Embracing Change, Expanding Possibilities

2020 ANNUAL REPORT

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During one of the most unprecedented years in our history, we demonstrated the agility of our platform, the strength of our foundation, and the resilience of our employees across the globe.

This annual report is an interactive PDF and is designed to be viewed with Adobe Reader and an Internet connection. The report can also be viewed offline, but any external links will not be accessible.

Chairman's Message

As I reflect on 2020, I know that the year will remain in our memories for a myriad of reasons. COVID-19 quickly presented unprecedented challenges in all aspects of our lives. First and foremost, on behalf of the Board, I would like to express my sincere appreciation to Management and employees for their unwavering efforts last year to take care of all our stakeholders' interests, and their continuing contributions today.

We take pride in the way the extremely difficult situation was managed, how quickly decisions were made to keep employees safe, and the achievements in the context of the COVID-19 pandemic. Business continuity was tested and proved to be successful, which was due to the strength of WSP's leadership, technology and collaborative efforts.

Our people were able to effectively serve WSP's clients and deliver good financial and operational results for the year. This is a testament to our agility and resilience, and our 2020 performance should be celebrated by all of us, despite the challenges.

At the beginning of the pandemic, we did not know what was ahead, and as stewards of the company, the Board and Management worked closely together to formulate and execute a plan.

The crisis, which is still with us, requires quick responses and action. At the onset, we increased the frequency of our Board meetings to understand how we should respond. With no rules to follow, decisive action, experience and intuition became even more relevant.

Although risk has of course always been a focus for the Board, the pandemic reinforced the need to be ready for any situation – especially the impact of emerging risks and risks exacerbated by the global crisis that can cause business disruption. The stronger the business, the management and the employees, the more robust the response. The Board will continue to assess the factors that could interrupt our ability to work safely and efficiently, and endeavour to prepare for the unexpected.

While managing the challenges presented to us by the pandemic, our leadership has remained focused on our strategy and on opportunities for our business. I was pleased that during the year we successfully completed a public offering of common shares to reinforce our balance sheet.

We also maintained our vigilance on wider issues and risks, including Health, Safety and Wellbeing, where risk maturity improved in 2020. In addition, our mitigation plans were further developed to reduce the impact of the pandemic on our employees and keep them safe, which continue today. Ethics and Compliance remains a priority and we were pleased to receive third-party accreditation for our progress and resilience in this area, based on our own internal programs.

In these exceptional times, we are particularly alert to potential ethical challenges.

As part of WSP's pandemic response through the year, we continued to look ahead.

In my view, the best companies in the post-pandemic world will be good corporate citizens, acting with purpose, and incorporating an enduring and strategic focus on Environmental, Social and Governance (ESG) matters, complemented by strong financial performance. WSP has a good track record in this field and a culture of questioning the status quo; the pandemic has accelerated this necessity and every part of our business plays a role.

At WSP, ESG is represented at the Board level, where responsibility is assigned to the Chair of the Governance, Ethics and Compensation Committee, Linda Smith-Galipeau. Regular presentations from Management encompass the range of ESG topics and the Board has accountability for the direction of WSP's initiatives.

In addition to the way we look after our business and strive for a net zero carbon future, for many of our clients our solutions inherently consider all aspects of climate change and sustainability in our design and advisory services. Our work is of strategic importance in preparing for the future and accordingly we are at the heart of climate change consciousness.

Our work is of strategic importance in preparing for the future and accordingly we are at the heart of climate change consciousness.

ESG embraces many topics, including diversity. We recognize that meaningfully improving this dynamic is challenging and a journey; we are determined to set the tone in supporting Management in their commitment to promoting a culture that empowers its people, in an environment where inclusion and diversity are both expected and valued.

We know that the future will be led by technology. AI, data security and digitalization will be an important focus of our investments and strategy going forward, both in the way we deliver our services and the nature of those services.

Our ability to stay attentive to what matters, as well as to our strategic ambitions, materialized at the end of the year with the announcement of WSP's intent to acquire Golder, a leading global environmental consulting firm. I would like to congratulate Management for this successful milestone.

The markets responded extremely favourably to the Golder announcement, and the positivity was a rewarding way to end a challenging year and set the foundation for success in 2021, with the acquisition expected to be completed in the first half of the second quarter. Welcoming two new global long-term investors, GIC Private Limited and British Columbia Investment Management Corporation, was also a proud moment and we thank them for their trust in our company.

In 2021, WSP will be focused on delivering on the ambitions of our 2019-2021 Global Strategic Plan, while the Board will support Management in their planning for the 2022-2024 strategic cycle. We will remain vigilant regarding current risks, and alert to global circumstances, while seeking opportunities to advance our strategic ambitions, continuing to build on our strengths and adapting to changes in the business environment.

We would like to thank our shareholders, investors and all stakeholders for continuing to believe in WSP through these difficult times. We will maintain our energy and remain focused on providing shareholder value and executing sustainable and successful business in 2021, and beyond.

CHRIS COLE
CHAIRMAN OF THE BOARD

President and CEO's Message

In a year characterized by extraordinary global and financial challenges, I am extremely proud of what we were able to accomplish. WSP's foundational strength and the agility of our operating model, in addition to the unparalleled commitment of a resilient workforce, allowed us to finish the year with a solid performance and make progress across all four Strategic Pillars, setting the stage for continued growth in 2021.

Embracing Change

Collaboration has always been central to our working environment, but last year was a pivotal moment for our diverse workplace culture and strategy as we reimagined how and where we work within a different context. As COVID-19 reached pandemic status, 90% of our global workforce shifted to remote work, while continuing to meet the needs of our clients and communities.

Our people have confronted this unique moment in time with courage and openness. From COVID-19 response to relief efforts, our teams have been called upon to provide the critical support needed to keep our communities safe across the world. Through the application of our global innovation program, Future Ready®, which challenges and inspires all our people to advise and design programs ready for the future as well as today, our experts explored various topics such as the post-pandemic workplace, the future of public transport, rethinking urban planning, and the impact of COVID-19 on global supply chains. I am also proud to report that, with the 2020 launch of Future Ready® in Asia, Latin America and Central Europe, we have achieved our 2021 ambition to execute Future Ready® globally, setting us apart in the way we deliver sustainable projects.

As a true partner to our clients, we bring value that is anchored in our ability to help them face current challenges as well as prepare for the ones to come.

> Our people have confronted this unique moment in time with courage and openness.

Our client relationships, whether new or long-standing, have only been strengthened by this pandemic because our clients have seen firsthand our commitment to keep their projects and portfolios moving thanks to our experienced and dedicated teams.

Delivering Strong Financial Results

The flexibility and strength of our operating model, and tremendous efforts of our leadership and teams, allowed us to end 2020 with solid results that are in line with our objectives to protect our financial position and maintain our margin, which we had set at the beginning of the pandemic.

Despite a decrease in revenues, we completed the year in a strong financial position with a healthy backlog, an improved adjusted EBITDA margin, and record cash flows, providing a solid platform for continued success in 2021.

Revenues and net revenues for the year reached $8.8 billion and $6.9 billion, respectively, down 1.3% and 0.4% compared to 2019. Backlog stood at $8.4 billion, representing 11.5 months of revenues, up $289.5 million or 3.6% compared to last year, including organic growth of 2.4%. We also reported an adjusted EBITDA of $1,053.7 million, slightly surpassing our expectations, and an adjusted EBITDA margin of 15.4%, up from 15.1% last year.

In terms of other metrics, we were pleased to report that days sales outstanding (DSO) continued to decrease and reached 63 days at the end of 2020, well below our outlook range of 73 to 78 days. Our free cash flow for the year came in at $735.3 million, representing 266% of net earnings attributable to shareholders.

Expanding Possibilities

The initial decisions brought forward by this challenging year were made out of necessity. After ensuring the safety and wellbeing of our people, in addition to taking actions to safeguard our business, our mindset shifted to expanding on what could be possible in this new landscape to set ourselves up for long-term success.

Focusing on Strategic Growth

In the second quarter of 2020, we completed an equity financing of over $570 million, to provide us with the maximum financial flexibility to continue to pursue our strategic ambitions. We once again were pleased to count on the support of our anchor shareholders as well as other institutional investors and the broader investment community.

Acquisitions have always been an integral part of our growth story. We have a proven track record of selecting successful and accretive acquisition targets according to criteria that correspond to our present and future business needs and market conditions. Though the pandemic and corresponding economic downturn may have made these activities more complex, we continued to explore the possibilities to bring value to all our stakeholders.

We ended the year by entering into an agreement to acquire Golder, a global consulting firm with approximately 7,000 people and an outstanding reputation in earth sciences and environmental consulting. Golder marks another exciting step in our journey to become the reference in our industry, allowing us to achieve several key milestones in our 2019-2021 Global Strategic Plan.

Golder marks another exciting step in our journey to become the reference in our industry.

Together, we will be in a unique position to create the leading global environmental consulting firm with approximately 14,000 environment professionals dedicated to advancing the world's green transition. Aligned with our global Environmental, Social, and Governance (ESG) strategy, we will focus on bringing new, restorative balance to our built and natural environment and make a real and tangible impact in addressing the issues we face globally. Since the beginning of 2021, a key priority has been planning to welcome Golder's employees into our WSP family. We will then be able to build on the strength and expertise of both firms to help our clients' transition to a more sustainable, low-carbon future.

In connection with the upcoming acquisition of Golder, we established long-term relationships with GIC, one of the world's largest sovereign wealth funds with an established global network, and British Columbia Investment Management Corporation, one of Canada's largest institutional investors.

In 2020, we completed other acquisitions, joining forces with firms that will bring new client relationships, market-leading positions, and an increased geographic footprint in the United States. The acquisition of LT Environmental strengthened our expertise in the Earth & Environment Consulting sector, one of our key expansion areas, and joining with kW Mission Critical Engineering (kW MCE) further consolidated WSP's Property and Buildings business in the complex data centre market in the United States and our ability to serve the rapidly growing global Mission Critical market.

We also continue to demonstrate leadership and maintain an ESG program that is relevant and ambitious.

The positive outlook for the data centre market has been accelerated as a result of the pandemic, with business closures and stay-at-home orders around the world fueling an increase in streaming services, digital communication and workplace coordination technologies, among others.

Combining the expertise of kW MCE's 175 employees with WSP's global footprint means we can offer best-in-class mission critical services to our clients. We now have over 250 data centre professionals in three centres of expertise in the US, UK and Hong Kong, giving us the ability to serve this market worldwide.

Reinforcing our ESG Commitment

In 2020, we continued to strengthen our commitment to ESG matters. In February, WSP became the first professional services firm in the Americas to secure sustainability-linked terms for its syndicated credit facility, which now includes financing terms that reduce or increase the borrowing costs on the lending facility as sustainability targets are met or missed. The terms are tied to three sustainability performance targets: a reduction in market-based greenhouse gas (GHG) emissions across our global operations; an increase in Green Revenue (revenue from services having a positive impact on the environment); and an increase in the percentage of management positions held by women.

We also continue to demonstrate leadership and maintain an ESG program that is relevant and ambitious.

In 2020, our limits were tested as an organization, and through the diligence, passion and commitment of our leaders and employees, we came out stronger.

This year, we will be disclosing data using guidance from the Task Force on Climate-Related Financial Disclosures (TCFD), and the framework issued by the Sustainability Accounting Standards Board (SASB). We are also planning to update our climate ambitions to align with current science, as we recently committed to align our future ambitions with the Science Based Target initiative (SBTi).

Our commitment to ESG is underpinned by growth in our Earth and Environmental Consulting sector and translates to everything we do in our other sectors. During the summer of 2020, in addition to our top-tier rankings in the Transportation Sector and the Top 225 International design firms, we were named as one of the world's largest and fastest growing consultancies in Engineering News-Record's (ENR) 2020 Top 200 Environmental Firms ranking. Our achievement can be partly attributed to the strategic expansion of our high-quality advisory services, supporting clients with challenges such as climate change, resiliency, and pollution. As we enter the final year of our 2019-2021 Global Strategic Plan, this strong performance reflects significant progress towards our ambition to be the premier global consultancy in our industry.

2021 and Beyond

At the onset of this pandemic, we reaffirmed our commitment to being operationally resilient to continue meeting the needs of our clients and communities. Although the horizon has been difficult to see at times, we remain focused on our strategic ambitions as the underlying principles of our Global Strategy are highly relevant. Our clients continue to be at the centre of everything that we do; we strive to provide an environment where our people can deliver on their full potential, supported by an inclusive culture that respects and maximizes the contribution of all our people; our aim remains to be a top-tier player in all our sectors as the partner of choice for clients; and finally, we continue to build upon our diversified and resilient platform. In 2020, our limits were tested as an organization, and through the diligence, passion and commitment of our leaders and employees, we came out stronger.

We were able to overcome this unprecedented adversity thanks to the support of our highly engaged Board of Directors, the trust of our clients and the loyalty of our shareholders. To our people, thank you for your unwavering dedication and perseverance. Thank you for exemplifying the possibilities in a time of tremendous uncertainty. I know we would not be where we are today without the contributions made by each one of you.

As the world recalibrates to this new reality, we look forward to developing our 2022-2024 Global Strategic Plan. This is the time to further assert our ambitions. I am filled with confidence, inspiration and gratitude for the direction we are heading in as we begin to write a new chapter in WSP's story.

Sincerely,

ALEXANDRE L'HEUREUX
PRESIDENT AND CEO

Highlights

FINANCIAL HIGHLIGHTS

8.8 B
Revenues (CAD)

6.9 B
Net Revenues (CAD)*

276 M
Net Earnings (CAD)

2.51
Earnings Per Share (CAD)

1.05 B
Adjusted EBITDA (CAD)*

15.4%
Adjusted EBITDA Margin*

63
Days Sales Outstanding (DSO)*

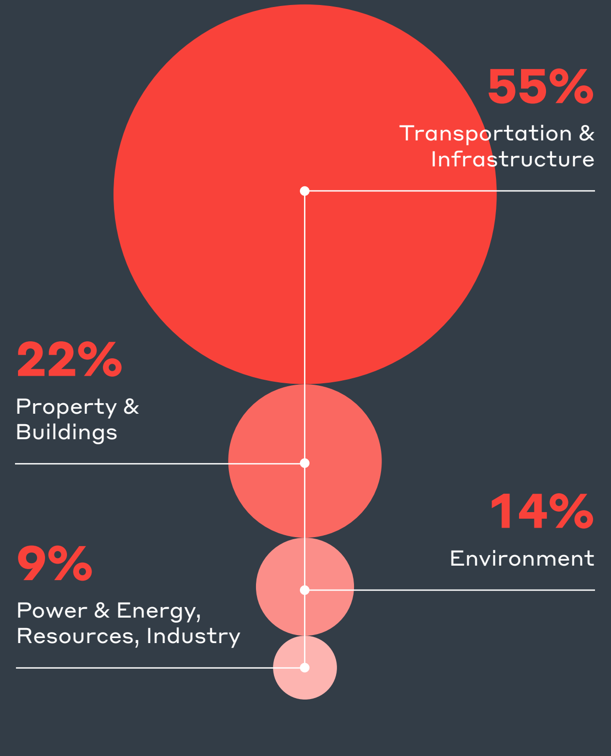
8.4 B
Backlog (CAD)*

* Non-IFRS measures. Additional details for these non-IFRS measures can be found in our Management's Discussion and Analysis for the year ended December 31, 2020.

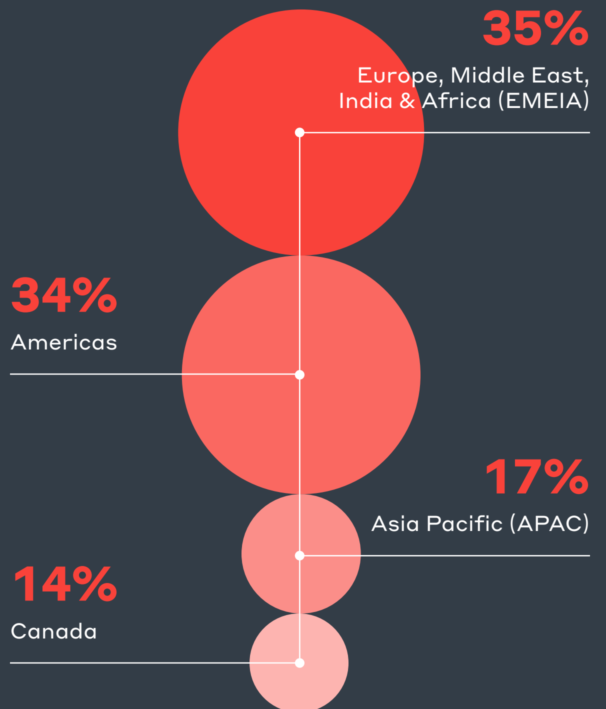
Despite the global challenges of 2020, the dedication of our professionals to their clients and communities enabled solid financial results.

OPERATIONAL FINANCIAL HIGHLIGHTS

Revenues by Market Sector



Net Revenues by Segment



Year in Review

Amid an unprecedented global public health crisis sparked by the COVID-19 pandemic, we showed resilience by continuing to support our clients and communities as we completed the second year of our 2019-2021 Global Strategic Plan.

JANUARY 3

LT Environmental Acquisition

Aligned with WSP's global strategy, this acquisition strengthens our expertise in the Environmental sector, in addition to expanding our geographic presence in the US, particularly the Western Rocky Mountain region.

JANUARY 29

World Finance Sustainability Award

Our long-standing focus on sustainability and our commitment to environmental, social and governance issues are recognized as WSP is honoured by *World Finance* Magazine.

JANUARY 31

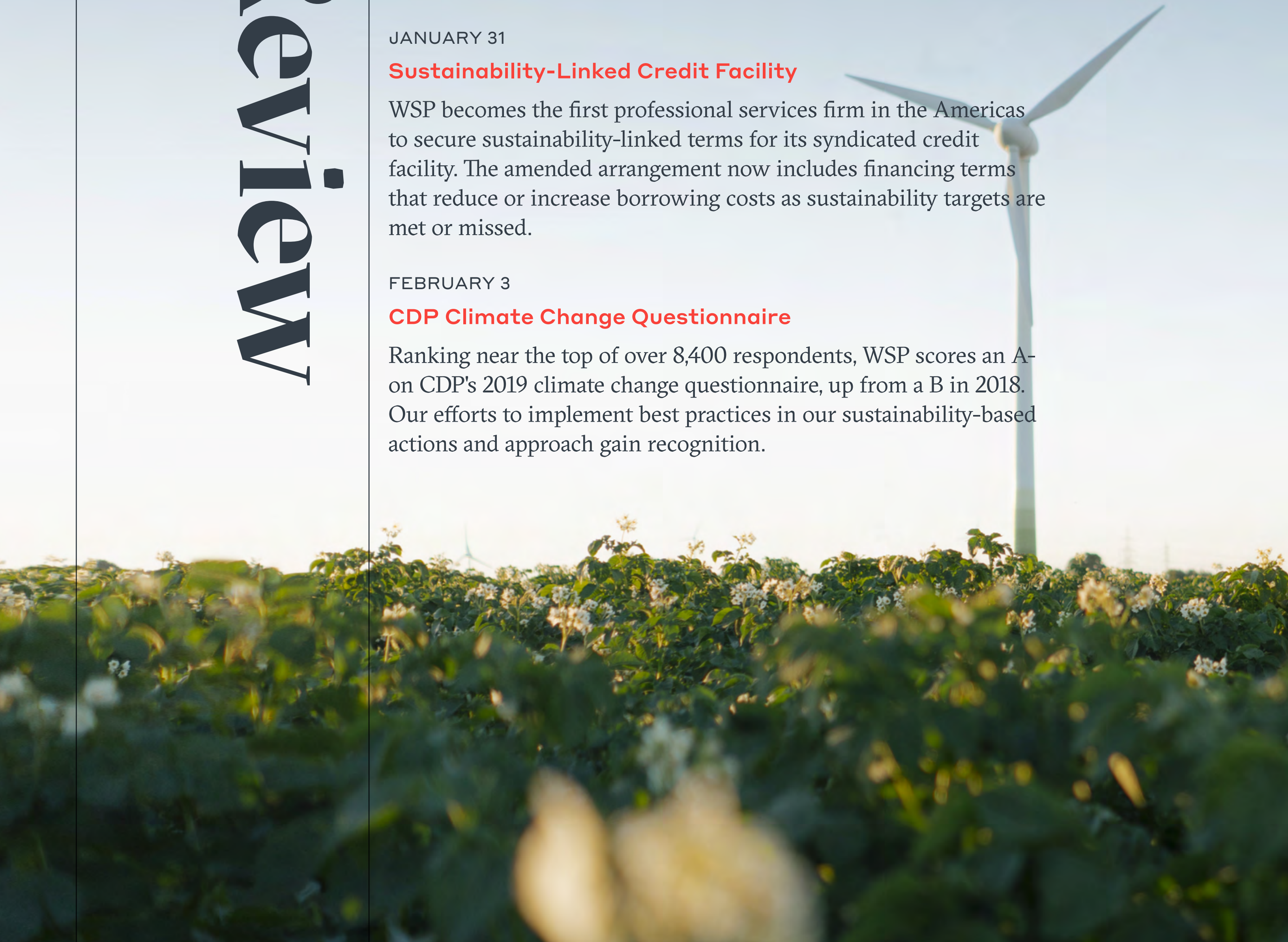
Sustainability-Linked Credit Facility

WSP becomes the first professional services firm in the Americas to secure sustainability-linked terms for its syndicated credit facility. The amended arrangement now includes financing terms that reduce or increase borrowing costs as sustainability targets are met or missed.

FEBRUARY 3

CDP Climate Change Questionnaire

Ranking near the top of over 8,400 respondents, WSP scores an A- on CDP's 2019 climate change questionnaire, up from a B in 2018. Our efforts to implement best practices in our sustainability-based actions and approach gain recognition.



JUNE 17

Substantial Financing

WSP announces the completion of a previously announced bought deal public offering of common shares and private placement for aggregate gross proceeds of approximately $572 million.

JUNE 29

GeoVerra Launch

WSP and Altus Group announce the launch of GeoVerra, an industry-leading geomatics firm with offices in Western Canada and Ontario.

AUGUST 4

ENR Rankings

WSP keeps its #1 position in the Transportation sector and rises to #2 among the Top 225 international design firms in the annual rankings of *Engineering News-Record* Magazine (ENR.com).

SEPTEMBER 22

Biodiversity Call to Action

WSP joins Business for Nature's Call to Action, under which governments are urged to adopt bold policies aimed at reversing biodiversity loss by 2030.

DECEMBER 3

Golder Acquisition Announcement

Marking another significant milestone, WSP announces that it has entered into an agreement to acquire Golder Associates with a vision to create the leading global environmental consulting firm.

DECEMBER 31

kW Mission Critical Engineering Acquisition

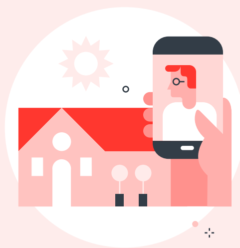
This acquisition strengthens our Property and Building business in the United States, with the addition of best-in-class mission critical engineering services.

Rapid Response to COVID-19

As the COVID-19 pandemic began to spread in spring 2020, WSP's global experts stepped up to quickly respond to the challenges created by the unprecedented situation. Our teams continued to draw on their expertise and vast experience to provide critical support to help keep our communities healthy.

Making Vital Protective Gear for Frontline COVID-19 Workers

At the start of the pandemic, WSP UK colleagues Alex Renton, Tim Neobard and Pete Townsend rallied to help 3D print and distribute thousands of facemasks for their local frontline staff. At the same time, through his work in the Abnormal Loads team, Bob Davies contacted hauliers to help personal protective equipment (PPE) get through to hospitals. Showcasing their amateur stitching skills, Helena Sevier produced headbands to make facemasks more comfortable, while Helen Buckingham and Liliana Rose sewed scrubs for their local hospitals. In addition, David McCarter printed full-size patterns for scrubs using our A0 printers.



Hack the Crisis: Save Lives, Save Communities, Save Businesses

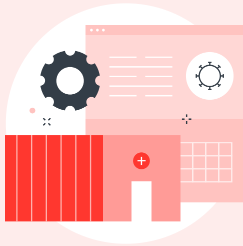
To mitigate the effects of COVID-19 on individuals, society and the economy, the Swedish Government joined forces with Openhack and Hack for Sweden to organize a hackathon, which took place in April 2020. Leveraging their broad competencies and enthusiasm, WSP employees Emma Olofsson and Jisa Jiang worked with teams to create platforms that connect those in need with people who could help, such as unemployed individuals with those offering jobs or volunteer work.

Field Hospitals in Panama

As Panama's healthcare system was stretched largely due to the lack of existing capacity, WSP helped save lives by offering the Canadian Embassy our support in delivering two mobile hospitals to the Panamanian Red Cross, increasing the number of hospital beds as COVID-19 spread across the country. We were involved in managing communications, design logistics, and the importation, assembly and installation of the shelters and their services, including adjacent bathrooms.

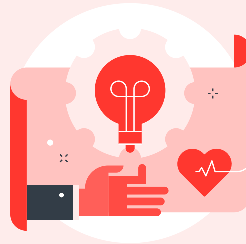
Guy Templeton Named Chair of Business Council of Australia (BCA) Working Group

In May 2020, the BCA set up working groups, bringing together business leaders to examine the three stages to economic recovery – Reopening, Accelerating Recovery and Sustained Economic Growth. Guy Templeton, our CEO Asia Pacific, was asked to chair the Major Projects, Contracting and Infrastructure group, which examined how our sector can do the heavy lifting to get the economy back on track. Guy also co-authored **a story** on rebuilding the economy with reforms, which was published in The Australian in August 2020.



Hong Kong Engineers Transform Shipping Container into High-Tech Isolation Room

As Hong Kong prepared for the peak of the COVID-19 pandemic, a group of local engineers developed a potential solution for rapidly increasing isolation ward capacity. Two WSP engineers were part of that team – Thomas Chan, Executive Director, Building MEP, and Kwok-Fai Tsui, Technical Director, Building MEP. They worked during their free time on a design to transform a 20-foot container into an isolation unit. The negative pressure isolation room they designed would be built using the Modular Integrated Construction method (MiC).



