rate changes	(26.5)	19.6	5.4	(0.6)
Balance - As at December 31	1,156.4	(751.1)	950.5	(708.5)

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

In the year ended December 31, 2021, revenue recognized that was included in contract liability as at January 1, 2021 amounted to $512.1 million ($567.5 million in 2020). In the year ended December 31, 2021, revenue recognized from performance obligations satisfied or partially satisfied in previous years amounted to $37.6 million ($30.7 million in 2020).

Unfulfilled performance obligations, representing the Corporation's remaining contractual obligations related to signed cost-plus contracts with ceilings and fixed-price contracts on which work has commenced, amounted to $8,682.5 million as of December 31, 2021 ($7,326.8 million as at December 31, 2020). Cost-plus contracts without stated ceilings have been excluded as the full amount of the contracted work cannot be definitively assessed.

Timing of contract execution is subject to many factors outside of the Corporation's control. Project scope changes, client-driven time lines and customers' project financing are just a few examples of such factors. The Corporation estimates that approximately 60% of the unfulfilled performance obligations as at December 31, 2021 will unwind over the following 12 months.

17 OTHER FINANCIAL ASSETS

As at December 31	2021	2020
	$	$
Investments in securities	135.6	116.3
Other	6.1	1.8
	141.7	118.1

Investments in securities include investments in a multitude of mutual funds, based on employees' investment elections, with respect to the deferred compensation obligations of the Corporation in the US as disclosed in note 9, Pension schemes. The fair value of these investments is $123.9 million ($115.5 million in 2020), determined by the market price of the funds at the reporting date, which are Level 1 inputs (unadjusted quoted prices in active markets for identical assets).

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

18 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

RIGHT-OF-USE ASSETS

	For the year period ended December 31, 2021			For the year period ended December 31, 2020		
	Real estate	Equipment	Total	Real estate	Equipment	Total
	$	$	$	$	$	$
Balance - Beginning of year	831.4	62.9	894.3	866.8	46.6	913.4
Additions through business acquisitions and measurement period adjustments	176.2	7.9	184.1	26.0	—	26.0
Additions	55.7	16.9	72.6	101.1	41.3	142.4
Lease renewals, reassessments and modifications	30.3	(44.1)	(13.8)	51.4	(3.6)	47.8
Depreciation expense	(254.0)	(11.8)	(265.8)	(246.4)	(21.9)	(268.3)
Utilization of lease inducement allowances	14.1	—	14.1	17.1	—	17.1
Exchange differences	(23.3)	(0.7)	(24.0)	15.4	0.5	15.9
Balance - End of year	830.4	31.1	861.5	831.4	62.9	894.3

LEASE LIABILITIES

	For the year period ended December 31, 2021			For the year period ended December 31, 2020		
	Real estate	Equipment	Total	Real estate	Equipment	Total
	$	$	$	$	$	$
Balance - Beginning of year	963.1	55.3	1,018.4	1,007.9	42.7	1,050.6
Additions through business acquisitions and measurement period adjustments	220.8	8.3	229.1	26.0	—	26.0
Additions	55.7	16.9	72.6	101.1	39.2	140.3
Lease renewals, reassessments and modifications	32.8	(41.8)	(9.0)	45.3	(3.6)	41.7
Interest expense on lease liabilities (note 12)	39.7	0.9	40.6	43.8	2.1	45.9
Payments	(290.3)	(12.9)	(303.2)	(276.0)	(25.3)	(301.3)
Exchange differences	(27.8)	(0.4)	(28.2)	15.0	0.2	15.2
Balance - End of year	994.0	26.3	1,020.3	963.1	55.3	1,018.4
Current portion of lease liabilities	241.3	12.9	254.2	210.6	22.5	233.1
Non-current portion of lease liabilities	752.7	13.4	766.1	752.5	32.8	785.3