Boston Medical Center Rapidly Reopens Medical Building for Pandemic Care

The City of Boston and the State of Massachusetts requested the prompt re-opening of Boston Medical Center's Newton Pavilion as an exclusive COVID-19 treatment and isolation space for the city's homeless, providing approximately 300 patient beds to accommodate the anticipated patient surge. WSP was serving as the mechanical and electrical engineer for the Pavilion project when the urgent request was made, and thus became part of the team responsible for refitting the building to hold patients in just 21 days.

21 days

Time scheduled to complete the renovation

300

Patient beds provided to homeless Bostonians

Our Projects

The projects on the following pages showcase how we helped our clients tackle many complex challenges over the past year.

© Doublespace Photography

© Riverfilm/Martin Richardson (above)
© Diego Padilla Philipps (right)

Ingenious Engineering

22 BISHOPSGATE, LONDON, UK

Towering above London's financial district, 22 Bishopsgate - the second tallest building in Western Europe - is on the road to net zero thanks to WSP's innovative approach. Pushing the limits of structural engineering, our experts re-used the existing foundations from a stalled building, which saved approximately 40% of embodied carbon. It is the largest project by floor area in the UK to be registered for WELL certification, and it has also been designed to achieve a BREEAM Excellent rating.

Bridge Replacement Project

GERALD DESMOND BRIDGE, LONG BEACH, CALIFORNIA, USA

A vital part of American trade infrastructure, the Gerald Desmond Bridge has long served as a critical entry point for the nation's waterborne cargo and as the main access route between the Port of Long Beach (POLB) and surrounding communities. WSP provided program management and construction management services for the bridge replacement project, which generated 3,000 construction-related jobs. The new structure — the second tallest cable-stayed bridge in the U.S., designed to accommodate the largest modern cargo ships — opened to traffic in October 2020.

© Port of Long Beach

Sweden's First Fossil-Free Pre-School

HOPPET PRE-SCHOOL, GOTHENBURG, SWEDEN

As part of an initiative to build Sweden's first fossil-free pre-school (planned to open in 2021) and to reduce Gothenburg's consumption-based greenhouse gas emissions by 75% over the next decade, WSP was commissioned to investigate processes, materials and methods with a view to finding optimal solutions. WSP's soil, building physics, geotechnics and construction consultants will be involved in this innovative and challenging project, which looks beyond traditional construction methods.

© LINK Architecture

Creating Places That Put People First

FUTURE READY KERBSIDE,
SYDNEY, AUSTRALIA

Future Ready Kerbside, a white paper issued by WSP Australia and Uber, examines the role of streetscapes in the cities of the future. Allocating sidewalks and other space is an integral part of achieving a shared vision in partnership with local communities, businesses and governments. Using a "people and place first" approach, higher levels of public amenity, greater mobility and easier access for people and goods can all be achieved.

© Rose Lamond

Flood Remediation and Waterway Enhancement

DUDLEY CREEK, CHRISTCHURCH, NEW ZEALAND

WSP and its partners Beca and Eos were honoured at the 2020 ACE Awards for the Dudley Creek project in Christchurch. Earthquakes in 2010 and 2011 had altered the city's waterways, resulting in flooding and infrastructure damage. As part of the project team, WSP provided a wide range of landscape architecture, planning and geotechnical engineering services. The goal was to provide a more sustainable environment and restore Christchurch to its pre-quake state.

Implementing Cutting-Edge Technologies

HOSPITAL AUTHORITY SUPPORTING SERVICE CENTRE, HONG KONG

WSP is equipping the Hong Kong Hospital Authority's very first Supporting Services Centre with automation and smart operation technologies, which will support laundry, catering, PPE, key linen storage and data centre services for new and existing hospitals across the city. The high-production laundry system, fully automated with robotic arms and the kitchen/catering production unit that delivers approximately 12,500,000 meals each year with a reduced workforce, will be essential for freeing up valuable hospital space for clinical use, meeting the growing healthcare demand.

GO Transit Network Expansion

UNION STATION ENHANCEMENT PROJECT, TORONTO, CANADA

The Union Station Enhancement Project, part of the GO Transit network expansion, is set to transform transit in the Greater Toronto and Hamilton Area. As Lead Designer within the ONTrack Alliance, WSP is overseeing all structural, civil, utility, mechanical, electrical, traffic and environmental designs. USEP is Canada's first major project to feature "alliance contracting", which fosters a no-blame culture, caps financial exposure and aligns the interests of all stakeholders.

© Tom Arban Photography (below)
© City of Toronto (left)

Clean Energy Generation

WINDPESHI WIND FARM,
LA GUAJIRA, COLOMBIA

WSP participated in the design of the connection line and the environmental licensing of this wind farm with an installed capacity of 200 MW. A 59.1 km-long transmission line will traverse various Indigenous communities (Wayúu) in La Guajira, northern Colombia. This project is designed to meet the government's sustainable development goals for energy efficiency, clean energy consumption and enhanced biodiversity conservation while curbing demand for non-renewable natural resources, diversifying the energy grid and cutting emissions.

© Ashghal

Overseeing Infrastructure Projects

LOCAL ROADS AND DRAINAGE PROGRAM, QATAR

WSP is providing management consulting services to Ashghal (Qatar's Public Works Authority), including overseeing road and drainage projects under Qatar's National Infrastructure Plan. WSP is also managing general engineering consultants, interfacing between Ashghal and its stakeholders, and coordinating the supply chain for over 280 projects around the country. "Transforming Qatar into an advanced country by 2030" and putting in place "world-class infrastructure" are two of the country's National Vision goals.

Corporate Governance

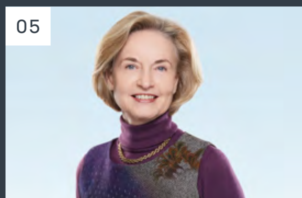
Board of Directors

01

02

03

04


05

06

07

08

01
Christopher Cole

Professional Non-Executive Director

Director since 2012

Independent

Chairman of the Board of Directors and Member of the Governance, Ethics and Compensation Committee

02
Pierre Shoiry

Vice Chairman of the Board of Directors

Director since 2006

Independent

03
Alexandre L'Heureux

President and Chief Executive Officer, WSP Global Inc.

Director since 2016

Non-independent

04
Louis-Philippe Carrière

Professional Non-Executive Director

Director since 2017

Independent

Chair of the Audit Committee

05
Birgit Nørgaard

Professional Non-Executive Director

Director since 2013

Independent

Member of the Governance, Ethics and Compensation Committee

06
Linda Smith-Galipeau

Professional Non-Executive Director

Director since 2019

Independent

Chair of the Governance, Ethics and Compensation Committee

07
Suzanne Rancourt

Professional Non-Executive Director

Director since 2016

Independent

Member of the Audit Committee

08
Paul Raymond

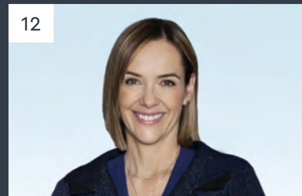
President and Chief Executive Officer,
Alithya Group inc.

Director since 2019

Independent

Member of the Audit Committee

Global Leadership Team



01
Alexandre L'Heureux
President and Chief Executive Officer

05
Ryan Brain
President and Chief Executive Officer, Canada

09
Greg Kane
Chief Executive Officer, Middle East

13
Julianna Fox
Chief Ethics and Compliance Officer

02
Alain Michaud
Chief Financial Officer

06
Lewis P. Cornell
President and Chief Executive Officer, USA

10
Ivy Kong
Chief Executive Officer, Asia

14
André-Martin Bouchard
Global Director, Environment and Resources

03
Philippe Fortier
Chief Legal Officer and Corporate Secretary

07
Mark Naysmith
Chief Executive Officer, UK, Middle East, India and Africa

11
Magnus Meyer
Managing Director, Nordics and Continental Europe

15
Dave McAlister
Global Director, Transport and Infrastructure

04
Robert Ouellette
Chief Corporate Services Officer

08
Guy Templeton
President and Chief Executive Officer, Asia Pacific

12
Marie-Claude Dumas
Global Director, Major Projects and Programs/ Executive Market Leader - Quebec

16
Tom Smith
Global Director, Property and Buildings

Management's Discussion and Analysis

For the year ended December 31, 2020

ABOUT US

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

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CANADA

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1 MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the consolidated financial position and consolidated results of operations, dated February 24, 2021, is intended to assist readers in understanding WSP Global Inc. (the "Corporation" or "WSP") and its business environment, strategies, performance and risk factors. This MD&A should be read together with the Corporation's audited consolidated financial statements and accompanying notes for the year ended December 31, 2020. The Corporation's audited consolidated financial statements for the year ended December 31, 2020 have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts shown in this MD&A are expressed in Canadian dollars, unless otherwise indicated. All quarterly information disclosed in this MD&A is based on unaudited figures.

This MD&A focuses on the Corporation's annual and quarterly results for the year and fourth quarter ended December 31, 2020. The Corporation's second and third quarters are always comprised of 13 weeks of operations. However, the number of weeks of operations in the first and fourth quarters will vary as the Corporation has a statutory December 31 year end. The fourth quarter results include the period from September 27, 2020 to December 31, 2020 and the comparative fourth quarter results include the period from September 29, 2019 to December 31, 2019.

In this MD&A, references to the "Corporation", "we", "us", "our" and "WSP" or "WSP Global" refer to WSP Global Inc. Depending on the context, this term may also include subsidiaries and associated companies.

2 NON-IFRS MEASURES

The Corporation reports its financial results in accordance with IFRS. However, in this MD&A, the following non-IFRS measures are used by the Corporation: net revenues; adjusted EBITDA; adjusted EBITDA margin; adjusted net earnings; adjusted net earnings per share; backlog; free cash flow; days sales outstanding ("DSO"); and net debt to adjusted EBITDA ratio. These measures are defined in section 22, "Glossary of non-IFRS measures and segment reporting measures" and reconciliations to IFRS measures can be found in section 8, "Financial Review" and section 9, "Liquidity".

Management of the Corporation ("Management") believes that these non-IFRS measures provide useful information to investors regarding the Corporation's financial condition and results of operations as they provide additional key metrics of its performance. These non-IFRS measures are not recognized under IFRS, do not have any standardized meaning prescribed under IFRS and may differ from similarly-named measures as reported by other issuers, and accordingly may not be comparable. These measures should not be viewed as a substitute for the related financial information prepared in accordance with IFRS.

3 CORPORATE OVERVIEW

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

The Corporation’s business model is centered on maintaining a leadership position in each of its end markets and the regions in which it operates by establishing a strong commitment to, and recognizing the needs of, surrounding communities, as well as local and national clients. WSP offers a variety of professional services throughout all project execution phases, from the initial development and planning studies through to the project and program management, design, construction management, commissioning and maintenance phases.

Under this business model, the Corporation benefits from regional offices with a full service offering. Functionally, sector leaders work together with regional leaders to develop and coordinate markets served, combining local knowledge and relationships with nationally recognized expertise. The Corporation has developed a multidisciplinary team approach whereby employees work closely with clients to develop optimized solutions.

The Corporation believes it has the capability and the depth of expertise to transform clients’ visions into realities that are sustainable in every sense - commercially, technically, socially and environmentally.

The market sectors in which the Corporation operates are described below.

- **Transportation & Infrastructure:** The Corporation’s experts advise, plan, design and manage projects for rail transit, aviation, highways, bridges, tunnels, water, maritime and urban infrastructure. Public and private sector clients, construction contractors and other partners seek WSP's expertise around the world to create mid and long-term transport and infrastructure strategies, and to provide guidance and support throughout the life-cycle of a wide range of projects. As WSP offers comprehensive, innovative and value-oriented solutions to assist clients in achieving their desired outcomes, the Corporation takes great pride in solving clients’ toughest problems. WSP offers a full range of services locally with extensive global experience to successfully deliver projects, helping clients overcome challenges and respond to emerging areas in new mobility, resiliency, decarbonization and supply chain.

- **Property & Buildings:** WSP is a world-leading provider of technical and advisory services with a track record in delivering buildings of the highest quality. The Corporation can be involved at every stage of a project’s life-cycle, from the business case, through design and construction, to asset management and refurbishment. The Corporation has teams of technical experts across the globe delivering engineering and consultancy services ranging from decarbonisation strategies and SMART building design to structural and mechanical, electrical, and plumbing (MEP) engineering. The Corporation is an expert in enabling clients to maximize the outcome of their projects in sectors from high-rise to healthcare, stadia to stations and commercial to cultural.

- **Environment:** The Corporation has specialists working with and advising businesses and governments in all key areas of earth sciences and environmental consultancy, including ESG matters. These experts deliver a broad range of services including air, land, water, health and climate change. They work with and advise clients on environmental matters ranging from due diligence, permitting authorizations and regulatory compliance, to consulting on disposal of hazardous materials, land remediation, environmental and social impact assessments, and employee health and safety. WSP's reputation has been built on helping clients worldwide mitigate risk, manage and reduce impacts, and maximize opportunities related to sustainability, climate change, energy use and the environment. The services are offered at any stage of the project or asset lifecycle, and range from field data collection, and site-based services, all the way up to helping our clients’ executives make the best ESG decisions.

- **Resources:** The Corporation has the scale and expertise to support all its worldwide resource clients. In mining, WSP's experts work with clients throughout the project life-cycle - from conceptual and feasibility studies to addressing social acceptance issues, and from detailed engineering and complete engineering, procurement, and construction management ("EPCM") to site closure and rehabilitation. WSP expertise includes resource and reserve modelling, metallurgical testing, geotechnical and mine design and detailed engineering for mining infrastructure. In oil and gas, WSP helps clients with some of their most demanding technical and logistical challenges. The Corporation's experts advise on how to plan, design and support the development of pipelines and gas networks, as well as how to ensure the integrity of critical assets and obtain permits and consent.

- **Power & Energy:** The Corporation offers energy sector clients complete solutions for all aspects of their projects, whether they are large-scale power plants, smaller on-site facilities or retrofitting and efficiency programs, with an aim to reduce energy demand and deliver schemes to create a sustainable future. WSP's experts can advise and collaborate on every stage of a project, from pre-feasibility to design, operation, maintenance and decommissioning. They offer long-term operational management support services from the first feasibility studies, providing advice on aspects ranging from technical, financial and environmental issues, to engineering design and energy simulations.

- **Industry:** The Corporation works in almost every industrial sector including food and beverages, pharmaceutical and biotechnology, automotive and chemicals. WSP's experts offer a variety of skills with a deep understanding of industrial and energy processes, and the engineering expertise required to plan, design, build and operate a new plant, or to automate equipment in an existing industrial facility. A full range of consulting and engineering services is offered within multiple disciplines that span all stages of a project - from strategic studies, concept design and productivity analysis, to serving as an owner's engineer at each stage of an EPCM contract.

In addition to these sectors, the Corporation offers the highly specialized strategic advisory services listed below:

- **Planning and Advisory Services**: The Corporation helps clients make informed decisions during various stages of the project life-cycle, taking into consideration changing economic, environmental and social factors, evolving government priorities and emerging technologies. To stay competitive and effectively manage and develop their infrastructure and property assets, public and private sector organizations are looking to gain access to more refined data and "lessons learned" from experts who help drive client success around the globe. The Corporation not only provides local expertise, but also offers international benchmarks and best practice solutions based on its extensive experience. WSP's team blends the technical skills of its global network with results-oriented business acumen, to provide effective and sustainable strategies that also contribute to the advancement of the communities where WSP is present.

- **Management Services:** The Corporation's professionals help clients assess and define their goals, as well as the technical, environmental and commercial realities and challenges they face. Coupled with the Corporation's integrated service offerings, this helps the Corporation build strategic relationships with clients. WSP supports them throughout the planning, implementation and commissioning stages of their projects, including during times of emergency. With a focus on cost, schedule, quality and safety, and using best-in-class management processes and techniques, WSP can mobilize the right team from anywhere in the organization across the world to execute projects of varying sizes and complexity.

- **Technology and Sustainability Services:** The Corporation's professionals work throughout the life-cycle of a project to offer innovative solutions with a strong focus on change management and executive engagement. As significant technological advancement offers the opportunity to improve the way we live, commute, and travel, it also sheds a new light on how property and infrastructure owners need to adapt and embrace the changes. The Corporation's Technology Services experts integrate the use of digital solutions and software to enhance engineering, infrastructure, buildings and environmental projects. In addition, as the world faces significant challenges related to population growth, resource demands and constraints, and extreme weather events that impact the resiliency and sustainability of communities, the Corporation remains committed to integrating the principles of sustainability into WSP's work in planning, designing and managing both property and infrastructure.

4 FINANCIAL HIGHLIGHTS

(in millions of dollars, except percentages, per share data, DSO and ratios)	Fourth quarters ended		Years ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenues	$2,248.3	$2,209.3	$8,803.9	$8,916.1
Net revenues*	$1,688.3	$1,760.7	$6,859.1	$6,886.3
Earnings before net financing expense and income taxes	$105.3	$82.7	$459.4	$487.8
Adjusted EBITDA*	$262.1	$266.3	$1,053.7	$1,036.8
Adjusted EBITDA margin*	15.5 %	15.1 %	15.4 %	15.1 %
Net earnings attributable to shareholders of WSP Global Inc.	$68.9	$40.5	$276.0	$286.5
Basic net earnings per share attributable to shareholders	$0.61	$0.38	$2.51	$2.72
Adjusted net earnings* **	$81.1	$55.3	$338.9	$306.4
Adjusted net earnings per share* **	$0.71	$0.52	$3.08	$2.91
Cash inflows from operating activities	$381.8	$425.5	$1,125.1	$814.3
Free cash flow*	$264.5	$308.1	$735.3	$441.6
As at			**December 31, 2020**	**December 31, 2019**
Backlog*			$8,421.3	$8,131.8
DSO*			63	74
Net debt to adjusted EBITDA ratio*			0.1	1.1

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail and for reference to the reconciliation to the most directly comparable IFRS measure, where applicable.

** Management has amended its definition of adjusted net earnings, effective January 1, 2020. The comparative periods have been restated.

5 EXECUTIVE SUMMARY

The Corporation delivered on its ambitions for 2020 with an improved adjusted EBITDA margin and record cash flows. WSP completed the year in a robust financial position with a healthy backlog.

Fourth quarter 2020 financial highlights

- Revenues and net revenues for the quarter reached $2.2 billion and $1.7 billion, up 1.8% and down 4.1%, respectively, compared to Q4 2019. Organically, net revenues contracted 5.9% for the quarter. The increase in the Americas, stemming from organic growth and acquisition growth, was offset by organic contraction in the other reportable segments.

- Adjusted EBITDA in the quarter of $262.1 million, down $4.2 million or 1.6%, compared to $266.3 million in Q4 2019. Adjusted EBITDA margin for the quarter reached 15.5%, compared to 15.1% in Q4 2019. The increase in margin is attributable to the Americas, APAC and Canada reportable segments, partially offset by lower margins in EMEIA.

- Earnings before net financing expense and income taxes in the quarter of $105.3 million, up $22.6 million, or 27.3%, compared to Q4 2019, mainly due to write-off of leasehold capital assets following office renovation recorded in 2019, partially offset by severance costs in 2020 recorded in acquisition, integration and restructuring costs.

- Net earnings attributable to shareholders for the quarter of $68.9 million, or $0.61 per share, up 70.1% and 60.5%, respectively, when compared to Q4 2019. The increase is mainly attributable to higher earnings before net financing expense and income taxes, as well as lower net financing expense.

- Adjusted net earnings for the quarter of $81.1 million, or $0.71 per share, up $25.8 million and $0.19, respectively, compared to Q4 2019. The increase in these metrics are mainly attributable to write-off of leasehold capital assets following office renovation recorded in 2019.

- Quarterly dividend declared of $0.375 per share, with a 54.1% Dividend Reinvestment Plan ("DRIP") participation.

Fiscal year 2020 financial highlights

- Revenues and net revenues for the year reached $8.8 billion and $6.9 billion, down 1.3% and 0.4%, respectively, compared to 2019. Organically, net revenues contracted 3.6% for the year, in line with Management's expectations. The organic growth in APAC and acquisition growth across segments were offset by organic contraction in Canada, EMEIA and the Americas.

- Backlog as at December 31, 2020 stood at $8.4 billion, representing 11.5 months of revenues, up $289.5 million or 3.6% from $8.1 billion as at December 31, 2019, including an organic growth of 2.4%.

- Earnings before net financing expense and income taxes in 2020 of $459.4 million, down $28.4 million, or 5.8%, compared to 2019, mainly due to higher acquisition, integration and restructuring costs.

- Adjusted EBITDA in the year of $1,053.7 million, up $16.9 million or 1.6%, compared to $1,036.8 million in 2019. Adjusted EBITDA slightly surpassed Management's expectation.

- Adjusted EBITDA margin for 2020 increased to 15.4%, compared to 15.1% in 2019. The increase is largely due to a continued focus on margin improvement including lower costs mainly stemming from cost containment measures, office lock-downs and travel restrictions during the COVID-19 pandemic.

- Net earnings attributable to shareholders of $276.0 million in 2020, or $2.51 per share, down $10.5 million and $0.21, respectively, compared to 2019. The decrease was mainly due to higher acquisition, integration and restructuring costs, partially offset by lower net financing expense.

- Adjusted net earnings for 2020 of $338.9 million, or $3.08 per share, up $32.5 million compared to 2019. The increase in these metrics is mainly attributable to lower net financing expense.

- DSO as at December 31, 2020 reached a record low of 63 days, compared to 74 days as at December 31, 2019. This level of DSO came in well below Management's outlook range of 73 to 78 days.

- Cash inflows from operating activities of $1,125.1 million in the year ended December 31, 2020, compared to $814.3 million in the comparable period in 2019.

- Free cash flow of $735.3 million, representing 266% of net earnings attributable to shareholders.

- The net debt to adjusted EBITDA ratio stood at 0.1x. The ratio is significantly lower than 1.1x as at December 31, 2019 due mainly to the repayment of a portion of indebtedness under credit facilities following strong free cash flow in 2020 and the equity financing completed in the second quarter of 2020.

- Full year dividends declared of $1.50 per share, or $167.2 million, with cash payout of $84.9 million or 50.8%.

6 KEY EVENTS

The following are highlights from January 1, 2020 to February 24, 2021, the date of the MD&A for the year ended December 31, 2020.

COVID-19 pandemic

In light of the impacts of the COVID-19 pandemic, WSP implemented business continuity plans to ensure the safety of its people and to continue to deliver projects to its clients. Such plans, which were tailored to local requirements and directives, evolved as the situation continued to develop worldwide, and included remote work, measures to adjust its cost structures and the postponement of non-essential capital expenditures. Leveraging its technology investments, WSP's people continued collaborating to deliver projects and pursue new assignments. In most of WSP's major hubs, many of the services or projects were considered as essential services and the Corporation maintained good productivity levels. Although it experienced some delayed or cancelled projects, WSP's clients generally remained committed to their projects, particularly in the public sector. WSP remained focused on maintaining business continuity and pursuing new assignments, while also ensuring the health and safety of employees, clients and communities in which the Corporation operates.

The ultimate impact of the COVID-19 pandemic will depend on, among other things, the duration and severity of the pandemic, the governmental restrictions that have been, and may continue to be, imposed in response to the pandemic, the effectiveness of actions taken to contain or mitigate the outbreak, and global economic conditions. The Corporation continues to monitor the situation closely in each of our regions as many governments impose strict social distancing measures and other restrictions, due to the high number of cases in some regions and the detection of variants of the COVID-19 virus. Most employees continue to work remotely and WSP's primary objective remains to ensure the health and safety of its employees and their families, of its clients and of the communities in which it operates.

Acquisitions

In January 2020, WSP acquired LT Environmental Inc., a 140-employee environmental consulting firm based in Colorado, US. This acquisition was financed using WSP's available cash and credit facilities.

In December 2020, WSP reached another significant milestone of its growth journey by entering into an arrangement agreement providing for the acquisition of all of the issued and outstanding shares of Enterra Holdings Ltd., the holding company of Golder Associates ("Golder"), an employee-owned engineering and consulting firm with 60 years of experience in the geo-sciences sector; a global engineering firm focused on earth and environmental conditions (the "Golder Acquisition"). Golder provides engineering, remediation, regulatory & compliance, design and environmental services to clients in the mining, manufacturing, oil & gas, power and infrastructure industries. Golder operates in 155 offices with approximately 7,000 employees across more than 30 countries globally.

Under the terms of the arrangement agreement, WSP will acquire Golder for an aggregate cash consideration of US$1.14 billion (approximately $1.5 billion). In January 2021, the approval of the shareholders of Golder was obtained and the Golder Acquisition is expected to be completed in the first half of the second quarter of 2021.

In January 2021, the Corporation closed a private placement of subscription receipts. 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 Pte. Ltd. ("GIC") and British Columbia Investment Management Corporation ("BCI"), for aggregate gross proceeds of approximately $310 million (the "Private Placements"). Upon completion of the Golder Acquisition, each of GIC and BCI will receive 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. In January 2021, the Corporation entered into credit facilities for a new US$960 million (approximately C$1.2 billion) fully committed bank financing with up to a 4-year tenor.

WSP will use the proceeds of the Private Placements and funds available under the new credit facilities to fund a portion of the purchase price and related transaction costs payable in connection with the Golder Acquisition.

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. This acquisition was financed using WSP's available cash and credit facilities.

In January 2021, WSP acquired tk1sc, a 240-employee mechanical, electrical and plumbing engineering firm based in California, US. This acquisition was financed using WSP's available cash and credit facilities.

Launch of GeoVerra Inc.

In 2020, WSP and Altus Group Limited combined their respective geomatics business units. The combined entity launched as GeoVerra Inc., forming a leading Canadian geomatics firm with offices in 29 cities and town across Western Canada and Ontario. GeoVerra Inc. provides land surveying, forestry, and geospatial solutions to clients in diverse industries.

Public Offering and Private Placement of Common Shares

On June 17, 2020, the Corporation completed a bought deal public offering of common shares of the Corporation and a concurrent private placement of common shares of the Corporation for aggregate gross proceeds of $572.7 million.

Sustainability-linked credit facility

In January 2020, the Corporation became the first professional services firm in the Americas to secure sustainability-linked terms for its syndicated credit facility.

Leadership announcements

In January 2020, Marie-Claude Dumas joined WSP's Global Leadership Team as Global Director, Major Projects & Programs/ Executive Market Leader - Quebec.