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

19 INTANGIBLE ASSETS

	Software	Contract backlogs	Customer relation-ships	Trade names	Total
	$	$	$	$	$
Balance as at January 1, 2020					
Cost	187.7	225.7	327.5	79.9	820.8
Accumulated amortization	(114.4)	(160.8)	(164.5)	(25.7)	(465.4)
Net value	73.3	64.9	163.0	54.2	355.4
Additions	20.5	0.5	—	—	21.0
Additions through business acquisitions (note 5)	1.2	—	—	—	1.2
Amortization for the year	(28.5)	(38.0)	(33.1)	(5.1)	(104.7)
Exchange differences	1.6	0.3	0.1	0.6	2.6
Balance as at December 31, 2020	68.1	27.7	130.0	49.7	275.5
Balance as at December 31, 2020					
Cost	192.7	129.4	255.7	49.7	627.5
Accumulated amortization	(124.6)	(101.7)	(125.7)	—	(352.0)
Net value	68.1	27.7	130.0	49.7	275.5
Additions	46.3	—	—	—	46.3
Additions through business acquisitions (note 5)	3.6	46.0	269.5	57.1	376.2
Amortization for the year	(44.9)	(39.5)	(49.4)	(5.3)	(139.1)
Exchange differences	(2.1)	(0.9)	(4.4)	(1.6)	(9.0)
Balance as at December 31, 2021	71.0	33.3	345.7	99.9	549.9
Balance as at December 31, 2021					
Cost	218.2	171.9	486.2	105.2	981.5
Accumulated amortization	(147.2)	(138.6)	(140.5)	(5.3)	(431.6)
Net value	71.0	33.3	345.7	99.9	549.9

The carrying amount of intangible assets assessed as having an indefinite useful life, which consists of the WSP trade name, is $48.8 million as at December 31, 2021 ($49.7 million in December 31, 2020).

The Corporation performed its annual impairment test for the WSP trade name as at September 25, 2021 and September 26, 2020 in accordance with its policy described in note 2. As a result, no impairment for the WSP trade name was recorded.

In 2021, the Corporation acquired intangible assets amounting to $422.5 million ($22.2 million in 2020), all of which are subject to amortization.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

20 PROPERTY AND EQUIPMENT

	Freehold land and buildings	Leasehold improve-ments	Furniture and equipment	Computer equipment	Total
	$	$	$	$	$
Balance as at January 1, 2020					
Cost	31.6	247.1	279.6	247.4	805.7
Accumulated depreciation	(6.4)	(122.0)	(179.0)	(150.6)	(458.0)
Net value	25.2	125.1	100.6	96.8	347.7
Additions	0.1	8.9	19.4	43.7	72.1
Additions through business acquisitions (note 5)	—	1.0	1.6	—	2.6
Disposals, including through business disposals	(1.6)	(0.1)	(5.2)	(0.6)	(7.5)
Depreciation for the year	(0.9)	(26.8)	(31.1)	(44.5)	(103.3)
Exchange differences	0.1	(0.1)	1.3	2.0	3.3
Balance as at December 31, 2020	22.9	108.0	86.6	97.4	314.9
Balance as at December 31, 2020					
Cost	29.2	261.9	296.5	277.9	865.5
Accumulated depreciation	(6.3)	(153.9)	(209.9)	(180.5)	(550.6)
Net value	22.9	108.0	86.6	97.4	314.9
Additions	0.2	18.7	21.6	60.2	100.7
Additions through business acquisitions (note 5)	3.5	34.5	27.6	9.2	74.8
Disposals	(1.4)	(0.3)	(2.0)	(0.7)	(4.4)
Depreciation	(0.9)	(29.9)	(33.3)	(49.5)	(113.6)
Exchange differences	(0.9)	(1.1)	(3.5)	(3.3)	(8.8)
Balance as at December 31, 2021	23.4	129.9	97.0	113.3	363.6
Balance as at December 31, 2021					
Cost	30.8	285.3	303.5	304.6	924.2
Accumulated depreciation	(7.4)	(155.4)	(206.5)	(191.3)	(560.6)
Net value	23.4	129.9	97.0	113.3	363.6

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

21 GOODWILL

	December 31, 2021	December 31, 2020
	$	$
Balance – As at January 1	3,731.9	3,568.8
Goodwill resulting from business acquisitions (note 5)	1,135.7	132.0
Measurement period adjustments	(14.4)	10.3
Disposals	—	(13.3)
Exchange differences	(90.9)	34.1
Balance – As at December 31	4,762.3	3,731.9

Goodwill is allocated to the Corporation's CGUs. The carrying value of goodwill by CGU is identified in the table below:

As at December 31	2021	2020
	$	$
Goodwill allocated to CGUs		
USA	1,984.1	1,560.4
Canada	1,335.4	880.3
Nordics	363.6	378.7
UK	318.7	325.6
New Zealand	186.8	197.8
Australia	271.8	111.4
Central Europe	117.5	96.8
Asia	80.0	69.6
Latin America	53.0	62.0
Middle East	51.4	49.3
	4,762.3	3,731.9

IMPAIRMENT TEST OF LONG-LIVED ASSETS

The Corporation performed its annual impairment test for goodwill and other indefinite-lived intangible assets as at September 25, 2021 and September 26, 2020 in accordance with its policy described in note 2, Summary of significant accounting policies. The key assumptions used to determine the fair value for the different CGUs for the most recently completed impairment calculations for 2021 are discussed below. The Corporation has not identified any indicators of impairment at any other date and as such has not completed an additional impairment calculation. In 2021 and 2020, the fair value of each CGU exceeded its carrying value and no goodwill impairment was identified.

VALUATION TECHNIQUE

FAIR VALUE LESS COSTS TO SELL ("FVLCS")

The recoverable amount of each CGU has been determined based on the FVLCS. Fair value measurement is a market-based measurement rather than an entity-specific measurement. The fair value of a CGU must be measured using the assumptions that market participants would use rather than those related specifically to the Corporation. In determining the FVLCS of the CGUs, an income approach using the discounted cash flow methodology was utilized. The inputs used in the discounted cash

flows model are Level 3 inputs (inputs not based on observable market data). In addition, the market approach was employed in assessing the reasonableness of the conclusions reached.

INCOME APPROACH

Management has determined that the discounted cash flow ("DCF") technique provides the best assessment of what each CGU could be exchanged for in an arm's length transaction. Fair value is represented by the present value of expected future cash flows of the business together with the terminal value of the business at the end of the forecast period. The DCF technique was applied on an enterprise-value basis, where the after-tax cash flows prior to interest expense are discounted using a weighted average cost of capital ("WACC"). This approach requires assumptions regarding revenue growth rates, adjusted EBITDA and adjusted EBITDA margins, level of working capital, capital expenditures, tax rates and discount rates.

MARKET APPROACH

It is assumed under the market approach that the value of a Corporation reflects the price at which comparable companies in the same industry are purchased under similar circumstances. A comparison of a CGU to similar companies in the same industry whose financial information is publicly available may provide a reasonable basis to estimate fair value. Fair value under this approach is calculated based on an adjusted EBITDA multiple compared to the average median multiple based on publicly available information for comparable companies and transaction prices.

SIGNIFICANT ASSUMPTIONS USED IN DETERMINING THE FVLCS

The discount rates and terminal growth rates applied to CGUs in 2021 were the following:

	Discount rate	Terminal growth rate
USA	7.50 %	2.0 %
Canada	8.25 %	2.0 %
Nordics	8.00 %	2.0 %
UK	8.25 %	2.0 %
New Zealand	8.25 %	2.0 %
Australia	7.50 %	2.0 %
Asia	10.25 %	2.0 %
Latin America	10.00 %	2.0 %
Central Europe	10.50 %	2.0 %
Middle East	11.00 %	2.0 %

CASH FLOW PROJECTIONS

The cash flow projections are based on the financial forecast approved by Management and the Board of Directors. These projections use assumptions that reflect the Corporation's most likely planned course of action, given Management's judgment of the most probable set of economic conditions, adjusted to reflect the expectations of a market participant. Adjusted EBITDA is based on budgeted values in the first year of the five-year projection period ("projection period"), with increases over the projection period using an estimated revenue growth rate and anticipated EBITDA efficiency improvements. The revenue growth rates applied following the first year's projections ranged from 2.0% to 5.0%. Management considered past experience, economic trends as well as industry and market trends in assessing reasonableness of financial projections used.