Effective February 27, 2020, Alain Michaud assumed the position of Chief Financial Officer of the Corporation. Mr. Michaud was previously the Senior Vice President, Operational Performance and Strategic Initiatives.

In December 2020, Paul Dollin, Chief Operating Officer, left WSP to pursue new professional and personal opportunities. Mr. Dollin had been a key member of WSP's leadership team since the acquisition of WSP Group Plc in 2012. Mr. Dollin's responsibilities have been transitioned to other members of the Global Leadership Team.

7 SEGMENT OPERATIONAL REVIEW

The Corporation's reportable segments are: Canada, Americas (US and Latin America), EMEIA (Europe, Middle East, India and Africa) and APAC (Asia Pacific, comprising Australia, New Zealand and Asia). Segment performance is measured using net revenues and adjusted EBITDA by segment.

CANADA

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2020	December 31, 2019	Variance	December 31, 2020	December 31, 2019	Variance
Net revenues by segment	$224.7	$273.8	(17.9) %	$952.1	$1,066.7	(10.7) %
Organic contraction			(12.9) %			(8.1) %
Divestiture impact			(5.0) %			(2.6) %
Adjusted EBITDA by segment	$51.0	$55.6	(8.3) %	$183.2	$207.0	(11.5) %
Adjusted EBITDA margin by segment	22.7%	20.3%	240 bps	19.2%	19.4%	(20) bps

As at	December 31, 2020	December 31, 2019	Variance
Backlog*	$1,022.4	$1,030.4	(0.8) %
Organic backlog growth in the year			1.4 %
Approximate number of employees	7,000	8,000	(12.5) %

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.
bps: basis points

Net revenues

In the quarter ended December 31, 2020, net revenues in Canada were $224.7 million, representing an organic contraction of 12.9% compared to the corresponding quarter in 2019. For the year ended December 31, 2020, net revenues in Canada stood at $952.1 million, representing organic contraction of 8.1% as compared to 2019, slightly below Management's expectation of mid-single digit contraction. Divestitures and reorganization of a business into a joint venture resulted in a divestiture impact of 5.0% in the quarter and 2.6% in the year.

In both the quarter and year, the decreases in net revenues are mainly attributable to lower performance in many market sectors in Western Canada affected by the depressed oil and gas industry and cumulative adjustments to account for margin erosion in certain projects. Also, lower volumes in Property & Buildings continued to adversely affect performance during the fourth quarter. For the quarter and year ended December 31, 2020, the impact of the depressed oil and gas industry represented more than half of the organic contraction in net revenues.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 69% of net revenues for the year ended December 31, 2020. Public sector clients accounted for 37% of net revenues, for the same period.

Adjusted EBITDA

For the quarter, adjusted EBITDA margin increased in Canada, mainly due to cost containment measures, cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic and government subsidies, partially offset by additional accrual for discretionary employee compensation and margin erosion on certain projects. For the year ended December 31, 2020, adjusted EBITDA margin in Canada remained largely stable, as lower demand was offset by cost containment measures, cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic and government subsidies.

Backlog

Backlog decreased slightly compared to December 31, 2019, with organic growth of 1.4% more than offset by a decrease due to divestiture of certain businesses.

AMERICAS

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2020	**December 31, 2019**	**Variance**	**December 31, 2020**	**December 31, 2019**	**Variance**
Net revenues by segment	$578.8	$559.2	3.5 %	$2,372.8	$2,306.8	2.9 %
Organic growth (contraction)*			1.6 %			(1.2) %
Acquisition growth*			3.7 %			4.9 %
Foreign currency exchange impact**			(1.8) %			(0.8) %
Adjusted EBITDA by segment	$111.0	$87.4	27.0 %	$436.2	$416.0	4.9 %
Adjusted EBITDA margin by segment	19.2%	15.6%	360 bps	18.4%	18.0%	40 bps

As at	**December 31, 2020**	**December 31, 2019**	**Variance**
Backlog***	$4,017.8	$3,873.0	3.7 %
Organic backlog growth in the year			1.2 %
Approximate number of employees	12,900	13,200	(2.3) %

* Organic growth and acquisition growth are calculated based on local currencies.

** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into Canadian equivalent amount, net of organic growth and acquisition growth.

*** Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

bps: basis points

Net revenues

In the quarter ended December 31, 2020, net revenues in the Americas reportable segment were $578.8 million, an increase of $19.6 million, or 3.5%, compared to the same quarter in 2019. Acquisition growth and organic growth stood at 3.7% and 1.6%, respectively, both on a constant currency basis.

In the year ended December 31, 2020, net revenues in the Americas reportable segment stood at $2.4 billion, an increase of $66.0 million, or 2.9%, compared to 2019. Acquisition growth stood at 4.9%, while organic contraction was 1.2%, both on a constant currency basis. The low-single digit contraction was in line with Management's expectations.

The organic revenue growth in the quarter was attributable to low single-digit growth in the US, partially offset by organic contraction in certain Latin American countries. The growth in the quarter in the US is mainly due to Transportation & Infrastructure market sector.

In the year, the US felt slight organic revenue contraction and a more pronounced contraction was felt in our Latin American operations. Net revenues in the year in the US were impacted by lower volume in the Property & Buildings and Resources market sectors, partially offset by higher volume in the Transportation & Infrastructure market sector. Also contributing to the variance is the fact that revenues in 2019 were positively impacted by timing of revenue recognition on certain large projects.

Acquisition growth in the quarter arose mainly in the US from the acquisitions of Ecology and Environment Inc. ("E & E") completed in December 2019 and LT Environmental Inc. in January 2020. In the year, acquisition growth also includes the acquisition of Leach Wallace Associates, Inc. in April 2019.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 80% of net revenues for the year ended December 31, 2020. Public sector clients accounted for 67% of net revenues, for the same period.

Adjusted EBITDA

In the quarter, adjusted EBITDA margin for the Americas segment increased significantly as compared to the same quarter last year, mainly due to our US operations. For the year ended December 31, 2020, adjusted EBITDA improved slightly when compared to 2019.

The main drivers of the improvement in the quarter include cost containment measures and cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic and better margins in our Transportation and Infrastructure market sector. In addition, specific circumstances negatively affected the fourth quarter of 2019, namely the integration of the Louis Berger operations and the softness experienced in the Northeast region of the US.

Backlog

Backlog for the Americas segment increased compared to December 31, 2019 mainly from continuing project wins, as well as acquisition growth. Organic growth since December 31, 2019 was 1.2%.

EMEIA

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2020	**December 31, 2019**	**Variance**	**December 31, 2020**	**December 31, 2019**	**Variance**
Net revenues by segment	$600.8	$642.3	(6.5) %	$2,378.4	$2,399.9	(0.9) %
Organic contraction*			(9.5) %			(5.8) %
Acquisition growth*			— %			3.4 %
Divestiture impact*			(0.2) %			(0.1) %
Foreign currency exchange impact**			3.2 %			1.6 %
Adjusted EBITDA by segment	$69.5	$90.7	(23.4) %	$316.9	$326.8	(3.0) %
Adjusted EBITDA margin by segment	11.6%	14.1%	(250) bps	13.3%	13.6%	(30) bps

As at	**December 31, 2020**	**December 31, 2019**	**Variance**
Backlog***	$2,043.9	$1,936.6	5.5 %
Organic backlog growth in the year			5.0 %
Approximate number of employees	18,500	19,900	(7.0) %

* Organic contraction and acquisition growth are calculated based on local currencies.

** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into Canadian equivalent amount, net of organic growth and acquisition growth.

*** Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

bps: basis points

Net revenues

In the quarter ended December 31, 2020, net revenues in the EMEIA reportable segment were $600.8 million, a decrease of $41.5 million, or 6.5%, compared to Q4 2019. Organically revenues contracted 9.5 %, on a constant currency basis.

In the year ended December 31, 2020, net revenues in the EMEIA operating segment stood at $2.4 billion, a decrease of $21.5 million, or 0.9%, compared to 2019. Acquisition growth stood at 3.4%, while organically revenues contracted 5.8%, both on a constant currency basis. The mid-single digit organic contraction was in line with Management's expectations.

In both the quarter and year, the UK experienced lower volumes in the Transportation & Infrastructure market sector largely due to suffering delays on some public-sector projects. Also, softness in the private sector affected our planning and advisory services and Property & Buildings market sector. In the year, the Transportation & Infrastructure market sector in the Middle East was impacted by both the COVID-19 pandemic and depressed oil and gas industry.

In the year, acquisition growth stems mainly from the acquisitions of Orbicon A/S in Denmark and Lievense Holding B.V. in the Netherlands during the third and fourth quarters of 2019, respectively.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 82% of net revenues for the year ended December 31, 2020. Public sector clients accounted for 58% of net revenues, for the same period.

Adjusted EBITDA

For the year ended December 31, 2020, adjusted EBITDA margin in EMEIA was largely stable when compared to 2019. For the quarter ended December 31, 2020, the decrease is mainly due to margin erosion on certain contracts, additional accrual for discretionary employee compensation, which were partially offset by costs containment measures and costs savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic.

Backlog

Backlog for the EMEIA reportable segment grew organically 5.0% when compared to December 31, 2019, across the majority of the region.

APAC

(in millions of dollars, except percentages and number of employees)	Fourth quarters ended			Years ended		
	December 31, 2020	December 31, 2019	Variance	December 31, 2020	December 31, 2019	Variance
Net revenues by segment	$284.0	$285.4	(0.5) %	$1,155.8	$1,112.9	3.9 %
Organic growth (contraction)*			(5.4) %			1.7 %
Acquisition growth*			0.8 %			1.6 %
Foreign currency exchange impact**			4.1 %			0.6 %
Adjusted EBITDA by segment	$51.7	$47.9	7.9 %	$202.7	$172.9	17.2 %
Adjusted EBITDA margin by segment	18.2%	16.8%	140 bps	17.5%	15.5%	200 bps

As at	December 31, 2020	December 31, 2019	Variance
Backlog***	$1,337.2	$1,291.8	3.5 %
Organic backlog growth in the year			2.9 %
Approximate number of employees	8,600	8,800	(2.3) %

* Organic growth and acquisition growth are calculated based on local currencies.

** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into Canadian equivalent amount, net of organic growth and acquisition growth.

*** Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

bps: basis points

Net revenues

In the quarter ended December 31, 2020, net revenues in the APAC reportable segment were $284.0 million, a decrease of $1.4 million, or 0.5%, when compared to the same quarter in 2019. Net revenues contracted organically by 5.4%, while acquisition growth was 0.8%, both on a constant currency basis. The positive impacts of foreign currency exchange are mainly due to the depreciation of the Canadian dollar against the Australian and New Zealand dollars.

In the year ended December 31, 2020, net revenues in the APAC reportable segment stood at $1.2 billion, an increase of $42.9 million, or 3.9%, when compared to 2019. Organic growth and acquisition growth in net revenues, both on a constant currency basis, stood at 1.7% and 1.6%, respectively.

The organic contraction in the quarter and the organic growth in the year, in the APAC reportable segment, were slightly below Management's expectation of mid-single digit growth for the year, mainly as a result of cumulative adjustments to account for margin erosion in certain projects.

Acquisition growth is due to the acquisition of Elton Consulting Group Pty Ltd in Australia completed in November 2019.

The Transportation & Infrastructure and Property & Buildings market sectors accounted for 86% of net revenues for the year ended December 31, 2020. Public sector clients accounted for 56% of net revenues, for the same period.

Adjusted EBITDA

In the quarter and year ended December 31, 2020, adjusted EBITDA margin for the APAC reportable segment increased, relative to the comparable periods in 2019, mainly due to strong performance across the region and including the benefit of cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic, as well as receipt of government subsidies in Asia related to the pandemic.

Backlog

Backlog for the APAC segment grew organically by 2.9% since December 31, 2019 mainly in Asia.

8 FINANCIAL REVIEW

(in millions of dollars, except number of shares and per share data)	Fourth quarters ended December 31, 2020	Fourth quarters ended December 31, 2019	Years ended December 31, 2020	Years ended December 31, 2019
Revenues	**$2,248.3**	**$2,209.3**	**$8,803.9**	**$8,916.1**
Personnel costs	$1,292.2	$1,321.6	$5,221.8	$5,177.2
Subconsultants and direct costs	$560.0	$448.6	$1,944.8	$2,029.8
Other operational costs	$144.5	$180.7	$606.1	$703.3
Depreciation of right-of-use assets	$71.0	$62.9	$268.3	$241.7
Amortization of intangible assets	$25.0	$38.7	$104.7	$110.7
Depreciation of property and equipment	$25.2	$27.8	$103.3	$101.0
Impairment of property & equipment and goodwill	$—	$29.0	$—	$29.0
Acquisition, integration and restructuring costs	$30.3	$21.5	$103.4	$54.2
Exchange loss (gain)	$0.1	($2.1)	$10.3	($6.3)
Share of income of associates and joint ventures, net of tax	($5.3)	($2.1)	($18.2)	($12.3)
Earnings before net financing expense and income taxes	**$105.3**	**$82.7**	**$459.4**	**$487.8**
Net financing expense	$1.9	$28.4	$73.5	$102.0
Earnings before income taxes	**$103.4**	**$54.3**	**$385.9**	**$385.8**
Income tax expense	$33.4	$13.5	$108.5	$100.1
Net earnings	**$70.0**	**$40.8**	**$277.4**	**$285.7**
Net earnings attributable to:				
Shareholders of WSP Global Inc.	$68.9	$40.5	$276.0	$286.5
Non-controlling interests	$1.1	$0.3	$1.4	$(0.8)
Basic net earnings per share attributable to shareholders	**$0.61**	**$0.38**	**$2.51**	**$2.72**
Diluted net earnings per share attributable to shareholders	**$0.61**	**$0.38**	**$2.50**	**$2.71**
Basic weighted average number of shares	113,472,584	105,885,503	110,020,798	105,235,267
Diluted weighted average number of shares	113,751,792	106,076,127	110,263,100	105,613,623

8.1 NET REVENUES

(in millions of dollars, except percentages)	Fourth quarters of 2020 vs 2019 Canada	Americas	EMEIA	APAC	Total
Net revenues by segment - 2020	$224.7	$578.8	$600.8	$284.0	$1,688.3
Net revenues by segment - 2019	$273.8	$559.2	$642.3	$285.4	$1,760.7
Net change %	(17.9)%	3.5 %	(6.5)%	(0.5)%	(4.1)%
Organic growth (contraction)*	(12.9)%	1.6 %	(9.5)%	(5.4)%	(5.9)%
Acquisition growth*	— %	3.7 %	— %	0.8 %	1.3 %
Divestiture impact*	(5.0)%	— %	(0.2)%	— %	(0.9)%
Foreign currency exchange impact**	— %	(1.8)%	3.2 %	4.1 %	1.4 %
Net change %	(17.9)%	3.5 %	(6.5)%	(0.5)%	(4.1)%

* Organic growth, divestiture impact and acquisition growth are calculated based on local currencies.
** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into Canadian equivalent amount, net of organic growth and acquisition growth.

(in millions of dollars, except percentages and number of employees)	Fiscal years 2020 vs 2019				
	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment - 2020	$952.1	$2,372.8	$2,378.4	$1,155.8	$6,859.1
Net revenues by segment - 2019	$1,066.7	$2,306.8	$2,399.9	$1,112.9	$6,886.3
Net change %	(10.7)%	2.9 %	(0.9)%	3.9 %	(0.4)%
Organic growth (contraction)*	(8.1)%	(1.2)%	(5.8)%	1.7 %	(3.6)%
Acquisition growth*	— %	4.9 %	3.4 %	1.6 %	3.1 %
Divestiture impact*	(2.6)%	— %	(0.1)%	— %	(0.4)%
Foreign currency exchange impact**	— %	(0.8)%	1.6 %	0.6 %	0.5 %
Net change %	(10.7)%	2.9 %	(0.9)%	3.9 %	(0.4)%
	As at				
Approximate number of employees - December 31, 2020	7,000	12,900	18,500	8,600	47,000
Approximate number of employees - December 31, 2019	8,000	13,200	19,900	8,800	49,900
Net change %	(12.5)%	(2.3)%	(7.0)%	(2.3)%	(5.8)%

* Organic growth, divestiture impact and acquisition growth are calculated based on local currencies.

** Foreign currency exchange impact represents the foreign currency exchange component to convert net revenues in local currencies into Canadian equivalent amount, net of organic growth and acquisition growth.

During the fourth quarter of 2020, the Corporation achieved net revenues of $1.7 billion, 4.1% lower compared to Q4 2019. The increase in the Americas, stemming from organic growth and acquisition growth, was offset by organic contraction in the other reportable segments and divestitures in Canada and the UK.

In the year ended December 31, 2020, net revenues remained stable compared to 2019, despite organic contraction of 3.6%. The organic growth in APAC and acquisition growth across segments were offset by organic contraction in Canada, EMEIA and the Americas. The impacts of the depressed oil and gas sector and the COVID-19 pandemic were mostly offset by acquisition growth.

Refer to section 7, "Segment operational review" for further analysis of net revenues by segment.

Reconciliation of net revenues

The Corporation's financial performance and results should be measured and analyzed in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business.

(in millions of dollars)	Fourth quarters ended		Years ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Revenues	**$2,248.3**	**$2,209.3**	**$8,803.9**	**$8,916.1**
Less: Subconsultants and direct costs	$560.0	$448.6	$1,944.8	$2,029.8
Net revenues*	**$1,688.3**	**$1,760.7**	**$6,859.1**	**$6,886.3**

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

8.2 BACKLOG

(in millions of dollars)	Canada	Americas	EMEIA	APAC	Total
Backlog, as at December 31, 2019	$1,030.4	$3,873.0	$1,936.6	$1,291.8	$8,131.8
Revenues	$(1,141.7)	$(3,448.4)	$(2,879.8)	$(1,334.0)	$(8,803.9)
Organic order intake	$1,155.6	$3,491.2	$2,972.2	$1,369.4	$8,988.4
Net order intake through business acquisition (disposal)	$(21.9)	$78.6	$(16.0)	$—	$40.7
Foreign exchange movement	$—	$23.4	$30.9	$10.0	$64.3
Backlog*, as at December 31, 2020	$1,022.4	$4,017.8	$2,043.9	$1,337.2	$8,421.3
Organic backlog growth in the year	1.4 %	1.2 %	5.0 %	2.9 %	2.4 %

As at December 31, 2020, backlog stood at $8.4 billion, representing 11.5 months of revenues[(1)], an increase of $289.5 million or 3.6% from December 31, 2019. The increase during the year is due to organic order intake higher than revenues in all reportable segments. On a constant currency basis, the backlog organic growth was 2.4% compared to backlog as at December 31, 2019.

The following table reconciles backlog to unfulfilled performance obligations disclosed in the Corporation's consolidated financial statements, as at December 31:

(in millions of dollars)	2020	2019
Unfulfilled performance obligations	**$7,326.8**	**$7,898.7**
Cost-plus contracts with ceilings and fixed-price contracts on which work has not commenced at year end date, and cost-plus contracts without stated ceilings	$1,094.5	$233.1
Backlog*	**$8,421.3**	**$8,131.8**

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.
(1) Based on revenues for the trailing twelve-month period, incorporating a full twelve months of revenues for all acquisitions.

8.3 ADJUSTED EBITDA

	Fourth quarter ended December 31, 2020				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment	$224.7	$578.8	$600.8	$284.0	$1,688.3
Adjusted EBITDA by segment	$51.0	$111.0	$69.5	$51.7	$283.2
Adjusted EBITDA margin by segment	22.7%	19.2%	11.6%	18.2%	16.8%
Head office corporate costs					$21.1
Adjusted EBITDA*					$262.1

	Fourth quarter ended December 31, 2019				
(in millions of dollars, except percentages)	Canada	Americas	EMEIA	APAC	Total
Net revenues by segment	$273.8	$559.2	$642.3	$285.4	$1,760.7
Adjusted EBITDA by segment	$55.6	$87.4	$90.7	$47.9	$281.6
Adjusted EBITDA margin by segment	20.3%	15.6%	14.1%	16.8%	16.0%
Head office corporate costs					$15.3
Adjusted EBITDA*					$266.3

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

(in millions of dollars, except percentages)	Year ended December 31, 2020				
	Canada	**Americas**	**EMEIA**	**APAC**	**Total**
Net revenues by segment	$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
Adjusted EBITDA margin by segment	19.2%	18.4%	13.3%	17.5%	16.6%
Head office corporate costs					$85.3
Adjusted EBITDA*					$1,053.7

(in millions of dollars, except percentages)	Year ended December 31, 2019				
	Canada	**Americas**	**EMEIA**	**APAC**	**Total**
Net revenues by segment	$1,066.7	$2,306.8	$2,399.9	$1,112.9	$6,886.3
Adjusted EBITDA by segment	$207.0	$416.0	$326.8	$172.9	$1,122.7
Adjusted EBITDA margin by segment	19.4%	18.0%	13.6%	15.5%	16.3%
Head office corporate costs					$85.9
Adjusted EBITDA*					$1,036.8

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.

Total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, stood at $283.2 million and 16.8%, respectively, for the fourth quarter ended December 31, 2020, compared to $281.6 million and 16.0%, respectively, for the corresponding period in 2019.

For the year ended December 31, 2020, total adjusted EBITDA by segment and total adjusted EBITDA margin by segment, stood at $1,139.0 million and 16.6%, respectively, compared to $1,122.7 million and 16.3%, respectively, in 2019.

For the quarter, improved margins are attributable to the Americas, APAC and Canada reportable segments, partially offset by lower margins in EMEIA. In the year ended December 31, 2020, APAC margins improved, while other reportable segments remained relatively stable. The variance explanations by segment are described in section 7, "Segment operational review".

Head office corporate costs for the fourth quarter and year ended December 31, 2020 stood at $21.1 million and $85.3 million, respectively. Head office corporate costs in the fourth quarter of 2020 were higher than the comparable period in 2019, mainly due to year-end adjustments in 2019. Head office corporate costs in 2020 were in line with 2019 and at the low end of Management's outlook range of between $85 million and $90 million.

Reconciliation of adjusted EBITDA

Management analyzes the Corporation's financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. The following table reconciles this metric to the most comparable IFRS measure:

	Fourth quarters ended		Years ended	
(in millions of dollars)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Earnings before net financing expense and income taxes	**$105.3**	**$82.7**	**$459.4**	**$487.8**
Acquisition, integration and restructuring costs	$30.3	$21.5	$103.4	$54.2
Depreciation of right-of-use assets	$71.0	$62.9	$268.3	$241.7
Amortization of intangible assets	$25.0	$38.7	$104.7	$110.7
Depreciation of property and equipment	$25.2	$27.8	$103.3	$101.0
Impairment of property & equipment and goodwill	$—	$29.0	$—	$29.0
Share of depreciation and taxes of associates	$3.7	$2.6	$9.4	$7.7
Interest income	$1.6	$1.1	$5.2	$4.7
Adjusted EBITDA*	**$262.1**	**$266.3**	**$1,053.7**	**$1,036.8**

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

8.4 EARNINGS BEFORE NET FINANCING EXPENSE AND INCOME TAXES

The following table summarizes selected operating results expressed as a percentage of net revenues.

	Fourth quarters ended		Years ended	
(percentage of net revenues)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net revenues*	100.0 %	100.0 %	100.0 %	100.0 %
Personnel costs	76.5 %	75.1 %	76.1 %	75.2 %
Other operational costs, exchange loss (gain) and interest income	8.5 %	10.1 %	8.9 %	10.0 %
Share of earnings of associates and joint ventures before depreciation and income taxes*	(0.5)%	(0.3)%	(0.4)%	(0.3)%
Adjusted EBITDA margin*	**15.5 %**	**15.1 %**	**15.4 %**	**15.1 %**
Depreciation of right-of-use assets	4.2 %	3.6 %	3.9 %	3.5 %
Depreciation of property and equipment	1.5 %	1.6 %	1.5 %	1.5 %
Amortization of intangible assets	1.5 %	2.2 %	1.6 %	1.6 %
Impairment of property & equipment and goodwill	— %	1.6 %	— %	0.4 %
Acquisition, integration and restructuring costs	1.8 %	1.2 %	1.5 %	0.8 %
Share of depreciation and taxes of associates	0.2 %	0.1 %	0.1 %	0.1 %
Deduct: Interest income	0.1 %	0.1 %	0.1 %	0.1 %
Earnings before net financing expense and income taxes	**6.2 %**	**4.7 %**	**6.7 %**	**7.1 %**
Net financing expense	0.1 %	1.6 %	1.1 %	1.4 %
Income tax expense	2.0 %	0.8 %	1.6 %	1.6 %
Net earnings	**4.1 %**	**2.3 %**	**4.0 %**	**4.1 %**

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

In the fourth quarter of 2020, earnings before net financing expense and income taxes increased as a percentage of net revenues, mainly due to write-off of leasehold capital assets following office renovation recorded in 2019, partially offset by severance costs in 2020 recorded in acquisition, integration and restructuring costs. In the year ended December 31, 2020, earnings before net financing expense and income taxes decreased as a percentage of net revenues, mainly due to higher acquisition, integration and restructuring costs. These variances are explained in further detail below.

In the fourth quarter of 2020, adjusted EBITDA margin increased to 15.5%, compared to 15.1% for the fourth quarter of 2019. For the year, the adjusted EBITDA margin increased to 15.4%, compared to 15.1%. The increases are largely due to lower other operational costs mainly stemming from office lock-downs and travel restrictions during the COVID-19 pandemic, partially offset by higher personnel costs. These variances are explained in further detail below.

Personnel costs

Personnel costs include payroll costs for all employees related to the delivery of consulting services and projects, as well as administrative and corporate staff.

In 2020, personnel costs include an expense of $63.4 million ($40.1 million in 2019) related to the PSUs, RSUs and DSUs, as well as $30.4 million of mark-to-market gains on derivative financial instruments which limit the Corporation's exposure to the variability of LTIP based units caused by fluctuations in its common share price ($5.8 million in 2019). In 2020, the net impact of these two items was $33.0 million ($34.3 million in 2019).

For the quarter and year ended December 31, 2020, personnel costs increased as a percentage of net revenues, as compared to the corresponding periods in 2019, mainly due to the decrease in net revenues.

Other operational costs, exchange gains and losses and interest income

Other operational costs include fixed costs such as, but not limited to, non-recoverable client service costs, technology costs, professional insurance costs, office space related costs (mainly utilities and maintenance costs). In the table in this section 8.4, other operational costs are combined with operational exchange gains or losses on foreign currencies and interest income.