DISCOUNT RATE

The discount rate reflects the current market assessment of the risk specific to comparable companies. The discount rate was based on the weighted average cost of equity and cost of debt for comparable companies within the industry. The discount rate represents the after-tax WACC. Determining the WACC requires analyzing the cost of equity and debt separately, and takes into account a risk premium that is based on the applicable CGU.

TERMINAL GROWTH RATE

Growth rates used to extrapolate the Corporation's projection were determined using published industry growth rates in combination with inflation assumptions and the input of each CGU's management group based on historical trend analysis and future expectations of growth.

COSTS TO SELL

The costs to sell for each CGU have been estimated at approximately 0.75% of the CGU's enterprise value. The costs to sell reflect the incremental costs, excluding finance costs and income taxes, which would be directly attributable to the disposal of the CGU, including legal and direct incremental costs incurred in preparing the CGU for sale.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

The following analyses are presented in isolation from one another, i.e. all other estimates left unchanged:

A 5% decrease, evenly distributed over future periods, in the expected future net cash inflows would not have resulted in an impairment of goodwill in any CGU.

An increase of 50 basis points in the discount rates used to perform the impairment tests would not have resulted in an impairment of goodwill in any CGU.

An decrease of 25 basis points in the terminal growth rates used to perform the impairment tests would not have resulted in an impairment of goodwill in any CGU.

22 OTHER ASSETS

As at December 31	2021	2020
	$	$
Investments in associates	89.1	85.3
Investments in joint ventures	28.9	27.8
Receivables from insurance companies	82.8	36.9
Other	6.4	0.9
	207.2	150.9

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

23 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31	2021	2020
	$	$
Trade payables	765.7	509.1
Employee benefits payable	875.0	773.3
Accrued expenses and other payables	465.5	307.6
Sale taxes payable	100.1	123.7
Derivative financial instruments	10.3	4.0
Amounts due to joint ventures and associates	0.7	0.5
	2,217.3	1,718.2

24 PROVISIONS

	Claims provisions	Other provisions	Total
	$	$	$
Balance as at January 1, 2021	188.9	63.4	252.3
Additions through business acquisitions	32.2	18.6	50.8
Additional provision recognized	73.0	17.4	90.4
Utilized or reversed	(61.6)	(11.2)	(72.8)
Exchange differences	(5.8)	(1.2)	(7.0)
Balance as at December 31, 2021	226.7	87.0	313.7
Current portion	56.9	20.6	77.5
Non-current portion	169.8	66.4	236.2

Some of the claims provisioned qualify under the Corporation's insurance coverage for reimbursement and as such receivables from insurance companies are recorded for certain claims in other receivables (note 15) for current claims and in other assets (note 22) for long-term claims.

25 LONG-TERM DEBT

As at	December 31, 2021	December 31, 2020
	$	$
Borrowings under credit facilities	1,202.3	510.2
Senior unsecured notes	500.0	—
Bank overdraft	1.1	2.4
Other financial liabilities	73.3	61.6
	1,776.7	574.2
Current portion	297.4	296.9
Non-current portion	1,479.3	277.3

CREDIT FACILITIES

WSP has in place a US$1,400-million credit facility with a syndicate of financial institutions comprised of:

- a senior unsecured non-revolving term loan of US$200.0 million expiring on December 18, 2022; and
- a senior unsecured revolving credit facility to a maximum amount of US$1,200.0 million with a maturity date of December 31, 2025.

The amount available under the US$1,400-million credit facility was $1,442.9 million as at December 31, 2021.

On January 29, 2021, the Corporation entered into a credit facility for US$960 million of fully committed bank financing with up to a 4-year tenor. This US$960-million committed bank financing facility was drawn in the form of term loans with various maturity dates up to April 2025, to finance a portion of the purchase price of the Golder Acquisition which closed on April 7, 2021. In April 2021, the Corporation repaid a portion of the indebtedness, such that the maximum amount of the credit facility became US$750 million. As at December 31, 2021, this US$750 million credit facility was fully drawn.

The US$1,400-million credit facility bears interest at Canadian prime rate, US-based rate, Bankers' acceptances rate and LIBOR plus an applicable margin of up to 2.25% that will vary depending on the type of advances. The Corporation pays a commitment fee on the available unused credit facility.

Under the US$1,400-million credit facility and the US$750-million credit facility, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. The main covenants are in regard to its consolidated funded debt to consolidated adjusted EBITDA and the interest coverage ratios. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facilities. All covenants have been met as at December 31, 2021 and December 31, 2020. Borrowings under these credit facilities were entirely denominated in US dollars as at December 31, 2021 and December 31, 2020.

Under the US$1,400-million credit facility and other facilities, as at December 31, 2021, the Corporation may issue irrevocable letters of credit up to $938.7 million ($870.7 million under a US$1,600-million facility and other facilities as at December 31, 2020). As at December 31, 2021, the Corporation issued irrevocable letters of credit totaling $471.6 million ($428.2 million as at December 31, 2020).

As at December 31, 2021, the Corporation had available other operating lines of credit amounting to $183.5 million ($130.5 million in 2020), of which $182.4 million were unused at year end ($128.1 million in 2020).

SENIOR UNSECURED NOTES

On April 19, 2021, WSP issued senior unsecured notes at par for aggregate gross proceeds of $500 million, due April 19, 2028 (the "Notes").

The Notes bear interest at a fixed rate of 2.408% per annum, payable semiannually until maturity on the 19th day of April and October in each year beginning on October 19, 2021. In April 2021, the Corporation used the net proceeds of the offering to repay existing indebtedness.

The Notes are senior unsecured obligations of WSP, ranked pari passu with all other unsecured and unsubordinated indebtedness of WSP, issued pursuant to a Trust Indenture, as supplemented by a first supplemental indenture, each dated April 19, 2021.

26 SHARE CAPITAL

AUTHORIZED

An unlimited number of common shares without par value, voting and participating.

An unlimited number of preferred shares without par value, participating, issuable in series.

ISSUED AND PAID

	Common shares	
	Number	**$**
Balance as at January 1, 2020	105,932,842	2,752.2
Shares issued related to public bought deals and private placements	6,659,200	563.2
Shares issued under the Dividend Reinvestment Plan (DRIP)	895,995	76.1
Shares issued upon exercise of stock options	46,414	2.7
Balance as at December 31, 2020	113,534,451	3,394.2
Shares issued related to private placements	3,333,898	300.8
Shares issued under the DRIP (note 28)	696,892	92.6
Shares issued upon exercise of stock options	217,774	13.8
Costs related to public bought deals and private placements of previous periods	—	(0.2)
Balance as at December 31, 2021	117,783,015	3,801.2

On January 14, 2021, the Corporation closed a private placement subscription receipt financing. The Corporation issued an aggregate of 3,333,898 subscription receipts (the "Subscription Receipts") from treasury at a price of $92.98 per Subscription Receipt by way of a private placement to each of GIC and BCI, for aggregate gross proceeds of approximately $310.0 million.

Upon completion of the Golder Acquisition on April 7, 2021, each of GIC and BCI received one common share of WSP for each Subscription Receipt held, plus an amount per common share equal to any dividend payable by WSP on the common shares between the date of issuance of the Subscription Receipts and the closing of the Golder Acquisition.