Other operational costs for the quarter and year, as a percentage of net revenues, were lower than the comparable periods in 2019, mainly due to cost savings stemming from office lock-downs and travel restrictions during the COVID-19 pandemic. Meanwhile, operational foreign exchange losses of $0.1 million in the quarter and $10.3 million year-to-date had negative impact in 2020, as compared to gains of $2.1 million and $6.3 million, respectively, in the corresponding periods in 2019.

Share of earnings of associates

The share of earnings of associates increased in the quarter and in the year ended December 31, 2020. These earnings include a gain on the sale of a property by an associate during the first quarter of 2020.

Depreciation and amortization

Depreciation of right-of-use assets for the fourth quarter and year ended December 31, 2020 increased when compared to the same periods in 2019, mainly due to early termination of some leases.

Depreciation of property and equipment for the fourth quarter and year ended December 31, 2020 remained stable when compared to the same periods in 2019.

The decrease in amortization of intangible assets was due to higher amortization in the fourth quarter of 2019, mainly due to the finalization of fair values of intangible assets acquired in the Louis Berger acquisition from December 2018.

For the quarter and year ended December 31, 2020, amortization of intangible assets related to acquisitions amounted to $17.8 million and $77.5 million, respectively ($31.4 million and $79.0 million in the corresponding periods in 2019.)

Acquisition, integration and restructuring costs

Acquisition, integration and restructuring costs include, if and when incurred, transaction and integration costs related to business acquisitions, any gains or losses on disposals of non-core assets, IT outsourcing program costs pertaining mainly to non-recurring redundancy and transition costs resulting from the outsourcing of the Corporation's IT infrastructure and operations support, restructuring costs, and COVID-19 pandemic related costs.

Acquisition, integration and restructuring costs are components of financial performance which the Corporation believes should be excluded in understanding its underlying operational financial performance, and are therefore presented separately in its consolidated statement of earnings.

The Corporation incurred acquisition, integration and restructuring costs of $30.3 million in the fourth quarter of 2020 and $103.4 million in the year ended December 31, 2020, mainly related to severance costs stemming from adjustments to our cost structures in 2020, business integration and restructuring of Louis Berger acquired in December 2018, and integration and acquisition costs for acquisitions of 2019 and 2020.

8.5 FINANCING EXPENSES

Net financing expense for the fourth quarter ended December 31, 2020 was lower than the fourth quarter of 2019, mainly attributable to unrealized foreign exchange gains from derivative financial instruments and lower interest expense due to lower long-term debt.

For the year ended December 31, 2020, net financing expense was lower than 2019, mainly due to lower interest expense due to lower long-term debt.

8.6 INCOME TAXES

In the fourth quarter of 2020, an income tax expense of $33.4 million was recorded on earnings before income taxes of $103.4 million, representing an effective income tax rate of 32.3%. In addition, for the same period, the Corporation's share of income tax expense attributable to associates was $2.1 million.

For the year ended December 31, 2020, an income tax expense of $108.5 million was recorded on earnings before income taxes of $385.9 million representing an effective income tax rate of 28.1%, in line with Management's expectation of between 26% to 30%. In addition, for the same period, the Corporation's share of income tax expense attributable to associates was $6.7 million.

8.7 NET EARNINGS

In the fourth quarter of 2020, the Corporation's net earnings attributable to shareholders increased to $68.9 million, or $0.61 per share on a diluted basis, compared to $40.5 million, or $0.38 per share on a diluted basis for the comparable period in 2019. The increase is mainly attributable to impairment recorded in 2019, as well as lower net financing expense in 2020, partially offset by severance costs recorded in acquisition, integrations and restructuring costs.

For the year ended December 31, 2020, the Corporation's net earnings attributable to shareholders were $276.0 million, or $2.51 per share, compared to $286.5 million, or $2.72 per share in 2019. The decrease was mainly due to higher acquisition, integration and restructuring costs, partially offset by lower net financing expense.

8.8 ADJUSTED NET EARNINGS

Management has amended its definition of adjusted net earnings, effective January 1, 2020. The comparative period results have been restated to apply the current definition.

Management believes that in the context of highly acquisitive companies or consolidating industries such as engineering and construction, and to isolate certain non-cash items related to market volatility, adjusted net earnings and adjusted net earnings per share should be taken into consideration in assessing the Corporation's performance against its peer group.

Adjusted net earnings stood at $81.1 million, or $0.71 per share, in the fourth quarter of 2020, compared to $55.3 million, or $0.52 per share, in Q4 2019. The increases in these metrics are mainly attributable to write-off of leasehold capital assets following office renovation recorded in 2019.

Adjusted net earnings stood at $338.9 million, or $3.08 per share, for the year ended December 31, 2020, compared to $306.4 million, or $2.91 per share, for the corresponding period in 2019. The increase in these metrics is mainly attributable to lower interest expense due to lower long-term debt.

Reconciliation of adjusted net earnings

The following table reconciles this metric to the most comparable IFRS measure:

	Fourth quarters ended		Years ended	
(in millions of dollars, except per share data)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net earnings attributable to shareholders	**$68.9**	**$40.5**	**$276.0**	**$286.5**
Acquisition, integration and restructuring costs	$30.3	$21.5	$103.4	$54.2
Gains on investments in securities related to deferred compensation obligations	$(11.6)	$(7.0)	$(15.8)	$(21.1)
Unrealized (gains) losses on derivative financial instruments	$(7.5)	$5.4	$(11.5)	$(6.6)
Income taxes related to above items	$1.0	$(5.1)	$(13.2)	$(6.6)
Adjusted net earnings*	**$81.1**	**$55.3**	**$338.9**	**$306.4**
Adjusted net earnings per share*	**$0.71**	**$0.52**	**$3.08**	**$2.91**

* Non-IFRS measure. Refer to section *22*, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

9 LIQUIDITY

	Fourth quarters ended		Years ended	
(in millions of dollars)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Cash inflows from operating activities	$381.8	$425.5	$1,125.1	$814.3
Cash outflows from financing activities	$(453.8)	$(203.7)	$(746.3)	$(496.8)
Cash outflows from investing activities	$(85.2)	$(169.3)	$(185.3)	$(322.1)
Effect of exchange rate change on cash	$(0.3)	$(3.2)	$3.9	$(12.0)
Change in net cash and cash equivalents	**$(157.5)**	**$49.3**	**$197.4**	**$(16.6)**
Dividends paid to shareholders of WSP Global Inc.	$(19.7)	$(19.3)	$(88.3)	$(77.6)
Net capital expenditures*	$(29.7)	$(50.4)	$(88.5)	$(112.0)

* Capital expenditures pertaining to property and equipment and intangible assets, net of proceeds from disposal and lease incentives received.

9.1 OPERATING ACTIVITIES AND FREE CASH FLOW

Cash flows from operating activities

The significant increases in cash inflows from operating activities in the year ended December 31, 2020 are mainly due to accelerated collection of costs and anticipated profits in excess of billings and trade receivable accounts during 2020 compared to 2019 and deferral of income tax payments and other remittances in some jurisdictions of approximately $80 million.

Free cash flow

The free cash inflow for the year ended December 31, 2020 was $735.3 million, compared to $441.6 million in 2019. Free cash flow in 2020 represents 266% of net earnings attributable to shareholders. Higher free cash flow in 2020 was mainly driven by accelerated collection of costs and anticipated profits in excess of billings and trade receivable accounts during 2020 compared to 2019 and deferral of income tax payments and other remittances in some jurisdictions of approximately $80 million.

Reconciliation of free cash flow

Free cash flow is an indication of the Corporation's continuing capacity to generate discretionary cash from operations. It represents cash flows for the period available to the suppliers of capital, which are the Corporation's creditors and shareholders. The free cash flow metric should be reviewed year-over-year as opposed to quarter-to-quarter as the timing of investments in capital expenditure initiatives and management of working capital can have an impact in the shorter term.

	Fourth quarters ended		**Years ended**	
(in millions of dollars)	**December 31, 2020**	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
Cash inflows from operating activities	**$381.8**	**$425.5**	**$1,125.1**	**$814.3**
Lease payments in financing activities	$(87.6)	$(67.0)	$(301.3)	$(260.7)
Net capital expenditures**	$(29.7)	$(50.4)	$(88.5)	$(112.0)
Free cash flow*	**$264.5**	**$308.1**	**$735.3**	**$441.6**

* Non-IFRS measure. Refer to section *22*, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

** Capital expenditures pertaining to property and equipment and intangible assets, net of proceeds from disposal and lease incentives received.

9.2 FINANCING ACTIVITIES

In the fourth quarter of 2020, cash outflows from financing activities of $453.8 million are mainly due to net repayment of long-term debt of $338.5 million.

In the year ended December 31, 2020, cash outflows from financing activities netted to $746.3 million. Cash received from the issuance of common shares in the second quarter, was offset by net repayments of long-term debt.

9.3 INVESTING ACTIVITIES

In the fourth quarter and year ended December 31, 2020, cash outflows used for investing activities related mainly to business acquisitions and net capital expenditures.

Cash outflows used for investing activities were lower due to less business acquisitions in 2020.

9.4 NET DEBT

	As at	
(in millions of dollars)	December 31, 2020	December 31, 2019
Long-term debt[1]	$574.2	$1,399.7
Less: Cash and cash equivalents	$(437.1)	$(255.6)
Net debt*	$137.1	$1,144.1

	Years ended	
	December 31, 2020	December 31, 2019
Adjusted EBITDA*	$1,053.7	$1,036.8
Net debt to adjusted EBITDA ratio*	0.1	1.1

* Non-IFRS measure. Refer to section 22, “Glossary of non-IFRS measures and segment reporting measures” for more detail.
(1) Including current portion.

As at December 31, 2020, the Corporation’s statement of financial position remained strong, with a net debt position of $137.1 million and a net debt to adjusted EBITDA ratio of 0.1x as at December 31, 2020. The ratio is significantly lower than 1.1x as at December 31, 2019 due mainly to the repayment of a portion of indebtedness under credit facilities following strong free cash flow in 2020 and the equity financing completed in the second quarter of 2020.

The net debt to adjustment EBITDA ratio is expected to increase following the closing of the Golder Acquisition.

9.5 CAPITAL RESOURCES

	As at	
(in millions of dollars)	December 31, 2020	December 31, 2019
Cash and cash equivalents	$437.1	$255.6
Available syndicated credit facility	$1,453.1	$910.1
Other operating credit facilities	$128.1	$85.7
Available short-term capital resources	**$2,018.3**	**$1,251.4**

The Corporation believes that its cash flows from operating activities, combined with its available short-term capital resources, will enable it to conclude the Golder Acquisition, support its continued growth strategy, its working capital requirements and planned capital expenditures.

9.6 CREDIT FACILITY

The Corporation has in place, as at December 31, 2020, a credit facility with a syndication of financial institutions providing for a maximum amount of US$1,600.0 million. The credit facility is available for general corporate purposes and for financing business acquisitions.

Under this credit facility, the Corporation is required, among other conditions, to respect certain covenants calculated on a consolidated basis. The main covenants are in regard to its consolidated net debt to consolidated adjusted EBITDA and the fixed charge coverage ratios. These terms and ratios are defined in the credit facility agreement and do not correspond to the Corporation’s metrics described in section 22, "Glossary of non-IFRS measures and segment reporting measures", or to other terms used in this MD&A. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facility. All covenants were met as at December 31, 2020.

On January 29, 2021, in relation with the Golder Acquisition, the Corporation entered into credit facilities for a new US$960 million (approximately C$1.2 billion) fully committed bank financing with up to a 4-year tenor.

9.7 DIVIDENDS

On November 4, 2020, the Corporation declared a quarterly dividend of $0.375 per common share to holders of common shares on record as of December 31, 2020, which was paid on January 15, 2021. The total amount of the dividend for the fourth quarter of 2020 is $42.5 million, paid subsequent to the end of the year.

Following the payment of dividends declared on November 5, 2019, February 26, 2020 May 6, 2020 and August 5 2020, $76.1 million was reinvested in 895,995 common shares under the DRIP during the year ended December 31, 2020.

Subsequent to the end of the year, holders of 61,455,758 common shares, representing 54.1% of all outstanding shares as at December 31, 2020, elected to participate in the DRIP. As a result, on January 15, 2021, $23.0 million of the fourth quarter dividend was reinvested in common shares of the Corporation. The net cash outflow on January 15, 2021 for the fourth quarter dividend payment was $19.5 million.

The board of directors of the Corporation (the "Board") has determined that the current level of quarterly dividend is appropriate based on the Corporation's current earnings and operational financial requirements. The dividend is currently expected to remain at this level subject to the Board's ongoing assessment of the Corporation's future cash requirements, financial performance, liquidity, and other factors that the Board may deem relevant, which the Board will continue to assess in the context of the COVID-19 pandemic. The actual amount of any dividend, as well as each declaration date, record date and payment date, is subject to the discretion of the Board. Some of the information in this section constitutes forward-looking information. Please refer to section 19, "Forward-Looking Statements", of this MD&A.

9.8 STOCK OPTIONS

As at February 23, 2021, 853,404 stock options were outstanding at exercise prices ranging from $35.12 to $121.18.

10 EIGHT QUARTER SUMMARY

(in millions of dollars, except per share data)	Fiscal year 2020	2020 Q4 Fourth quarter ended December 31	2020 Q3 Third quarter ended September 26	2020 Q2 Second quarter ended June 27	2020 Q1 First quarter ended March 28	2019 Q4 Fourth quarter ended December 31	2019 Q3 Third quarter ended September 28	2019 Q2 Second quarter ended June 29	2019 Q1 First quarter ended March 30
Results of operations									
Revenues	$8,803.9	$2,248.3	$2,137.8	$2,207.8	$2,210.0	$2,209.3	$2,221.5	$2,311.7	$2,173.6
Net revenues*	$6,859.1	$1,688.3	$1,687.6	$1,747.1	$1,736.1	$1,760.7	$1,693.6	$1,768.6	$1,663.4
Adjusted EBITDA*	$1,053.7	$262.1	$297.1	$276.1	$218.4	$266.3	$288.2	$265.4	$216.9
Net earnings attributable to shareholders	$276.0	$68.9	$104.3	$88.6	$14.2	$40.5	$93.7	$88.7	$63.6
Basic and diluted net earnings per share**		$0.61	$0.92	$0.83	$0.13	$0.38	$0.89	$0.84	$0.61
Backlog*		$8,421.3	$8,505.8	$8,611.0	$8,481.0	$8,131.8	$7,905.7	$7,952.7	$7,873.1
Dividends									
Dividends declared	$167.2	$42.5	$42.5	$42.4	$39.8	$39.7	$39.6	$39.4	$39.3
Dividends declared, per share	$1.50	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375	$0.375

* Non-IFRS measure. Refer to section 22, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

** Quarterly net earnings per share are not additive and may not equal the annual net earnings per share reported. This may be a result of the effect of shares issued on the weighted average number of shares, as well as the impact of dilutive options.

The Corporation's quarterly earnings and revenue measures are, to a certain degree, affected by seasonality. The third and fourth quarters historically generate the largest contribution to net revenues and adjusted EBITDA, and the first quarter the least. The Corporation's cash flows from operations are also, to a certain degree, subject to seasonal fluctuations, with

the fourth quarter historically generating a higher amount of cash flows from operations. Results in 2020 did not necessarily maintain the historical seasonality trends described above, due to the impacts of the COVID-19 pandemic on the Corporation's operations.

11 SELECTED ANNUAL INFORMATION

For the years ended and as at December 31	2020	2019	2018
(in millions of dollars, except per share data)			
Revenues	$8,803.9	$8,916.1	$7,908.1
Net revenues*	$6,859.1	$6,886.3	$6,020.6
Net earnings attributable to shareholders of WSP Global Inc.	$276.0	$286.5	$248.1
Net earnings per share attributable to shareholders of WSP Global Inc.			
Basic	$2.51	$2.72	$2.38
Diluted	$2.50	$2.71	$2.38
Total assets	$8,837.4	$8,676.1	$7,766.6
Non-current financial liabilities (1)	$1,062.6	$1,930.8	$1,467.9
Dividends declared per share to holders of common shares of WSP Global Inc.	$1.50	$1.50	$1.50

* Non-IFRS measure. Refer to section *22*, "Glossary of non-IFRS measures and segment reporting measures" for more detail.

(1) Financial liabilities consist of long-term debt and lease liabilities, excluding current portions.

Revenues and net revenues growth from 2018 to 2019 was driven by acquisition growth, as well as net revenue organic growth of 3.5%. Revenues and net revenues were stable between 2019 to 2020, as the impacts of the depressed oil and gas sector and the COVID-19 pandemic were mostly offset by acquisition growth.

Net earnings attributable to shareholders and net earnings per share attributable to shareholders increased from 2018 to 2019 mainly through growth in net revenues and improvement in adjusted EBITDA margin. Net earnings attributable to shareholders and net earnings per share attributable to shareholders decreased from 2019 to 2020 mainly due to higher acquisition, integration and restructuring costs, partially offset by lower net financing expense.

The increases in total assets and non-current financial liabilities from December 31, 2018 to 2019 were mainly due to the recognition of right-of-use assets and lease liabilities upon the adoption of *IFRS 16 - Leases* on January 1, 2019. From December 31, 2019 to 2020 total assets remained stable, while non-current financial liabilities decreased due mainly to the repayment of a portion of indebtedness under credit facilities following strong free cash flow in 2020 and the equity financing completed in the second quarter of 2020.

12 GOVERNANCE

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and have caused them to be designed under their supervision to provide reasonable assurance that:

- Material information related to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared; and
- Information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The CEO and CFO have evaluated or caused to be evaluated under their supervision, the effectiveness of the Corporation's DC&P and based on the evaluation, the CEO and CFO have concluded that the design and operation of the Corporation's DC&P were effective as at December 31, 2020.

The CEO and CFO are also responsible for establishing and maintaining internal controls over financial reporting ("ICFR") and have designed ICFR or have caused ICFR to be designed under their supervision using the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework), to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and CFO have evaluated or caused to be evaluated under their supervision, the effectiveness of the Corporation's ICFR and based on their evaluation, the CEO and CFO have concluded that ICFR were designed and operated effectively as at December 31, 2020.

Due to the inherent limitations of DC&P and ICFR, Management does not expect that DC&P and ICFR can prevent or detect all errors or intentional misstatements resulting from fraudulent activities.

There were no changes in the Corporation's ICFR that occurred during the period beginning on September 27, 2020 and ended on December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. Nevertheless, the measures taken by the Corporation in response to the COVID-19 pandemic and in compliance with public authority recommendations, including the fact that most of its employees are working remotely, may have an impact on the performance of some internal controls. As such, the Corporation has been continually monitoring and assessing the effects of the COVID-19 pandemic on its DC&P and ICFR, while reiterating the importance of internal controls and maintaining frequent communication across the organization at all levels, and will continue to do so, in order to maintain a strong control environment and to make any appropriate adjustments.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board has oversight responsibilities for reported financial information. Accordingly, the Board of WSP has reviewed and approved, upon recommendation of the Audit Committee of the Corporation, this MD&A and the audited consolidated financial statements for the year ended December 31, 2020, before their publication.

13 CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires Management to make judgments, assumptions and estimates in applying the Corporation's accounting policies. Critical accounting estimates are those which are highly uncertain at the time they are made and where different reasonably likely estimates, or reasonably likely changes in estimates from period to period, would have a material impact on the Corporation's financial condition or results of operations.

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.

The Corporation's most critical accounting estimates are discussed in note 4, Critical accounting estimates and judgments, to the consolidated financial statements.

14 SIGNIFICANT ACCOUNTING POLICIES

NEW ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICY EFFECTIVE IN 2020

Derivative financial instruments and hedging activities

Upon adoption of *IFRS 9 - Financial Instruments*, as at January 1, 2018, the Corporation had elected to continue to use the criteria of *IAS 39 - Financial Instruments: Recognition and Measurement* for hedge accounting. Given the Corporation's recent hedging activities, Management has determined that the application of hedge accounting criteria in *IFRS 9* results in reliable and more relevant information about the effects of hedge transactions on the Corporation's financial performance. This change has been applied prospectively as at January 1, 2020, given retrospective application would not have a material impact on the Corporation's financial position as at January 1, 2020.

The summary of the Corporation's accounting policy for derivative financial instruments and hedging activities is as follows:

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.

Government grants

Government grants are recognized where there is reasonable assurance that the grant 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. During the quarter and year ended December 31, 2020, the Corporation recorded $28.2 million and $53.0 million of government subsidies, recognized in personnel costs (nil during the comparable periods in 2019). There are no unfulfilled conditions or contingencies attached to these grants.

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

See note 3, Changes in accounting policies, to the consolidated financial statements, for further details.

15 FINANCIAL INSTRUMENTS

The Corporation’s financial assets include cash, trade receivables and other receivables. The Corporation's financial liabilities include accounts payable and accrued liabilities, dividends payable to shareholders, lease liabilities, and long-term debt.

The Corporation uses derivative financial instruments to manage its exposure to fluctuations of foreign currency exchange rates. It does not hold or use any derivative instruments for trading or speculative purposes. Refer to note 13, Financial instruments, of the Corporation's audited consolidated financial statements for the year ended December 31, 2020 for a description of the Corporation's hedging activities.

The Corporation's financial instruments expose the Corporation primarily to foreign exchange, credit, liquidity and interest rate risks. Refer to section 20, "Risk factors", as well as note 13, Financial instruments, to the Corporation's consolidated financial statements for the year ended December 31, 2020, for a description of these risks and how they are managed, as well as for a description of how fair values are determined.

16 RELATED PARTY TRANSACTIONS

The Corporation's related parties, as defined by IFRS, are its joint operations, joint ventures, associates and key management personnel. A description of any material transactions with these related parties is included in note 29, Related party transactions, to the Corporation's consolidated financial statements for the year ended December 31, 2020.

17 OFF-BALANCE SHEET AGREEMENTS

The Corporation does not engage in the practice of off-balance sheet financing, except for the use of letters of credit.

18 CONTRACTUAL OBLIGATIONS

The Corporation is committed under the terms of contractual obligations with various expiration dates, primarily for the rental of office space and computer equipment. The following table provide a summary of the timing of Corporation's undiscounted long-term contractual obligations as at December 31, 2020:

(in millions of dollars)	2021	2022	2023 and thereafter	Total
Long-term debt	$304.8	$260.9	$19.3	$585.0
Lease liabilities	$261.8	$220.1	$679.5	$1161.4

Management expects the Corporation's cash flows from its operations and amounts available under credit facilities will be sufficient to meet its contractual obligations in the future.

19 FORWARD-LOOKING STATEMENTS

In addition to disclosure of historical information, the Corporation may make or provide statements or information in this MD&A that are not based on historical facts and which are considered to be forward-looking information or forward-looking statements under Canadian securities laws. Such statements relate to future events or future performance and reflect the expectations of Management regarding the growth, results of operations, performance and business prospects and opportunities of the Corporation or its industry.

This MD&A may contain forward-looking statements. Forward-looking statements can typically be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “forecast”, “project”, “intend”, “target”, “potential”, “continue” or the negative of these terms or terminology of a similar nature. Such forward-looking statements reflect current beliefs of Management and are based on certain factors and assumptions as set forth in this MD&A, which by their nature are subject to inherent risks and uncertainties. While the Corporation considers these factors and assumptions to be reasonable based on information available as of February 24, 2021, actual events or results could differ materially from the results, predictions, forecasts, conclusions or projections expressed or implied in the forward-looking statements.

Forward-looking statements made by the Corporation are based on a number of assumptions believed by the Corporation to be reasonable as at February 24, 2021, including assumptions about general economic and political conditions; the state of the global economy and the economies of the regions in which the Corporation operates; the state of and access to global and local capital and credit markets; the anticipated impacts of the COVID-19 pandemic on the Corporation's businesses, operating results, cash flows and/or financial condition, including the effect of measures implemented as a result of the COVID-19 pandemic; the completion of the Golder Acquisition, the expected timing of completion and benefits of the Golder Acquisition, the expected synergies and certain expected financial ratios to be realized as a result of the Golder Acquisition; interest rates; working capital requirements; the collection of accounts receivable; the Corporation obtaining new contract awards; the type of contracts entered into by the Corporation; the anticipated margins under new contract awards; the utilization of the Corporation's workforce; the ability of the Corporation to attract new clients; the ability of the Corporation to retain current clients; changes in contract performance; project delivery; the Corporation's competitors; the ability of the Corporation to successfully integrate acquired businesses; the acquisition and integration of businesses in the future; the Corporation's ability to manage growth; external factors affecting the global operations of the Corporation; the state of the Corporation's backlog; the joint arrangements into which the Corporation has or will enter; capital investments made by the public and private sectors; relationships with suppliers and subconsultants; relationships with management, key professionals and other employees of the Corporation; the maintenance of sufficient insurance; the management of environmental and health and safety risk; the sufficiency of the Corporation's current and planned information systems, communications technology and other technology; compliance with laws and regulations; future legal proceedings; the sufficiency of internal and disclosure controls; the regulatory environment; impairment of goodwill; foreign currency fluctuation; the tax legislation and regulations to which the Corporation is subject and the state of the Corporation's benefit plans. Other assumptions, if any, are set out throughout this MD&A. If these assumptions prove to be

inaccurate, the Corporation's actual results could differ materially from those expressed or implied in forward-looking statements.

In evaluating these forward-looking statements, investors should specifically consider various risk factors, which, if realized, could cause the Corporation's actual results to differ materially from those expressed or implied in forward-looking statements. Such risk factors include, but are not limited to, the following risk factors discussed in greater detail in section 20, "Risk factors" : "Impact of the COVID-19 Pandemic"; "Health and Safety Risks and Hazards"; "Non-Compliance with Laws or Regulations"; "Systems, Network Infrastructure and Data Failure, Interruption and Breach"; "Global Operations"; "Competition in the Industry"; "Risks Associated with Professional Services Contracts"; "Revenues from Contracts with Government Agencies"; "Challenges Associated with Size"; "Availability and Retention of Qualified Professional Staff"; "Growth by Acquisitions"; "Acquisition Integration and Management"; "Controls and Disclosure"; "Risk related to Current or Future Legal Proceedings"; "Reputational Risk"; "Extreme Weather Conditions and the Impact of Natural or Other Disasters"; "Increased Awareness of Environmental Factors"; "Adequate Utilization of Workforce"; "Work Stoppage and Labour Disputes"; "Joint Arrangements"; "Reliance on Suppliers and Subconsultants"; "Economic Environment"; "Changes to Regulations"; "Insurance Limits"; "Changes to Backlog"; "Deterioration of Financial Position or Net Cash Position"; "Working Capital Requirements"; "Accounts Receivable"; "Increased Indebtedness and Raising Capital"; "Impairment of Long-Lived Assets"; "Foreign Currency Exposure"; "Income Taxes"; "Underfunded Defined Benefits Obligations"; "Potential Dilution and Other Impacts on Share Price"; "Risks Related to Forward-Looking Statements"; as well as other risks detailed from time to time in reports filed by the Corporation with securities regulators or other documents that the Corporation makes public, which may cause events or results to differ materially from the results expressed or implied in any forward-looking statement.

The Corporation cautions that the foregoing list of risk factors is not exhaustive. There can be no assurance that actual results will be consistent with forward-looking statements. The Corporation does not take any responsibility to update or revise forward-looking information even if new information becomes available, unless legislation requires us to do so. Readers should not place undue reliance on forward-looking statements.

20 RISK FACTORS

The Corporation is subject to a number of risks and uncertainties and is affected by a number of factors which could have a material adverse effect on the Corporation's business, financial condition, operating results, future prospects or achievement of its 2019-2021 Global Strategic Plan. These risks should be considered when evaluating an investment in the Corporation and may, among other things, cause a decline in the price of the Corporation's shares or adversely affect the Corporation's ability to declare dividends on the shares.

This section describes the risks Management considers as the most material to the Corporation's business. This is not, however, a comprehensive list of the potential risks the Corporation currently faces, or could eventually face. Risks and uncertainties not presently known to the Corporation or that the Corporation currently considers as not material could become material in the future or impair its business operations, cause a decline in the price of shares or adversely affect the Corporation's ability to declare dividends on the shares.

RISKS RELATED TO THE BUSINESS

Impact of the COVID-19 Pandemic

Since the World Health Organization characterized the outbreak of the novel strain of coronavirus (COVID-19) as a global pandemic on March 11, 2020, there have been extraordinary and wide-ranging actions and measures by international, federal, state, provincial and local public health and governmental authorities worldwide to slow and contain the spread of the virus. The containment efforts taken to fight this health crisis, including implementation of travel bans, border closings, quarantine periods and social distancing, as well as considerable general concern and uncertainty, have affected economies and financial markets around the world resulting in a global economic slowdown, and have had and will likely continue to have negative effects on the Corporation's business, financial performance and financial position. Although

the Corporation continued to perform and deliver most of its projects remotely, with many of its services being considered as essential, the temporary shutdown of certain construction sites and other restrictive measures taken globally have resulted in some delayed or cancelled projects as well as reductions in demand for certain of the Corporation's services, and may result in further delayed or cancelled projects or reduction in demand for certain services as the situation evolves, which may or may not be offset by other projects. The mitigation measures implemented in light of the COVID-19 pandemic, including remote working requirements, may also increase the level of other risks the Corporation is already subject to and which are described below, all of which may negatively impact the Corporation's business, financial performance and financial position. The COVID-19 pandemic has led to disruption and volatility in the global capital markets, which, depending on further developments, could impact the Corporation's capital resources and liquidity in the future, including the availability of financing on attractive terms, if at all. Any business deterioration, contract cancellations or terminations, or market pressures could cause the Corporation's sales, earnings and cash flows to decline below its current projections and may lead to impairment of goodwill and intangibles. Additionally, any measures taken by the Corporation to control or adjust its cost structure and any further mitigation measures it may decide to implement could prove insufficient to completely offset possible declines in revenues and the Corporation may be unsuccessful at realizing the intended benefits of these measures. As the Corporation continues to monitor the issues raised by the COVID-19 pandemic, it may take further actions that alter its business operations as may be required by governmental authorities, or that it determines are in the best interests of its employees, clients, partners and shareholders, and the Corporation cannot predict the potential effects any such alterations or modifications may have on its business, including the impact on its financial results. The imposition of further restrictive measures by governmental authorities to contain the COVID-19 virus, a prolonged period during which any current or future measures are kept in place or the imposition of restrictions or conditions on the Corporation's ability to reopen its offices or access to project sites could have an adverse impact on its business, financial position, results of operations and cash flows, the extent and duration of which is highly uncertain, cannot be predicted and will depend on many factors beyond the Corporation's control and knowledge.

Health and Safety Risks and Hazards

The Corporation's health and safety systems, processes and policies are aimed at reducing risks to employees, subconsultants and others; however, work sites can put employees and others in proximity with large equipment, moving vehicles, dangerous processes or highly regulated materials in challenging or remote locations which may increase the risk to health and safety. Failure to implement or follow appropriate safety procedures by us or others could result in personal injury, illness or loss of life to people, or environmental and other damage to the Corporation's property or the property of others. On some project sites, the Corporation may be responsible for safety and, accordingly, it has an obligation to implement effective safety procedures. In the ordinary course of the Corporation's business, it frequently makes professional judgments and recommendations about environmental and engineering conditions of project sites for its clients. The Corporation may be deemed to be responsible for these professional judgments and recommendations if they are later determined to be inaccurate or result in injury or damage. Unsafe work conditions also have the potential of increasing employee turnover, increasing project and operating costs and could negatively impact the awarding of new contracts. The Corporation could also be exposed to substantial security costs in order to maintain the safety of its personnel as well as to civil and/or statutory liability to employees and to reputational harm arising from injuries or deaths because of inadequate health and safety policies and practices. The Corporation cannot fully protect against all these risks, nor are all these risks insurable. The Corporation may become liable for damages arising from these events against which it cannot insure or against which it may elect not to insure for various reasons. Acts of terrorism and threats of armed conflicts in or around various areas in which the Corporation operates could limit or disrupt markets and its operations, including disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of key employees, contractors or assets. Furthermore, the Corporation risks incurring additional costs on projects that have sustained environmental, health, and safety hazards because they may require additional time to complete or because employee time may be lost due to injury.

Non-Compliance with Laws or Regulations

The Corporation faces risks relating to non-compliance with laws, regulations, rules and other legal requirements enforced by governments or other authorities, including with respect to anti-corruption, trade restrictions, export control, false claims, protection of classified information, lobbying or similar activities, securities regulation, antitrust, data privacy, tax, environmental and labour relations laws, as well as laws related to corruption within its operations, anti-competitive acts,

illegal political contributions, and ethics-related issues, which could have a significant adverse impact on the Corporation. Although the Corporation has control measures and policies to mitigate these risks, including an anti-corruption compliance program, these control measures and policies have inherent limitations, including human error, and could be intentionally circumvented or become inadequate as conditions change. Moreover, coordinating the Corporation's activities to deal with the broad range of complex legal and regulatory environments in which it operates presents significant challenges. The Corporation's control measures may not be sufficiently effective to protect it from the consequences of such acts committed by its current and former directors, officers, employees, consultants, agents and/or partners, corruption in connection with its operations and ethics-related issues. Accordingly, fraud, corruption and other reckless or criminal acts may occur and remain undetected, resulting in a loss of assets and/or misstatement in the Corporation's financial statements and related public disclosure.

Moreover, fraud, corruption, illegal political contributions, non-compliance with previously enacted or proposed laws or regulations, anti-competitive or other reckless acts or criminal acts or misconduct by the Corporation's current or former directors, officers, employees, consultants, agents and/or partners, including those of businesses acquired by the Corporation could subject the Corporation to fines and penalties, criminal, civil and administrative legal sanctions and suspension from its ability to bid, enter into or perform public or private contracts, resulting in reduced revenues and profits, and could materially damage the Corporation's business, operating results, financial condition, reputation, brand, expansion effort, and ability to attract and retain employees and clients, and may have a negative impact on the market price of the Corporation's shares. The institution of formal charges with respect to any such circumstances by appropriate governmental authorities may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and goodwill of the Corporation.

As part of its global business dealings with different governmental bodies, entities and agencies in each of the countries in which the Corporation operates, WSP must also comply with complex public procurement laws and regulations aimed at ensuring that public sector bodies award contracts in a transparent, competitive, efficient and non-discriminatory way in these jurisdictions. These rules can also provide for verification processes and disclosure requirements, among other matters. In addition, WSP may be required to obtain authorizations or certifications in order to enter into contracts with governmental bodies, entities and agencies in certain jurisdictions, which authorizations or certifications may be revoked in a variety of circumstances, including at the discretion of a governmental authority or if the Corporation or its affiliates or directors or officers are convicted of an offense. If the Corporation fails to comply with these laws and regulations or the terms of these authorizations or certifications or if the Corporation, its directors, officers, employees or agents commit legal violations or misconduct specified in any of these rules, the Corporation could be subject to mandatory or discretionary exclusion or suspension, on a permanent or temporary basis, from contracting with these governmental bodies, entities and agencies or within certain jurisdictions, in addition to termination of certain government contracts, fines, penalties and other sanctions that could be imposed on the Corporation. Upon conviction of an offense, the Corporation could be debarred from participating in procurements with governmental bodies, entities and agencies for extended periods of time and suffer significant damage to its reputation. The disqualification of the Corporation from public contracts, the conviction of the Corporation with respect to certain offenses or the institution of formal charges with respect to such offenses in any jurisdiction in which it has operations or carries out business activities could impact its ability to bid, enter into or perform public contracts or subcontracts in that and other jurisdictions, any of which may adversely affect the Corporation's business.

In certain jurisdictions in which the Corporation operates, the Corporation is also subject to legislation that grants governmental authorities exceptional measures for the reimbursement and recovery of amounts improperly obtained as a result of fraud or fraudulent tactics in the course of the tendering, awarding or management of public contracts. In connection with a reimbursement or settlement under such legislation, a number of conditions may be imposed on the Corporation and the Corporation may be required to undergo certain changes to its business practices which could impose additional costs on the Corporation and adversely affect its ability to pursue business opportunities.

The services provided by the Corporation are also subject to numerous environmental protection laws and regulations that are complex and stringent. Significant fines, penalties and other sanctions may be imposed for non-compliance with environmental laws and regulations, and some environmental laws provide for joint and several strict liabilities for remediation of releases of hazardous substances, rendering a person liable for environmental damage, without regard to negligence or fault on the part of such person. These laws and regulations may expose the Corporation to liability arising

out of the conduct of operations or conditions caused by others, and in certain cases for acts of the Corporation that were in compliance with all applicable laws at the time these acts were performed. Failure to comply with environmental laws and regulations could have a material adverse impact on our business, financial condition and result of operations.

Systems, Network Infrastructure and Data Failure, Interruption and Breach

The Corporation heavily relies on information systems, communications technology, design software, business applications and other technology applications and systems, including global and regional networks, complex server infrastructure and operating systems, in order to operate properly, ensure service delivery and revenues and protect its intellectual property and know-how. In addition, the Corporation processes and stores proprietary information relating to its business, client information which may include proprietary, sensitive and personal information limited to the nature of professional services it provides and personal information relating to employees. If the Corporation is unable to continually and adequately maintain such systems, to scale and add software and hardware, to effectively upgrade its systems and network infrastructure, to maintain key information technology personnel, and take other steps to improve the efficiency of and protect its systems, the Corporation's operation systems could be interrupted or delayed, which could adversely affect the Corporation's business, financial position and results of operations.

In addition, the Corporation's computer and communications systems and operations could be damaged or interrupted by natural disasters, telecommunications failures, acts of war or terrorism. The Corporation also faces numerous evolving, increasingly sophisticated and increasingly difficult to detect and successfully defend against security risks, including cyber threats from criminal hackers, ransomware and other forms of malicious attacks, hacktivists, state sponsored organizations, industrial espionage, phishing, physical or electronic security breaches, computer viruses, unauthorized access, employee misconduct, human or technological errors, or similar events or disruptions. Any resulting unauthorized access, misappropriation, corruption, errors, outages, delay of service in information technology and disclosure of sensitive or confidential client, personal or corporate information could cause a loss of data, a misuse of its, its clients' and its employees' sensitive, confidential or proprietary information, or cause interruptions in its operations, and give rise to remediation expenses, losses, damages, expose the Corporation to litigation and investigations, which could have an adverse effect on its and its clients' operations, its reputation and result in litigation and regulatory fines or penalties, exclusion in future client opportunities and loss of client contracts.

The Corporation is subject to numerous laws and regulations designed to protect personal information, such as the European Union's General Data Protection Regulation (GDPR), and various other data privacy and cybersecurity laws in other regions. These laws and regulations are increasing in complexity and number, and change frequently. Furthermore, these laws and regulations are increasingly conflicting among the various countries in which the Corporation operates, which has resulted in greater compliance risk and cost for the Corporation. The potential financial penalties for non-compliance with these laws and regulations have significantly increased with the adoption of the GDPR.

The Corporation relies on third-party software and services to support its delivery of professional services to clients such as design, collaboration and project management, and to support the Corporation's accounting and financial information systems. While the Corporation selects third-party vendors carefully, it does not control their actions. Any technology services provided by a third-party, including contractors, business partners, vendors and other third parties, may be subject to breakdowns, disruption in information and communication services, inability to handle current or higher volumes, cyber-attacks, security and data breaches. These risks could adversely affect the Corporation's operations and its ability to deliver services to clients.

The cyber threat continues to increase, both in volume and business impact, and threat actors constantly explore new methods to attack organizations. As a result, the Corporation may be required to allocate increasingly and significant resources to protect against the threat of system disruptions and security breaches, or to alleviate problems caused by disruptions and breaches. The measures taken by the Corporation to protect against all information infrastructure risks may prove in some circumstances to be inadequate to prevent the improper disclosure, loss, theft, misappropriation of, unauthorized access to, or destruction of information, or service interruptions. Anyone who circumvents security measures could misappropriate proprietary or confidential information relating to the Corporation or its clients' business or personal employee information or cause interruptions or malfunctions in system operations. Any of these or other events could cause system interruptions, delays, and loss of critical data and expose the Corporation, clients, or other

third-parties to potential liability, litigation, and regulatory action, as well as the loss of client confidence, loss of existing or potential clients, loss of sensitive government contracts, damage to brand and reputation, and other financial loss.

Global Operations

The Corporation's business is dependent on the continued success and growth of its global operations, which subjects the Corporation to a variety of risks, including:

- general social, economic and political conditions or instability in one or more specific markets and/or globally, including recessions, political changes or disruptions and other economic crises in one or more markets in which the Corporation operates;
- risks related to complying with a wide variety of local, national, and international laws, regulations and policies, together with potential adverse or significant changes in laws and regulatory framework and practices;
- changes in local government trade policies affecting the markets for the Corporation’s services;
- difficulty or expense in enforcing contractual rights due to a lack of a developed legal system or other factors in certain jurisdictions;
- the difficulties and costs of staffing and managing global operations and changes in labour conditions;
- difficulties, delays and expense that may be experienced or incurred in connection with the movement of personnel through the customs and immigration authorities of various jurisdictions;
- a greater risk of uncollectible accounts and longer collection cycles;
- fluctuations in exchange rates;
- changes in regulatory practices, tariffs and taxes;
- foreign ownership restrictions with respect to operations in certain countries or the risk that such restrictions will be adopted in the future;
- multiple and possibly overlapping tax structures;
- exchange controls and other funding restrictions and limitations on the Corporation’s ability to repatriate cash, funds or capital invested or held in certain jurisdictions where the Corporation operates;
- international hostilities, civil unrest, force majeure, war, terrorism and other armed conflict; and
- cultural, logistical and communications challenges.

Competition in the Industry

The Corporation operates in highly competitive markets and has numerous competitors for all of the services it offers. Size and characteristics of competitors vary widely with the type of service they provide, the geographic area and the industry. Some of the Corporation’s competitors have longer operating histories, greater name recognition, larger customer bases and have achieved substantially more market penetration in certain of the areas or locations in which the Corporation competes. In addition, some of the Corporation’s competitors have substantially more financial resources and/or financial flexibility and marketing resources than the Corporation in certain markets. Others are smaller and more specialized, and concentrate their resources in particular areas of expertise. In addition, the technical and professional aspects of some of the Corporation’s services generally do not require large upfront capital expenditures and provide limited barriers against new competitors. The Corporation’s competitors may also consolidate or establish teaming or other relationships among themselves or with third parties to increase their ability to address customers’ needs. In addition, in the midst of rapid technological development, the Corporation must continue to anticipate changes in its clients’ needs and to do so, must adapt its services so that it maintains and improves its competitive advantage. If the Corporation does not continue to innovate and leverage technology advancements, fails to adequately develop or implement its business and sales strategies or inadequately manages its projects, its ability to retain existing clients and attract new clients may be adversely affected. These competitive forces may result in our inability to win bids for future projects, increased margin pressure and loss of revenue, profitability and market share, which if significant, could have a material adverse effect on the Corporation’s business, reputation, financial condition and results of operations.

Risks Associated with Professional Services Contracts

Most of the Corporation’s revenues come from fixed-price contracts and cost-plus contracts with ceilings. Under fixed-price contracts, the Corporation agrees to perform either all or a specified portion of work under the contract for a fixed fee which could expose the Corporation to a greater risk of cost overruns. Fixed-price contracts and cost-plus

contracts with ceilings are established in part on partial or incomplete designs, cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, commodity and other materials pricing and availability of labor, equipment and materials and other exigencies. If these assumptions prove inaccurate or if unexpected changes arise, then cost overruns may occur and the Corporation could experience reduced profits or, in some cases, a loss for that project. Increasing use of fixed-price contracts and cost-plus contracts with ceilings and/ or increasing size of such contracts would increase the Corporation's exposure to these risks and if the project is significant, or there are one or more issues that impact multiple projects, costs overruns could have a material adverse impact on the Corporation's business, financial condition and results of operations.

In addition, the Corporation partners with construction delivery partners on engineering, procurement and construction ("EPC") projects. In such cases, the Corporation assumes all design, procurement and construction risks, except for any risks that are contractually assumed by the client. Losses under EPC projects could adversely affect the Corporation's business, operating results and financial condition.

The Corporation typically has pending claims submitted to clients under some of its contracts for payment of work performed beyond the initial contractual requirements. In general, the Corporation cannot guarantee that such claims will be approved by its clients in whole, in part, or at all. If these claims are not approved, the Corporation's revenues may be reduced in future periods. In certain instances, the Corporation may provide a guarantee to a client that it will complete a project by a certain date. As such, the Corporation may incur additional costs should the project be managed ineffectively or should it subsequently fail to meet the scheduled completion date for any other reason. Projects that are not completed on schedule further reduce profitability. Staff must continue to work on them longer than anticipated; this may prevent them from pursuing and working on new or other projects. Projects that are over budget or not on schedule may also lead to client dissatisfaction and adversely impact the Corporation's reputation. A project's revenues could also be reduced should the Corporation be required to pay liquidated damages in connection with contractual penalty provisions. Such damages can be substantial and can accrue on a daily basis.

In addition, certain contract bidding frameworks are inherently stringent and inflexible, which limits the ability of a bidder or tenderer to negotiate certain contractual terms and conditions. This may happen in government contracts or in very large projects in which the Corporation plays a smaller role. These types of contracts could potentially expose the Corporation to significant additional risks or costs that could adversely affect the profitability of the Corporation's projects.

Revenues from Contracts with Government Agencies

The demand for the Corporation's services is affected by the level of government funding that is allocated for rebuilding, improving, and expanding infrastructure systems. The Corporation derives a significant portion of its revenues from governments or government-funded projects and expects to continue to do so in the future. Significant changes in the level of government funding (whether from traditional funding constraints), the short-term and long-term impacts of the COVID-19 pandemic (including future budgetary constraints and concerns regarding deficits), economic crisis, changing political priorities, changes in governments or delays in projects caused by election processes, may adversely affect the Corporation's business, prospects, financial condition and results of operations.

The success and further development of the Corporation's business depends, in part, on the continued funding of these government programs and on the Corporation's ability to participate in these programs. However, governments may not have available resources to fund these programs or may not fund these programs even if they have available financial resources.

Some of these government contracts are subject to renewal or extensions annually, and thus the Corporation cannot be assured of its continued work under these contracts in the future. Government agencies can typically terminate these contracts at their convenience or render the Corporation ineligible to contract with such government agencies in the future. The Corporation may incur costs in connection with the termination of these contracts and suffer a loss of business. In certain markets, contracts with government agencies are sometimes subject to substantial regulation and audit of the actual costs incurred. These audits can result in a determination that a rule or regulation has been violated or that adjustments are necessary to the amount of contract costs the Corporation believes are reimbursable by the agencies

and the amount of overhead costs allocated to the agencies. Consequently, there may be a downward adjustment to the Corporation's revenues if those costs that have been recognized exceed contractual entitlement to recover such costs. Most government contracts are awarded through a rigorous competitive process. This process may result in us facing significant additional pricing pressure and uncertainty and incurring additional costs. Moreover, we may not be awarded government contracts because of existing policies or requirements. Our inability to win new contracts or be awarded work under existing contracts could have a material adverse impact on our business, financial condition and results of operations.

Challenges Associated with Size

In recent years, the Corporation has significantly increased in size and as at December 31, 2020 had approximately 47,000 employees globally and expects to continue to pursue its growth strategy, including as a result of the Golder Acquisition which would add about 7,000 employees to the Corporation's workforce. The Corporation must effectively communicate, monitor and manage its culture, values, standards, internal controls and policies throughout the larger organization. The Corporation may not be able to achieve its strategic objectives if it does not overcome the challenges associated with managing cultural diversity and the particularities of local markets. Cultural differences in various countries may also present barriers to introducing new ideas or aligning WSP's vision and strategy throughout the organization. The size and scope of the Corporation's operations increase the possibility that it will have employees who engage in unlawful or fraudulent activity, or otherwise expose it to business or reputational risks, despite the Corporation's efforts to provide training and maintain controls to prevent such instances. If the Corporation cannot overcome these obstacles, it may not be able to achieve its growth and profitability objectives. In addition, from time to time, the Corporation has made, and may continue to make, changes to its operating model, including how it is organized, as the needs and size of its business change. If the Corporation does not successfully implement any such changes, its business and results of operation may be negatively impacted.

Availability and Retention of Qualified Professional Staff

There is strong competition for qualified technical and management personnel in the sectors in which the Corporation competes. The Corporation's success depends in part on its continued ability to attract and retain qualified and skilled engineers and other professional staff and to establish and execute an effective succession plan. Over the years, a significant shortage of engineers has developed in some markets which resulted in continued upward pressure on professional compensation packages. There can be no assurance that the Corporation will be able to attract, hire and retain sufficient qualified management personnel, engineers and other professional staff necessary to continue to maintain and grow its business. If the Corporation is unable to retain executives and other key personnel, the roles and responsibilities of those employees will need to be filled, which may require that the Corporation devote time and resources to identify, hire and integrate new employees. If the Corporation's succession plan fails to identify those individuals with high potential or to develop these key individuals, it may be unable to replace key members who retire or leave the Corporation and may be required to recruit and/or train new employees. The inability to attract, hire and retain sufficient numbers of qualified management personnel, engineers and other professional staff as well as to establish and execute an effective succession plan could limit the Corporation's ability to successfully complete existing projects and compete for new projects, which could adversely affect the Corporation's ability to sustain and increase revenues and its future results.

Growth by Acquisitions

Management believes that growth through acquisitions can provide certain benefits to the Corporation. A variety of factors may also adversely affect the anticipated benefits of an acquisition or prevent these from materializing or occurring within the time periods anticipated by the Corporation. Cultural differences among various countries in which the Corporation has acquired businesses may also present barriers to the success of the integration plan of the acquisitions completed by the Corporation. In connection with acquisitions made by the Corporation, there may also be liabilities and contingencies that the Corporation failed to discover or was unable to quantify in the due diligence conducted prior to closing of an acquisition and which could have a material adverse effect on the Corporation's business, financial condition or future prospects.

On December 3, 2020, the Corporation announced that it had entered into an arrangement agreement for the acquisition of all the issued and outstanding shares of Enterra Holdings Ltd., the holding company of Golder. The Golder Acquisition is subject to the satisfaction of customary closing conditions, most of which have been met. However, the Golder Acquisition remains subject to regulatory approvals and other conditions which may delay the closing of the Golder Acquisition beyond the Corporation's control or if not fulfilled, prevent the consummation of the Golder Acquisition. In addition, customers' uncertainty about the effect of the transaction may have an adverse impact on the ability to win customer contracts or could cause existing clients to seek to change existing business relationships. Any of the foregoing as well as the possible failure to realize anticipated benefits of the Golder Acquisition or to properly integrate Golder's business, the loss of certain key personnel of Golder or of the Corporation, and the possible failure to achieve the anticipated synergies could have a material adverse effect on our business, financial condition and results of operations.

Acquisition Integration and Management

Achievement of the benefits of acquisitions depends in part on successfully consolidating functions, integrating and leveraging operations, procedures, systems, and personnel in a timely and efficient manner, as well as the Corporation's ability to share knowledge and realize revenues, synergies and other growth opportunities from combining acquired businesses and operations with those of WSP. Failure by the Corporation to effectively integrate acquisitions, including the integration of personnel, culture, values, operations, standards, controls, procedures, policies and systems, including IT systems, could lead to: a failure to realize anticipated benefits of one or more acquisitions, including cost savings, synergies, business opportunities and growth opportunities; unanticipated operational problems, expenses, liabilities and claims; an increase in the risks to which the Corporation is subject. The successful integration of an acquired business is subject to the risk that personnel and professionals from the acquired business and the Corporation may not be able to work together successfully, which could affect the Corporation's operations. In particular, the Corporation may seek to require as a condition of its acquisitions that key personnel and professionals enter into employment agreements for specified post-acquisition periods and/or non-competition undertakings, however there are risks that such commitments will not be fulfilled or that the personnel and professionals subject to same or other personnel and professionals will not be successfully integrated as productive contributors to the Corporation's business. In addition, the successful integration of an acquired business is subject to the risk of the potential loss of key personnel of such acquired business.