As at December 31, 2021, no preferred shares were issued.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

27 CAPITAL MANAGEMENT

The Corporation's primary objectives when managing capital structure are as follows:

- maintain financial flexibility in order to meet financial obligations, to provide dividends, to execute growth plan and to continue growth through business acquisitions;
- manage the Corporation's activities in a responsible way in order to provide an adequate return for its shareholders; and
- comply with financial covenants required under the credit facilities.

For capital management, the Corporation has defined its capital as the combination of borrowings under credit facilities, shareholders' equity and non-controlling interest, net of cash (net of bank overdraft).

As at December 31	2021	2020
	$	$
Borrowings under credit facilities	1,202.3	510.2
Senior unsecured notes	500.0	—
Equity attributable to shareholders of WSP Global Inc.	4,664.5	4,080.4
Non-controlling interests	0.7	1.0
	6,367.5	4,591.6
Less: Cash and cash equivalents, net of bank overdraft	(926.3)	(434.7)
	5,441.2	4,156.9

The Corporation's financing strategy is to maintain a flexible structure consistent with the objectives stated above, to respond adequately to changes in economic conditions and to allow growth organically and through business acquisitions. The Corporation monitors its capital structure using the consolidated net debt to consolidated adjusted EBITDA ratio. This ratio is used to determine what the maximum debt level could be.

As at December 31	2021	2020
Long-term debt(1)	1,776.7	574.2
Less: Cash and cash equivalents	(927.4)	(437.1)
Net debt	849.3	137.1

For the years ended December 31	2021	2020
Adjusted EBITDA	1,322.5	1,053.7
Net debt to adjusted EBITDA ratio	0.6	0.1

(1) Including current portion.

In order to maintain and adjust its capital structure, the Corporation may issue new shares in the market, contract bank loans and negotiate new credit facilities.

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

28 DIVIDENDS

In 2021, the Corporation declared dividends of $174.9 million or $1.50 per share ($167.2 million or $1.50 per share in 2020).

DIVIDEND REINVESTMENT PLAN (DRIP)

Under the DRIP, the holders of common shares may elect to have cash dividends reinvested into additional common shares. The shares to be delivered can be purchased on the open market or issued from treasury at the discretion of Management. The shares issued from treasury can be issued at a discount of up to 5.0% of the applicable average market price.

Following the payment of dividends declared on November 4, 2020, February 24, 2021, May 12, 2021 and August 10, 2021, $92.6 million was reinvested in 696,892 common shares under the DRIP during the year ended December 31, 2021. Shares issued under the DRIP in 2021 and 2020 applied a 2% discount of the applicable average market price.

Subsequent to the end of the year, on January 17, 2022, $22.8 million of the fourth quarter dividend was reinvested in 133,471 additional common shares under the DRIP.

29 STATEMENTS OF CASH FLOWS

CASH AND CASH EQUIVALENTS, NET OF BANK OVERDRAFT

As at December 31	2021	2020
	$	$
Cash on hand and with banks	927.4	437.1
Less: Bank overdraft (note 25)	(1.1)	(2.4)
Cash and cash equivalents, net of bank overdraft	926.3	434.7

In 2021, cash disbursed related to acquisitions made prior to January 1, 2021 amounted to $10.6 million ($14.2 million in 2020, related to acquisitions made prior to January 1, 2020).

ADJUSTMENTS

For the years ended December 31	2021	2020
	$	$
Depreciation and amortization	518.5	476.3
Share of income of associates and joint ventures, net of tax	(19.5)	(18.2)
Defined benefit pension scheme expense	9.0	10.6
Cash contribution to defined benefit pension schemes	(12.8)	(13.1)
Foreign exchange and non-cash movements	(17.1)	(11.3)
Gains on sale of property and equipment	(5.8)	(1.1)
Gains on disposal of non-core assets	(5.6)	(5.9)
Other	(30.1)	(20.6)
	436.6	416.7

(Tabular figures in millions of Canadian dollars, except the number of shares and per share data and when otherwise stated)