Integration requires the dedication of substantial management effort, time and resources, which may divert Management's focus and resources from other strategic opportunities and from operational matters during the process. The acquisition integration process may also result in the disruption of ongoing business, customer, employee and other relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of a given acquisition, including the ability to realize the anticipated synergies from combining the acquired business into WSP. In particular, major clients of the acquired businesses may not be retained following the acquisition of such businesses. The Corporation may not ever realize the full benefits of an acquisition, including the synergies, cost savings, or sales or growth opportunities.

There is no assurance that the Corporation will be able to successfully integrate past acquisitions. Each year, the Corporation incurs acquisition-related integration costs which may be material.

In addition, the overall integration may result in unanticipated operational problems, including the Corporation's own operational, financial and management systems which may be incompatible with or inadequate to effectively integrate and manage the acquired businesses.

Controls and Disclosure

Inherent limitations to the Corporation's internal or disclosure controls could result in a material misstatement of financial information, which could cause the Corporation to incur incremental compliance costs, fail to meet its public reporting requirements or require it to restate its financial statements. The Corporation maintains accounting systems and internal controls over its financial reporting and disclosure controls and procedures. There are inherent limitations to any control framework, as controls can be circumvented by acts of individuals, intentional or not, by collusion of two or more individuals, by management override of controls, by lapses in judgment and breakdowns

resulting from human error. There are no systems or controls that can provide absolute assurance that all fraud, errors, circumvention of controls or omission of disclosure can and will be prevented or detected. Such fraud, errors, circumvention of controls or omission of disclosure could result in a material misstatement of financial information. Also, projections of any evaluation of the effectiveness of controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Inadequate controls could also result in fraud and inappropriate decision-making based on non-current internal financial information. Inadequate internal or disclosure controls may also have a material adverse impact on the assets, liabilities, revenues, expenses, and reputation of the Corporation.

Risk related to Current or Future Legal Proceedings

The Corporation is threatened from time to time with, or named as a defendant in, or may become subject to, various legal proceedings in the ordinary course of conducting its business, including lawsuits based upon professional errors and omissions, lawsuits related to the general business historically carried on by its predecessors and lawsuits related to employees' or former employees' failure to comply with laws and regulations. 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 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 by making payments to private security firms with knowledge that those firms were affiliated with the Taliban. Although the Corporation believes at this preliminary stage of the proceedings that LB has a strong defense to offer, it cannot predict the outcome of this suit, potential losses or the impact on its reputation.

The Corporation also issues reports and opinions to clients based on its professional engineering expertise, as well as its other professional credentials in compliance with applicable laws, regulations and professional standards. The Corporation could be liable to third parties who use or rely upon such reports or opinions even if the Corporation is not contractually bound to those third parties.

Defending lawsuits of this nature or arising out of any of the services provided by the Corporation could require substantial attention from Management, necessitate financial resources to defend such claims and/or result in significant attorney fees, damage awards and the imposition of significant fines, penalties or injunctive relief for which the Corporation may not be fully insured and which could harm its reputation, thereby affecting its ability to bid on and/or obtain future projects and retain qualified employees. Even if the Corporation is successful or if it is fully indemnified or insured, such lawsuits could damage the Corporation's reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. In addition, the institution of proceedings against the Corporation may have to be immediately accounted for in the results of the Corporation and may have a material adverse impact on the assets, liabilities, revenues and/or goodwill of the Corporation, the magnitude of which the Corporation may not predict.

Reputational Risk

To remain competitive, the Corporation depends to a large extent on its relationships with its clients and its reputation for high-quality professional services and as a professional services firm that complies with the highest ethical standards. This positive reputation plays an important role in the Corporation's long-term success and is crucial for it to continue to compete effectively and maintain its goodwill. The failure of the Corporation to meet its clients' expectations in the course of a project, including the possibility of a catastrophic failure or incident affecting such a project, could have a negative impact on how it is perceived in the market. The Corporation has already made specific disclosures about investigations, allegations and findings of inappropriate conduct with respect to some of its activities, directors, officers and employees. Further, the Corporation's failure to comply with applicable laws, regulations or generally recognized and accepted guidelines on corporate, environmental, social and governance responsibilities, failure to adequately report on or meet its environmental, social and governance objectives, or commitment of any acts of misconduct or corruption, illegal political contributions, alleged or proven non-compliance with laws or regulations, anti-competitive or criminal acts or other ethics-related acts or omissions by its officers, directors, employees, contractors, agents, third party suppliers and/or partners could negatively impact the Corporation's reputation. Harm to the Corporation's reputation could also arise from a number of other factors, including questions surrounding

competence, actual or alleged quality, timing or performance issues on its projects, a poor health and safety record or the accuracy and quality of financial reporting and public disclosure. Any negative publicity about, or significant damage to, the Corporation's reputation and image could have an adverse impact on client, employee and investor perception and confidence and may result in the cancellation of current projects and adversely impact its ability to obtain future projects, affect the Corporation's ability to attract or retain qualified personnel, or negatively impact the Corporation's relationship with its investors and potential investors, all of which could materially and adversely affects its revenues and profitability. Also, the pervasiveness and viral nature of social media could exacerbate any negative publicity with respect to the Corporation's business.

Extreme Weather Conditions and the Impact of Natural or Other Disasters

The Corporation's field activities are generally performed outdoors and include professional surveying, resident engineering services, field data surveys and collection, archeology, geotechnical investigations and exploratory drilling, construction oversight and inspection, plant start-up and testing and plant operations. Extreme weather conditions or natural or other disasters, such as earthquakes, fires, floods, epidemics or pandemics and similar events, may cause postponements in the initiation and/or completion of the Corporation's field activities and may hinder the ability of its employees to perform their duties, which may result in delays or loss of revenues that otherwise would be recognized while certain costs continue to be incurred. Extreme weather conditions or disasters may also delay or eliminate the start and/or completion of various phases of work relating to other services that commence concurrently with or subsequent to field activities. Any delay in the completion of the Corporation's services may require the Corporation to incur additional non-compensable costs, including overtime work, that are necessary to meet clients' schedules. Due to various factors, a delay in the commencement or completion of a project may also result in penalties or sanctions under contracts or even the cancellation of contracts that could materially and adversely affect the Corporation's revenues and profitability.

Increased Awareness of Environmental Factors

As part of increasing awareness of global climate change, some experts have suggested that companies involved in industries that may impact the environment through their projects may be subject to litigation from governments, shareholders or environmental activists. The cancellation of major projects contracted by the Corporation due to environmental concerns or significant environmental litigation impacting key clients could materially affect the Corporation's financial condition, reputation and results of operations. An inadequate approach by the Corporation to managing energy consumption, greenhouse gas (GHG) emissions, climate-related risks and opportunities, water consumption, waste generation and environmental compliance could also adversely impact the Corporation.

Growing concerns about climate change may result in the imposition of additional environmental regulations. Legislation, international protocols, regulation or other restrictions on emissions could result in increased compliance costs for the Corporation and its clients and have other impacts on clients involved in certain market sectors. Such policy changes could increase the costs of projects for the Corporation's clients or, in some cases, prevent a project from going forward, thereby potentially reducing the need for the Corporation's services, which could in turn have a material adverse impact on the Corporation's business, financial condition and results of operations. However, these changes could also increase the pace of projects that could have a positive impact on the Corporation's business. The Corporation cannot predict when or whether any of these various proposals may be enacted or what their effect will be on it or on its customers.

Adequate Utilization of Workforce

The cost of providing its services, including the extent to which the Corporation utilizes its workforce, affects its profitability. The rate at which the Corporation utilizes its workforce is affected by a number of factors, including:

- its ability to transition employees from completed projects to new assignments and to hire and integrate new employees;
- its ability to forecast demand for its services and thereby maintain an appropriate headcount in each of its geographies;
- its ability to manage attrition;

- its need to devote time and resources to training, business development, professional development, and other non-chargeable activities; and
- its ability to match the skill sets of its employees to the needs of the marketplace.

If the Corporation over-utilizes its workforce, its employees may become disengaged, which could impact employee attrition. In addition, such over-utilization could negatively impact safety and project execution, which could result in a decline in future profitability. If the Corporation under-utilizes its workforce, its profit margin and profitability could suffer.

Work Stoppage and Labour Disputes

As at December 31, 2020, employees predominantly in the Nordics, Brazil and Continental Europe, representing less than 14% of the Corporation's total employees and the vast majority of the Corporation's unionized employees, were covered by collective bargaining agreements. Although the Corporation believes that it has good relations with its employees, the Corporation has in the past experienced labour disputes with its employees and could experience such conflicts in the future which could lead to strikes, loss of productivity, project interruptions, financial losses or damages to the Corporation's reputation as an employer of choice. A lengthy strike or other work stoppages, caused by or involving unionized or non-unionized employees, in connection with any of the Corporation's projects could have a material adverse effect on the Corporation.

Joint Arrangements

As part of its business strategy, the Corporation may enter into certain contracts through joint arrangements such as joint ventures, partnerships or other strategic alliances. The success of the Corporation's joint arrangements depends, in part, on the satisfactory performance by its partners of their respective obligations. The failure or unwillingness of any partner in a joint arrangement to perform its obligations could impose financial and performance obligations on the Corporation that could result in increased costs and adversely affect the Corporation's reputation. If these circumstances occur, the Corporation may be required to pay financial penalties or liquidated damages, provide additional services, or make additional investments to ensure adequate performance and delivery of the contracted services. Under agreements with joint and several (or solidary) liabilities, the Corporation could be liable for both its own obligations and those of its partners.

Reliance on Suppliers and Subconsultants

The Corporation engages with a large number of third-party suppliers and subconsultants. The proper and profitable completion of some contracts depends to a large extent on the satisfactory performance of the subconsultants that complete different elements of work. If these subconsultants do not perform to acceptable standards or fail to deliver on timely basis, the Corporation may be required to hire other subconsultants in order to complete the tasks or the Corporation's ability to fulfill its obligations as prime contractor may be jeopardize, which may add additional costs to a contract, may impact profitability on a specific job and in certain circumstances may lead to significant losses. The failure of any such third party, supplier or subconsultant to deliver on their contractual commitments could have an adverse effect on the Corporation's business, reputation, prospects, financial condition and results of operations.

Economic Environment

Global and local capital and credit markets and global and local economies may experience significant uncertainty, characterized by the bankruptcy, failure, collapse or sale of one or more sectors, including financial institutions, and a considerable level of intervention from governments and international organizations around the world. Economic conditions in any of the markets in which the Corporation operates may be weak and may remain weak or become weaker in the future. Although economic growth may be rebounding in some regions of the world, many markets remain fragile and could again enter periods of negative economic growth, including as a result of the COVID-19 pandemic. In addition, many governments used, or continue to use, significant levels of fiscal stimulus in an attempt to avoid recessions and now have significant and growing debts and deficits that may require actions such as spending

cuts and higher taxes. These conditions may impact demand for the Corporation's services by public and private entities. Demand for the Corporation's services may also be vulnerable to reductions in private industry spending resulting from sudden economic downturns or changes in commodity prices such as oil, natural gas or metals, which may result in clients delaying, curtailing or cancelling proposed and existing projects. Any of these conditions may adversely affect the demand for the Corporation's services, which may negatively affect its business, financial condition and results of operations.

In addition, interest rate fluctuations, financial market volatility or credit market disruptions may limit the Corporation's access to capital and may also negatively affect the ability of the Corporation's customers to obtain credit to finance their businesses on acceptable terms. If the operating and financial performance of the Corporation's customers deteriorates or if they are unable to make scheduled payments or obtain credit, the Corporation's customers may not be able to pay the Corporation. Any inability of customers to pay the Corporation for its services may adversely affect its backlog, earnings and cash flows.

Lastly, rising inflation, interest rates and construction costs could reduce the demand for the Corporation's services in the markets in which it operates or may operate in the future. The Corporation also generally bears the risk of rising inflation in connection with fixed-price contracts. In addition, if the Corporation expands its business into markets or geographic areas in which fixed-price work is more prevalent, inflation may have a larger impact on the Corporation's results of operations.

Changes to Regulations

A portion of the Corporation's professional services business is generated directly or indirectly as a result of laws and regulations. Changes in such regulations could affect the Corporation's business more significantly than they would affect other professional services firms. Accordingly, changes to the number or scope of these laws and regulations could significantly reduce the size of its market sector in such market.

Insurance Limits

The Corporation maintains insurance coverage for various aspects of its business and operations. The Corporation's insurance programs have varying coverage limits as well as exclusions for certain matters. In addition, the Corporation elected to retain a portion of losses that may occur through the use of various retentions and limits under these programs. As a result, the Corporation may be subject to future liability for which it is only partially insured, or completely uninsured. Although the Corporation believes that its insurance program addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to retentions, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the Corporation's assets or operations.

Changes to Backlog

The Corporation cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. Projects may remain in the backlog for an extended period of time. In addition, project delays, suspensions, terminations, cancellations, reductions in scope or other adjustments do occur from time to time in the Corporation's industry due to considerations beyond its control and may have a material impact on the value of reported backlog with a corresponding adverse impact on future revenues and profitability. Future project cancellations and scope adjustments could further reduce the dollar amount of the backlog and the revenues that the Corporation actually receives.

In addition, most of the Corporation's contracts contain "termination for convenience" or termination upon short notice provisions, which permit the client to terminate or cancel the contract at its convenience upon providing the Corporation with notice of a specified period of time before the termination date or paying the Corporation equitable compensation or both, depending on the specific contract terms. In the event a significant number of the Corporation's

clients were to avail themselves of such "termination for convenience" provisions, or if one or more significant contracts were terminated for convenience, the Corporation's reported backlog would be adversely affected with a corresponding adverse impact on expected future revenues and profitability. Although the Corporation's revenues do not materially depend on any specific client, there can be no assurance that the Corporation will be able to retain its relationships with its largest clients.

If a significant backlog adjustment occurs, the Corporation could incur costs resulting from reductions in staff that would have the effect of reducing its net earnings.

RISKS RELATED TO THE CORPORATION'S LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Deterioration of Financial Position or Net Cash Position

The Corporation relies both on its cash position as well as on the bank, credit and capital markets to provide a portion of its capital requirements and it is, in certain instances, required to obtain bank guarantees as a means to secure its various contractual obligations. Significant instability or disruptions of the capital markets, including the credit markets, or a deterioration in or weakening of its financial position, including its net cash position, due to internal or external factors, could restrict or prohibit the Corporation's access to, or significantly increase the cost of one or more of these financing sources, including credit facilities, the issuance of long-term debt, or the availability of letters of credit to guarantee its contractual and project obligations.

There can be no assurance that the Corporation will maintain an adequate net cash position and generate sufficient cash flow from operations in a sufficient amount to enable itself to fund its operations and liquidity needs, service its debt and/or maintain its ability to obtain and secure bank guarantees.

A draw on letters of credit or bank guarantees by one or more third parties could, among other things, significantly reduce the Corporation's cash position and have a material adverse effect on its business and results of operations.

Working Capital Requirements

The Corporation may have significant working capital requirements, which if unfunded could negatively impact its business, financial condition and cash flows. In some cases, the Corporation may require significant working capital to finance the performance of engineering and other work on certain projects before it receives payment from clients. In some cases, the Corporation is contractually obligated to its clients to fund working capital on projects. Increases in working capital requirements could negatively impact the Corporation's business, financial condition and cash flows.

Further significant deterioration of the current global economic and credit market environment could challenge the Corporation's efforts to maintain a diversified asset allocation with credit worthy financial institutions.

In addition, the Corporation may invest some of its cash in longer-term investment opportunities, including the acquisition of other entities or operations, the reduction of certain liabilities such as unfunded pension liabilities and/or repurchases of the Corporation's outstanding shares. To the extent the Corporation uses cash for such other purposes, the amount of cash available for the working capital needs described above would be reduced.

Accounts Receivable

As is common in the professional services industry, the Corporation carries a high level of accounts receivable on its balance sheet. This value is spread amongst numerous contracts and clients. While the Corporation performs regular reviews of accounts receivable to identify clients with overdue payments and resolve issues causing any delays, including issues relating to the financial capacity of the clients, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all. The non-payment of accounts receivable may have an adverse impact on the Corporation's financial condition and profitability.

The Corporation's credit risk is principally attributable to its trade receivables. The amounts presented in the balance sheet are net of expected credit losses, estimated by the Corporation's Management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. Generally, although credit is extended following an evaluation of creditworthiness, the Corporation does not require collateral or other security from customers for trade accounts receivable. Large uncollectible accounts receivable balances could have a material adverse effect on the Corporation's financial condition.

Increased Indebtedness and Raising Capital

The Corporation may draw on its credit facilities to fund its activities, including acquisitions it may complete from time to time. Depending on the level of indebtedness drawn on its credit facilities, the Corporation could be required to dedicate an important part of its cash flow to making interest and capital payments on its indebtedness, which could have other important consequences for investors, including the following:

- it may limit the Corporation's ability to make investments that are important to its growth and strategies while meeting its other cash needs or obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- certain of the Corporation's borrowings are at variable interest rates and expose the Corporation to the risk of increased interest rates;
- it may limit the Corporation's ability to adjust to changing market conditions and place the Corporation at a competitive disadvantage compared to its competitors that have less debt;
- the Corporation may not be able to pay dividends on its shares; and
- the Corporation may be vulnerable in a downturn in general economic conditions.

Under the terms of its credit facility, the Corporation is permitted to incur additional debt in certain circumstances. However, doing so could increase the risks described above. Under its 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 earnings before adjusted EBITDA and the interest coverage ratios, which are non-IFRS measures. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facility.

If the Corporation is unable to obtain capital on acceptable terms in order to fund its growth strategy, the Corporation may be required to reduce the scope of its anticipated expansion, which may negatively affect its business strategy, future competitiveness and results of operations. Using internally generated cash or taking on debt to complete acquisitions could substantially limit the Corporation's operational and financial flexibility. The extent to which the Corporation will be able or willing to use its shares for acquisitions will depend on the market value of its shares from time to time and the willingness of potential sellers to accept its shares as full or partial consideration. The Corporation may also be required to incur additional debt if it acquires another business, which could increase its debt repayment obligations and have a negative impact on future liquidity and profitability.

In addition, the Corporation may also be required to raise additional capital in the public or private markets to support its strategy and operational needs in the future. The availability of future financing will depend on prevailing market conditions, and the acceptability of financing terms offered. There can be no assurance that future financing will be available, or available on acceptable terms, in an amount sufficient to fund its needs, especially during periods of economic downturn.

Impairment of Long-Lived Assets

Because the Corporation has grown in part through acquisitions, goodwill and intangible assets represent a substantial portion of the Corporation's assets. As at December 31, 2020, the Corporation had $3.7 billion of goodwill, representing 42% of its total assets of $8.8 billion. Under IFRS, the Corporation is required to test goodwill and indefinite-lived intangible assets carried in its consolidated statement of financial position for possible impairment on an annual basis; the Corporation uses a fair value approach. The Corporation has chosen to perform its annual impairment review of goodwill on the first day of the Corporation's fourth quarter of its fiscal year. The Corporation is also required to test long-lived assets for impairment between annual tests if events occur or circumstances change that would more likely

than not reduce the fair value of a Cash Generating Unit ("CGU") below its book value, which would mean the value of the acquired assets has fallen below what the Corporation generally paid for them. These events or circumstances could include a significant change in the business climate, including a significant sustained decline in a CGU’s market value, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of its business, potential government actions toward its facilities, and other factors. If the recoverable amount of a CGU is less than its carrying value, the Corporation could be required to record an impairment charge. The amount of any impairment could be significant and could have a material adverse impact on the Corporation’s financial condition and results of operations for the period in which the charge is taken.

Foreign Currency Exposure

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates, and where a change in exchange rates would have a direct impact on net earnings of the Corporation. The Corporation operates internationally which significantly increases its exposure to the foreign currency risk arising from its operating activities denominated in various currencies including US dollars, pounds sterling, Swedish kronas and Australian dollars and to its net assets in foreign operations. A significant portion of the Corporation’s earnings and net assets is denominated in multiple foreign currencies, including US dollar, pound sterling, Swedish krona and Australian dollars. Accordingly, fluctuations in exchange rates between the Canadian dollar and such currencies may have an adverse effect on the Corporation’s results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

Future payments or distributions payable in a foreign currency carry the risk that the foreign currency will depreciate in value before the foreign currency payment is received and is exchanged into the Corporation’s functional currency. In situations where revenues and costs are transacted in different currencies, the Corporation sometimes enters into foreign exchange contracts in order to limit its exposure to fluctuating foreign currencies. Although the Corporation does not currently have an exchange rate risk policy that would materially affect its results of operations, it is still subject to foreign currency risk.

Income Taxes

The Corporation is subject to income taxes in various foreign jurisdictions. The tax legislation, regulation and interpretation that apply to its operations are continually changing. In addition, deferred income tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which the Corporation operates. Significant judgment is required in determining required provision for income taxes and Management uses accounting and fiscal principles to determine income tax positions that it believes are likely to be sustained by applicable tax authorities. However, there is no assurance that the Corporation's tax benefits or tax liability will not materially differ from its estimates or expectations. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Corporation is regularly under audit by tax authorities. It is these tax authorities that will make the final determination of the actual amounts of taxes payable or receivable, of any deferred income tax benefits or liabilities and of income tax expense that the Corporation may ultimately recognize. Although Management believes that its income tax estimates and tax positions are reasonable, they could be materially affected by many factors including the final outcome of tax audits and related litigation, the introduction of new income tax accounting standards, legislation, regulations, and related interpretations, the Corporation’s global mix of earnings, the realizability of deferred income tax assets and changes in uncertain tax positions. Any of the above factors could have a material adverse effect on the Corporation's net income or cash flows by affecting its operations and profitability, the availability of tax credits, the cost of the services it provides, and the availability of deductions for operating losses as the Corporation grows its business. An increase or decrease in the Corporation’s effective income tax rate could have a material adverse impact on its financial condition and results of operations.

Underfunded Defined Benefits Obligations

The Corporation may be required to contribute additional cash to meet any underfunded benefit obligations associated with retirement and post-retirement employee benefit plans managed by the Corporation. Such contributions are generally determined by calculating the projected benefit obligations of a plan, minus the fair value of such plan assets. In the future, the Corporation's benefit plan obligations may increase or decrease depending on, among other things, changes in life expectancy, interest rates and asset performance. If the Corporation is required to contribute a significant amount to cover deficit under underfunded benefit plans, the Corporation's cash flows may be materially and adversely affected.

Changing economic conditions and demographics may result in significant increases in the Corporation's funding obligations thereby reducing the availability of such funds for other corporate purposes, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

RISKS RELATED TO THE SHARES OF THE CORPORATION

Potential Dilution and Other Impacts on Share Price

The Corporation's articles permit the issuance of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. In order to successfully complete targeted acquisitions or to fund its other activities, the Corporation may issue additional equity securities that could dilute share ownership. The dilutive effect of these issuances may adversely affect the Corporation's ability to obtain additional capital or impair the Corporation's share price. In addition, the Corporation is subject to a number of risks and uncertainties, including those described in this section 20, "Risk Factors", which if they were to materialize, could cause a decline in the price of the Corporation's publicly traded shares.

RISKS RELATED TO FORWARD-LOOKING STATEMENTS

The forward-looking statements included in this MD&A relating to, among other things, the Corporation's future results, performance, achievements, prospects, targets, intentions or opportunities or the markets in which the Corporation operates and the other statements listed in "Forward-Looking Statements", are based on opinions, assumptions and estimates made by Management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Corporation believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. The Corporation's actual results in the future may vary significantly from the historical and estimated results and those variations may be material. The Corporation makes no representation that its actual results in the future will be the same, in whole or in part, as those included in this MD&A. See section 19, "Forward-Looking Statements".

21 ADDITIONAL INFORMATION

Additional information regarding the Corporation is available on our Website at www.wsp.com and on SEDAR at www.sedar.com. The Corporation's Annual Information Form for the year ended December 31, 2019 is available on these websites.

The common shares of the Corporation are traded on the Toronto Stock Exchange under the symbol "WSP". As at December 31, 2020, the Corporation had 113,534,451 common shares outstanding. As at February 23, 2021, the Corporation had 113,757,398 common shares outstanding.

The Corporation has no other shares outstanding.

22 GLOSSARY OF NON-IFRS MEASURES AND SEGMENT REPORTING MEASURES

Net revenues and net revenues by segment

Net revenues and net revenues by segment are defined as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from clients.

Net revenues is a non-IFRS measure and net revenues by segment is a segment reporting measure, both without a standardized definition within IFRS. Therefore, net revenues and net revenues by segment may not be comparable to similar measures presented by other issuers.

Management analyzes the Corporation's financial performance in relation to fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of the performance of the professional consulting services business. Refer to section 8, "Financial Review", for reconciliations of revenues to net revenues.

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA is defined as earnings before net financing expense (except interest income), income tax expense, depreciation, amortization, impairment charges and reversals thereof, share of income tax expense and depreciation of associates and acquisition, integration and restructuring costs. Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of net revenues.

Adjusted EBITDA and adjusted EBITDA margin are non-IFRS measures without standardized definitions within IFRS. The Corporation’s definition of adjusted EBITDA may differ from other issuers and, accordingly, these measures may not be comparable to similar measures used by other issuers.

Management analyzes the Corporation’s financial performance in relation to adjusted EBITDA as it believes this metric allows comparability of operating results from one period to another. These measures exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the results of day-to-day operations. Refer to section 8.3, "Adjusted EBITDA", for reconciliations of earnings before net financing expense and income taxes to adjusted EBITDA.

Adjusted EBITDA by segment and adjusted EBITDA margin by segment

Adjusted EBITDA by segment is defined as adjusted EBITDA excluding head office corporate costs. Head office corporate costs are expenses and salaries related to centralized functions, such as head office finance, human resources and technology teams, which are not allocated to reportable segments. Adjusted EBITDA margin by segment is defined as adjusted EBITDA before head office corporate costs expressed as a percentage of net revenues.

These are segment reporting measures without standardized definitions within IFRS. Other issuers may define adjusted EBITDA by segment differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

This metric provides Management with comparability from one reportable segment to another. Refer to section 8.3, "Adjusted EBITDA", for reconciliations of adjusted EBITDA to adjusted EBITDA by segment and of earnings before net financing expense and income taxes to adjusted EBITDA.

Adjusted net earnings and adjusted net earnings per share

Management has amended its definition of adjusted net earnings, effective January 1, 2020. The comparative period results have been restated to apply the current definition.

Adjusted net earnings is defined as net earnings attributable to shareholders excluding:

- acquisition, integration and restructuring costs;
- gains or losses on investments in securities related to deferred compensation obligations, included in other financial assets;
- unrealized gains or losses on derivative financial instruments; and
- the income tax effects related to the above-mentioned items.

Adjusted net earnings per share is calculated using the basic weighted average number of shares.

Adjusted net earnings and adjusted net earnings per share are non-IFRS measures without standardized definitions within IFRS. Other issuers may define adjusted net earnings differently and, accordingly, these measures may not be comparable to similar measures used by other issuers.

The exclusion of acquisition, integration and restructuring costs provides a comparative measure of the Corporation's performance in a context of significant business combinations, in which the Corporation may incur significant acquisition, integration and restructuring costs. In addition, 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 other financial assets in the Corporation's statement of financial position. These 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 and are therefore not considered actuarial gains and losses recorded through other comprehensive income, and instead are recorded in financing expense. Finally, unrealized gains or losses on derivative financial instruments relate to future transactions and therefore are not comparable when included in the current period results.

Management believes these items should be excluded in understanding the underlying operational financial performance achieved by the Corporation. Refer to section 8.8, "Adjusted net earnings", for reconciliations of net earnings attributable to shareholders to adjusted net earnings.

Backlog

Backlog represents future revenues stemming from existing signed contracts to be completed. Backlog is a non-IFRS measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Free cash flow

Free cash flow (or outflow) is defined as cash flows from operating activities, plus discretionary cash generated by the Corporation from other activities (if any), less lease payments and net capital expenditures.

Free cash flow is a non-IFRS measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Free cash flow provides a consistent and comparable measure of discretionary cash generated by, and available to, the Corporation to service debt, meet other payment obligations and make strategic investments. Refer to section 9.1, "Operating activities and free cash flow", for reconciliations of free cash flow to cash flows from operating activities.

Days sales outstanding ("DSO")

DSO represents the average number of days to convert the Corporation's trade receivables (net of sales taxes) and costs and anticipated profits in excess of billings into cash, net of billings in excess of costs and anticipated profits. DSO is a non-IFRS measure without a standardized definition within IFRS. Other issuers may define a similar measure differently and, accordingly, this measure may not be comparable to similar measures used by other issuers.

Net debt to adjusted EBITDA ratio

Net debt to adjusted EBITDA ratio is a non-IFRS measure without a standardized definition within IFRS. Net debt is defined as long-term debt and other financial liabilities, including current portions but excluding lease liabilities, and net of cash.

The Corporation uses this ratio as a measure of financial leverage and it is calculated using our trailing twelve month adjusted EBITDA. Refer to section 9.4 "Net debt", for a calculation of net debt.

Consolidated Financial Statements

For the year ended December 31, 2020

ABOUT US

As one of the world's leading professional services firms, WSP provides engineering and design services to clients in the Transportation & Infrastructure, Property & Buildings, Environment, Power & Energy, Resources and Industry sectors, as well as offering strategic advisory services. WSP's global experts include engineers, advisors, technicians, scientists, architects, planners, surveyors and environmental specialists, as well as other design, program and construction 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, 2020 and 2019, 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 then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to 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, 2020. 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 matter	How our audit addressed the key audit matter
Revenue recognition – Estimated costs on cost-plus contracts with ceilings and on 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, 2020, approximately 70% of the Corporation's total revenues of $8,803.9 million were generated from cost-plus contracts with ceilings and from 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 billing 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 the effectiveness of controls over the determination of estimated costs, when applicable. • 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 matter	How our audit addressed the key audit matter
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.

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
February 24, 2021

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

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

For the years ended December 31	2020	2019
	$	$
Revenues (note 7)	**8,803.9**	**8,916.1**
Personnel costs	5,221.8	5,177.2
Subconsultants and direct costs	1,944.8	2,029.8
Other operational costs	606.1	703.3
Depreciation of right-of-use assets (note 17)	268.3	241.7
Amortization of intangible assets (note 19)	104.7	110.7
Depreciation of property and equipment (note 18)	103.3	101.0
Impairment of property & equipment and goodwill (notes 18 and 20)	—	29.0
Acquisition, integration and restructuring costs (note 10)	103.4	54.2
Exchange loss (gain)	10.3	(6.3)
Share of income of associates and joint ventures, net of tax	(18.2)	(12.3)
Earnings before net financing expense and income taxes	**459.4**	**487.8**
Net financing expense (note 11)	73.5	102.0
Earnings before income taxes	**385.9**	**385.8**
Income tax expense (note 12)	108.5	100.1
Net earnings	**277.4**	**285.7**
Net earnings attributable to:		
Shareholders of WSP Global Inc.	276.0	286.5
Non-controlling interests	1.4	(0.8)
	277.4	**285.7**
Basic net earnings per share attributable to shareholders	2.51	2.72
Diluted net earnings per share attributable to shareholders	2.50	2.71
Basic weighted average number of shares	110,020,798	105,235,267
Diluted weighted average number of shares	110,263,100	105,613,623

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)

For the years ended December 31	2020	2019
	$	$
Net earnings	277.4	285.7
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net earnings		
Currency translation adjustments	25.8	(179.1)
Translation adjustments on financial instruments designated as net investment hedge	(6.2)	61.3
Income tax recovery	1.1	1.6
Items that will not be reclassified to net earnings		
Actuarial loss on pension schemes	(30.4)	(39.1)
Exchange differences	(1.0)	1.1
Income tax recovery	6.8	8.5
Total comprehensive income for the period	**273.5**	**140.0**
Comprehensive income (loss) attributable to:		
Shareholders of WSP Global Inc.	272.1	140.8
Non-controlling interests	1.4	(0.8)
	273.5	**140.0**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)

As at December 31	2020	2019
	$	$
Assets		
Current assets		
Cash and cash equivalents (note 28)	437.1	255.6
Trade receivables and other receivables (note 14)	1,598.8	1,767.8
Cost and anticipated profits in excess of billings (note 15)	950.5	995.7
Other financial assets (note 16)	118.1	114.5
Prepaid expenses	168.7	104.2
Income taxes receivable	27.5	18.8
	3,300.7	3,256.6
Non-current assets		
Right-of-use assets (note 17)	894.3	913.4
Property and equipment (note 18)	314.9	347.7
Intangible assets (note 19)	275.5	355.4
Goodwill (note 20)	3,731.9	3,568.8
Deferred income tax assets (note 12)	169.2	145.8
Other assets (note 21)	150.9	88.4
	5,536.7	5,419.5
Total assets	**8,837.4**	**8,676.1**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 22)	1,718.2	1,650.7
Billings in excess of costs and anticipated profits (note 15)	708.5	629.0
Income taxes payable	119.1	125.3
Provisions (note 23)	71.4	71.8
Dividends payable to shareholders (note 27)	42.5	39.7
Current portion of lease liabilities (note 17)	233.1	211.7
Current portion of long-term debt (note 24)	296.9	307.8
	3,189.7	3,036.0
Non-current liabilities		
Long-term debt (note 24)	277.3	1,091.9
Lease liabilities (note 17)	785.3	838.9
Provisions (note 23)	180.9	72.8
Retirement benefit obligations (note 9)	232.4	213.4
Deferred income tax liabilities (note 12)	90.4	91.2
	1,566.3	2,308.2
Total liabilities	**4,756.0**	**5,344.2**
Equity		
Equity attributable to shareholders of WSP Global Inc.	4,080.4	3,330.8
Non-controlling interests	1.0	1.1
Total equity	**4,081.4**	**3,331.9**
Total liabilities and equity	**8,837.4**	**8,676.1**

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	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 (note 25)	563.2	—	—	—	563.2	—	563.2
Common shares issued under the DRIP (note 25)	76.1	—	—	—	76.1	—	76.1
Exercise of stock options (note 25)	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.

(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, 2019	**2,656.5**	**204.9**	**181.3**	**216.3**	**3,259.0**	**0.7**	**3,259.7**
Comprehensive income							
Net earnings	—	—	286.5	—	286.5	(0.8)	285.7
Actuarial loss on pension schemes, net of tax	—	—	—	(29.5)	(29.5)	—	(29.5)
Currency translation adjustments, net of tax	—	—	—	(160.3)	(160.3)	—	(160.3)
Net investment hedge, net of tax	—	—	—	44.1	44.1	—	44.1
Total comprehensive income	**—**	**—**	**286.5**	**(145.7)**	**140.8**	**(0.8)**	**140.0**
Common shares issued under the DRIP (note 25)	79.9	—	—	—	79.9	—	79.9
Exercise of stock options (note 25)	15.8	(2.5)	—	—	13.3	—	13.3
Stock-based compensation expense	—	2.2	—	—	2.2	—	2.2
Declared dividends to shareholders of WSP Global Inc.	—	—	(158.0)	—	(158.0)	—	(158.0)
Non-controlling interests on acquisition of subsidiary	—	—	—	—	—	1.0	1.0
Dividends to non-controlling interests	—	—	—	—	—	(6.2)	(6.2)
Purchase of non-controlling interests	—	—	(6.4)	—	(6.4)	6.4	—
	95.7	**(0.3)**	**(164.4)**	**—**	**(69.0)**	**1.2**	**(67.8)**
Balance - December 31, 2019	**2,752.2**	**204.6**	**303.4**	**70.6**	**3,330.8**	**1.1**	**3,331.9**

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

(in millions of Canadian dollars)

For the years ended December 31	2020	2019
	$	$
Operating activities		
Net earnings	277.4	285.7
Adjustments (note 28)	416.7	435.4
Net financing expense (note 11)	73.5	102.0
Income tax expense (note 12)	108.5	100.1
Income taxes paid	(104.5)	(79.8)
Change in non-cash working capital items (note 28)	353.5	(29.1)
Cash inflows from operating activities	**1,125.1**	**814.3**
Financing activities		
Net repayment of long-term debt	(857.1)	(96.6)
Issuance of common shares, net of issuance costs (note 25)	550.8	13.3
Lease payments	(301.3)	(260.7)
Net financing expenses paid, excluding interest on lease liabilities	(49.8)	(69.0)
Dividends paid to shareholders of WSP Global Inc.	(88.3)	(77.6)
Dividends paid to a non-controlling interest	(0.6)	(6.2)
Cash outflows from financing activities	**(746.3)**	**(496.8)**
Investing activities		
Net disbursements related to business acquisitions	(124.4)	(220.9)
Additions to property and equipment, excluding business acquisitions	(72.1)	(122.4)
Additions to identifiable intangible assets, excluding business acquisitions	(21.0)	(26.6)
Dividends received from associates	19.4	10.8
Net proceeds from disposal of businesses	8.2	—
Proceeds from disposal of property and equipment	4.6	11.7
Lease incentives received	—	25.3
Cash outflows from investing activities	**(185.3)**	**(322.1)**
Effect of exchange rate change on cash and cash equivalents	3.9	(12.0)
Change in net cash and cash equivalents	**197.4**	**(16.6)**
Cash and cash equivalents, net of bank overdraft – beginning of year	237.3	253.9
Cash and cash equivalents, net of bank overdraft - end of the year (note 28)	**434.7**	**237.3**

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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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, environment, resources (including mining and oil and gas), energy 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 February 24, 2021.

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.

2020		2019	
Entity	**Country of incorporation**	**Entity**	**Country of incorporation**
WSP USA Inc.	US	WSP USA Inc.	US
WSP UK Ltd	UK	WSP USA Buildings Inc.	US
WSP Sverige AB	Sweden	WSP USA Services Inc	US
WSP Canada Inc	Canada	WSP Michigan Inc.	US
WSP Australia Pty Ltd	Australia	WSP UK Ltd	UK
WSP New Zealand Ltd	New Zealand	WSP Canada Inc	Canada
WSP USA Buildings Inc.	US	WSP Sverige AB	Sweden
WSP USA Solutions Inc.	US	WSP Australia Pty Ltd	Australia
		Louis Berger US	US
		Louis Berger Group 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 effect 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, 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 would be 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 RESTRUCTURING COSTS

Acquisition, integration and restructuring 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;
- IT outsourcing program costs pertaining mainly to non-recurring redundancy and transition costs resulting from the outsourcing of the Corporation's IT infrastructure and operations support;
- 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. 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.

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.

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 and restricted cash	Amortized cost
Trade receivables, other receivables, amounts due from joint ventures and associates	Amortized cost
Investments in securities	FVTPL
Derivatives	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
Derivatives	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 bid prices for

financial assets held and offer prices for 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.

Upon adoption of *IFRS 9 - Financial Instruments*, as at January 1, 2018, the Corporation had elected to continue to use the criteria of *IAS 39 - Financial Instruments: Recognition and Measurement* for hedge accounting. Given the Corporation's recent hedging activities, Management has determined that the application of hedge accounting criteria in *IFRS 9* results in reliable and more relevant information about the effects of hedge transactions on the Corporation's financial performance. This change has been applied prospectively as at January 1, 2020, given retrospective application would not have a material impact on the Corporation's financial position as at January 1, 2020.

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 - 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.

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 that it relates 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 company'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. During the year ended December 31, 2020, the Corporation recorded $53.0 million of government subsidies, recognized in personnel costs (nil in 2019). There are no unfulfilled conditions or contingencies attached to these grants as at December 31, 2020.

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.

3 ACCOUNTING POLICY DEVELOPMENTS

NEW ACCOUNTING STANDARDS EFFECTIVE IN 2020

The following amendments to existing standards have been adopted by the Corporation on January 1, 2020 and had no significant impact on the Corporation’s consolidated financial statements.

DEFINITION OF A BUSINESS

Amendments to *IFRS 3 - Business Combinations* help entities determine whether an acquired set of activities should be accounted for as a business combination or an asset acquisition. The amended definition of a business requires a business acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

DEFINITION OF MATERIAL

Amendments to *IAS 1 - Presentation of Financial Statements* and *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors* align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The concept of “obscuring” material information with immaterial information has been included as part of the new definition.

INTEREST RATE BENCHMARK REFORM - PHASE 1

Amendments to *IFRS 9 - Financial Instruments*, *IAS 39 - Financial Instruments: Recognition and Measurement*, and *IFRS 7 - Financial Instruments: Disclosures* address the uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (“IBORs”). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and require certain related disclosures.

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 these amendments.

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. The amendments are effective for the Corporation's annual reporting period beginning on January 1, 2021 with earlier application permitted. The Corporation is assessing the potential impact of these amendments.

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 2020, in response to the outbreak of the novel strain of coronavirus, COVID-19, governments worldwide enacted emergency measures to combat the spread of the virus which caused material disruption to businesses, resulting in a global economic slowdown. 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 $3,939.3 million of total assets on the consolidated statement of financial position as at December 31, 2020 ($3,850.9 million as at December 31, 2019). 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 key 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 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 INVESTMENT TAX CREDITS (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 and is subject to a maximum of one year.

2020 TRANSACTIONS

In 2020, the Corporation concluded several 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. The final assessments of most acquisitions were the same as the preliminary assessment. The final assessment of kW Mission Critical Engineering will be finalized after the values of the assets and liabilities have been definitively determined. Accordingly, the following values are subject to change. 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	$
Fair value of identifiable assets and liabilities assumed	15.0
Goodwill	132.0
Total purchase consideration	**147.0**
Cash acquired	(9.4)
Consideration payable	(28.0)
Net cash disbursements	**109.6**

Goodwill is attributable to the workforce of the acquired businesses and the synergies expected to arise with the Corporation after the acquisitions. $96.7 million of the goodwill recognized is expected to be deductible for income tax purposes.

The trade receivables acquired had a fair value and gross value of $32.9 million.

2019 TRANSACTIONS

In 2019, the Corporation concluded a number of individually immaterial acquisitions. The table below presents Management's preliminary assessments of the fair values of the assets acquired and the liabilities assumed as at December 31, 2019, any adjustments recognized during the subsequent measurement periods and the final determinations of the fair values as at December 31, 2020.

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, 2019 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, 2019, and as such, they were accounted for in the consolidated statement of earnings for the year ended December 31, 2020.

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

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

	Preliminary	Adjustments	Final
Recognized amounts of identifiable assets acquired and liabilities assumed	**$**	**$**	**$**
Assets			
Cash	19.6	0.3	19.9
Trade receivables and other receivables	67.7	(1.3)	66.4
Costs and anticipated profits in excess of billings	35.4	(3.6)	31.8
Prepaid expenses	6.2	—	6.2
Right-of-use assets (note 17)	11.8	25.8	37.6
Property and equipment and intangible assets	12.2	1.2	13.4
Deferred income tax assets	4.3	2.4	6.7
Other financial and non-financial assets	1.8	(1.2)	0.6
Liabilities			
Accounts payable and accrued liabilities	(66.9)	(4.8)	(71.7)
Billings in excess of costs and anticipated profits	(11.3)	(2.4)	(13.7)
Lease liabilities (note 17)	(11.8)	(26.0)	(37.8)
Long-term debt	(4.9)	—	(4.9)
Provisions	(1.3)	(0.8)	(2.1)
Deferred income tax liabilities	(5.7)	0.6	(5.1)
Fair value of identifiable assets and liabilities assumed	**57.1**	**(9.8)**	**47.3**
Fair value of non-controlling interests	(1.0)	0.4	(0.6)
Goodwill	198.7	10.3	209.0
Total purchase consideration	**254.8**	**0.9**	**255.7**
Cash acquired	(19.6)	(0.3)	(19.9)
Consideration payable	(20.5)	—	(20.5)
Net cash disbursements	**214.7**	**0.6**	**215.3**

Goodwill is attributable to the workforce of the acquired business and the synergies expected to arise with the Corporation after the acquisition. $7.4 million of the goodwill recognized as at December 31, 2019 was expected to be deductible for income tax purposes.

The trade receivables acquired had a fair value of $59.9 million and gross contractual amount of $65.8 million.

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 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 restructuring 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.

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

					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 by segment	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 restructuring 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)

					2019
	Canada	**Americas**	**EMEIA**	**APAC**	**Total**
	$	**$**	**$**	**$**	**$**
Revenues	1,268.6	3,433.7	2,929.1	1,284.7	8,916.1
Less: Subconsultants and direct costs	(201.9)	(1,126.9)	(529.2)	(171.8)	(2,029.8)
Net revenues by segment	1,066.7	2,306.8	2,399.9	1,112.9	6,886.3
Adjusted EBITDA by segment	207.0	416.0	326.8	172.9	1,122.7
Impairment of property and equipment and goodwill	—	(25.3)	(3.7)	—	(29.0)
Head office corporate costs					(85.9)
Depreciation and amortization					(453.4)
Acquisition, integration and restructuring costs					(54.2)
Net financing expenses, excluding interest income					(106.7)
Share of depreciation and taxes of associates					(7.7)
Earnings before income taxes					385.8

GEOGRAPHIC INFORMATION

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

	2020	**2019**
	$	**$**
US	3,284.1	3,246.5
Canada	1,141.7	1,268.6
UK	1,116.1	1,259.1
Sweden	710.4	698.3
Australia	642.2	621.9
Other	1,909.4	1,821.7
	8,803.9	8,916.1

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

	2020	**2019**
	$	**$**
US	2,025.9	2,122.0
Canada	1,185.6	1,291.3
UK	459.7	577.3
Other	1,545.4	1,194.7
	5,216.6	5,185.3

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

7 REVENUES

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

					2020
	Canada	Americas	EMEIA	APAC	Total
	$	$	$	$	$
Market sector					
Transportation & Infrastructure	499.2	2,237.6	1,434.6	706.8	4,878.2
Property & Buildings	275.7	294.7	933.9	426.1	1,930.4
Environment	217.8	593.2	264.1	107.8	1,182.9
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

					2019
	Canada	Americas	EMEIA	APAC	Total
	$	$	$	$	$
Market sector					
Transportation & Infrastructure	534.3	2,170.3	1,435.2	653.6	4,793.4
Property & Buildings	290.2	405.6	912.6	421.1	2,029.5
Environment	252.6	352.1	272.4	112.2	989.3
Power & Energy	45.7	109.2	192.7	38.2	385.8
Resources	102.3	382.6	17.1	53.5	555.5
Industry	43.5	13.9	99.1	6.1	162.6
	1,268.6	3,433.7	2,929.1	1,284.7	8,916.1
Client Category					
Public sector	515.4	2,179.3	1,718.3	546.8	4,959.8
Private sector	753.2	1,254.4	1,210.8	737.9	3,956.3
	1,268.6	3,433.7	2,929.1	1,284.7	8,916.1

In 2020, 70% of the revenues were generated from cost-plus contracts with ceilings and fixed-price contracts and 30% from cost-plus contracts without stated ceilings (73% and 27%, respectively, in 2019).

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.

During 2020, 46,414 options were exercised at prices ranging from $35.45 to $57.98 (330,312 options at prices ranging from $35.45 to $43.17 in 2019).

As at December 31, 2020, 705,971 stock options were outstanding (554,602 as at December 31, 2019) of which 459,515 stock options were vested (305,447 as at December 31, 2019), at exercise prices ranging from $35.12 to $70.71 ($35.12 to $70.71 as at December 31, 2019).

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, 2020 and 2019, the following table illustrates the inputs used in the measurement of the grant date fair values of the stock options:

	2020	2019
Expected stock price volatility	24%	20%-23%
Dividend	2.64%	2.00%-2.60%
Risk-free interest rate	1.12%	1.55%-2.50%
Fair value – weighted average of options issued	16.07	14.59

During the year ended December 31, 2020, the Corporation recorded stock-based compensation expense of $3.2 million ($2.2 million in 2019) 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 $63.4 million during 2020 ($40.1 million in 2019) related to the PSUs, RSUs and DSUs in personnel costs. As at December 31, 2020, there were 947,237 PSUs, RSUs and DSUs outstanding and the cumulative obligation liability stood at $92.8 million (961,573 and $60.3 million, respectively, as at December 31, 2019). The intrinsic value of the liability for all share unit plans for which the participants' right to cash had vested as at December 31, 2020 was $54.9 million ($45.4 million as at December 31, 2019).

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 2020, the mark-to-market gain recorded in personnel costs amounted to $30.4 million ($5.8 million in 2019). As at December 31, 2020, the Corporation had derivatives outstanding for 660,000 of its common shares.

9 PENSIONS SCHEMES

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

	2020	2019
	$	$
Current service cost of defined benefit pension schemes	9.7	8.5
Employer contributions to defined benefit pension schemes	13.1	12.6
Employer contributions to defined contribution pension schemes	127.4	128.6
	150.2	149.7

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 government-run 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 government-run plan in Sweden which are insured with the 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 21, 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 consists of current service cost, net interest on defined benefit liability (asset), past service cost 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.

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:

	2020	2019
UK		
Rate of increase in pension payments	2.00% to 2.85%	1.95% to 3.45%
Discount rate	1.50 %	2.05 %
Inflation assumption	2.45% to 2.95%	2.30% to 2.80%
Life expectancy at age 65 (for member currently aged 65)		
– Men	87.9	87.6
– Women	90.1	89.4
Sweden		
Discount rate	1.20 %	1.60 %
Inflation assumption	1.50 %	1.80 %
Life expectancy at age 65 (for member currently aged 65)		
– Men	87.0	87.0
– Women	89.0	89.0
US		
Discount rate	0.65% to 1.40%	2.15% to 2.55%

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

	2020		2019	
	$	%	$	%
Equities	59.4	23	65.0	29
Bonds	52.1	20	42.2	19
Liability-driven investments	75.2	29	46.0	20
Other	75.0	28	71.4	32

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

	2020	2019
	$	$
Fair value of plan assets (UK)	261.7	224.6
Present value of funded obligations (UK)	(296.1)	(253.9)
Deficit (UK)	(34.4)	(29.3)
Present value of unfunded obligations (Sweden)	(59.4)	(52.8)
Present value of unfunded obligations (US)	(138.6)	(131.3)
Pension liability	(232.4)	(213.4)

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

	2020	2019
	$	$
Current service cost	9.7	8.5
Past service cost	0.9	—
Total service costs	10.6	8.5
Interest expense	8.7	10.5
Expected return on plan assets	(4.7)	(5.8)
Net financing expense on pension liabilities	4.0	4.7

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

	2020	2019
	$	$
Present value of obligation – beginning balance	438.0	402.9
Current service cost	9.7	8.5
Past service cost	0.9	—
Contributions from scheme members	0.2	0.2
Benefits paid	(24.8)	(23.6)
Interest expenses	8.7	10.5
Actuarial losses - changes in assumptions	43.8	54.0
Actuarial losses (gains) - changes in experience adjustments	10.7	(0.7)
Exchange differences	6.9	(13.8)
Present value of obligation – ending balance	494.1	438.0

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

	2020	2019
	$	$
Fair value of plan assets – beginning balance	224.6	205.2
Expected return on plan assets	4.7	5.8
Contributions from scheme members	0.2	0.2
Contributions from employer	13.1	12.6
Benefits paid	(8.4)	(11.3)
Actuarial gain/(loss) (experience)	24.1	14.2
Exchange differences	3.4	(2.1)
Fair value of plan assets – ending balance	261.7	224.6

Net retirement obligations deficit summary, as at December 31:

	2020	2019
	$	$
Fair value of scheme assets	261.7	224.6
Present value of scheme liabilities	(494.1)	(438.0)
Deficit	(232.4)	(213.4)

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, 2020 to changes in principal assumptions is shown below:

Assumption	Change in basis points / years	Increase in pension deficit
		$
Discount rate	- 10 bps	6.5
Inflation rate[(1)]	+ 10 bps	3.1
Mortality[(1)]	+ 1 year	15.9

(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, 2021, pertaining to the Corporation's defined benefit pension schemes in the UK, are expected to be approximately $13 million.

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

10 ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS

For the years ended December 31	2020	2019
	$	$
Business integration costs	20.8	35.1
Business acquisition costs	18.0	11.0
Restructuring and severance costs stemming from adjustments to cost structures	70.5	8.1
Gain on disposals of non-core assets	(5.9)	—
	103.4	54.2

Included in acquisition, integration and restructuring costs are employee benefit costs of $60.6 million for the year ended December 31, 2020 ($18.4 million in 2019). Other than employee benefit costs, costs relate mainly to legal and professional fees and early contract termination costs.