CHANGE IN NON-CASH WORKING CAPITAL ITEMS

For the years ended December 31	2021	2020
	$	$
Decrease (increase) in:		
Trade, prepaid and other receivables	(142.1)	141.0
Costs and anticipated profits in excess of billings	(107.8)	37.0
Increase (decrease) in:		
Accounts payable and accrued liabilities	275.2	98.5
Billings in excess of costs and anticipated profits	7.6	77.0
	32.9	353.5

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long-term debt	Lease liabilities	Dividends payable to shareholders	Total
	$	$	$	$
Balance as at January 1, 2020	1,399.7	1,050.6	39.7	2,490.0
Changes from financing cash flows	(857.1)	(255.4)	(88.3)	(1,200.8)
Addition through business acquisitions	13.9	26.0	—	39.9
New leases, renewals, modifications	—	182.0	—	182.0
Net repayment of bank overdraft	(15.9)	—	—	(15.9)
Foreign exchange rate adjustments	5.3	15.2	—	20.5
Other non-cash changes	28.3	—	91.1	119.4
Balance as at December 31, 2020	574.2	1,018.4	42.5	1,635.1
Changes from financing cash flows	914.1	(262.6)	(80.6)	570.9
Addition through business acquisitions	273.9	229.1	—	503.0
New leases, renewals, modifications	—	63.6	—	63.6
Net repayment of bank overdraft	(1.3)	—	—	(1.3)
Foreign exchange rate adjustments	(1.9)	(28.2)	—	(30.1)
Other non-cash changes	17.7	—	82.3	100.0
Balance as at December 31, 2021	1,776.7	1,020.3	44.2	2,841.2

30 RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

Key management includes the Board of Directors, the President and Chief Executive Officer and the members of the GLT. The following table shows the compensation paid or payable to key management included in personnel costs for the years ended December 31:

	2021	2020
	$	$
Short-term employee benefits	21.3	15.5
Share-based awards	41.9	37.2
	63.2	52.7

JOINT VENTURES AND ASSOCIATES

The Corporation related parties include its joint ventures and associates. Refer to note 15, Trade and other receivables, and note 23, Accounts payables and accrued liabilities, for balances receivable and payable from and to these entities.

31 CONTINGENT LIABILITIES

LEGAL PROCEEDINGS

The Corporation currently faces legal proceedings for services performed in the normal course of its business. The Corporation defends such proceedings and adopts appropriate risk management measures to resolve and prevent such proceedings. Furthermore, the Corporation secures general and professional liability insurance in order to manage the risks related to such proceedings. Based on advice and information provided by its legal advisors and on its experience in the resolution of similar proceedings, Management believes that the Corporation has accounted for sufficient provisions in that regard and that the final outcome should not exceed the insurance coverage significantly or should not have a material effect on the financial position or operating results of the Corporation. The claims provision recognized as at December 31, 2021 amounted to $226.7 million ($188.9 million as at December 31, 2020). The movements in this provision are described in note 24, Provisions.

REGULATORY INVESTIGATION AND ACTION

As a government contractor, the Corporation may be subject to laws and regulations that are more restrictive than those applicable to non-government contractors. Government scrutiny of contractors' compliance with those laws and regulations through audits and investigations is inherent in government contracting, and, from time to time, Management receives inquiries and similar demands related to the Corporation's ongoing business with government entities. Violations could result in civil or criminal liabilities as well as suspension or debarment from eligibility for awards of new government contracts or option renewals.

On December 27, 2019, over 100 plaintiffs filed suit in the US District Court for Washington, DC against a number of US government contractors, including The Louis Berger Group Inc. and Louis Berger International Inc. (collectively, "LB"), which the Corporation acquired in December 2018, alleging that between 2009 and 2017 they had violated the Anti-Terrorism Act. While this lawsuit is in its preliminary stage, the Corporation believes that LB has a strong defense to offer and it intends to vigorously defend the allegations.