11 NET FINANCING EXPENSE

For the years ended December 31	2020	2019
	$	$
Interest expense related to credit facility	35.4	66.2
Interest expense on lease liabilities	45.9	47.0
Net financing expense on pension obligations	4.0	4.7
Exchange loss on assets and liabilities denominated in foreign currencies	8.1	2.5
Unrealized gain on derivative financial instruments	(11.5)	(6.6)
Other interest and bank charges	12.6	14.0
Gain on investments in securities	(15.8)	(21.1)
Interest income	(5.2)	(4.7)
	73.5	102.0

12 INCOME TAXES

The components of the income tax expense for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
	$	$
Current income tax expense		
Current income tax expense on earnings for the year	145.9	145.8
Adjustments in respect of prior years	(35.0)	(2.1)
	110.9	143.7
Deferred income tax recovery		
Origination and reversal of temporary differences	(37.2)	(41.2)
Impact of changes in substantively enacted income tax rates	(3.2)	(1.1)
Adjustments in respect of prior years	38.0	(1.3)
	(2.4)	(43.6)
Income tax expense	108.5	100.1

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 2020 (26.6% in 2019) and the actual effective income tax rate is as follows for the years ended December 31:

	2020		2019	
	$	%	$	%
Earnings before income taxes	385.9		385.8	
Income tax expense at the combined Canadian federal and provincial statutory income tax rate	102.3	26.5 %	102.6	26.6 %
Changes resulting from:				
Foreign income tax rate differences	(12.8)	(3.3)%	(23.7)	(6.1)%
Non-deductible expenses, net of non-taxable income	3.6	0.9 %	12.8	3.3 %
Net unrecognized income tax benefits	15.7	4.1 %	12.3	3.2 %
Adjustments in respect of prior years	3.0	0.8 %	(3.4)	(0.9)%
Effect of change in income tax rates	(3.2)	(0.8)%	(1.1)	(0.3)%
Other items	(0.1)	(0.1)%	0.6	0.1 %
	108.5	28.1 %	100.1	25.9 %

In 2020 and 2019, 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:

							2020
	As at January 1	**Credited (charged) to statement of earnings**	**Credited (charged) 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 schemes	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**

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

						2019
	As at January 1	Credited (charged) to statement of earnings	Credited (charged) to other comprehensive income	Business acquisitions	Exchange differences	As at December 31
	$	$	$	$	$	$
Deferred income tax assets						
Deductible provisions upon settlement	134.7	8.2	—	9.9	(5.6)	147.2
Tax loss carry forwards	25.0	(3.2)	—	1.5	(1.1)	22.2
Pension Plan	42.6	(5.6)	8.5	—	(1.8)	43.7
Deferred issuance-related costs	1.1	(0.7)	—	—	(0.1)	0.3
Property and equipment	13.3	2.7	—	—	(0.1)	15.9
Leases	—	14.1	—	—	(0.2)	13.9
Other temporary differences	40.8	8.9	—	(12.0)	(2.1)	35.6
	257.5	24.4	8.5	(0.6)	(11.0)	278.8
Deferred income tax liabilities						
Costs and anticipated profits in excess of billings	(84.4)	(9.1)	—	(8.4)	6.7	(95.2)
Holdbacks	(5.0)	(2.1)	—	—	—	(7.1)
Property and equipment	(16.6)	3.8	—	2.0	0.6	(10.2)
Intangible assets and goodwill	(71.0)	17.6	—	(19.7)	3.3	(69.8)
Other temporary differences	(38.7)	9.0	1.6	(14.8)	1.0	(41.9)
	(215.7)	19.2	1.6	(40.9)	11.6	(224.2)
	41.8	**43.6**	**10.1**	**(41.5)**	**0.6**	**54.6**

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

	2020	2019
	$	$
Deferred income tax assets	169.2	145.8
Deferred income tax liabilities	(90.4)	(91.2)
	78.8	54.6

As at December 31, 2020, the Corporation had recognized deferred income tax assets of $30.0 million ($22.2 million as at December 31, 2019) 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, 2020, the Corporation had $133.3 million ($130.5 million as at December 31, 2019) of unrecognized deferred income tax assets. Of these, $288.3 million relate to tax loss carry forwards, of which $36.2 million expire between 2021 and 2039 and the remainder of which having no expiry ($269.9 million and $42.0 million, respectively, as at

December 31, 2019), $64.6 million relate to gross temporary differences with no expiry ($90.9 million as at December 31, 2019) and $38.6 million relate to tax credits that expire between 2027 and 2030 ($23.6 million as at December 31, 2019). The Corporation considers the recovery of those unrecognized deferred income tax assets as not probable.

As at December 31, 2020, a deferred income tax liability relating to $684.3 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 ($511.0 million as at December 31, 2019). Upon distribution of these earnings in the form of dividends or otherwise, the Corporation may be subject to corporate or withholding income taxes.

13 FINANCIAL INSTRUMENTS

FAIR VALUE

Cash, trade and other receivables, accounts payable, dividends payable to shareholders, bank overdrafts, long-term debt related to credit facility, 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.

As at December 31, 2020 and 2019, other financial assets fair values are valued under Level 1. Foreign currency risk based financial instruments' fair values, notably foreign currency forward contracts and cross currency swap agreements, are valued 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, 2020 and 2019.

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, 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 $3,102.7 million as at December 31, 2020 ($3,129.5 million as at December 31, 2019).

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, 2020 credit losses amounted to $42.4 million ($20.1 million in 2019).

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 rate of certain currencies against the Canadian dollar. The net fair market value gain of these forward contracts and options amounted to $2.2 million in 2020 and was recorded in net earnings. The largest hedged currencies outstanding as at December 31, 2020 represent a nominal amount of $132.0 million US dollars.

Following the announcement of the planned acquisition of Enterra Holdings Ltd, as described in note 31, Subsequent events, the Corporation entered into a deal contingent hedge forward transaction to sell $310 million Canadian dollars from the equity private placement to purchase US dollars expected to be used to settle the purchase price of the planned acquisition. The deal is structured in a manner that the forward transaction is executed only if the acquisition of Enterra Holdings Ltd is closed. If the acquisition does not close, then the contracts will become null and void without any payments between WSP and the financial institutions. The net fair market value loss of these transactions amounted to $2.4 million and was recorded in net earnings and other comprehensive income.

The Corporation also entered into interest rate swaps for a nominal amount of $425.0 million US dollars to hedge the variability in interest rates of its US-dollar denominated debt. The fair market value loss of these interest rate swap agreements amounted to $2.5 million and 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 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. In 2020, the mark-to-market gains to date recorded in personnel costs amounted to $30.4 million. As at December 31, 2020, the Corporation had hedges outstanding for 660,000 of its common shares.

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:

				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

				2019
	US Dollar	**Swedish krona**	**Pound sterling**	**Australian Dollar**
	$	**$**	**$**	**$**
Net earnings	11.4	3.7	6.6	3.4
Other comprehensive income	144.0	124.1	21.7	16.1

INTEREST RISK

Interest rate risk is the risk that the fair value or 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 24, 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, 2020 and 2019. The amounts disclosed are contractual undiscounted cash flows.

					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

					2019
	Carrying amount	Contractual cash flows	Less than a year	Between 1 and 2 years	More than 2 years
	$	$	$	$	$
Accounts payable and accrued liabilities	1,650.7	1,650.7	1,650.7	—	—
Dividends payable to shareholders	39.7	39.7	39.7	—	—
Lease liabilities	1050.6	1221.6	276.2	280.2	665.2
Long-term debt	1,399.7	1,516.4	310.3	292.1	914.0
	4,140.7	4,428.4	2,276.9	572.3	1,579.2

As at December 31, 2020, the Corporation had amounts available under the credit facility of $1,453.1 million ($910.1 million in 2019), net of outstanding letters of credit of $77.4 million ($72.7 million in 2019). The Corporation's cash and cash equivalents, net of bank overdraft, as at December 31, 2020 was $434.7 million ($237.3 million in 2019).

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

14 TRADE AND OTHER RECEIVABLES

As at December 31	2020	2019
	$	$
Net trade receivables	1,311.2	1,547.9
Other receivables	282.3	216.5
Amounts due from joint ventures and associates	5.3	3.4
	1,598.8	1,767.8

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	2020	2019
	$	$
Current	470.2	559.5
Past due 0-30 days	385.5	422.3
Past due 31-60 days	188.3	268.3
Past due 61-90 days	85.8	77.7
Past due 91-180 days	110.4	124.0
Past due over 180 days	245.0	251.2
Trade receivables	1,485.2	1,703.0
Allowance for expected credit loss	(174.0)	(155.1)
Net trade receivables	1,311.2	1,547.9

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, 2020, credit losses amounted to $42.4 million ($20.1 million in 2019).

15 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:

	2020		2019	
	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	995.7	(629.0)	1,116.1	(678.3)
Increases due to cash received or amounts invoiced prior to rendering of services	—	(1,577.6)	—	(2,509.4)
Transfers to revenues once related services have been deemed rendered	—	1,500.6	—	2,569.7
Additions to contract assets through revenues recognition	7,303.3	—	6,346.4	—
Transfers from costs and anticipated profits in excess of billings to trade receivables	(7,340.3)	—	(6,449.7)	—
Changes due to business acquisitions and disposals	(13.6)	(1.9)	29.8	(40.2)
Effect of exchange rate changes	5.4	(0.6)	(46.9)	29.2
Balance - As at December 31	950.5	(708.5)	995.7	(629.0)

In the year ended December 31, 2020, revenue recognized that was included in contract liability as at January 1, 2020 amounted to $567.5 million ($669.4 million in 2019). In the year ended December 31, 2020, revenue recognized from performance obligations satisfied or partially satisfied in previous years amounted to $30.7 million ($74.5 million in 2019).

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 $7,326.8 million as of December 31, 2020 ($7,898.7 million as at December 31, 2019). 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, 2020 unwind over the following 12 months.

16 OTHER FINANCIAL ASSETS

As at December 31	2020	2019
	$	$
Investments in securities	116.3	110.4
Other	1.8	4.1
	118.1	114.5

Investments in securities include investments in a multitude of mutual funds, based on employees' investment elections, with respect of the deferred compensation obligations of the Corporation as disclosed in note 9, Pension schemes. The fair

value of these investments is $115.5 million ($108.2 million in 2019), 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).

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Right-of-use assets					
	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Real estate	Equipment	Total	Real estate	Equipment	Total
	$	$	$	$	$	$
Balance - As at January 1	866.8	46.6	913.4	1,040.2	33.1	1,073.3
Additions through business acquisitions and measurement period adjustments	26.0	—	26.0	11.8	—	11.8
Additions	101.1	41.3	142.4	40.8	23.2	64.0
Lease renewals	47.2	—	47.2	—	—	—
Lease reassessments and modifications	4.2	(3.6)	0.6	—	—	—
Depreciation expense	(246.4)	(21.9)	(268.3)	(232.5)	(9.2)	(241.7)
Utilization of lease inducement allowances	17.1	—	17.1	26.4	—	26.4
Exchange differences	15.4	0.5	15.9	(19.9)	(0.5)	(20.4)
Balance - As at December 31	831.4	62.9	894.3	866.8	46.6	913.4

	Lease liabilities					
	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Real estate	Equipment	Total	Real estate	Equipment	Total
	$	$	$	$	$	$
Balance - As at January 1	1,007.9	42.7	1,050.6	1,156.6	33.1	1,189.7
Additions through business acquisitions and measurement period adjustments	26.0	—	26.0	11.8	—	11.8
Additions	101.1	39.2	140.3	66.1	23.2	89.3
Lease renewals	47.2	—	47.2	—	—	—
Lease reassessments and modifications	(1.9)	(3.6)	(5.5)	—	—	—
Interest expense on lease liabilities (note 11)	43.8	2.1	45.9	45.4	1.6	47.0
Payments	(276.0)	(25.3)	(301.3)	(246.0)	(14.7)	(260.7)
Exchange differences	15.0	0.2	15.2	(26.0)	(0.5)	(26.5)
Balance - As at December 31	963.1	55.3	1,018.4	1,007.9	42.7	1,050.6
Current portion of lease liabilities	210.6	22.5	233.1	201.1	10.6	211.7
Non-current portion of lease liabilities	752.5	32.8	785.3	806.8	32.1	838.9

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

18 PROPERTY AND EQUIPMENT

	Freehold land and buildings	Leasehold improve-ments	Furniture and equipment	Computer equipment	Total
	$	$	$	$	$
Balance as at January 1, 2019					
Cost	28.5	246.0	252.6	246.8	773.9
Accumulated depreciation	(5.3)	(112.8)	(147.1)	(158.1)	(423.3)
Net value	23.2	133.2	105.5	88.7	350.6
Additions	0.1	53.5	31.3	51.0	135.9
Additions through business acquisitions (note 5)	3.7	1.1	3.1	2.6	10.5
Disposals	(0.7)	(5.0)	(2.5)	—	(8.2)
Depreciation for the year	(1.0)	(27.9)	(29.7)	(42.4)	(101.0)
Impairment	—	(23.7)	(1.6)	—	(25.3)
Exchange differences	(0.1)	(6.1)	(5.5)	(3.1)	(14.8)
Balance as at December 31, 2019	25.2	125.1	100.6	96.8	347.7
Balance as at December 31, 2019					
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	(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

In the fourth quarter of 2019, the Corporation wrote-off leasehold improvements and furniture and equipment of $25.3 million related to the early termination of a lease in the US.

(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, 2019					
Cost	176.1	196.0	306.8	81.8	760.7
Accumulated amortization	(109.8)	(129.2)	(132.8)	(21.2)	(393.0)
Net value	66.3	66.8	174.0	60.6	367.7
Additions	26.6	—	—	—	26.6
Additions through business acquisitions (note 5)	14.2	38.1	33.0	—	85.3
Disposals	1.9	—	—	—	1.9
Amortization for the year	(32.7)	(36.8)	(35.8)	(5.4)	(110.7)
Exchange differences	(3.0)	(3.2)	(8.2)	(1.0)	(15.4)
Balance as at December 31, 2019	73.3	64.9	163.0	54.2	355.4
Balance as at December 31, 2019					
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

The carrying amount of intangible assets assessed as having an indefinite useful life, which consists of the WSP trade name, is $49.7 million as at December 31, 2020 ($49.0 million in December 31, 2019).

The Corporation performed its annual impairment test for the WSP trade name as at September 26, 2020 and September 29, 2019 in accordance with its policy described in note 2. As a result, no impairment for the WSP trade name was recorded.

During the year, the Corporation acquired intangible assets amounting to $22.2 million ($111.9 million in December 31, 2019), 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 GOODWILL

	2020	2019
	$	$
Balance – As at January 1	3,568.8	3,493.2
Goodwill resulting from business acquisitions	132.0	198.7
Measurement period adjustments	10.3	13.1
Disposals	(13.3)	—
Impairment charges	—	(3.7)
Exchange differences	34.1	(132.5)
Balance – As at December 31	3,731.9	3,568.8

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	2020	2019
Goodwill allocated to CGUs	$	$
USA	1,560.4	1,443.3
Canada	880.3	891.2
Nordics	378.7	346.1
UK	325.6	322.9
New Zealand	197.8	188.5
Australia	111.4	102.7
Central Europe	96.8	88.4
Asia	69.6	70.7
Latin America	62.0	63.5
Middle East	49.3	51.5
	3,731.9	3,568.8

IMPAIRMENT TEST OF LONG-LIVED ASSETS

The Corporation performed its annual impairment test for goodwill and other indefinite-lived intangible assets as at September 26, 2020 and September 29, 2019 in accordance with its policy described in note 2. The key assumptions used to determine the fair value for the different CGUs for the most recently completed impairment calculations for 2020 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 2020, the fair value of each CGU exceeded its carrying value and no goodwill impairment was identified. In 2019, goodwill impairment of $3.7 million was recorded related to the South Africa CGU.

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.

KEY ASSUMPTIONS USED IN DETERMINING THE FVLCS

The discount rates and terminal growth rates applied to CGUs in 2020 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.

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

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 weighted average cost of capital ("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 have resulted in an impairment of goodwill allocated to Latin America and Central Europe totaling $6.1 million. No additional impairment would have been identified in other CGUs.

An increase of 50-basis points in the discount rates used to perform the impairment tests would have resulted in an impairment of goodwill allocated to Latin America and Central Europe totaling $4.5 million. No additional impairment would have been identified in other CGUs.

21 OTHER ASSETS

As at December 31	2020	2019
	$	$
Investments in associates	85.3	84.1
Investments in joint ventures	27.8	3.1
Other	37.8	1.2
	150.9	88.4

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

22 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31	2020	2019
	$	$
Trade payables	509.1	608.4
Employee benefits payable	773.3	612.5
Accrued expenses and other payables	311.6	343.7
Sale taxes payable	123.7	85.9
Amounts due to joint ventures and associates	0.5	0.2
	1,718.2	1,650.7

23 PROVISIONS

	Claims provisions	Other provisions	Total
	$	$	$
Balance as at January 1, 2020	123.4	21.2	144.6
Additions through business acquisitions	0.8	—	0.8
Additional provision recognized	90.4	46.4	136.8
Utilized or reversed	(23.1)	(4.6)	(27.7)
Exchange differences	(2.6)	0.4	(2.2)
Balance as at December 31, 2020	188.9	63.4	252.3
Current portion	61.9	9.5	71.4
Non-current portion	127.0	53.9	180.9

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 14) for current claims and in other assets (note 21) for long-term claims.

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

24 LONG-TERM DEBT

As at	2020	2019
	$	$
Borrowings under credit facility	510.2	1,350.4
Bank overdraft	2.4	18.3
Other financial liabilities	61.6	31.0
	574.2	1,399.7
Current portion	296.9	307.8
Non-current portion	277.3	1,091.9

CREDIT FACILITY

WSP has in place a US$1,600.0 million credit facility with a syndicate of financial institutions (the "Lenders") comprised of:

- a senior unsecured non-revolving term credit facility which consists of a principal amount of US$400.0 million (the "Term Facility"), made up of two term loans of US$200.0 million, expiring on December 18, 2021 and December 18, 2022, respectively; and

- a senior unsecured revolving credit facility to a maximum amount of US$1,200.0 million (the "Revolving Credit Facility"). The maturity date of the Revolving Credit Facility is December 31, 2023.

The amount available under the credit facility is $1,453.1 million as at December 31, 2020.

The 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 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 facility. All covenants have been met as at December 31, 2020 and December 31, 2019.

Under the credit facility and other facilities, as at December 31, 2020, the Corporation may issue irrevocable letters of credit up to $870.7 million ($751.5 million as at December 31, 2019). As at December 31, 2020, the Corporation issued irrevocable letters of credit totaling $428.2 million ($418.1 million as at December 31, 2019).

As at December 31, 2020, the Corporation had available other operating lines of credit amounting to $130.5 million ($104.1 million in 2019), of which $128.1 million ($85.7 million in 2019) were unused at year end.

Credit facility allocation by currency, in Canadian dollars, as at December 31:

	2020	2019
	$	$
US dollar	510.2	1,326.1
Pound sterling	—	7.1
Swedish krona	—	7.2
Canadian dollar	—	10.0
	510.2	1,350.4

25 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, 2019	104,441,416	2,656.5
Shares issued under the Divident Reinvestment Plan (DRIP) (note 27)	1,161,114	79.9
Shares issued upon exercise of stock options	330,312	15.8
Balance as at December 31, 2019	105,932,842	2,752.2
Shares issued related to public bought deal and private placements	6,659,200	563.2
Shares issued under the DRIP (note 27)	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

On June 17, 2020, the Corporation completed a bought deal public offering (the "Offering") of common shares of the Corporation (the "Offering Common Shares") and a private placement (the "Concurrent Private Placement") of common shares of the Corporation (the "Placement Common Shares") for aggregate gross proceeds of $572.7 million.

The Corporation issued from treasury 5,842,000 Offering Common Shares, including the 762,000 Offering Common Shares issued as a result of the full exercise of the over-allotment option at a price of $86.00 per Offering Common Share, for aggregate gross proceeds of $502.4 million.

In addition, the Corporation issued an aggregate of 817,200 Placement Common Shares, at a price of $86.00 per Placement Common Share, through the Concurrent Private Placement with Caisse de dépôt et placement du Québec ("CDPQ") and a subsidiary of Canada Pension Plan Investment Board ("CPP Investments"), for aggregate gross proceeds of $70.3 million, which includes 76,200 Placement Common Shares issued pursuant to the exercise by CDPQ of its additional subscription option in connection with the exercise of the underwriters' over-allotment option. Immediately following the Concurrent Private Placement, CDPQ beneficially owned, exercised control or direction over, directly or indirectly, an aggregate of 20,769,048 common shares of the Corporation, representing 18.4% of the issued and outstanding common shares of the

Corporation, and CPP Investments beneficially owned, exercised control or direction over, directly or indirectly, an aggregate of 21,344,068 common shares of the Corporation, representing 18.9% of the issued and outstanding common shares of the Corporation. Both CDPQ and CPP Investments have undertaken to have all of the common shares of the Corporation held by them (including the Placement Common Shares) participate in the Corporation's dividend reinvestment plan (the "DRIP") and to have such common shares of the Corporation enrolled in the DRIP for all dividends for which the record date is on or before June 30, 2021.

Total issuance-related costs of these transactions amounted to $24.2 million, less income tax recovery of $6.4 million.

In 2020, the Corporation recognized additional deferred income tax assets and income taxes receivable of $6.2 million and $2.1 million, respectively, related to share issuance costs of previous years.

As at December 31, 2020, no preferred shares were issued.

26 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 facility.

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

As at December 31	2020	2019
	$	$
Borrowings under credit facility	510.2	1,350.4
Equity attributable to shareholders of WSP Global Inc.	4,080.4	3,330.8
Non-controlling interests	1.0	1.1
	4,591.6	4,682.3
Less: Cash, net of bank overdraft	(434.7)	(237.3)
	4,156.9	4,445.0

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 funded debt to consolidated adjusted EBITDA ratio. This ratio is used to determine what the maximum debt level would be.

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)

27 DIVIDENDS

In 2020, the Corporation declared dividends of $167.2 million or $1.50 per share ($158.0 million or $1.50 per share in 2019).

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 5, 2019, February 26, 2020 May 6, 2020 and August 5 2020, $76.1 million was reinvested in 895,995 common shares under the DRIP during the year ended December 31, 2020.

Subsequent to the end of the year, on January 15, 2021, $23.0 million of the fourth quarter dividend was reinvested in 191,665 additional common shares under the DRIP.

28 STATEMENTS OF CASH FLOWS

CASH AND CASH EQUIVALENTS, NET OF BANK OVERDRAFT

As at	2020	2019
	$	$
Cash on hand and with banks	437.1	255.6
Less: Bank overdraft (note 24)	(2.4)	(18.3)
Cash and cash equivalents, net of bank overdraft	434.7	237.3

Cash disbursed related to acquisition made prior to January 1, 2019 amounted to $14.2 million ($6.2 million in 2019, related to acquisitions made prior to January 1, 2018).

ADJUSTMENTS

For the years ended December 31	2020	2019
	$	$
Depreciation, amortization and impairment	476.3	482.4
Share of earnings of associates and joint-ventures, net of tax	(18.2)	(12.3)
Defined benefit pension scheme expense	10.6	8.5
Cash contribution to defined benefit pension schemes	(13.1)	(12.6)
Foreign exchange and non-cash movements	(11.3)	1.8
Other	(27.6)	(32.4)
	416.7	435.4

(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	2020	2019
	$	$
Decrease (increase) in:		
Trade, prepaid and other receivables	141.0	(11.0)
Costs and anticipated profits in excess of billings	37.0	33.0
Increase (decrease) in:		
Accounts payable and accrued liabilities	98.5	9.3
Billings in excess of costs and anticipated profits	77.0	(60.4)
	353.5	(29.1)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long-term debt	Lease liabilities	Dividends payable to shareholders	Total
	$	$	$	$
Balance as at January 1, 2019	1,524.7	—	39.2	1,563.9
Changes from financing cash flows	(96.6)	(213.7)	(77.6)	(387.9)
Adoption of IFRS 16 - January 1, 2019	—	1,189.7	—	1,189.7
Addition through business acquisitions	26.8	11.8	—	38.6
New leases	—	89.3	—	89.3
Foreign exchange rate adjustments	(55.2)	(26.5)	—	(81.7)
Other non-cash changes	—	—	78.1	78.1
Balance as at December 31, 2019	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

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

29 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:

	2020	2019
	$	$
Short-term employee benefits	15.5	17.7
Share-based awards	14.4	13.2
	29.9	30.9

JOINT VENTURES AND ASSOCIATES

The Corporation related parties include its joint ventures and associates. Refer to note 14, Trade and other receivables, and note 22, Accounts payables and accrued liabilities, for balances receivable and payable from and to these entities.

30 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, 2020 amounted to $188.9 million ($123.4 million as at December 31, 2019). The movements in this provision are described in note 23, 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”), alleging that they had violated the Anti-Terrorism Act by making payments to private security firms with knowledge that

those firms were affiliated with the Taliban. 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.

31 SUBSEQUENT EVENTS

On December 2, 2020, WSP entered into an arrangement agreement (the "Arrangement Agreement") providing for the acquisition of all of the issued and outstanding shares of Enterra Holdings Ltd., the holding company of Golder Associates ("Golder"). Under the terms of the Arrangement Agreement, WSP will acquire Golder for an aggregate cash consideration of US$1.14 billion (approximately $1.5 billion). On January 13, 2021, the approval of the shareholders of Golder was obtained and the acquisition is expected to be completed in the first half of the second quarter of 2021.

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 Pte. Ltd. ("GIC") and British Columbia Investment Management Corporation ("BCI"), for aggregate gross proceeds of approximately $310 million (the "Private Placements"). Upon completion of the acquisition, each of GIC and BCI will receive 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 acquisition.

On January 29, 2021, the Corporation entered into credit facilities for a new US$960 million (approximately C$1.2 billion) fully committed bank financing with up to a 4-year tenor.

WSP will use the proceeds of the Private Placements and funds available under the new credit facilities to fund a portion of the purchase price and related transaction costs payable in connection with the acquisition of Golder.

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

This Annual Report contains forward-looking statements that reflect our expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements are subject to a number of risks and uncertainties. Actual events or results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth elsewhere in this Annual Report and listed under the heading "Risk Factors" in the Management's Discussion and Analysis for the year ended December 31, 2020. The discussion of the Corporation's financial position and results of operations contained in this Annual Report should be read in conjunction with the financial statements for the year ended December 31, 2020.

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